

# BEST Financial Solutions April '09 Newsletter

**Whatever your financial challenge**

Welcome to the April issue of the Best Financial Solutions newsletter. As always, I hope you'll enjoy it and welcome your feedback. In particular, please let me know of any topics you'd like me to cover in future.

Best wishes.

*Tony*

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Inside this issue:

- The last 12 months reviewed and comment
- Topical quote
- Positive economic news
- News in brief
- Facts & figures

**Stradbroke**  
**The Drive**  
**Maresfield Park**  
**East Sussex**  
**TN22 2HB**

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## The last 12 months reviewed



- April '08     **The Bank of England** announced a £50bn cash injection for the banking sector in the form of the Special Liquidity Scheme
- May             The **Banking Reform Bill** was introduced with the aim of averting another Northern Rock style crisis
- June             The British Bankers Association showed that **new mortgage approvals fell to a record low** in May

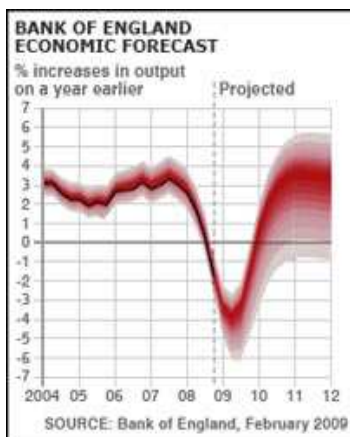
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## April '09 Newsletter

Whatever your financial challenge

- July Banco Santander agreed a takeover bid for [Alliance & Leicester](#)
- September In the US, [Fannie Mae and Freddie Mac](#) were taken into government ownership. [Lehmans](#) filed for bankruptcy. [Merrill Lynch](#) was sold to Bank of America. [AIG](#) was propped up by an \$85bn credit facility. [Goldman Sachs and Morgan Stanley](#) became bank holding companies to get access to the Federal Reserve's emergency lending facilities. The UK government unveiled a £1bn [housing rescue package](#) with the [stamp duty threshold raised to £175k for one year](#), earlier payment of Income Support for Mortgage Interest and funding for sale and rent back and social housing. [LloydsTSB](#) announced they were to buy [HBOS](#) for £12.2bn, with HBOS shares taking a big hit. Santander took over [Bradford & Bingley's](#) deposit and branch network while the government absorbed its remaining assets and mortgages
- October [Iceland's banking system collapsed](#). Lloyds TSB, RBS and HBOS received £37bn of [government assistance](#)
- December The Base Rate was cut to [2%](#), the lowest since 1939
- January '09 The UK fell officially into a [recession](#) after recording two successive quarters of negative growth
- February It was revealed that [Fred Goodwin](#) the former Chief Executive of RBS is drawing a pension of £650k p.a.
- March The Bank of England reduces the base rate to [0.50%](#) and starts the process of [Quantitative Easing](#) – buying securities from banks.

### Comment



Well, after the amazing turbulent events of the last twelve months what will happen next? In my opinion, unemployment will get worse and inflation will fall lower (deflate) but it seems that the worst of the aftershocks of the 'credit quake' are over.

There is no real scope for further Base rate falls and the Bank of England has done all it can. The Quantitative Easing will boost bank's coffers, with the intention of

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## April '09 Newsletter

### Whatever your financial challenge

increased and cheaper lending to stimulate the economy out of recession.

So in the short-term lending rates should fall but when inflation reverses trend (see graph) interest rates will shoot up.

My guess is that property house price falls should bottom out in Quarter 3/Quarter 4 this year so mid 2009 may be the best time to secure the lowest mortgage interest rates and cheapest property in the current cycle. Even if you're tied into a fixed mortgage rate it may be beneficial to review your options now.

### Your home may be repossessed if you do not keep up repayments on your mortgage

For mortgages we can be paid a fee, usually £299 or by commission

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Topical quote: "If life were predictable it would cease to be life, and be without flavour."  
- Eleanor Roosevelt

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### Positive economic news

As Bing sang: "Accentuate the positive, eliminate the negative, latch on to the affirmative and don't mess with Mr In between"



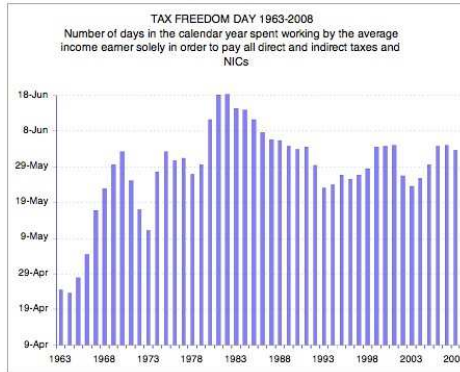
- 😊 [Domino's Pizza](#) reported profits up 24.7%
  - 😊 [Kentucky Fried Chicken](#) will be creating 9,000 jobs in 300 outlets
  - 😊 [Esure](#) is to create 500 new jobs in Glasgow over the next five years
  - 😊 [Cadbury](#) announced a 30% rise in profits
  - 😊 Publisher [Pearson](#) announced a 13% rise in operating profits
  - 😊 [Standard Chartered Bank](#) reported a 19% rise in full-year profit
  - 😊 [Sainsbury's](#) sales are up 3.4% in the first three months of 2009
  - 😊 [Morrisons](#) reported a 7% rise in annual profits
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## April '09 Newsletter

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### Facts and figures



Tax Freedom Day fell on 2<sup>nd</sup> June last year. It is the day we stop working for the Chancellor and start working for our self

Debt Freedom Day fell on 25<sup>th</sup> March this year. It has taken the first 83 days of this year for British people to earn enough money just to service the interest on their debts, according to [www.unbiased.co.uk](http://www.unbiased.co.uk), the professional advice website.

- 75% of households buy home contents insurance
- 63% buy home buildings insurance
- 40% buy life assurance
- Nearly £6m people are covered by private health insurance
- Life policies pay out £4.5billion a year in death claims
- Around 12m adults and children are covered by a critical illness policy
- Critical illness has paid out more than £2.5bn since 2000
- Income protection, which provides an income if a person is too sick to work, pays out more than £2.6m a day

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### News in brief

**Charity of the month:** Each month we donate to a different charity and this month the highlight is on <http://www.bliss.org.uk/> - for babies born too soon, too small, too sick this charity celebrates its 30<sup>th</sup> birthday this year.

Don't forget when making a charitable donation to agree to Gift Aid, which enables the charity to reclaim from HM Revenue & Customs the income tax that you will have paid to have earned the money you donate, thus increasing the value of your donation without costing you a penny extra.

**Useful website:** <http://www.only2clicks.com/> Organize your most used websites to access quickly from your home page.

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