



Mortgage snippets

It would appear that Lenders are phasing out the comparatively low fixed rates and we are now seeing higher interest rates for future fixed rate mortgages.

However, whilst current Standard Variable Rates are still attractively low, a number of pundits forecast inflation is likely to show considerable increases. Much of the reasoning for possible increases in inflation is based on the degree of debt the country will face, due to the high level of Government borrowing.

If this premiss is accepted, then it may well prove prudent to consider fixing the interest rate of your mortgage, since should we see increased inflation, then interest rates will also climb.

Unfortunately, at present, this could mean an increase in your monthly mortgage cost and an Arrangement fee, however, you would be safe in the knowledge that you have obtained a fixed rate which we feel would be more competitive than rates available in the future.

Just a little reminder:

New thresholds introduced from 3 September 2008 confirm that if you buy a property and the purchase price is £175,000 or less you don't pay any Stamp Duty Land Tax.

Investment potential

Current ISA Allowances (2009/2010)

- if you don't use it - you'll lose it!

Cash ISA Allowance £3,600 per annum

Stocks & Shares ISA Allowance

£7,200 per annum (this can be £3,600 Cash & £3,600 Stocks & Shares or £7,200 Stocks & Shares)

Current overall ISA Allowance

£7,200 per annum

Cash ISA's - From 6th October 2009, anyone aged 50 and over can invest up to £5,100 into a Cash ISA. If you have an existing Cash ISA for the current year, the top up of £1,500 can only be placed with your existing provider. From 6th April 2010 this is set to change for everyone else as well.

Precautionary note: Rates offered by the various bank/building societies etc, vary considerably, therefore it is beneficial to shop around.

It always pays to shop around for the best rates, whether ISA's or ordinary savings accounts. For instance, we are now able to arrange a Direct

Transfer Account (DTA) with Scottish Widows Bank. The DTA is an immediate access account and can be operated either by phone, or on the net. It can also be used for a cash ISA.

It currently offers 2.01% on balances of £1,000 and above and in the first 6 months, new clients receive a bonus of an additional 1%. Interest payments are monthly, quarterly or annually. Their Cash ISA account currently offers an interest rate of 0.6%, which if left for 12 months receives a bonus of 1.5%, giving a total rate of 2.1%. Of course, after 12 months you should look at a possible switch to a different account, which might have a more attractive interest rate.

Shariah Compliant Fund - For those of the Muslim Faith, we can now offer an investment fund that fully complies with Islamic Law, with no exposure to Haraam activities. Investment is also available for specific Life Assurance funds, Pension Funds and ISA's.

Guaranteed investment

Guaranteed Investment - Whilst the FTSE100 has risen by around 9%, over the three month period 24th March 2009 to 25th June 2009, many people continue to be reluctant as far as investment is concerned. However, we can now offer an investment whereby your initial investment amount is fully guaranteed.

Furthermore, after each 2.5 years, your investment is re-valued and if it is higher than your initial investment, then the higher figure becomes your guaranteed amount!

There is a minimum investment of £10,000 and a minimum investment period of either 7 or 10 years, dependent upon which fund is used. Penalties will be incurred for early encashment.

Since the investment is written as a Whole of Life Bond, it also carries death benefits.

Annual tax-free withdrawals can be made of up to 5%, but obviously any guarantee level would be reduced by the amount of any withdrawals. The age bracket for this product is 18 to 70.

MetLife provides the guarantee via it's own sizeable assets, as well as assets purchased from other counterparties. Please note the MetLife guarantee is different to other companies' guarantees provided within their funds. As with these funds if the counterparty fails the unit price falls and the policyholder takes the risk (the counterparty needs to be explicit as the product provider has no obligation to meet the guarantee). Whereas the guarantees offered by MetLife, any failure of the counterparties will need to be met by the other MetLife assets. As such the counterparty for the guarantee is MetLife, an AA rated life company with a diversified product portfolio backed by sound risk management.

These are basic details of the investments, anyone interested, please call us to discuss them in more detail, including associated charges.



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Something different

Critical Illness - Now, a unique plan that rewards you for getting fit and staying healthy! - The basic concept is that, when a client takes out the plan, it not only covers an extensive range of critical illnesses, but also clients automatically receive membership of a "vitality Programme," with "Lite Awards."

The plan not only provides exceptional cover, but also encourages a healthier lifestyle, with subsequent benefits.



So what does this mean? The client commences on a "Bronze Status" and if they continue with their current lifestyle, then premiums remain the same, or could increase. However, should the client engage in a "wellness/fitness" programme, they receive awards, which can lead to them being placed upon a higher status, (Gold or Platinum) which cannot only result in a reduction in premiums, but also clients can obtain subsidised Gym membership, together with additional points for "Healthy Eating".

We feel this is a very attractive plan, which not only provides exceptional cover, but also encourages a healthier lifestyle, with subsequent benefits.

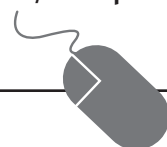
The plan needs to be considered in depth and anyone interested should call to make an appointment to discuss all aspects.

Old Age Pension

So you think you will be drawing yours, when you reach 65, so did Neil until he checked-up! He was born in 1960 and won't now be eligible for his State Pension, until he is 66!

If you want to check-up on your State Retirement Age, simply log on to:

www.thepensionservice.gov.uk/state-pension/age-calculator.asp



Cost of delay can be considerable

Pension/Annuity Levels - Many people have seen their pension fund fall in value, since the Stock Market highs of 2007. This may have resulted in people feeling that they could benefit from delaying taking an annuity (pension), in the hope that the markets will rise and their fund recovers some of its losses.

It is, however, unlikely that anyone taking such action, fully appreciates the potential risks involved. Quite simply, the cost of delay can be considerable. Clients who postpone the annuity purchase are not only missing out on the income they could be receiving, but they are also exposed to potential fluctuations in their pension fund value. For example:

Man aged 66 has a pension fund value of	£50,000
Annuity Income (payable monthly in advance)	£4,238 p.a.
Annual increase by deferring from age 65	= £123
It would take 33 years to recover the lost income!!	
i.e. the £4,115 he would have received at 65 in year 1	

By buying an annuity now the client could:

- Secure an immediate income;
- Lock-in at today's annuity rates;
- Receive a guaranteed income for the rest of their life

Furthermore you don't have to purchase your annuity with your existing pension provider by using the Open Market Option, you may be offered a higher rate with another Annuity provider. Also if the client smokes, or has a medical condition, it is likely that they could receive Enhanced Annuity rates therefore receiving a far better income, than a standard Annuity.

Pension Case Study: Still on the pension theme, we recently had a client referred to us who was approaching 75 and was still working, by choice. He had now decided to stop working and begin to take his pension benefits. He wanted the maximum tax-free cash he could possibly obtain then a guaranteed income for life. Due to recent changes in pension legislation, combined with his age and health, we managed to achieve the following, from his pension fund of £145,000:

Stage 1: Transfer his pension fund into an "Unsecured Pension Contract", from which he drew the maximum "tax-free cash" of £36,265.50 and arranged for the maximum income to be taken annually in advance. This amounted to £11,880.25 gross - £9,504.20 nett. The residual fund was held in cash, to protect it from potential stock market falls.

Stage 2: Two months later, on his 75th birthday, we moved his residual cash fund now valued at £96,854, into an "Alternatively Secured Pension contract" at no charge to the client. Since this was classed as a "New Contract", the client was able to take a further maximum annual income in advance, of £8,286.08 gross - £6,628.86 nett.

Stage 3: Since the client was eligible for Enhanced Annuity rates, due to a health impairment, we transferred his residual cash pension fund to a specialist Annuity provider who paid him a guaranteed £9,500 p.a. gross - £7,600 nett, paid monthly in arrears of £633.

Therefore, from a fund of just £145,000.00, we were able to achieve the following:

- £36,265.50 tax-free cash;
- £9,504.20 annual advanced lump sum;
- £6,628.86 second annual advanced lump sum.

Total cash received:	£52,398.56 i.e. 36.13% of the pension fund value
Guaranteed income for life:	£633 nett per month

For your delectation

“In Economics, the majority is always wrong” by J K Galbraith

Skandia, who do not provide advice on selecting investments, recently sent us an article, which is directed at Professional Financial Advisers. This, we feel, went some way to brighten the seemingly unending stream of pessimistic news which we read in the newspapers and see on television. We hope it brings a smile to your face and I quote:

Green Shoots Anyone?

“According to the media, we are in the most severe recession since the extinction of the dinosaurs. It is de rigueur to scare the population at large with horror stories about the dire economic outlook; apparently, 40% of families will be eating plastic bags, by the end of 2010. Observing green shoots is likened to cavorting with fairies and subject to sectioning under the Mental Health Act.

The perilous state we are in is, of course, entirely due to the activities of anyone who habitually wears a suit outside church. It is perhaps no surprise that the recent budget sought to redistribute wealth, from EC1 to Coronation Street.

Pin-striped suits have been banned and as from midnight on 1st April, retrospective legislation confirmed that the hosing-down of investment bankers with silage, to be admissible for a lottery funding, if not mandatory.”

Today, being intensely negative about the global economy is considered both rational and reasonable, irrespective of the evidence. To paraphrase JK Galbraith, the conventional view saves us from the painful job of thinking; it is safer to be wrong with the majority than right alone. We have a habit of gravitating towards the majority view - it's the safer position.

There are strong arguments that economics is not a science, but rather a body of ideologies; PJ O'Rourke joked that microeconomics concerned things that economists are specifically wrong about, while macroeconomics concerned things that economists are wrong about generally.

On a final note as one email reminded us laughter lowers your blood pressure!

Your financial needs: How we can help

All of our advisers are trained to offer unbiased, jargon-free advice on any of these areas:

- Business Protection
- Commercial Mortgages
- Equity Release
- Inheritance Planning
- Investments
- Life Assurance
- Mortgages
- Pensions

Simply call us on 01536 512724 or email us your enquiry at: enquiries@atawny.co.uk

Need to know more?

For any further information regarding any topics covered in Wise Words please contact us, and we will be happy to discuss.

You can call us on: 01536 512724
or email us at: enquiries@atawny.co.uk

We hope you find this a useful and informative read. With our constant strive for excellence in customer service we always appreciate to hear your feedback, whether good or bad.

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