

# HOME FINANCE NEWS

**DECLINE IN LOW-DEPOSIT MORTGAGE DEALS**

**DO YOU HAVE THE RIGHT PROTECTION COVER?**

**MANAGING DEBT IN RETIREMENT**

December 2019

# DECLINE IN LOW-DEPOSIT MORTGAGE DEALS



Following a warning to lenders by the Prudential Regulation Authority (PRA) in May, many mortgage providers appear to be shying away from the riskier 95% loan-to-value (LTV) market by reducing the number of products available in this tier.

Instead, lenders are increasingly focusing on the lower LTV tiers, at 90% LTV or less, considering these to be less risky.

This isn't good news for borrowers who are only able to save a 5% deposit and they may be best continuing to save for a 10% deposit, rather than opting for a deal now, in order to benefit from a greater choice of products and more favourable rates.

If you'd like help investigating the best deals available for your circumstances, please get in touch.

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

## DO YOU HAVE THE RIGHT PROTECTION COVER?

As you move through various life stages, you will have different protection needs and it can be difficult to know what type of cover you need. A recent survey shows that only 27% of people are confident they have the right protection cover in place.

In terms of income protection, the age group showing particular vulnerability is the 18-35 age group, where 56% say they would cope for less than three months on their savings or investments, if they couldn't work due to illness or injury.

We will help you to understand your risks at each stage of your life and can tailor protection to your individual needs, ensuring you have the right product and level of cover, all within your budget. Get in touch to see how we can help.

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



## MANAGING DEBT IN RETIREMENT



By the end of 2019, later life lending is expected to reach £295 billion and to rise to £548 billion by 2029, an increase of 85% over the decade.

### Rapid growth area

This type of lending is growing rapidly due to factors such as rising house prices, buying property later in life, an ageing population and an increased acceptance of using unsecured debts in retirement.

### Ongoing debt takes its toll

More of us are now entering retirement on fixed incomes, with ongoing debts to pay – please get in touch to see how Equity Release could help you with unexpected expenses or to enhance your retirement years.

***A lifetime mortgage is a long-term commitment which could accumulate***

# 'ACCIDENTAL' LANDLORDS COULD FACE TAX BILL

Earlier this year, the government announced plans to curb Private Residence Relief from Capital Gains Tax (CGT) for landlords who once lived in their rental property. Homeowners in these circumstances are often referred to as 'accidental' landlords, because when they originally acquired the property, they didn't intend to let it out. They may be moving in with a partner or struggling to sell it.

Over half a million 'accidental' landlords have until April 2020 to sell, before they could be hit with new tax bills. The rules will take effect from 6 April when the tax relief, known as Principal Private Residence Relief, will be reduced from the existing extension of 18 months to nine months. When a property that was once a main home is sold, the tax payable is on the amount it goes up in value while it is let out. Currently the owner is allowed to add 18 months to the amount of time they lived at that property; from April next year they will only be able to add nine.

Lettings relief is to be scaled back at the same time, meaning that landlords selling their former home after renting it out will no longer be allowed to shelter £40,000 of the gain from CGT (up to £80,000 for couples). From April next year, only landlords who continue to live in the property will qualify for this benefit.



## TIME TO PRIORITISE AGE-FRIENDLY HOMES

**Despite the fact that new housing developments are appearing in towns and villages across the UK, it seems these estates are failing to include homes which are appealing to the over-55s. The prime focus has been on building new homes for families and first-time buyers, but an increase in the numbers of older people looking to move to these out-of-city areas has been overlooked and needs to be taken into consideration by housing developers and councils.**

The Royal Institute of British Architects (RIBA) is urging ministers to make it compulsory for developers to build new homes which are appealing and accessible to older people and to those who are disabled. RIBA's report, 'A home for the ages: Planning for the future through age-friendly design', highlights the importance of well-designed, purpose-built new homes that allow people to play an active role in their communities as they age. These homes should include features such as wider doorways and staircases, have access to open spaces and be within easy access of healthcare and social facilities.

Recommendations include mainstreaming age-friendly design, removing barriers in the planning system that restrict the delivery of age-friendly homes and providing better information and support for older people who want to move home.



# Thameside Associates

## Contact us

**Email:** [contact@thamesideassociates.co.uk](mailto:contact@thamesideassociates.co.uk)

**Office:** 01932 223870

**Website:** [www.thamesideassociates.co.uk](http://www.thamesideassociates.co.uk)

## Address:

Terminal House Station Approach Shepperton, Middlesex TW17  
8AS

