



MORTGAGE & PROTECTION NEWSLETTER

JOHNSON SAVAGE CONSULTANCY LTD

If you want to discuss how the details in this
newsletter may affect your financial plan
please contact us.

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Managing mortgage stress – we're here for you

Whether you're a first-time buyer, a second-stepper or further up the housing ladder, buying a home is always a big move and can feel a bit like a roller coaster ride at the best of times. Now there is the added complications and worries that the COVID-19 pandemic may have caused for people's lives, finances and general wellbeing. Here are some tips that can help you navigate the home moving process as smoothly as possible.

Smooth sailing

Taking advice will save you time, money and stress. We are on your side, we know the industry and the most appropriate lenders, to be able to recommend the most suitable mortgage for you and we can offer useful advice on all aspects of the house buying process. More now than ever, the value of professional advice is immeasurable. As the mortgage market changes, it's our job to keep our finger on the pulse. We'll be able to help you get a decision in principle from a lender, which will give a seller the confidence that you are a serious purchaser.

Expert navigation

We can help you familiarise yourself with all the stages involved in getting a mortgage. We'll explain important things like how affordability checks work, what paperwork you'll need to provide to a lender in support of your application, and what costs and fees you should budget for. You will need to have saved a deposit - in most cases the bigger the deposit you can put down, the lower your interest rate is likely to be.

Check out your finances in advance

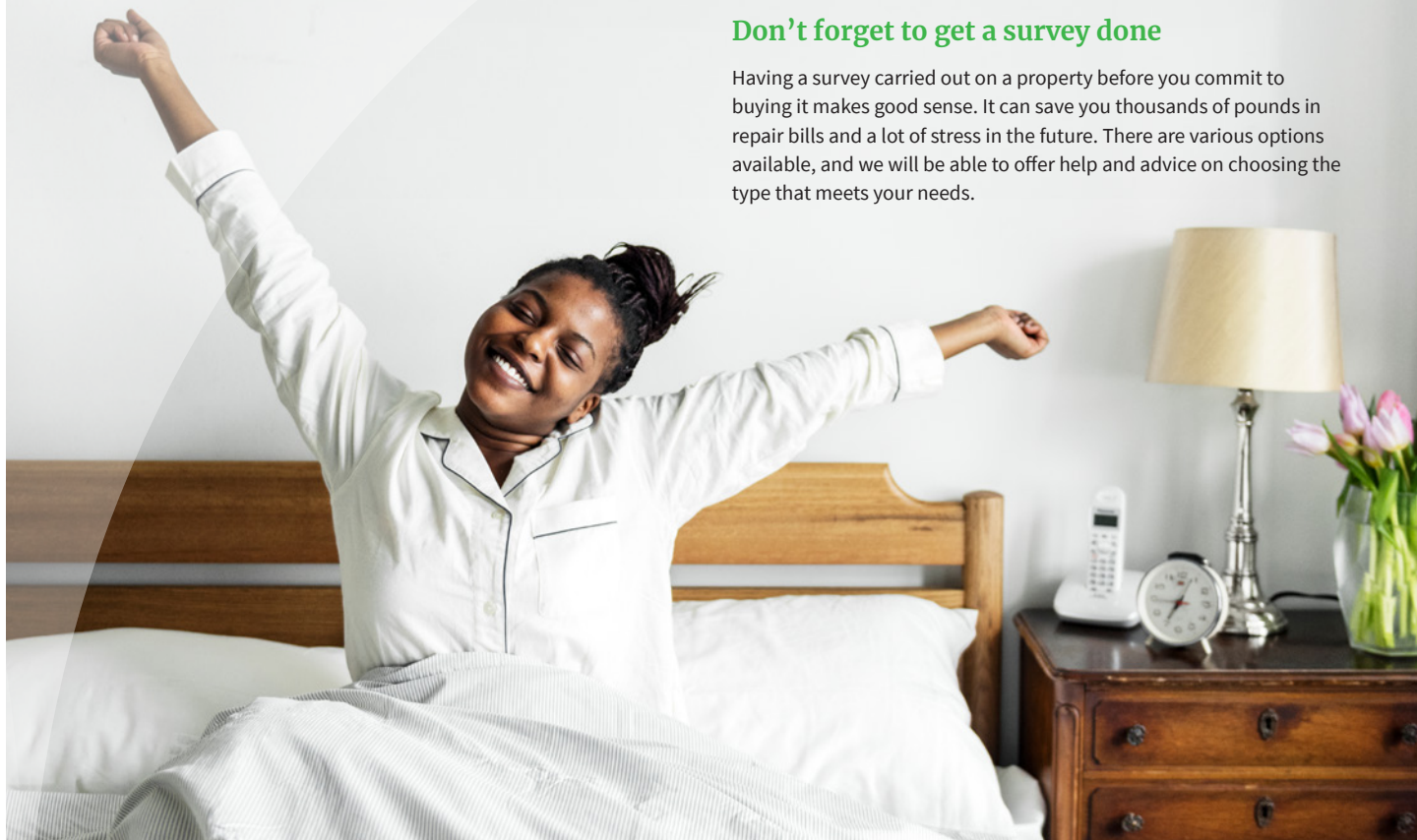
Start by taking a look at your income and outgoings; any lender considering your mortgage application will expect you to be on top of all your bills and be comfortably able to afford your monthly mortgage payments. It makes sense to cut back on things like unused subscriptions and watch how much you spend on things like eating out. Lenders will want to see a healthy credit score - a higher score usually means you are a lower risk; the more points you score the better the chances that you'll be offered better interest rates. Being under time pressure can increase your stress levels, so it pays to have your finances in order before you start looking for a property and a mortgage.

Work with a good estate agent

It's worth taking the time to get to know a reputable estate agent. Explain your circumstances to them so that they can pass on relevant information to sellers. First-time buyers with a mortgage offer in place are in a strong position as they can proceed more quickly than another buyer who has yet to sell their property.

Don't forget to get a survey done

Having a survey carried out on a property before you commit to buying it makes good sense. It can save you thousands of pounds in repair bills and a lot of stress in the future. There are various options available, and we will be able to offer help and advice on choosing the type that meets your needs.



YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE

Home insurance

Buildings vs. contents cover

Your home is likely to be the most expensive purchase you'll ever make so it's important to insure it properly. Having the right type of cover in place means your property will be protected for a range of incidents, from burglary to a burst pipe.

Buildings insurance explained

Buildings insurance covers the permanent fixtures and fittings of a property, such as **baths** and **toilets**, **fitted kitchens**, and even decorations such as **wallpaper**. It may also provide cover for your **garage**, **greenhouse** or **garden shed**, but policies vary so it's important to check the small print to be sure.



Although buildings insurance is not a legal requirement, if you own your home, most mortgage lenders will insist you have cover in place, so it should be considered essential.

Contents insurance explained

Contents insurance is designed to protect your belongings against loss or damage. As a general rule, it will cover anything that can be taken with you if you move home, such as **kitchen appliances**, **bedding**, **furniture** and **valuables**.



It can be difficult to assess exactly how much contents insurance you need, but a simple way to do so is to go through each room and add up everything you would need to replace in the event of a claim.

There is no legal requirement to have contents insurance but is certainly worth buying to ensure you are not left out of pocket if you lose or damage any of your personal possessions. It can often be combined with buildings insurance.

Cover for renters

If you rent your home, it will be your landlord's responsibility to arrange buildings insurance for the property, so you will not need to take out your own policy. However, if you want to ensure your belongings are protected, contents insurance can be a sensible purchase.

Check for exclusions

As with any insurance policy, it is important to check for any exclusions that may apply. These will vary depending on the insurer but can include general wear and tear or damage that happens gradually over time, such as damp or rot.

Contents insurance will usually have a single item limit which means any belongings worth more than this, such as musical instruments or jewellery, may need to be named separately on the policy. You may also have to pay extra to add personal possessions cover to your policy to ensure your belongings are protected when they are taken outside the home.



Is joint life cover best for couples?

If you want to help make sure your loved ones will have financial security if you pass away, life insurance cover is the answer. But, if you're part of a couple and you both need cover, should you take out single policies, or a joint policy that covers both of you?

With a single life policy, the insurer would pay out on the death of the policyholder and the policy would then lapse. With joint life insurance, however, the cover will apply to both policyholders and would pay-out either on the first or second death, depending on how the policy is set up.

Before you decide whether to take out single or joint life insurance policies, you'll need to decide what type of cover you need, and this will depend on your circumstances:

- **Term Assurance:** pays out a lump sum if you die within the agreed 'term' (ie. the amount of time you've chosen to be covered for). Term Assurance is typically taken out to protect a mortgage and, as such, can come with a level, or decreasing, sum assured - the latter reducing as you pay off your mortgage.
- **Whole of Life Insurance:** pays out a lump sum when you die, whenever that is - as long as you're still paying the premiums.

- **Family Income Benefit Insurance:** pays out a regular income, instead of a lump sum, to provide ongoing financial support for those who depend on you.

You could also add critical illness cover to your life insurance policy, which means you'll get a pay-out if you're diagnosed with a serious illness and your claim is accepted. The type of conditions covered can include cancer, heart attack and stroke and will depend on the insurance provider.

Weighing up the benefits

Once you've agreed on the right type of cover, there are a number of other factors to consider to determine whether single, or joint life cover is best for you and your other half, including:

- **Cost:** a joint life policy may be less expensive than two single life policies. Level of cover - if your partner earns more than you you might want them to have a higher level of cover, since the financial impact of their death would be greater than yours. In this respect two policies may be better as they will have different sums assured.
- **Existing cover:** either, or both of you may have existing life cover through your employer, or an existing plan. It's important to check what's already in place so that you have a true picture of your protection shortfall. You don't want to pay for something that's already covered.
- **Your relationship:** It's not necessarily something you want to think about but some insurers include a separation benefit. This means if your relationship breaks down during the policy term, you could cancel it and start two individual policies without having to provide additional medical information.



If you're not sure whether single or joint life cover is best for you, or you'd like to review your existing cover, please get in touch.