

**February 2007**

**Issue No 4**

## **House Prices and Interest Rates**

House Prices continued to increase in December bringing the annual increase to 10.5% which was far higher than anticipated this time last year. The price of a typical house increased to £173,746.

There are few signs that house price growth will moderate in the very short term, however interest rate hikes, increasing debt and the disturbance that may be caused by the introduction of Hips could affect the levels of activity in the housing market

leading to a slower rate of price increases in the second half of the year.

The recent rise by the Bank of England has raised UK interest rates to 5.25% this rise was not expected until possibly February but has been done in an effort to curb inflation. This rise is the third in five months, as part of an effort to stem inflationary pressures, but it is felt another rise may be imminent as inflation appears to be out of control.

### **Update on HIPS (Home Information Packs)**

The Government still plans to introduce Home Information Packs from 1 June 2007. From this date, if you are selling your home, you will be required to have a Home Information Pack and provide copies of the following documents to potential buyers on request.

I have listed below the documents that must be included:-

- **Index** - should list all documents included in the pack and any missing documents that are to be included later
- **Sale Statement** - a brief statement of the property and general information such as boundaries, notices and services
- **Fixtures and Fitting Form** - a list of items in the property and it should identify which will be included in the sale and which items are currently open for negotiation
- **Land Registry Title & Plan** - up to date official record of who owns the land
- **Energy Performance Certificate** - an energy report designed to cut fuel bills and emissions in your home
- **Warranty and Guarantees** - such as guarantees on work that has been carried out on the property which will pass on to the buyer
- **Local authority searches**
- **Drainage & Water searches**

Additional documents for Leasehold properties (including a copy of the Lease and Landlords details) and a New Homes Warranty for new builds or converted properties.

You will be able to obtain these packs from Estate Agents, Solicitors, Mortgage Lenders, Mortgage brokers and indeed the entire industry sector. We will be able to offer our clients a competitively priced product, which will allow you to maintain your independence and choice when selling your property.

**We will inform you of our proposition in our Newsletters and on our web-site**

# Warren & Co are now in a position to offer our clients two further services

We have researched the market and found two independent companies, Loan Directory and Premier Fix, who will help us offer you choices that can save you money and offer services tailored to your individual needs

## Remortgage or loan

This time of the year is when we all come down to earth with a bang and the true cost of Christmas comes to light. The credit card bills are in and the debt is a lot more than you thought. It is a fact that the average person in the UK has around £18,000 of unsecured debts, through loans and cards.

Because of the continued growth in the housing market, sometimes it's very easy to say "OK we've got equity in the house, and we wanted to put on that conservatory...." So lets re-mortgage and take the equity from the house.

This could be fraught with hidden problems.

- You may have early redemption charges on your existing mortgage.
- It could mean extending the debt over a far longer period, and therefore paying more interest.
- You may need the cash in a hurry, and as we all know, sometimes a re-mortgage can take up to two months to finalise.
- By adding extra money to your mortgage, you may fall outside the lending criteria of you provider.

Sometimes a more suitable option is a secured loan. This can be a lot easier to arrange, and a lot quicker. You can choose how much, over how long, with the knowledge that if the loan is under £25,000 there is only 1 month's interest to pay to redeem the loan.

We have built a relationship with The Loan Directory, a company who will source the best loan for you, we have negotiated some special rates and fees to reflect your individual circumstances and acknowledging you are our clients.

**We have insisted that they guarantee not to advise you to take the "mandatory insurance" that so many companies try to sell you.**

## Money Exchange

More of our clients are purchasing a property abroad either a cash purchase or a foreign mortgage. Whatever method you choose for payment it is likely you will have to exchange some currency. Also, when the dream is realised you will probably need to transfer your British pension into Euro's.

Clients often use their commercial banks to transfer the funds abroad, but there are now specialist currency exchange brokers who can transact the deal on your behalf at a much better rate than the banks. The currency broker has the advantage of buying the currency in bulk direct from the foreign exchange market. The rate they buy the currency at is better than that of the commercial banks therefore the broker is able to pass on the savings to the customer. The transfer of the funds can also be free giving the customer further savings.

Currency Brokers will also offer Forward rates for up to a year or more. This is a good way to budget if your main income is coming from a pension or if you are buying your property by stage payments.

We have found a good Currency Broker called 'Premier Fix' who are based in Portugal and are well worth talking to whatever your Foreign Exchange needs.

**For further details about our new services, please contact us on 01452 547783  
or visit our web site [www.warren4mortgages.co.uk](http://www.warren4mortgages.co.uk)**

# Can you afford your retirement?

As healthcare and living standards improve, so does our longevity. A male aged 65 is now expected to live to almost 85 and a female even longer. This, along with the attraction of early retirement, means some of us may be hoping for a happy retirement lasting perhaps more than 30 years.

At the same time as this has been happening however, birth rates have been falling. Fewer couples are having children and those who do are having fewer and leaving it later. As a result, a thriving workforce that was once more than able to support our older population is becoming far less able to do so.

So, whilst we may be looking forward to long and carefree days, finally free of the rat race the question needs to be asked, is our pension provision good enough to pay for it?

For all serving Police Officers the Police Pension Scheme offers some of the most generous pensions benefits available in the UK today. However, with most family's dependent on two incomes to pay for the mortgage, food and bills, consideration should always be given to funding pension benefits for a partner or spouse as well.

This will ensure that the spouse will not be solely reliant on the Police dependents Pension on death as the spouse would have their own income. This would also have the secondary benefit of ensuring that you fully utilise the generous personal allowances for the over 60's, which could lead to an overall reduction in tax on the household income in retirement.

## **So what are your options?**

The rules surrounding pensions have changed following A day last April. Indeed for most the new rules give more flexibility and choice to those who wish to save for their retirement.

Under current rules the maximum amount of contributions that you can make into a pension plan on which you can claim tax relief in any tax year is the greater of £3,600 gross and 100% of your earnings.

For instance if you are a non earner you can still pay £3,600 per annum gross £2,808 net of basic rate tax into a pension plan, whilst someone on a salary of say £25,000 per annum then the maximum you could pay into a pension arrangement is £25,000 gross or £19,500 per annum after the deduction of basic rate tax.

Clearly this level of funding is out of reach of most people as we all have mortgages, food and bills to pay.

However for those who are used to the previous maximum funding of only 15% of earnings into a company pension scheme, the new rules allow a greater opportunity to fund a bigger pension or to help make up a shortfall if you are unable to contribute for the full 30 years. Whilst these new rules allow non earners to continue to fund for their retirement whilst they are not employed.

## **So where can these extra payments be invested?**

Within the Police Pension Scheme you have the option of paying additional contributions to buy added years. This route provides guaranteed benefits but is unfortunately limited at a scheme level to an overall maximum contribution of 15% of salary. For funding above this level you can now contribute to an AVC, Stakeholder Pension or Personal Pension, which are all bound by the same rules.

These plans are available from bank, building societies, life assurance companies and investment managers and are sometimes called money purchase arrangements as your contributions are invested into a pension fund and grow in line with the performance of the underlying fund.

The most appropriate plan for your circumstances will be dependent on the amount of investment choice that you require as each plan will have varying levels of charges. What should I do now?

## **Take stock of what provision you have made to date**

The first step towards getting on track is to understand where you are now. How many companies have you worked for and left partly funded pension plans with? How many plans have you taken out yourself? Do you have Personal Pensions that you are no longer paying into? What other provisions do you have eg. savings accounts, investment plans, perhaps a second house or even your own business.

## **A comprehensive review**

Then, use our pension review service to help you get on track for your retirement. Using the latest software we take a comprehensive look at what provision you have, where that provision is going to place you, consider how this fits with where you want to be, and then, if appropriate, suggest the best options to make up any shortfall.

If you would like to arrange a pension review please call **Mark Manning** on

**01452 548998 or 07866 315795**

to arrange a no obligation meeting

## Police Mortgage Surgeries

Bamfurlong	1	February
Tewkesbury	1	February
St Austell	5	February
West Mids	8	February
Bath	9	February
Telford	12	February
Shrewsbury	13	February
Waterwells	14	February
Keynsham	15	February
Kidderminster	19	February
Bridgwater	21	February
West Mids	22	February
Hindlip	27	February
Yeovil	28	February
Hereford	1	March
Bromsgrove	5	March
Radstock	7	March
West Mids	8	March
Coleford	12	March
Trinity Road	13	March
Cheltenham	15	March
Gloucester	19	March
Broadbury Road	20	March
West Mids	22	March
Taunton	28	March
Fed office A&S	29	March
Worcester	2	April
Launceston	2	April

Penzance	3	April
Froomsgate	3	April
West Mids	5	April
Weston	10	April
Weston Traffic	10	April
Almondsbury	12	April
Filton	12	April
Stonehouse	17	April
Portishead	18	April
West Mids	19	April
Cirencester	19	April
Federation	23	April
Staplehill	25	April
Yeovil	30	April
Bamfurlong	1	May
Tewkesbury	1	May
West Mids	3	May
Kidderminster	8	May
Bath	11	May
Telford	14	May
Shrewsbury	15	May
Waterwells	16	May
West Mids	17	May
St Austell	21	May
Hindlip	22	May
Keynsham	24	May
West Mids	31	May

*Call in on the day or to make an appointment telephone*

# 01452 547783

Your home may be repossessed if you do not keep up repayments on your mortgage. Think carefully before securing other debts against your home. As Warren & Co are a Member Service, there will be no charge for the administration of your mortgage. You can choose to pay us an up front fee of 1% and we will refund you the fee we receive from the lender.