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WEALTH **KNOWLEDGE**

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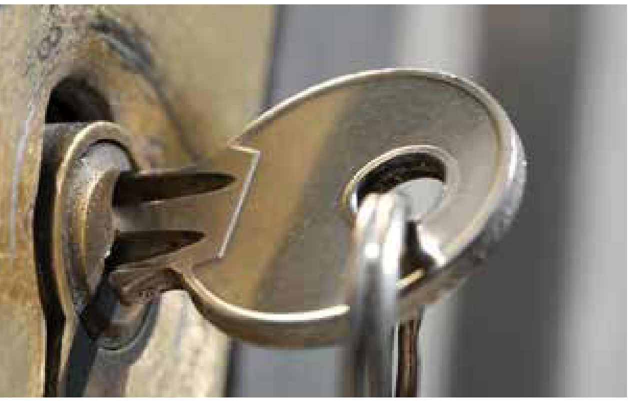

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Bank of Mum and Dad to lend £6.5bn

The Bank of Mum and Dad (BoMaD) is set to lend £6.5 billion in 2017 to help their grown-up children take their first steps on the property ladder.

According to research by Legal & General, BoMaD will provide deposits for more than 298,000 mortgages this year and account for 26% of all property purchases taking place.

BoMaD funding has also risen to £21,600 – up from £17,500 a year ago.

Adults under the age of 30 are the biggest receivers of BoMaD, accounting for 79% of funding.

Further findings:

- parents in the South West (£30,000) and London (£29,400) provide the most financial support to their grown-up children
- parents in Scotland (£15,500) and Wales (£12,500) contribute the least funding.

Nigel Wilson, chief executive of Legal & General, said:

“BoMaD funding is growing exponentially. This is not a good thing, nor is it sustainable or equitable for our parents (the lenders) and young people (the borrowers). We need real action to fix the housing market and restore affordability for all.”

Saving towards a home

Help to Buy ISAs and Lifetime ISAs are designed to help people buy their first home by offering a 25% government bonus as well as interest.

The minimum deposit required is 5%. In addition, there are other costs to budget for when saving towards a home, including:

- stamp duty
- mortgage arrangement fees
- legal fees
- land registry fees.

Talk to us about your personal financial planning.

Employees favour flexible working

Working adults favour flexible working to traditional office hours, according to a study by Maintel.

Out of 1,000 employees surveyed, 73% think their employer offers good flexible working policies, while 66% would be comfortable requesting flexible working from their manager.

Further findings:

- those living outside of London were more likely to take advantage of flexible working
- over-55s were more likely to work away from the office compared to 18 to 24-year-olds
- 58% said they would like to spend less time in an office environment.

Rufus Grig, chief technology officer at Maintel, said:

“Employee expectations for when, where and how they work continue to evolve. This means businesses’ management, policies and IT systems must do the same.

“For some companies this still requires a culture shift, judging employees on outcomes rather than attendance.”

Applying for flexible working

Employees can apply for flexible working if they have worked for the same employer for 26 weeks.

Workers and employers have to follow a set process:

Write to your employer: employees write to their employer and agree terms before conditions can be changed in their contract.

Agreement: employers write to the worker with a statement of the newly-agreed conditions and start date.

Rejection: employers can reject a request if they can’t find suitable cover or the request places additional burdens on the business.

Appealing: employees can appeal against a decision by following their company’s procedures for solving a workplace dispute.

Talk to us today about flexible working.

Under-40s turning to Lifetime ISAs

Nearly a third of under-40s will cut back on pension savings in favour of taking out a Lifetime ISA.

MetLife surveyed 1,071 and found 38% had considered opening a Lifetime ISA, while 23% will reduce the amount they currently invest in their pension.

Despite the growing trend, 21% were unaware of the Lifetime ISA. In addition, only 9% saving into a workplace pension will opt to solely focus on the Lifetime ISA.

Simon Massey, wealth management director at MetLife, said:

“People have limited amounts they can afford to save, but it should not be a case of giving up on pensions for Lifetime ISAs. It is important savers get advice on how best to save for retirement as well as building up a deposit.”

Is the Lifetime ISA for you?

The Lifetime ISA is available to people aged between 18 and 40. They can save up to £4,000 each year until the age of 50, while receiving an added annual government bonus of 25% to their savings. For example, if you put in £4,000 per year the government will contribute £1,000.

Funds can be withdrawn to purchase a first home at any time or after the age of 60 for any reason. Money withdrawn for other purposes, however, will be subject to a 25% exit charge.

Contact us today to discuss the Lifetime ISA.

Workers saving more to meet retirement goals

Nearly three quarters (72%) of working adults are expressing interest in personalising their pension to suit retirement needs.

Out of 672 people canvassed by Aegon, 71% would make more proactive choices to suit their own retirement goals instead of accepting default auto-enrolment options made on their behalf.

When it came to retiring, 38% of employees expected to be working beyond the state pension age of 65.

Among recent retirees, 29% would select an income drawdown option for flexible income while 15% would opt for an annuity.

Among those on workplace pension schemes:

- 62% are saving more than the minimum contribution of 1%
- 44% increased their contribution after their employer agreed to match it
- 30% said the minimum contribution was not enough to secure a meaningful pension.

Steven Cameron, director of pensions at Aegon, said:

“It’s great to see that many appreciate they don’t have to take a one-size-fits-all approach to pensions and making choices more suited to their individual circumstances will help give them the retirement they aspire to.”

Boosting your retirement income

One of the most common ways to boost your retirement income is to put more money into your pension, but you cannot usually contribute more than £40,000 per tax year.

Other saving options are available, such as using your full ISA allowance and the personal savings allowance where basic-rate taxpayers can earn up to £1,000 in savings income tax-free and higher-rate taxpayers can collect up to £500.

We can help with your retirement planning.