MJB

MJBrief

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How green is your mortgage?

Industry figures predict an increase in the number of Green Mortgages available to customers in the next few years as government incentives and increased consumer concern fuel the 'enlightened lending' market. In the budget, the government offered stamp duty exemption for all new zero-carbon properties costing up to £500,000 from October, and those in excess of £500,000 will receive a £15,000 reduction in their stamp duty bill. Government measures to reduce carbon emissions by 2050 will have a huge impact on green mortgages and such products will play an important part in the future as our homes are currently responsible for one third of the UK's total carbon emissions. The Climate Change Bill will commit the UK to lowering its carbon emissions by sixty percent by 2050, so business – and consumers – will have to adapt their lifestyles. A number of lenders, including Halifax have already announced that they will be providing a 'green' mortgage in the future.

What is a Green Mortgage?

They all vary. All the Co-Operative Bank's mortgages are green and ethically responsible. For the life of your mortgage, the bank will make a payment every year to Climate Care, an organisation dedicated to helping solve global warming. This payment is used to help deal with 20 per cent of an average home's carbon dioxide emissions.

Norwich & Peterborough Building Society

The green mortgage is available for new homes with a SAP (Standard Assessment Procedure) rating of 80 or more, or for a property that you want to make more energy-efficient. For each of the first five years, eight trees are planted to offset estimated gas emissions from the home.

Ecology Building Society

Provides mortgages for properties which give an ecological payback. The aim is to provide mortgages for people who will ensure energy-efficient housing and ecological renovation as well as low-impact lifestyles.

Giraffe's Carbon Offset Mortgage

They will offset the equivalent of an average home's carbon emissions for each year of mortgage's promotional period by buying carbon credits.

London & Country pledge to plant 50 trees every time a customer takes out a mortgage through them this year.

Call us now for advice on 01243 - 77177

Following the flock?

Traditionally, investment decision–making has been centred on an individual's outlook of the investments available at the time. This inevitably meant that when times were good investors favoured stocks and shares (equities) and when they were bad they favoured cash (building society).

The five main areas to invest all behave in different ways;

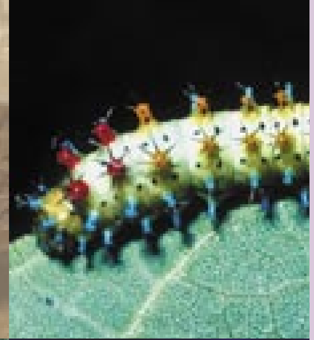
- Cash has very stable market value, but normally provides the lowest return
- Bonds are relatively stable, low risk investments but tend to give a comparatively low return
- Property offers an alternative but may currently be overvalued and may present liquidity problems in the future
- Equities are relatively volatile, higher-risk investments but tend to give a better return over the long term
- Overseas equities add currency risk and are often more volatile, but give the opportunity of investing in different markets.

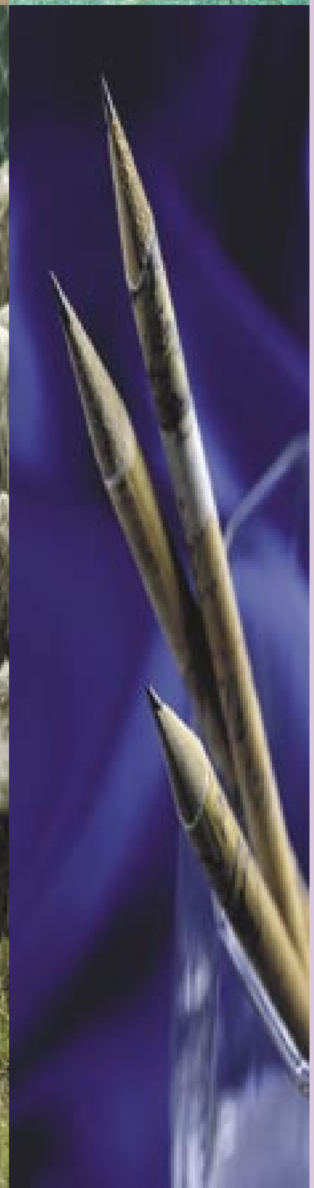
At present, with saving accounts offering interest of around 5% (gross), many clients have chosen this as a safe haven for their cash. However, they have also noticed that equity funds have performed tremendously over the last four years, and wonder whether to buy more. Any UK investor is looking for a bargain. If something promises value for money than people will rush to buy it. Unfortunately, the rush starts once they're sure it's a good thing. This leads to a major problem: Buying High. This April saw an all time high in the amount invested into Stocks and Shares ISAs. It is still possible that equities continue to rise and historically have been the best performing asset to have over the longer term.

Residential Property, holiday homes and commercial property investment funds have all become more and more attractive on the back of fabulous returns in these areas over the last ten years. But this may not continue as interest rates increase and we may have to look further a field to make money in property.

So, instead of following the flock and attempting to predict the next investment golden egg the alternative is to diversify and spread the risk. Let us look at the allocation of your assets and suggest a portfolio that uses all the different mediums for you.

Call us now for advice on 01243 - 771777





Look sharp: Time's running out for enduring power of attorney

Most people appreciate the need to draw up a will but surprisingly few have an 'Enduring Power of Attorney' (EPA). MJB has recently been involved in a case where a client had a stroke and was incapable of looking after their own affairs - and no EPA had been set up. Therefore, it was necessary to involve the Court of Protection and caused extreme inconvenience and considerable cost to deal with their financial affairs.

By preparing an EPA you are deciding in advance who will look after your affairs and as such the Court of Protection only needs to authorise its use in the event of mental incapacity.

At the present time it costs very little to prepare an EPA but you only have until 1st October to do so because after that time they are to be replaced by a Lasting Power of Attorney (LPA). This will do much the same thing but is a more expensive document and will cost significantly more to prepare and register.

Tax Tips

£546m goes begging each year! **£322m** through non-taxpayers failing to claim tax back on bank and building society savings accounts, and **£224m** by taxpayers not transferring savings accounts to non-taxpaying spouses, if appropriate, so that the tax liability on the savings is lower, or none.

Is this you? Call us for advice.

Do you have assets over £300,000? Plan your inheritance – an extra **£1.5 billion** could go to chosen heirs instead of Inheritance Tax with proper financial planning advice.

Reducing Legacies

Charities have reported that the amount of money they are receiving from Legacies in Wills has been falling recently, and they fear that this fall is likely to continue as Equity Release schemes become more popular. Many older people are attracted to using their equity during their lifetimes for a better standard of living or to pay for home-help, meaning that they have less to leave to good causes. It is still wise to consider charitable legacies for their exempt status from Inheritance Tax and to ensure that Gift Aid is used so that income tax is reclaimed on charitable donations during your lifetime.

Action: Make sure your Will is up to date and talk to us if you're considering Equity release as it is not the best solution for everyone.

Call us now for advice on 01243 - 771777 or visit us at 1a The Boardwalk, Northgate, Chichester PO19 1AR

Independent Financial Advisers

Concerned about inflation?

You may have noticed that interest rates have been increased recently in a bid by the Bank of England to reduce inflation. They have been concerned that the CPI (Consumer Prices Index) has been rising above the target level which is 2%. However, the headline rate currently at 2.8% does not sound high and may lead you to be unconcerned about inflation.

The reality is somewhat different to the headline figure. The older measure 'Retail Prices Index' is a more accurate reflection of our spending and this stands at 4.5% which poses much more of a threat to our savings and disposable income. Often more worrying though, is the fact that the inflation we each experience is usually higher than RPI. This is because RPI includes many white goods that are falling in price, such as digital cameras or dvd players. The actual inflation rate for certain groups of people, such as pensioners who spend a greater percentage of their income on basic household costs is likely to be much higher – in the region of 7-8%.

With interest on savings at around 4% (after tax) the danger is that hard earned savings will loose their spending power, so here's three alternative 'inflation linked' investments for you to consider:

1) National Savings – Indexed Linked Savings Certificates.
   These are currently pay RPI + 1.35% = 5.85% over both the 3 and 5 year terms. This is net of tax. Please note the rate will vary over the term as RPI may go up or down.
2) Norwich Union – With Profit Bond with Inflation Guarantee.
   This will provide a return linked to the With Profits fund's bonus rate, subject to a minimum return equal to the RPI rate over five years.
3) M&G Real Yield Fund – This is a fund containing indexed linked Gilts that provide a return linked to inflation and is available to those requiring a low risk holding in their ISA portfolio.

Inflation April: CPI down to 2.8%, RPI at 4.5%

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Congratulations to Julie Bockling who won our champagne draw and thanks to all who entered.