

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

11a Highbury Grange, London, N5 2QB

robert@hgc-finance.com | 07813 942 995 | www.hgc-finance.com

Considerations for first-time buyers

Being a first-time buyer can be daunting. Not only are you about to make one of the biggest financial decisions in your life, but you'll probably also have family members and friends offering their ideas on the right house, mortgage, lender conveyancer and even removal company for you.

We've put together some ideas to try and take away some of the stress and confusion and give you confidence to move through the home buying process as smoothly as possible.

Get the right advice

Of course we're going to say that - it's what we do! We'll review your circumstances and look at your income, debt, day-to-day outgoings, employment and the size of your deposit, to assess what you can afford to borrow now and in the future. We'll talk you through the types of mortgage we think are right for you and the lenders who offer them.

Save as much as possible

Buying a house is going to be expensive so it's important to save, save, save and save some more to get yourself in the best position possible.

Many lenders will accept a minimum deposit of 5% of the cost of the house you're buying, but aim higher. The bigger your deposit the smaller the mortgage (and monthly mortgage payments) making you more attractive to a lender.

Talk to us and we can help with practical financial advice on your first and future home purchases.



Know your budget

Your hard-saved deposit and monthly mortgage repayments aren't the only expenses you need to be mindful of when buying your first home:

Some lenders will charge for a **valuation fee** to help them establish how much they are prepared to lend you.

You'll also need to factor in the cost of a **survey** (depending on the type of property you're buying and the lender you choose to go with you might need a basic mortgage valuation, a homebuyer's report or a full structural survey).

In Scotland you also need to budget for **Land and Buildings Transaction Tax** and in Wales you'll need to budget for **Land Transaction Tax**. If you live in England or Northern Ireland, you won't pay any **Stamp Duty Land Tax** on properties worth up to £300,000.

You'll also need to pay your **solicitor** or **conveyancer** for any legal work and local searches they do on your behalf.

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



Price cap for properties eligible for
Help to Buy Equity Loan Scheme
from April 2021 to March 2023:



More hope for first time buyers with the Help to Buy Extension

Since it was launched in 2013, the popular Help to Buy scheme has enabled almost 170,000 households to buy homes; who may not otherwise have been able to.

An extension to the successful scheme was announced in the Autumn 2018 budget, now making it available until 2023 for first time buyers only 'to ensure future support is targeted at those who need most help'.

This could benefit tens of thousands of extra buyers who are purchasing a new-build property, who under the scheme can get an extra 20% (40% in London) government loan, which is interest free for five years. If they also secure a mortgage from a bank or building society for 75% (55% in London), this means buyers themselves need to only find a 5% deposit.

As part of the changes, the government has also introduced new caps on house prices for qualifying properties in different regions, to reflect the huge variations in prices across the country. London will continue with a £600,000 cap, whereas the caps in other regions have been changed to 1.5 times the average forecast first time buyer price in an area.

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP YOUR 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.

