



MEDICLUB

Specialist Financial Advisory Service for Doctors and Dentists



An Englishman's home..... contact me for mortgage guidance!
Corfe Castle, Dorset.

MORTGAGE ADVICE

The media is reporting that house prices are rising at their highest rate in four years, driven by the stamp duty holiday, pent up demand and the need for more space consequent upon more people working from home.

However, what goes up must come down!

Those of us with children will appreciate that they know everything! At what age did your son or daughter start offering you advice?

Or perhaps they didn't! Perhaps they knew better?

My lawyer daughter, recently returned from four years working in Australia, is looking for a first-time mortgage. She asked if it was possible to borrow for the Stamp Duty. My mortgage consultant said 'No' and I also said a tentative 'No' because, when you're not dealing with matters daily, you're not always sure.

She was of the opinion that it was possible. However, she

failed to appreciate that by putting down a smaller deposit you retained funds to meet the cost of the stamp duty but that is not the same as borrowing to pay the stamp duty specifically.

The percentages of loans to value for first time buyers are being reduced by lenders concerned about the market overheating.

They are justifiably worried that jobs will be adversely affected by Covid 19 and that many borrowers will not be able to meet their mortgage payments in the event of either incapacity or redundancy.

Valuers are also being much stricter when valuing properties, again with lenders worried that property prices will fall.

Borrowers and, dare I say parents, will be expected to put down a larger deposit going forwards. There is the concern that when the Stamp Duty holiday expires demand will dampen and, as a consequence, property prices will fall, leaving borrowers with loans at a much higher percentage of the property value.

So, what's the message?

As ever, it is that a domestic property should not be bought as an investment. It may well prove to be a good one but a house (or flat) is somewhere to live and the most important factors are location (work, schools, proximity to family), size and number of rooms and, if you anticipate having a family (or a dog), a garden.

The value of the property will fluctuate over time. Its value will be of little or no significance whilst your baby is crying with three month colic. Its location will be of relevance when your son or daughter is ready for play school or needs to go to primary school.

Are the schools to your liking?

Is grandparental help in the vicinity?

Newsletter WINTER 2020

Why opt for a five year fixed rate, however attractive, when you can't be sure of your situation in five months, never mind five years?

My son locked himself into a five year fixed rate only to decide that he and his wife wanted a 'lockdown' dog after a year and needed a garden. A few months later, my daughter-in-law discovered that she was expecting and they didn't just want a garden but a much bigger property full stop!

Most young people can't think ahead. They can't plan beyond the next holiday.

But us parents can. Blessed with a lifetime's experience we can counsel them. If they don't listen; well, it's a case of I told you so. Although, you probably won't need to say it!

If your children/offspring would welcome some guidance in researching a mortgage, then please feel free to put them in touch as I have a couple of fully qualified and authorised 'young guns' who would be pleased to help.



Finance is like a game of chess; it pays to think a few moves ahead to avoid being disadvantaged.

Covid 19 and Insurance

Many practice owners will have been disappointed that their surgery insurance didn't cover pandemics and, specifically, Coronavirus. However, for those who contracted the disease and had to take time off work, their personal sickness insurance would have been most welcome.

Covid 19 should have alerted us all to our vulnerability, young and older. Insurance is about covering you for the unexpected. And the Coronavirus was, for most people, totally unexpected. Whilst we know that it is the elderly and those with underlying health issues that are the most vulnerable, quite a few of our clients had the virus and were compelled to take time off.

If you would welcome a review of your sickness or critical illness insurance, or just want to check that it is adequate in your circumstances, then please call or email me.



Somewhere over the rainbow.....there'll be a vaccine! In fact, it's just arrived. Nevertheless, make sure your sickness insurance is adequate.

Cash-Strapped?

Whilst Christmas is around the corner and may be the focus of our family lives at this challenging time, the January tax bill lurks menacingly just over the horizon! For those of you who haven't yet paid last July's instalment, the next few months could prove painfully expensive.

If you would appreciate some assistance, let me know as we can arrange CBILs loans at only 3.18% over four years on sums from £50,000 with a twelve month payment holiday. Indeed, we have a number of sound lending connections and can arrange loans for almost any purpose on favourable terms for professionals, subject to status of course.

Economic Pain

Talking of pain, when I began drafting this newsletter, global markets were on the slide on the back of the anticipated resurgence of the Pandemic, coupled with

global economic uncertainty and the US election. However, an upswing was already under way even before the so-called Biden bounce took off. Furthermore, the recent announcement by Pfizer of a Covid vaccine sent markets spiralling. If Boris can engineer a satisfactory Brexit deal, then perhaps the outlook for the New Year may not be so bleak.

Either way, being in a managed balanced portfolio, ideally suited to your individual risk profile, is the best protection during periods of uncertainty. Trying to call the markets is a dangerous game and fraught with risk in itself. However, if you are thinking of saving or investing, dripping the money into a broad based asset backed portfolio is the smartest tactic because you should benefit from the concept of pound cost averaging.

Obviously, we all need a safe home for emergency funds but, if you are not happy with the miserly rates of interest paid on your savings accounts, then perhaps consider Premium Bonds. Money invested in asset backed funds is for the medium to long term and any short term fluctuations, however, dramatic, should be ridden out. If you are having sleepless nights, then you shouldn't be invested in the first place. Falls in the markets provide buying opportunities and offer good value.

On the subject of investments (and pensions), I see that our friends at SJP (St James' Place) have been in the news a lot of late. Shareholders are unhappy with the return on their investment and concerned that the regulators will at last address the modus operandi and the charging structure of the business.

Again, if you would welcome a review of your pensions and/or investments, then do let me know and I should be pleased to arrange a consultation with one of my suitably qualified and authorised colleagues, either via zoom or on the 'phone.

Pensions and Tax Relief

We know that 'Dishy Rishi' will have to raise funds to repay the money borrowed to finance the beach parties etc during lockdown and we know that tax rises are on the horizon, if not imminent. Those of you, us, still in a job that earns a half-decent living will be targeted; of that, we can be certain. Tax relief on pensions is, as ever, a likely target. For many NHS practitioners, making additional pension contributions is impossible due to the draconian rules and regulations imposed by successive Chancellors desperate to repay the government debt.

Well, if you can't make additional provision for yourself, how about your spouse or partner? Are they employed? Can you

employ them? On the back of their salary, you can make pension contributions and may be able to obtain tax relief at your highest rate.

If you are a limited company, then the rules are more generous. One of my clients, an orthodontist, has hit the funding cap and has had to opt for 'Scheme Pays' to meet the tax surcharge on his NHS pension. However, his wife, who manages the practice, doesn't have a pension so the company can make contributions to a pension for her equal to her salary and enjoy Corporation Tax Relief. Happy Days! Call me.



I needed radiotherapy to treat a recurrence of Follicular Lymphoma in the Summer. Thankfully, with my children grown up and independent I didn't need a Critical Illness pay-out but I did twelve years ago when I was first diagnosed! It wasn't enough; don't underestimate how much you might need in such circumstances. School fees, mortgage, other loans, tax...it all adds up. The only thing it cost me this time was what was left of my hair!

The views expressed in this newsletter are personal and do not constitute investment advice which, of course, should be sought from a suitably qualified and authorised adviser.



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