

LFA MONEY TALK

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PROPERTY MARKET CONTINUES TO GATHER MOMENTUM

The recent Stamp Duty holiday extension, combined with continued high demand for property, has led to the strongest sellers' market in a decade, Rightmove has revealed¹.

Demand for property this spring is up 34% on the same period last year, driving up the price of property coming to market by an average of £2,484 in March alone. The property site commented, "the current excess of buyer demand oversupply is the largest we've seen in the last ten years."

Recent announcements bolster market

The continuation of 2020's property boom can be partly attributed to several important announcements made by the Chancellor in the Spring Budget. Firstly, he announced that the temporary Stamp Duty threshold of £500,000 would continue to apply for a further three months until the end of June, tapering down to £250,000 for another three months before returning to its usual £125,000 threshold from 1 October [In Scotland there was no extension of the

Stamp Duty holiday and it ended at the end of March]. Secondly, he unveiled a new government guarantee on 95% mortgages, which could bring first-time buyers flooding back to the market.

Warmer weather puts a spring in buyers' step

Blue skies and blooming gardens have historically made spring the best season for property transactions, allowing sellers to present their property in the best possible light. The first week of March has certainly borne this theory out, with the number of sales agreed up 12% on the same week last year.

These factors, combined with a general air of hope as England makes its slow ascent from lockdown, is certainly making for a positive atmosphere on the property market this spring!

Want to get moving?

If you're looking to get your own property on the market and want to dedicate time to the search for your new home, talk to us about your mortgage requirements.

¹Rightmove, 2021

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DON'T NEGLECT YOUR FINANCIAL SECURITY

Financially supporting family members remains high on the agenda for a third of potential retirees, who spend more than £3,700 a year helping loved ones². With retirees planning on an average retirement income of £20,663, they anticipate around a fifth of this will be used to support the finances of younger family members.

Accommodation and cash top priorities

As part of this support, 28% say they allow their family to live with them rent free, while one in four give regular cash to help cover living costs. One in five also cover some or all of their family's household bills and 19% pay for treats such as holidays. A further 15% say they have helped fund a property purchase, and 13% pay for university fees.

Your financial security matters too

It's only natural to want to help support family members, particularly in the current economic climate. However, pension savings have also been impacted by the pandemic and this could see some retirees having to tighten their belts. In turn, this could affect how much they can financially support others. We can help you work out how much support you can realistically provide without compromising your long-term financial future.

²Key, 2020

HELPING UNISON MEMBERS SECURE THEIR FINANCIAL FUTURE

Each year we run hundreds of seminars on topics including retirement planning, which give UNISON members practical help with securing their financial future. To find out about arranging a seminar or surgery for UNISON members, please contact one of our regional representatives listed below.

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MORE PEOPLE LOOKING TO MOVE THAN EVER BEFORE

On 17 February, Rightmove reported its highest ever number of visits (over 8.5 million), a strong indication that many people were looking to move home irrespective of the Stamp Duty holiday (the extension not having been announced at this point).

Data analysts also recorded a 22% upswing in the number of people contacting estate agents this February compared with the same month last year, while March saw demand levels soar by 34% compared with 2020's pre-lockdown market.

Supply and demand

While buyer demand is high, with families

continuing to reassess their priorities for their home and lifestyle after lockdown, sellers are continuing to hedge their bets, with a third saying they want to wait until lockdown is over before putting their home on the market. This means that demand is far outpacing supply at the moment, with an average of 17 buyers chasing every newly-listed home in February.

Time to rebalance

Recent developments, including the Stamp Duty holiday extension and the first steps taken on the roadmap out of lockdown, are likely to provide sellers with the reassurance they need to take the plunge in the coming months.

MORTGAGE GUARANTEE SCHEME: WHAT YOU NEED TO KNOW

Mortgages catering to buyers with small deposits have unfortunately been a casualty of the pandemic, with 95% LTV mortgages all but disappearing from the market over the past year.

The Chancellor's announcement of a new government guarantee scheme for 95% LTV mortgages is therefore welcome news for prospective homebuyers with a 5% deposit, who have effectively been blocked from the property market during the coronavirus crisis.

The details

Launched in April 2021, the scheme offers a government 'guarantee' on 95% LTV mortgages to encourage cautious lenders to bring back these deals. The guarantee applies to the portion of the loan over 80%, with the government partially reimbursing lenders for the net losses suffered in the event of repossession. The scheme is due to end on 31 December 2022, subject to review.

Who can apply?

Both first-time buyers and home movers can apply, with other eligibility criteria including:

- You must be buying a property to live in yourself
- You must pass all normal affordability checks
- The mortgage must be between 91% and 95% LTV

Get your journey started

Whether you've had to put your plans on hold or are just beginning your property search, get in touch now for expert mortgage advice.

ESG: FROM NICHE TO MAINSTREAM

Environmental, social and governance (ESG) investing looks set to continue gaining traction, as ESG factors increasingly merge into mainstream investment strategies, new research suggests.

ESG investing has grown substantially across the world over the past few years, with investors becoming increasingly keen to learn where their money is going and whether it is having a positive impact. A survey conducted by CoreData has revealed that 73% of UK fund buyers now expect all investment funds to incorporate ESG factors within their strategies in the next five years³.

Pandemic a key driver

Additional findings suggest the pandemic has accelerated this momentum, with eight out of ten UK fund investors saying it has increased their focus on ESG. Commenting on the survey, founder and principal of CoreData, Andrew Inwood, said, "The pandemic has helped reset humanity's moral compass and encouraged people to favour investments aligned with their beliefs and values."

COP26 could highlight ESG investing

As for the most important ESG concerns, separate research⁴ has shown that environmental issues top the list, particularly pollution and waste, and climate change. The trend towards ESG investing is likely to be further heightened in the run-up to the 26th UN Climate Change Conference of the Parties (COP26) which is being hosted by the UK in Glasgow this November.

The election of President Biden and his commitment to an ambitious new climate regime could also raise the profile of both COP26 and climate change issues in general. As a result, ESG investing is likely to remain firmly in the spotlight.

³CoreData, 2021, ⁴BlackRock, 2020



UK ADULTS WISH THEY'D BEEN TAUGHT MORE ABOUT PENSIONS

How much of what you were taught at school do you use in your everyday life? More than two-thirds of British employees wish they had been taught more financial skills at school, believing this would have improved their financial situation later in life⁵.

Pensions sit at the top of this list, with 40% of respondents saying better education would have encouraged them to take their own pension more seriously while they were young.

Skills we wish we'd learnt

Other financial topics British workers wish they had learnt about at school include:

- Basic money management (e.g. budgeting) – **28%**
- Saving methods – **28%**
- General investment knowledge – **27%**
- Understanding interest rates – **23%**
- Mortgages and how to apply for them – **21%**

Financial embarrassment

A separate study⁶ has revealed that 55% of UK adults don't feel comfortable talking about money, with nearly one in five (18%) citing shame or embarrassment as the primary reason. This is despite 48% saying they regularly worry about their finances.

The value of financial advice

Whether you have financial concerns or you're looking for help understanding financial basics, we're not here to judge. We can provide simple, jargon-free advice that can help you take control of your finances once and for all.

⁵Portafina, 2019

⁶Money and Pensions Service, 2020

FIRST-TIME INVESTORS DIP A TOE

With interest rates plummeting to record lows and rumours of negative rates on the horizon, many savers are shying away from traditional savings accounts and trying their hand at investing, though it remains important to hold enough for emergencies in accessible, risk-free form.

While the pandemic has caused financial difficulty for many families over the past year, others have been able to put more

money aside as a result of spending less on non-essential items. Official figures⁷ show that the household savings ratio increased from 9.6% in Q1 2020 to a record high of 29.1% in Q2.

Saving vs investing

A total of £125bn was deposited into savings accounts last year, according to Bank of England data, and that figure is expected to rise substantially during the first half of 2021. Many people have therefore seen their savings balances grow at a time

when savings rates have hit rock bottom, prompting many to turn their backs on cash and dip their toes into the investment waters.

The importance of advice

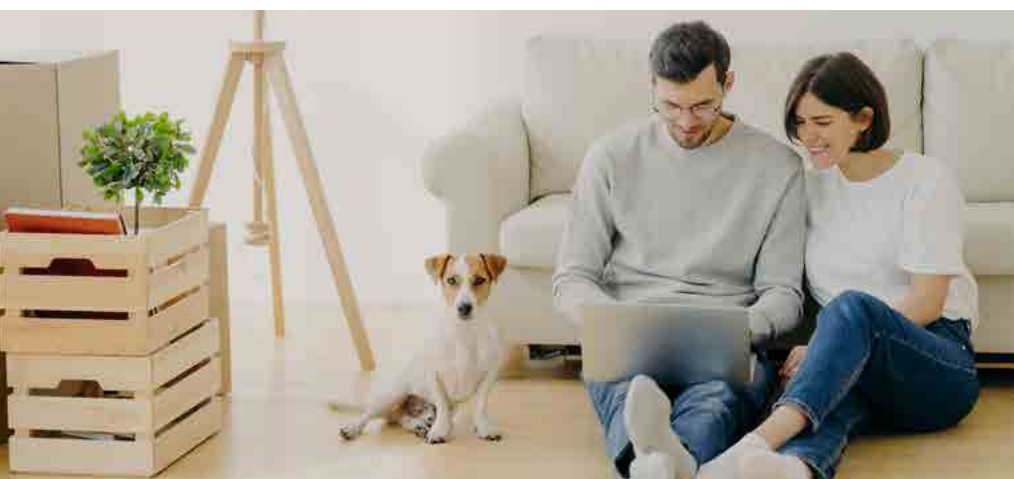
With so many funds available, the investment process can appear daunting and it can be difficult to know where to start. Working out a sound investment plan with sensible goals is key, as is seeking financial advice before you begin.

Invest over the long term

Investing should be a long-term commitment and it's important to have a savings safety net in place before you start. Historically, while investing in equities has delivered better returns than cash, there is inevitably a risk the value of investments can fall. This means we need to establish your risk tolerance before recommending any investments.

Whether you're thinking about your pension, creating an investment portfolio, a stocks and shares Individual Savings Account (ISA), or even a Junior Individual Savings Account (JISA) for a family member, we can help you begin your investment journey.

⁷UK Parliament, 2021



INVESTMENT SCAMS MOVE UP A GEAR

The number of fraudsters using the details of legitimate firms to rope unsuspecting consumers into investment scams increased by 29% in the year to September 2020.

The methods employed by investment scammers have become increasingly sophisticated, with the Financial Conduct Authority (FCA) issuing a warning in January against these so-called 'clone firm' scams⁸.

What is a clone firm?

According to the FCA, clone firms are

'fake firms set up by scammers using the name, address, and 'Firm Reference Number' (FRN) of real companies authorised by the FCA.'

The FCA currently has a warning list of 'clone firms' on its website, which you should check carefully before handing over your money: www.fca.org.uk/scamsmart/warning-list.

Financial uncertainty can increase susceptibility

The climate of uncertainty caused by the pandemic has left many consumers worried

about their finances, which in turn has increased their vulnerability to 'too good to be true' investment offers.

However, with an average of £45,242 lost by victims of 'clone firm' investment scams in 2020, it pays to be cautious.

Don't lose out

If you have any doubts whatsoever that an investment opportunity is legitimate, please speak with us. We can help you spot the signs of fraud and keep your hard-earned money where it belongs.

⁸FCA, 2021

We can help

Talk to our customer services today. Call **08000 85 85 90** and quote **UNISONNews2105** or alternatively, send an email quoting **UNISONNews2105** to lhgenquiries@quilter.com to arrange a consultation with one of our professional financial advisers.

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