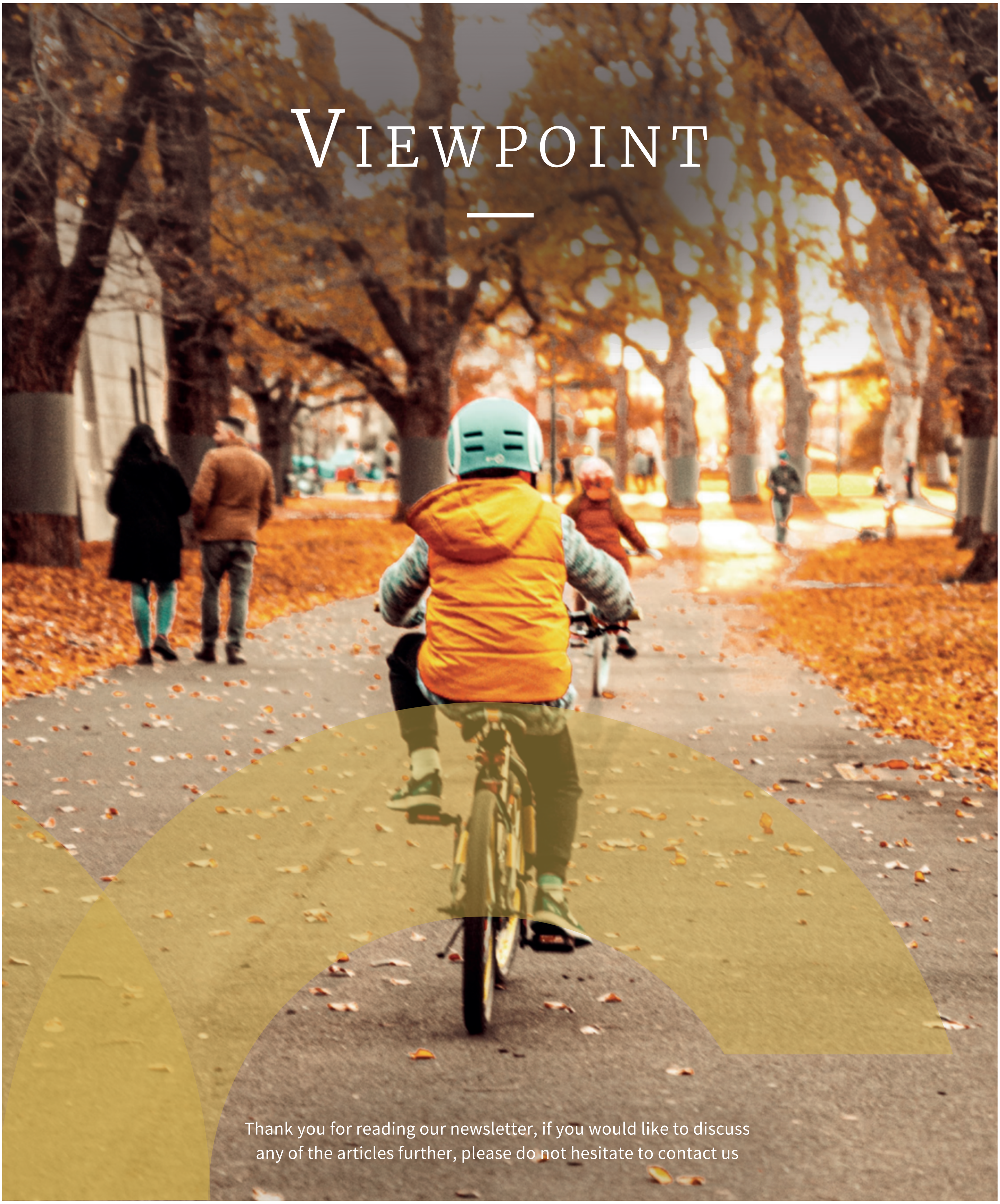

Viewpoint

Thank you for reading our newsletter, if you would like to discuss any of the articles further, please do not hesitate to contact us

HGC FINANCE
mortgages, protection, wealth

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When your current mortgage deal comes to an end you might be tempted to do nothing and simply move on to your lender's Standard Variable Rate (SVR). However, by doing so you could risk your mortgage rate more than doubling.

SVR tend to be higher than the rates offered by other types of mortgage like tracker. In January 2019, the average SVR was 4.9%, compared to 2.52% for a two-year fixed-rate mortgage. Over the life of the mortgage this can mean paying thousands more interest than you need to.

Remortgaging to a better deal

Finding a new mortgage deal is a lot easier than getting your first mortgage. You don't have the stress of finding a home, working with estate agents, negotiating contracts or worrying about onward chains.

When it comes to remortgaging you could choose to stay with your current lender, and they might offer you something tempting to stay with them, but you don't have to. Switching to a new lender may seem like hassle you don't need, but it's worth the effort as it could mean you get a better rate.

Whether you're staying with your current lender or moving to a new one, just as with your initial deal it can pay to get advice to help find the most suitable mortgage for your needs. That's where we come in.

The value of our advice

We'll look at your current deal and work out if there are any exit fees or early repayment charges. We'll discuss your needs and future plans; whether you want to pay off your mortgage early or you're looking for lower monthly repayments.

We'll check any changes in circumstances and how they impact your financial plans; have you started a new job or reduced your hours to care for a new baby?

What's more, We'll complete your mortgage application and take care of the legwork for you. As part of Openwork Ltd, one of the UK's largest financial adviser networks, we can access competitive rates from most of the UK's best-known lenders.

You may be able to save money if you switch to a new deal. Don't leave it too late and end up paying more than you have to. Contact us today to discuss your remortgage.

Are you at the end of your deal?

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

Mortgage rates are now at record low levels, following two Bank of England rate cuts in March to bring the base rate down to 0.1%.

Borrowers on a tracker, discounted or variable rate mortgage may have already benefited from this rate drop, but those borrowers whose mortgage deal is nearing its end, or those currently on an uncompetitive standard variable rate (SVR), should review their situation as there are some very competitive products on the market, with potential savings to be had.

Remortgaging explained

A remortgage is where you take out a new mortgage on a property you already own - either to replace your existing mortgage, or to borrow more money against your property. You should consider remortgaging if:

- Your current deal is about to end
- You are looking for a better rate
- You want to overpay, but can't do this on your current mortgage
- You want to borrow more
- Your home has increased in value and your loan-to-value ratio means you can get a better deal.

Lenders have adapted

Due to uncertainty, many lenders initially reacted to the coronavirus crisis by restricting the products available, (particularly to those borrowers with a high loan-to value ratio) and remortgage applications faced operational constraints such as an inability to do physical valuations. However, optimism has started to return, with lenders reintroducing a wider range of products and adjusting their processes to overcome problems, for example by using automated 'drive-by' valuations.

Don't delay

In such a fast-changing environment, those who are considering remortgaging over the next few months would be well advised to assess their options now. Remortgaging can take around eight weeks, so it's best to set the wheels in motion sooner rather than later.

Advice is essential

There are pros and cons to remortgaging and it won't be right for everyone. The market is more complex right now and getting good advice is vital. We have expert insight and knowledge of the market. As well giving you advice on whether a remortgage is suitable, we will explain the costs, outline potential implications and guide you through the mechanics of remortgaging.

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

Check your existing income protection policy

Insurance brokers have reported an increase in enquiries about income protection cover since the pandemic outbreak, with people concerned about becoming ill and being unable to continue working, or worried about losing their jobs.

Income protection explained

Income protection policies provide a monthly payment (payable after a waiting period) to help replace your income if you are unable to work because of an accident, illness or involuntary redundancy. Short-term income protection policies will pay out for a fixed amount of time (typically six months or a year), whereas long-term income protection policies are designed to replace your income (up to a maximum of around 60% before tax) until retirement age, death or for a specified period of time.

Am I covered for COVID-19 under my existing policy?

Policyholders who took their policies out before the outbreak should be covered under the existing terms and conditions, for both short-term and long-term income protection.

Fortunately, most people who get the virus have mild symptoms or recover quickly, usually within a few weeks. Because most income protection policies have a waiting period before money is paid out and also a minimum claim period of 30 days, you are unlikely to be able to claim under the sickness element of your policy.

However, if you are an existing policyholder who had unemployment cover included in the policy and you are made redundant, you should be able to make a claim for enforced redundancy.

Can I take out a new income protection policy now?

It is still possible for new customers to purchase accident and sickness cover, although you should be aware that pre-existing medical conditions will be excluded and insurers may have changed their terms for new customers.

However, the situation is not the same for unemployment cover, with brokers reporting that cover is unavailable for new customers, both as a standalone policy and under ASU (Accident Sickness and Unemployment) policies.

Managing existing policies

The good news is that you can renew your short-term and long-term income protection policies, although the terms may change at renewal.

Furthermore, some insurers are offering three-month payment breaks for those who are unable to pay their premiums at the moment.

Here to help

It's important to remember that all protection cover should be bought for the short, medium and long term and should be tailor made to suit your own circumstances, rather than just opting for the cheapest premium.

As with all insurance policies, conditions and exclusions will apply.

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