

BEST Financial Solutions Newsletter January 2010

Not just price. Best advice.



Welcome to the January issue of the Best Financial Solutions newsletter.

What will 2010 have in store for us?

Higher interest rates? A new Government? Further property price increases? An England World Cup win? As Carlsberg would say: "Probably..." (*Ed. Not so sure about the football*).

In this issue I'll talk about helping make your probabilities more into certainties by covering the Why, What and How of **Financial Goal setting**.

I'll also ponder my thoughts on what may happen this year with **interest rates** and **house prices** and the impact on the **mortgage market**.

Best wishes.

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Key messages in bold

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Financial goals

“Would you tell me, please, which way I ought to go from here?”

“That depends on where you want to get to,” said the Cat

“I don’t much care where...” said Alice

“Then it doesn’t matter which way you go” said the Cat.

LEWIS CARROL, Alice in Wonderland



The old adage is that **if you fail to plan then you plan to fail**. Unless, like Alice you are happy to go on an adventure and take what life throws at you. A bit of both would be good.

The start of a New Year is as good a time as any to consider your financial situation, **ask yourself where you’d like to be** in one, five and ten years and **commit to a plan** of achieving that.

What will help you on the way is a Financial Review meeting with an Independent Financial Adviser. Yes me! Here are some areas that will be reviewed:

- Ø Assets and liabilities assessment
- Ø Working to a budget
- Ø Current plans for debt repayment and wealth accumulation
- Ø Retirement income provision – in the right place
- Ø Insurances – protecting your assets, the right amount at the right price
- Ø Financial goals and implementing plans to achieve them

A full financial review is free. Please contact me if you’d like to find out more

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House prices and interest rates in 2010



'Experts' are predicting anything from a **-10% to a +5% change in house prices** this year. They think that the **Bank of England Base Rate** could either **stay below 1% for five years** or start rising as soon as March and reach **2.5% by the end of the year**.

How can these forecasts be so dramatically different? Could it be that despite all their data they have as much of a clue as you or I...? Could these be the same 'experts' who didn't predict the credit crunch?

We do know that the economy is not in a good shape but **banks seem to have more of an appetite to lend of late**. This trend is expected to continue with more mortgage products available at higher Loan to Values and at lower rates.

Self-certificated mortgages are now a thing of the past, joining 100%+ LTV and adverse credit products on the scrap heap. **Buy-to-Let mortgage products have yet to improve**, with big fees and unattractive rates showing that lenders aren't too keen to lend. This market could take a long while to recover but there are still options open if you have 25% of equity.

If you are not sitting pretty on a lender's low standard variable rate or locked then now is a good time to **review your mortgage options**. House price increases, lower mortgage rates and less strict deposit criteria could mean that there are deals to be had where they weren't available a year ago. The next few months may be the opportunity to secure the best mortgage rates for a number of years.

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

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

The Financial Services Authority does not regulate some forms of Buy-to-Let mortgage

Facts and Figures

What's your worth?



According to the Office of National Statistics, the average **wealth of households** is £204,500.

This £9 Trillion total comprised of 39% property, 39% pension assets, 11% in financial assets and 11% in physical goods.

The most prosperous 20% of the population hold 62% of the wealth.

Never work again!



How much money would you need to have to retire and never work again?

For a 41 year-old man to buy an annuity (*) to pay him an income to he dies equivalent to the national average wage of £28k p.a. he would need a lump sum of **£1,268,780**.

For a 40 year-old woman it is **£1,069,225**.

Work hard, get saving or be lucky!

Source * Canada Life

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News in brief

Wills – no age limit

The family of recently deceased Boyzone star Stephen Gately, have finally conceded that no will was left before his untimely death. Gately's estate is worth an estimated £7.2m.

Under current intestacy laws, Gately's husband will be entitled to up to £450,000 and personal possessions, with half of all remaining possessions split with the star's family. The family have no intention, however of challenging him for the money.

If you don't have a valid, up to date will then please contact me as soon as possible. I'll put you in touch with someone who can rectify this.

National Employment Savings Trust (NEST)

NEST is the new **name of the Government backed workplace pension scheme**. By 2016 employers will have to offer this scheme to employees aged over 22 and earning over £5,035 p.a.

The programme is intended to ensure low to middle income earners save for their retirement with firms contributing too. Employers will contribute a minimum of 3% and employees 4% of their pay.

Charity of the month

Each month I donate a percentage of profits to a different charity and take the opportunity in each newsletter to highlight the charity so that you consider helping them.

<http://www.stpeter-stjames.org.uk/> provides specialist care for those living with progressive, life limiting illnesses in Sussex.

I discovered them when my wife bought a natty dressing table from their charity shop in Uckfield. Please take a look to see if you can help.

Topical quote:

'If all the economists were laid end to end, they'd never reach a conclusion' George Bernard Shaw

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