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“talkingmoney”

Chadney Bulgin wins national industry award

Following our success in 2007, winning *Mortgage Strategy* magazine’s ‘Best Regional Mortgage Broker’ award, we were delighted this year to win ‘National Best Mortgage Protection Broker 2008’.

When advising, particularly on mortgages, it is so important to not only enable our clients to purchase their dream homes, but to ensure they can continue to live in them should the unforeseen strike.

Whether it be catastrophic, such as a death or critical illness, or a short or long-term illness curtailing income, it is vital that appropriate protection is in place to cover those eventualities and, therefore, remain in the home – we term it the ‘fully protected mortgage’.

The Mortgage Strategy Awards were again hosted at the Grosvenor House Hotel on Park Lane and attended by over 1,500 industry professionals and their guests. We were delighted to have guests from our builder, estate agency and legal connections with us to witness the award, which this year was hosted by comedian Jimmy Carr.

Interestingly, life assurance costs have fallen over recent years, as lifestyles have improved and particularly the HIV threat has lessened. It may well be appropriate to review your own protection provision as we may be able to save you money even though we have all grown a little older. We would encourage you to contact your



From left to right: Jamie McIver, AXA; David Thomas, Joint Managing Partner, Chadney Bulgin; Jimmy Carr

advisers to make sure you have appropriate cover at the best price.

We will continue to champion the fully protected mortgage and it is gratifying to know that the quality of advice given by our team is award winning. [CB](#)



action points

The mortgage market – what to expect in 2008



Back in the last quarter of 2007, things were looking pretty gloomy for the UK mortgage market. Five successive interest rate increases had seen bank base rate rise to 5.75%, with the Northern Rock saga dominating the news and the US economy threatening to go into freefall. So what has happened since then and what can we expect for the mortgage market in 2008?

The most significant (and welcome) news for those of us with a mortgage is, of course, the two recent reductions in bank base rate, bringing it down to 5.25%. Not a huge reduction, but significant nonetheless. The Governor of the Bank of England, Mervyn King, has a difficult job at the moment as he is under significant pressure to reduce rates further to help businesses and to stimulate growth in the economy. At the same time, however, his main concern is to keep inflation firmly in check, ideally below 2%. Recent increases in the cost of gas, food and oil are going to make that very difficult and it is unlikely that we will see any further reductions in the short term until inflation is back under control.

After months of speculation about bids from potential buyers, the Government made the decision to nationalise Northern Rock and draw a line under one of the most embarrassing episodes ever seen in UK banking history. Looking at their current range of spectacularly uncompetitive mortgage deals, it seems unlikely that they will ever be a major player in the mortgage market again, with the Government happy instead to allow their customers to drift away to other lenders, gradually recouping the huge investment that all tax payers have effectively made into Northern Rock.

The US sub-prime fallout continues, with banks the world over still reporting significant losses. As a result, the Fed (US Federal Reserve System) has slashed its interest rate down to 3.5% in a desperate measure to stave off recession and it seems to be working at present. The good news is that, despite some initial scaremongering, similar problems are certainly not being felt over here: a result of more responsible lending in the past.

So how has all of this affected the UK mortgage market? Well, not a great deal to be honest. Yes, applicants with adverse credit are finding it increasingly difficult to secure mortgages at reasonable rates, as lenders tighten criteria or withdraw such products altogether. But for the rest of us it's business as usual, with the reduction in base rate bringing a welcome lowering of both tracker and fixed rates and stimulating the housing market again.

The 125% mortgage famously pioneered in the UK by Northern Rock has been quietly withdrawn, with other lenders that offered similar products quickly following suit. 100% mortgages are also under pressure, with many lenders removing them from their portfolios. For first-time buyers this isn't particularly good news, but many people will think that having to acquire a 5% deposit, in order to purchase your first property, is simply a return to previous times and will encourage long-term stability to this important part of the market.

As always, reports about house price movements give conflicting results, but with estate agents and vendors becoming more realistic about the prices achievable, the number of transactions looks likely to rise steadily.

Lenders typically look to secure market share early in the year and many are currently offering rates at, or in some cases below, bank base rate in an effort to do just this. If your current mortgage product is due to 'roll off' in the next few months, now is the time to discuss your needs with your adviser to secure a new deal, enabling a smooth transition to a replacement product, and to avoid paying the lender's standard variable rate for any period.


- ⇒ **1 Bank base rate at 5.25%** (as at February 2008) but interest rates are likely to move: make sure you have the most competitive mortgage available.
- ⇒ **2 ISA allowance 2007/08:** very little time left to use this year's allowance, and be aware that limits change in 2008/09.
- ⇒ **3 Life & Critical Illness Insurance:** your circumstances change, responsibilities increase. Ensure you have the right level of cover at the right cost.
- ⇒ **4 Inheritance Tax (IHT):** from 9th October 2007, it is possible to transfer previous spouse's exemption – don't pay too much tax.
- ⇒ **5 Capital Gains Tax (CGT):** abolition of both indexation allowance and taper relief to be replaced with a flat rate of up to 18% – beware!
- ⇒ **6 Income Tax:** the 10% rate disappears for earned income and 22% becomes 20%. Some will pay more and some less – make sure you know where you stand.
- ⇒ **7 Permanent Health Insurance (PHI):** if you have no sick pay cover, you may regret it, particularly if you are self-employed.

With Profits – it's time to review

If you are one of the 32 million people who own a 'With Profits' policy, you may well be aware of the current concerns that your investment is not performing as well as you may have hoped. The Financial Services Authority (FSA) has stated that insufficient advice and "variable quality" after-sales service is being given to with-profit policyholders.

If you have been thinking about what to do with your with-profits policy (prompted by articles in the press highlighting poor performance: the closure of a number of well-known insurance funds, or following receipt of a statement from your insurance company) it is important that you seek specialist advice to help decide what action to take.

It isn't an easy decision to make, and no single answer will be right for everyone. Some policyholders may be better off cashing in their policy; others may do better by holding on. But before doing anything, you need to think very carefully about a range of issues.


Whether you have a 'With Profits' bond or pension, Chadney Bulgin has the expertise and experience to help you understand your current policy and whether it still meets your financial goals and objectives. 

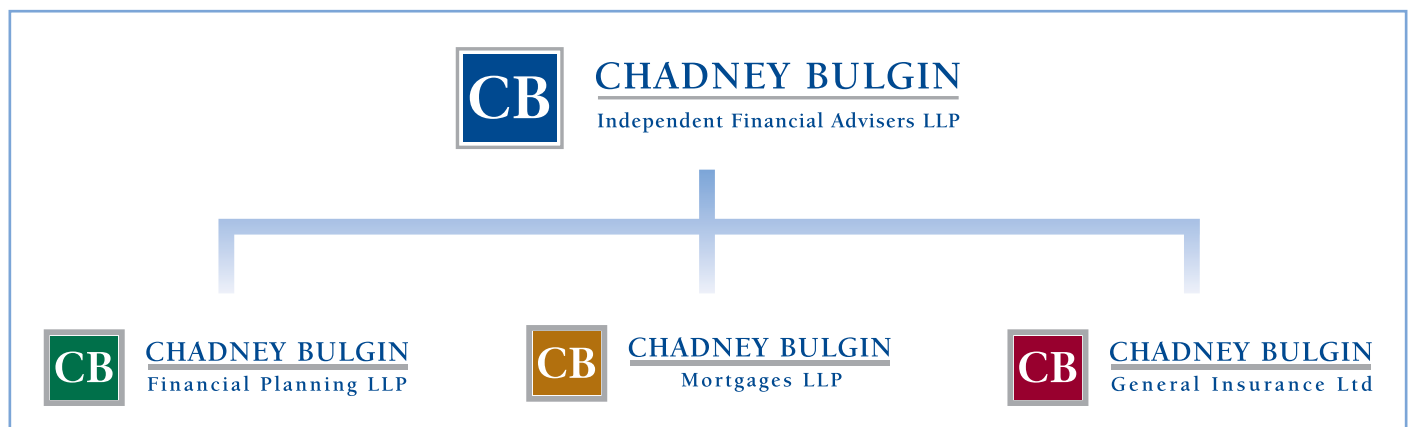


⇒ If you would like more information, call us on 01252 788888 or e-mail us at info@chadneybulgin.co.uk

Important changes to Chadney Bulgin's company structure

In accordance with the Financial Services Authority (FSA) guidelines on "treating customers fairly" (TCF), we hereby notify you that Chadney Bulgin is in the process of establishing a new company structure, as detailed below.

This restructuring is intended to provide complete clarity to all clients and demonstrate the area of expertise available from the separate companies, all of which will be appointed representatives of Chadney Bulgin Independent Financial Advisers LLP. 



Talking money ISA offer


This year's ISA offer is the New Star Sterling Bond Unit Trust. Within the universe of UK Corporate Bond funds the New Star Sterling Bond Unit Trust has been an above average performer over a number of years and both the fund and the fund manager are highly rated by all of the leading fund rating agencies.

The underlying investments are fixed-interest securities, concentrating on those which are termed 'investment grade', in other words they are primarily low risk.

The objective of the New Star Sterling Bond Unit Trust is to pay a high and stable level of income. The current gross income yield is 5.02% and the income can be paid out or added to the fund. Within the tax shelter of an ISA, the income and growth are both tax free.

In conditions where interest rates in general are gradually reducing, as is the case at present, then fixed-interest investments such as the

New Star Sterling Bond Unit Trust can be attractive in that the level of income is unlikely to reduce and, in some cases, there can also be some capital growth.

In this case, Chadney Bulgin has negotiated a reduction in the normal initial charge of 4.25% to just 0.25%. There are no exit charges or penalties at any time and in our view the New Star Sterling Bond Unit Trust is an attractive option for investors seeking a low-risk investment free from any exposure to stocks and shares and also for those seeking a regular tax-free income from their ISA. 



To take advantage of this offer, please call Jane Brand on 01252 788888 or e-mail info@chadneybulgin.co.uk Quoting "NEW STAR ISA Offer".

Household insurance

We are delighted to announce that we can now arrange household insurance cover with many of the major market leaders including household names like Royal & Sun Alliance, Halifax, Norwich Union, Zurich and Allianz.

If you have a mortgage, whether it be a residential or a Buy to Let mortgage, it will be a requirement of your mortgage lender that you have adequate buildings insurance and it is your responsibility to ensure that you have insurance in place throughout the term of the mortgage. However, you are not obliged to remain with the same insurer over this period of time. Buildings and Contents Insurance insures the cost to repair or rebuild your home if it is damaged or replace your contents if they are damaged, lost or stolen.


We could save you money and you could also enjoy:

- Up to 3 months' cover free of charge
- Up to 30% no claims discount
- Comprehensive cover linked to low-cost premium rates
- Simple bedroom-rated policies with premium payment by direct debit
- Buildings only and Contents only plans available at reduced cost
- Legal expenses and home emergency cover optional extra benefits
- Rental income protection on landlords cover if the property becomes uninhabitable due to an insured risk
- Buy to Let unoccupied properties are covered for a period of up to 90 days between tenancies at no additional cost



If you are in the process of moving or remortgaging, we will arrange for details of buildings cover to be faxed directly to your solicitor prior to exchange of contracts for a purchase or completion of a remortgage. Prevent any unnecessary delays that could result in the lender not releasing funds for completion.

If you would like a policy review and a competitive quotation, to compare against your current policy now or at renewal, or if you are in the process of purchasing a new property and would like a quotation, please contact your Financial Adviser or our General Insurance Division who will be more than happy to assist you.

If you are a Chadney Bulgin Financial Advice Club member and we arrange your household insurance for you, you will also receive a 10% refund of your first year's annualised premiums, immediately after the first policy renewal. If you would like further information on this and other membership benefits please contact us. 



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Please remember:

This newsletter is for general guidance only and represents our understanding of law and Inland Revenue practice as at March 2008. We cannot assume legal liability for any errors or omissions it might contain. Levels and bases of, and reliefs from, taxation are those currently applying but are subject to change and their value depends on the individual circumstances of the investor. The value of land and buildings is generally a matter of a valuer's opinion rather than fact. The value of investments can go down as well as up and you may not get back the full amount you invested. The past is not necessarily a guide to future performance and past performance may not necessarily be repeated. If you withdraw from an investment in the early years, you may not get the full amount you invested. Changes in the rates of exchange may have an adverse effect on the value or price of an investment in sterling terms if it is denominated in a foreign currency. YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP THE REPAYMENTS ON YOUR MORTGAGE. Loans are subject to status and written details are available on request. The Financial Services Authority does not regulate loans, taxation advice, inheritance tax planning, employee share schemes, trust advice, national savings and investments, and will writing. *Most buy-to-let mortgages are not regulated by the Financial Services Authority.



Authorised and regulated by the
Financial Services Authority