LAST EVER ISSUE: ANNIVERSARY SPECIAL

AUGUST 2020 | £4.95

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PUBLISHED BY
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WELCOME TO *August*

Welcome to the 30th anniversary special — and last-ever issue of *Moneywise*. The *Moneywise* team has decided to go out with a bang — and boy, have we put together a jam-packed issue for you.

Every editor from 1990 to present has been in touch to share their memories of and thoughts about *Moneywise*. We share these with you in an eight-page special (from page 8). Our longest-serving team members, Mark Stammers and Rachel Lacey, also share how their lives have intertwined with *Moneywise* (pages 20 and 82).

As we look back over 30 years, the *Moneywise* team has been thinking about how the world has changed. Brean Horne considers 30 years of investing and the lessons we can learn. Rachel Lacey has a peek at our shopping baskets over the decades to see what has been ditched (video rentals, salad cream and writing paper) and what has been added (self-tan, scooters and vegetable crisps). On page 64 Rob Griffin investigates which investments have performed the best over 30 years. Can you guess?

In her final Fight for Your Rights column, our consumer champion Hannah Nemeth sees almost £12,000 returned to readers (page 28).

Meanwhile, longstanding contributor Emma Lunn reports that dog and cat sales have gone through the roof during and post lockdown. But how much does it really cost to own a pet? Emma runs the numbers (page 39).

Reporter Stephen Little looks into another lockdown trend — a yearning for the countryside and to continue working from home rather than commuting. He investigates your rights if you would like to ask for a permanent change to your working patterns and speaks to readers who have made the leap.

As hundreds of thousands of students prepare to go to university in the autumn, we look at the budgeting tips all teens need to know before they head off. Sue Hayward also checks out the free or low-cost degrees you can study for online and how they are viewed by employers.

So make a cup of tea, find a comfy chair and enjoy a final issue of tips, stories, ideas and memories.

Rachel

moneywise
AUGUST 2020

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Member, Audit Bureau of Circulations Ltd. Abc.org.uk

Newsagent distribution by Seymour Distribution Ltd
2 East Poultry Avenue London EC1A 9PT
020 7429 4000 seymour.co.uk

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Registration number: 5034730

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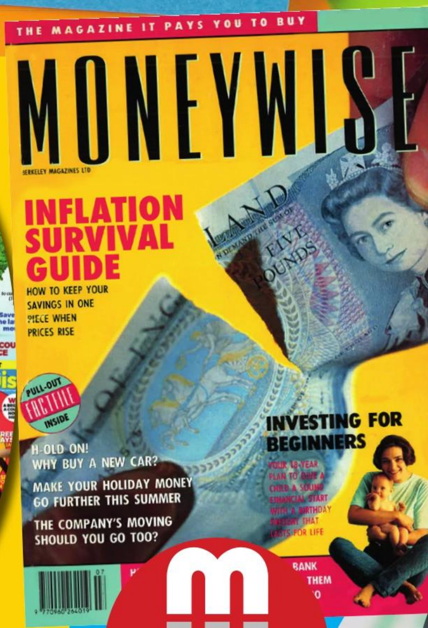
CONTENTS August 2020

30 YEARS ON



8 Editors and contributors past and present look back at three decades of readers' stories and unforgettable times at *Moneywise*

16 HOW HAVE OUR SPENDING HABITS CHANGED OVER THE PAST 30 YEARS?
We look back to 1990 – the year *Moneywise* was born – and changes to our finances over three decades

42 POSTCODE LOTTERY OF BUSINESS SUPPORT GRANTS REVEALED
Our exclusive report shows that where you live will make you a winner or a loser of the coronovirus £10,000 small business grant

39 PETS ARE FOR LIFE, NOT JUST FOR LOCKDOWN
Cats and dogs make lovely companions, and demand for them has soared. Responsible pet ownership comes at a cost – we do the sums

57 TURBOBOOST YOUR CHILD'S SAVINGS – BY DITCHING CASH
Saving for your child's future is a very good thing. But which deals are best for growing your investments for them in the long term?

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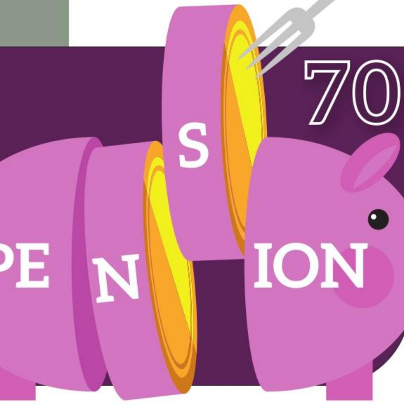

Sections

COVER STORY

8 30 YEARS ON – THE BIG CHANGES AND UNFORGETTABLE TIMES

16 HOW HAVE OUR SPENDING HABITS CHANGED OVER 30 YEARS?
From bingo to self tan: how the price of goods used to measure inflation have changed over time

24 WHAT CAN WE LEARN FROM 30 YEARS OF INVESTING?
Past stock market highs and lows can help you invest today

39 PETS ARE FOR LIFE, NOT JUST FOR LOCKDOWN

INVESTIGATES

42 POSTCODE LOTTERY OF BUSINESS SUPPORT GRANTS REVEALED

46 GET A UNIVERSITY EDUCATION... FOR FREE
Career-boosting college courses that won't cost you a penny

BILLS

49 HELP! MY TEEN NEEDS TO BUDGET FOR UNI LIFE
Our smart guide to help you – and your offspring – get a grip on student finances

53 THE GREAT BRITISH STAYCATION: 10 TIPS FOR UK HOLIDAYS ON A BUDGET
Have a great break in the UK without spending a fortune

SAVINGS

57 TURBOBOOST YOUR CHILD'S SAVINGS – BY DITCHING CASH

INVESTING

60 CAN YOU INVEST SAFELY IN CRYPTOCURRENCY?
Learn from the UK investors who have made as well as lost fortunes on digital currencies

PROPERTY

67 COULD YOU MAKE AN ESCAPE TO THE COUNTRY WORK FOR YOU?
Inspired by flexible working, many are leaving cities for green pastures. Could you join them?

PENSIONS

70 GUIDE TO TAKING CASH OUT OF PENSIONS: PART 1
From how much tax you will pay on withdrawal to pitfalls to avoid, here's our get-it-right guide

74 GUIDE TO TAKING CASH OUT OF PENSIONS: PART 2
How to benefit from income drawdown to pay minimum tax on your retirement money

"The money world remains far from perfect – so caveat emptor"

Regulars

UPFRONT

7 **EDITOR'S LETTER**
The legacy of Moneywise lives on

28 **FIGHT FOR YOUR RIGHTS**
Purplebricks, Bulb, Sky, Virgin and Airbnb respond to complaints from readers

32 **YOUR LETTERS**
Your views on our sad news

34 **ASK THE EXPERTS**
Our experts answer questions on shared parental leave, a late spouse's pension and more

63 **INDUSTRY INSIDER**
Taking the emotion out of your investments

64 **FUND BRIEFING**
Best investments over the past 30 years – and in the next 30

66 **INVESTMENT DOCTOR**
Will a windfall be liable for inheritance tax?

BEST BUYS

76 Is it time to rethink your Isa?

80 Our First 50 Funds for new investors updated for 2020

COLUMNISTS

18 **SAM BARKER**
Loyal readers and why it's time to focus on the positive

20 **JASMINE BIRTLES**
So it's goodbye from her – but in the real universe there is no time, no start, no finish at all

22 **MARTIN LEWIS**
Moneywise will have a legacy even once the brand and name goes

21 **MARK STAMMERS**
The times they are a-changin'

27 **JEFF PRESTRIDGE**
Raising a glass to celebrate 30 fab years

82 **RACHEL LACEY**
Growing older and wiser on the job after 17 years

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The legacy of Moneywise lives on

Moneywise HQ is an eerie place these days. Abandoned just before lockdown, the office remains suspended in time.

When I went in last week, I found drafts from the April issue we were working on in March on our desks, a winter scarf draped on the back of a chair, the air musty and still. I regretted abstemiously leaving half a chocolate bar in my desk drawer, which I discovered now cracked and pasty.

There are no plans for anyone in our shared office to go back for some weeks, and most of the *Moneywise* team will never return again. But I wanted to visit ahead of this final issue to look through the *Moneywise* archive.

Taking advantage of the empty office, I plonked myself down on the floor in front of colourful shelves of old issues and immersed myself in them for hours.

What a history they reveal.

Moneywise has been there, guiding readers through huge events and changes, helping them with their finances every step of the way.

There are features on the dotcom crash, the millennium, the launch of the Isa, the financial crisis, the Golden Jubilee, various UK and US elections – all with a focus on what it means for you, the reader, and the pound in your pocket.

As well as a snapshot of our shared history, the archive reveals many personal moments as well.

I loved reading special project editor Rachel Lacey's travel tips gleaned from a gap year with her then-boyfriend-now-husband, followed a few years later by her features about parenting and finances and most recently her three-part feature about building an extension to make more space in her family home.

Hundreds of readers over the years have shared their stories with us and each other too, from their run-ins with scammers and saving money on holidays to buying a pet during lockdown.

We have built a wonderful community of readers and contributors, willing to share their ideas, tips, advice and experiences with each other.

Many people think managing your money is about pounds and pence, percentages and cutting down on takeaway coffees. But we know it is about life, being able to fulfil our ambitions – retire, go on holiday, afford a home – enjoy ourselves. The sense of fun leaps out from every issue.

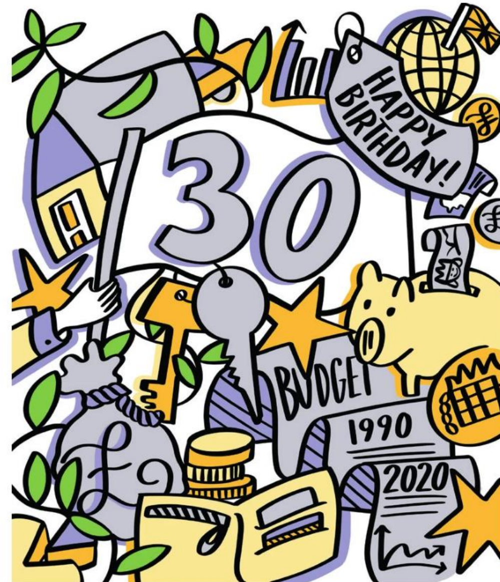


Illustration: Annie Rickard Straus

When *Moneywise* started in a pre-internet world, personal finance information was harder to come by. Our round-ups of savings rates, mortgage deals and fund information printed every month were invaluable to hundreds of thousands of readers.

Today, it is too much – rather than too little – information that is the problem. There is an abundance of information online, millions of sources, with no need to wait for monthly updates unless you wish to.

> We will still be around, helping people to achieve their life goals by getting money wise

As the sheer volume of information grows, it becomes harder to know what and whom to trust. The value rises of the few sources that you know you can trust – because they have been showing their credibility for decades. That is just one reason I am so sad to see *Moneywise* go after 30 years.

Our 40% growth in web traffic in recent weeks suggests that the need for trusted information about money is needed now, in these difficult times, as much as ever.

I am so proud of what we have achieved with this magazine, however sad it is to be the editor to 'put it to bed' for the last time.

I'm proud of every pound saved, company held to account, investment journey started, debt pile chiselled away, thanks to *Moneywise*.

In recent weeks I have been in touch with the former editors of *Moneywise* and many other members of the *Moneywise* family. What has struck me is that every single one is still helping people with their finances.

Even the magazine's earliest contributors and columnists are still writing about money. They have moved on to the BBC, *Financial Times*, Bloomberg, Fidelity, MoneySavingExpert.com and more.

I know that as the final *Moneywise* team disperses, we too will still be around, helping people to achieve their life goals by getting money wise. There is lots more work to be done and *Moneywise*'s legacy will live on.

Thank you from all the *Moneywise* team past and present to you, our loyal, brilliant readers.

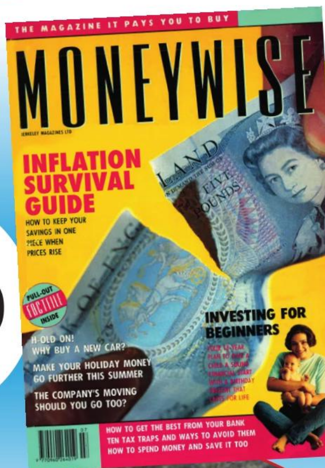
We will miss you. mw

Twitter @rachel_spike

30 YEARS ON,

In this last issue of *Moneywise*, former editors and contributors, along with a few of today's talented team, reminisce about how the world of personal finance has changed over the past three decades, and the readers' stories they will never forget

1990



1995

Christine Michael

Matthew Vincent

David Ellis

> "Lasting for 30 years is due to loyal readers and talented staff"

CHRISTINE MICHAEL, FOUNDING EDITOR, 1990-1995

Looking back at the first issue of *Moneywise* – of course, I've kept my copy! – it is interesting to see how in some ways the personal finance landscape has changed beyond recognition in 30 years, and in others it has hardly changed at all.

Our lead story in July 1990 was on surviving inflation – maybe not such a worry for readers in 2020. And the cheque book cover that came with the first issue is not exactly a must-have for the smart investor today.

But the other topics we featured, such as buying a car, saving tax and investing for children, are as relevant to today's readers as they were 30 years ago – and the baby who appeared on the first cover is probably a parent by now.

When *Moneywise* launched I recall one of our rivals saying they would "give it a year". Lasting for 30 years is a remarkable achievement.

MATTHEW VINCENT, EDITOR, 1995-2000

There were no price comparison websites, fund supermarkets or online mortgage calculators when the magazine launched. So there was a real need for trustworthy news and guidance on the best financial deals. I am proud to have been part of the original team that tried to provide it.

Moneywise stressed the importance of taking impartial, independent advice – and that is as important today as it ever was. Back in 1990, we said it was "the magazine it pays you to buy". I like to think that

WE SHARE 23 MEMORIES OF MONEYWISE

was true. After all, it only cost £1.75 back then!

DAVID ELLIS, EDITOR, 2000-2003

For 30 years, *Moneywise* has provided invaluable guidance to hundreds of thousands of readers on how to become more prosperous and plan for a comfortable retirement. During that time, the UK experienced, for better and worse, a transformational change to a consumer society: at launch, we still had high street TV rental shops and most Britons held just one high-interest credit card.

During the early 2000s, personal incomes soared, credit card use exploded, and more people embraced investment options, such as Sipps and Isas, as their wealth has grown.

The knowledge of how to navigate it all has expanded as well – thanks in no small part to this magazine's talented journalists. Many have moved on to other careers in writing, broadcasting – even politics. While *Moneywise* will soon be a memory, wisdom about personal finance issues will continue to be shared by our alumni in pastures new.

BEN LIVESEY, EDITOR, 2003-2005

Moneywise has played a valuable role in helping small investors and ordinary families navigate complex rules, understand market trends and use the tools available to make their finances work best for them.

The magazine aspired to do this whatever the economic and political picture, be it at the outset of the online boom, after the financial crisis or during Brexit.

Moneywise's goal was to empower and enable readers to make smart and informed decisions.

Core personal finance principles always hold true, whatever the weather, and *Moneywise* did its part to deliver this message.

> "I went on ITV news to explain the 'non-toilet flushing trick'"

EMMA-LOU MONTGOMERY, EDITOR, 2005

I arrived at *Moneywise* in July 2005, two days before the London bombings on 7 July, a chaotic time to start a new job. It was also a time of massive upheaval for the *Moneywise* team. It had just been bought from Reader's Digest by interactive investor, and a big part of my new role as editor of *Moneywise* and also editor-in-chief of interactive investor was to integrate the two – and to bring some of *Moneywise*'s much-loved, holistic personal finance insight to interactive's typically male 'day trader' audience.

Looking back through issues from 15 years ago, it was a different world back then. *Location, Location, Location*'s Phil Spencer was a regular monthly columnist, so was journalist and TV presenter Magnus Magnusson's daughter Sally and the MoneySavingExpert himself, Martin Lewis. I vividly remember running a competition with him to find Britain's best money saver, which ended up with me appearing on ITV News to explain their 'tips' – one being to leave the pub after the first drink, so you didn't have to fork out for a round yourself, and the

whole now-infamous "if it's yellow, let it mellow" non-toilet flushing trick to save money on water bills. A different world indeed.

Below right: Martin Lewis and Sally Magnusson were among the *Moneywise* columnists in 2005

RACHEL LACEY, EDITOR, 2005-2009

Looking back on my early days in journalism, I would be lying if I didn't say my lasting memories were long boozy lunches. But thankfully that is not how I will remember my editorship at *Moneywise*. For the first time in my career I felt I was able to help people and not just by reducing their tax bill (helpful as that is). I will never forget taking a call from an elderly reader who had just lost his life savings in a boiler room scam. His money was long gone, and I was gutted not to be able to provide him with any real help.

However, the experience did teach me a very real lesson about editing a personal finance magazine.

Moneywise has never been just about encouraging readers to save or invest – it has also been about helping readers protect their cash, and that unfortunate reader taught me that both criminal scams and rip-offs from legitimate firms should always be editorial priorities.

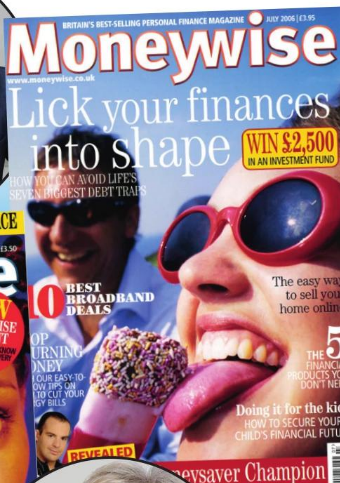
Over the years, that approach has saved our readers thousands, as you can see in consumer champion Hannah's Nemeth's final Fight For Your Rights column on page 28.

I am also proud that *Moneywise* encouraged readers to be active consumers who demanded the best from financial services firms.

I gave up my editorship in 2009 when I started my family (although I am still writing for *Moneywise*) and my last project as editor was launching the *Moneywise* Customer Service Awards, an initiative that has been running for 11 years.

So much of personal finance content is about how to save money – but that should never be at the price of good customer service.

Johanna Noble



"Saving money should never be at the price of customer service"

Rachel Lacey

JOHANNA NOBLE, EDITOR, 2009-2013

As we stand on the brink of another recession, I cannot help but think back to where I was when the last one hit.

Above: The *Moneywise* team – Rebecca Atkinson, Liam Tarry, Rachel Lacey, Nathalie Bonney and Johanna Gornitzki (now Noble) launch *Moneywise*'s website

I had joined the *Moneywise* team just a few months previously, when Lehman Brothers, the giant US investment bank, collapsed that fateful day in September 2008, causing panic throughout the financial sector.

I remember photographs of smartly dressed bankers, clutching cardboard boxes filled with their belongings as they left the bank, and the editorial team at *Moneywise* frantically trying to keep up with the news.

Sub-prime mortgages, the credit crunch and government bailouts for the banks became familiar to us all. It was a difficult and challenging time, but it was rewarding to be at the frontline reporting these events.

More than ever, it highlighted just how important it is for everyone to be financially astute – and it was an honour helping people achieve that.

I am now associate editor of MoneySavingExpert.com, and bailouts and sub-prime mortgages have been replaced by furlough and the Self-Employment Income Support Scheme, team lunches have been swapped for team Zooms.

However, my time at *Moneywise* will always have a special place in my heart: not only did it help to make me the journalist I am today, but the personal impact has been enormous too – after all, I met the father of my two children next to the office water cooler.

MARK KING, EDITOR, 2013-2016

I became editor of *Moneywise* in April 2013 and was lucky to inherit a team with a vast amount of knowledge. Two things surprised me when I took over: the high level of engagement we had with readers, and their need and appetite for money-related information.

Publications such as *Moneywise* are vital in educating, informing and entertaining them about subjects such as debt, budgeting, investing and retirement planning.

This is why we celebrated financial literacy becoming part of the national curriculum for the first time in September 2014, helping the next generation get to grips with personal finance from an early age. It is also why we launched the Personal Finance Teacher of the Year competition, to find and acknowledge those teachers who were embracing financial literacy education.

It is often difficult to find websites that present personal finance information clearly and concisely, and many websites are linked to companies selling products. *Moneywise* was a vital destination offering independent, high-quality information for those in need of help with their finances.

We tried to make Moneywise.co.uk more appealing for those readers during my time, and the feedback we had from readers proved that we were delivering the information they needed to make financial decisions.

In fact, that was probably the most satisfying thing about being editor of *Moneywise* – that the magazine and website helped such a large number of people.

"I met the father of my kids by the office water cooler"

Above: Donal MacIntyre and Esther Rantzen, 2011 columnists

"The culture at the magazine was superb"

The second-best thing about being editor was working with such a talented, hard-working and fun team. The culture at *Moneywise* was superb, and I am lucky to remain friends with several colleagues. From crashing into a printer on a hoverboard (don't ask) to afternoons spent tasting Easter eggs, mince pies and sparkling wine on behalf of readers – my memories are of very good times indeed.

MOIRA O'NEILL, EDITOR, 2016-2018

The best thing about being editor of *Moneywise* was helping real people with their money, constantly learning from the amazing *Moneywise* team and meeting experts who have

interesting opinions and ideas.

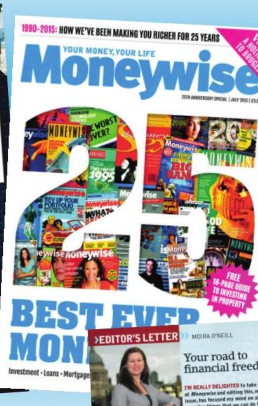
I am a natural saver and prefer to spend money on experiences rather than possessions but I think my time at *Moneywise* gave me a better focus on what matters to me about money. It made me feel guiltier about spending on small pleasures that whittle long term gains away, such as spending £5 on a shop-bought sandwich rather than bringing lunch from home.

I feel happiest when I have an emergency fund to fall back on,

"I found out what matters to me about money"

Below: Secondary education teacher of the year 2018 Ceri Diffley (second from right)

2015



but I also take risks with my very long-term savings by investing in the stock market. And I wanted to help others to take this journey into investing by making it easy and busting the jargon that is so prevalent. I was proud to launch the *Moneywise* First 50 Funds and the easy passive portfolios.

I'm also passionate about helping children to learn about money so relaunching the Personal Finance Teacher of the Year Awards was a project close to my heart.

"The magazine has been a needed helping hand"

HELEN KNAPMAN, DEPUTY AND ACTING EDITOR, 2015-2018

I certainly wouldn't have had the *cojones* to start my investment journey without *Moneywise*, and its support to readers and those teaching the next generation alike will be sorely missed.

Personally, I am proud to have worked on Money Makeovers, the Personal Finance Teacher of the Year Campaign, the launch of the First 50 Funds for Beginner Investors, and so much more.

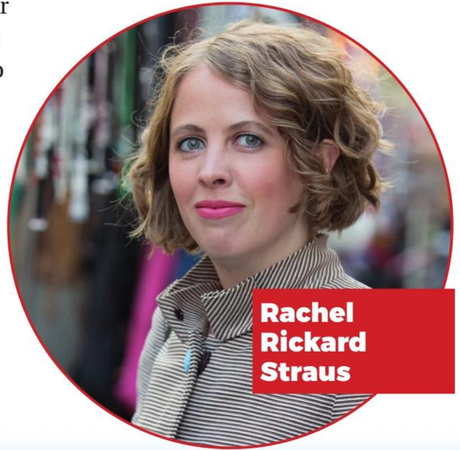
The magazine has been a much needed helping hand; a force to point out issues and to guide you through them so you that don't feel you are alone.

RACHEL RICKARD STRAUS, EDITOR, 2018-PRESENT

My mind is swirling with numbers as we put together this final issue. Thirty years of *Moneywise*, 361 issues, 11 editors, 18 Investment Trust Awards, 11 Customer Services Awards, tens of thousands of pounds of prize money given to the schools, hundreds of thousands won back for readers, and millions extra saved and earned by readers thanks to *Moneywise*. Such a legacy.

But what I love about *Moneywise* is that readers and contributors alike know it is not about numbers and pounds and pence. Saving, investing and making money wisely is what gives us the freedom to do what we want to in life. It is about being able to support loved ones, start a new business, buy a home, retire – or just go on surfing holidays. The legacy of *Moneywise* is far-reaching and incalculable – and it has been a privilege to be part of it.

"Saving wisely gives us freedom to do what we want"



MORE MESSAGES FROM THE MONEYWISE FAMILY

SIMON READ, ASSISTANT EDITOR, DEPUTY EDITOR AND CONTRIBUTOR

I was part of the team that launched *Moneywise* in 1990. We worked hard to create a publication that was entertaining as well as informative, and the reaction from readers was positive from the start.

We went all over the country meeting them, to tell their stories and help them with their financial problems.

Before the internet, people still valued print publications, which meant we built up a circulation of 120,000 and were met with a bulging postbag every month.

Yes, readers used to take the time to write letters and postcards to us and we were grateful to read every one. They were our lifeblood and what drove us on. It was particularly rewarding to occasionally go into a reader's home and see a pile of carefully kept back copies that they valued as a useful resource.

We really knew we were successful when the threatening letters started arriving from the dodgy financial schemes we exposed. On one memorable occasion the boss of a highly questionable get-rich-quick scheme sought out our stand at a consumer show to physically threaten us. You will be pleased to hear it was nothing we could not handle.

Thirty years on, and under a variety of brilliant editors, *Moneywise* has maintained the values that we instilled from the start. Our aim was to make complex financial topics easy to understand and always put the reader first.

SARAH COLES, DEPUTY EDITOR, 2003-2005, AND FREELANCER

When I was working for *Moneywise*, one of the best things was how brilliantly communicative the readers were. This was back in 2003, so we were still getting a huge pile of letters dropped on the desks every morning. It meant we never had to wonder what our readers were worried about, what they liked or didn't like, or what they wanted to see in the magazine – because they would tell us – every single day. I used to say the magazine wrote itself because all we ever had to do was provide the answers people were looking for.

> "It is not about money, it is about people"

The most important thing I learnt at *Moneywise* is that a personal finance magazine is not about money: it is about people. Money is how we protect those we love; afford the things we really care about; and get the opportunity to do the things we have always dreamed about in retirement. It is not a magazine for financial whizzes, it is a handbook for life.

One of the strangest memories I have of that time was on 7 July 2005. We were working in an office right next to Liverpool Street Station at the time, so after the bombs went off, our building was evacuated.

The team were disgorged on to the street and we spent far too long wandering around in a daze before we came to our senses and started the long walks home.

> "Well done for teaching us how to take control of our finances"

EDMUND GREAVES, CONTENT EDITOR AND DEPUTY EDITOR, 2017-19

I felt a pang of sadness when my phone rang with the call from the editor, Rachel Rickard Straus, asking me to contribute some of my personal highlights from my time working at *Moneywise*, having already heard of its imminent demise.

I worked for the magazine and website for just under three years, less than one-tenth of its existence. In my time, I wrote articles that uncovered failure and wrongdoing by government and financial providers: a failed government scheme; underpayment of state pension to women; a financial firm that swindled customers for a 'free' service. Exposing dishonesty and failure was always my personal journalistic goal.

Many of the UK's finest journalists cut their teeth reporting and editing this illustrious magazine over the past 30 years. As such, its legacy is that it has helped to improve the personal finances of millions of people.

LAURA WHITCOMBE, DEPUTY EDITOR, 2011-15

Congratulations, *Moneywise*, on three decades of teaching so many of us how to take control of our finances and improve our lives.

We all know how difficult it can be to talk about money openly and honestly – even to our nearest and dearest. But month in, month out, *Moneywise* has been there to step in and offer guidance.

Moneywise definitely improved my life – not just because of my former colleagues who have become friends but because of everything I learnt. I first joined the magazine in 2010, aged 26, working as production

editor and writing occasionally. And I was lucky enough to serve as deputy editor between 2011 and 2015.

Over the course of those four years, I became a financial grown-up. I set up my first Isa, learnt about my pension, got engaged and became part of a financial couple. We bought our first home, took out life insurance, got married and wrote a will.

There was nowhere else I could have worked that would have helped me with all of that as much as *Moneywise* did.

And I will always remember with pride setting up the *Moneywise* Personal Financial Teacher of the Year Award.

Now as you bid us farewell, thank you *Moneywise* for all you have done to teach us all so much over the years.

RUTH JACKSON-KIRBY, DEPUTY EDITOR, 2011-2012, AND FREELANCER

I have edited *Moneywise*'s Ask the Professionals page for 10 years. Over that time, I have learnt about the issues that our readers worry about most and what their money goals are: a comfortable retirement and the ability to financially help their children and grandchildren.

Probably most importantly I learnt that the British tax code is complex and sometimes even HMRC does not fully understand it, so don't be afraid to question a tax bill.

Happy 30th birthday – I wish there could be 30 more!

MALCOLM DUNN, ADVERTISING DIRECTOR, 1992-2008

I joined the Moneywise advertising department when Britain was in the middle of a recession and the magazine was having quite a tough time. Thanks to a lot of hard work from all the staff, *Moneywise* became the leading personal finance magazine in the UK, and for a number of years more than 100,000 copies were sold each month.

It is very sad to see it saying goodbye now as I had many of the happiest moments of my career on the magazine. I hope one day it returns; it still has a job to do.

"I have learnt never to be afraid to question a tax bill"

CHRIS SORRELL, ADVERTISING MANAGER, 2005-2019

When I first joined *Moneywise*, we were selling at least 40 adverts every issue and the website was very small indeed. I saw the website go from its infancy into a huge beast with over one million page views a month.

The *Moneywise* awards were a fantastic way of highlighting the best investment trusts, pensions, mortgages and unit trusts and these were very highly regarded in the industry. In 2009, we launched the *Moneywise* Customer Service Awards, which became an industry leading pointer to the companies that were giving the best service and value.

I worked with great colleagues who genuinely cared about doing their best for our readers and I hope we made a difference to their lives.

JEREMY KING: PUBLISHER, 2001-2018

For 30 years, *Moneywise* has delivered information that has enabled millions to make more appropriate financial decisions.

While some magazines focus on investment, others on stock picking or mortgages, no other title was able to encompass the complete financial landscape in the way *Moneywise* did.

The loyalty of subscribers to *Moneywise* over this time was tremendous, and it was always rewarding to hear how they were able to transform their personal finances.

Moneywise has given people everything they need to start out on a lifetime financial journey.

Many committed and very able people have given a tremendous amount to ensure *Moneywise* delivered actionable and accurate information. From campaigns on issues from financial education for young people through to highlighting the often appalling service that customers received from financial providers, the magazine has had a positive impact on the way financial institutions deliver services.

Moneywise has chronicled a period where the financial industry changed for good; where consumers discovered tools that could help them reduce the cost of accessing financial

"It gave people all they need for a lifetime financial journey"

2020

products; and where some of those products became more transparent, and the internet offered new ways of selecting and buying them.

Large parts of the financial industry have always charged more than is reasonable for the services they provide, much of it still does. Keeping these costs down is a simple way of making more of your money, and this fact sat firmly at the heart of the *Moneywise* message.

It still remains an essential strategy for all consumers and the message still needs a champion. *Moneywise* really mattered – it truly did improve lives. *Moneywise* will be missed.

BREAN HORNE, REPORTER AND MULTIMEDIA CONTENT MANAGER, 2019-PRESENT

My time at *Moneywise* has been a fantastic journey. From launching two new podcasts that help people with their finances to visiting one of our Personal Finance Teacher of the Year Award winners, I have thoroughly enjoyed my time at *Moneywise*. It has been a privilege to work with such a friendly, passionate team who are dedicated to helping people understand their rights and take control of their finances.

STEPHEN LITTLE, REPORTER 2018- PRESENT

I joined *Moneywise* in 2018, and during my time I have seen savings rates plummet and the housing market stall.

Moneywise has given me the opportunity to write about some of the most important financial issues people are facing today and I have learnt so much during my time here.

Helping people with their financial queries has given me an enormous sense of job satisfaction. It is always a pleasure getting letters or emails from readers who we have helped.

One of the features I am most proud of was on the plight of women born in the 1950s who had been hit by the Government's decision to raise the state pension age from 60 to 65. The response we had from readers was phenomenal.

ROB GRIFFIN, FREELANCE WRITER

Moneywise has been a major part of my life since 2004. My first article was an investigation into whether privatisations had been good for shareholders. I have been writing monthly features ever since.

A lot has changed lot has changed in 16 years. When I started contributing, I was 30 years old with a toddler. I'm now a dad-of-three and my eldest is heading to university.

The world of finance is also vastly different today – but one of the magazine's main strengths has always been its ability to stay relevant to readers of all ages.

While I am sad that these are the last words I will write for *Moneywise*, I am proud to have played a small role in helping readers make better informed decisions.

"It is rare to be given the freedom to tell people's stories"

REBECCA GOODMAN, FREELANCE WRITER

First working as a staff and writer and then as a freelancer at *Moneywise*, I like the way the magazine seeks out interesting stories, exposes and lifts the lid on wrongdoing and helps its readers, while giving its writers the freedom to tell people's stories.

From the money it gets back for those left out of pocket to the small businesses it promotes, its existence is a huge benefit to our society.

The ground-breaking journalism produced by the magazine is only half the story. I have worked with some of the most talented and supportive people I know.

At a time when independent journalism and financial guidance is so vital, it will be sorely missed.

"A main strength is being relevant to readers of all ages"

The messages above are from just a sample of the many people who have helped shaped Moneywise over the years. Thank you to the whole Moneywise team - past and present - who have made it what it is. Thank you to every commercial director, illustrator, reporter, sub-editor, editor, publisher, freelancer, columnist, designer, and many more. Together we have improved lives and created something of which we can all be really proud. mw

HOW HAVE OUR SPENDING HABITS CHANGED OVER 30 YEARS?

This last issue of *Moneywise* also marks our 30th anniversary. We look back to 1990 – and how our finances have changed over three decades

BY RACHEL LACEY

August 1990 was a scorcher of a month with temperatures hitting 37.1C in Cheltenham on the 3rd of the month, breaking an 80-year temperature record.

On TV, the last-ever episode of *Miami Vice* was screened as Channel 4's controversial show, *The Word,* aired for the first time.

Bombalurina hit number one with that classic *Itsy Bitsy Teeny Weeny Yellow Polka Dot Bikini*, but not before we had all been driven mad by Partners in Kryme's *Turtle Power,* at the top spot for a month.

Margaret Thatcher was still in power, but only just. And on the global stage, the Iraqi army invaded Kuwait, under the instruction of President Saddam Hussein – triggering the start of the Gulf War.

It was a time of money worries and economic uncertainty. As we start dealing with the financial repercussions of coronavirus, looking back to 1990, the UK was also on the verge of recession and homeowners were struggling with interest rates of close to 15%.

So while the circumstances may be different, the first front cover of *Moneywise* shows our financial concerns were much the same as they are now. Readers – who wouldn't have had the internet at their fingertips – still wanted to know how to save and to stretch their money further.

While 1990 may seem like yesterday or like distant history, depending on your perspective, taking a closer look at the pound in your pocket in 1990 and how far it would stretch compared to today provides a stark reminder of how much things have moved on.

Since 1990 the cost of goods and services has risen by 131%, on average. That means £100 back then had the equivalent spending power of £231 today and provides a stark reminder to those getting anywhere near retirement of the need to factor inflation into their retirement income plans.

Government statisticians calculate inflation – which measures the changing cost of a basket of goods and services – each month.

There are several measures of inflation that you are likely to come across: the consumer prices index (CPI) is the most commonly quoted but the Government's preferred measure is the consumer prices index including housing (CPIH) because it is more comprehensive.

The older retail prices index (RPI) has largely been discredited but is still linked to some products, including train fares and student loans.

But the costs of some items rise faster than others. ONS figures show a pint of milk cost a typical 30p in 1990 and today you can expect to pay 43p – so a rise of less than 50%. A loaf of sliced white bread would have cost 50p in 1990 but would today cost around £1.05 – a cost that has more than doubled.

Yet when we think about which costs have risen the most, the stand-out item will always be property.

Back in 1990 – during the third quarter of the year – the average property in the UK cost £57,245, while today buyers are facing average prices of £220,133, a staggering increase of 285%.

Of course, salaries have risen over the past 30 years but not nearly to the same extent. In 1990, a man working full time earned on average £296 a week before tax.

By 2019 (the latest year for which figures are available), average weekly earnings for men had risen to £763 – an increase of 158%.

Back in 1990, a woman working full time earned on average £202 a week gross – a shocking 47% less than men. Figures like that that go a long way to explaining why in 2020 women have significantly less saved for their retirement and are more likely to retire in poverty than men. It isn't just because they take time out of work to have and care for children.

However, on a more positive note, women's earnings have risen faster than men's over the past 30 years. By 2019 women's earnings had risen to £621 a week, an increase of 208%, reducing the gender pay gap to 23%.

It is still a sizeable and unacceptable difference – but it is reassuring to see the progress that has already been made.

In another 30 years, by 2050, is it a pipe dream to hope it will have been eradicated altogether? mw

AVERAGE WEEKLY WAGE

1990
Men: £295
Women: £201

2020
Men: £763
Women: £621

PINT OF MILK

1990
30p

2020
43p

AVERAGE UK PROPERTY PRICE

1990
£57,245

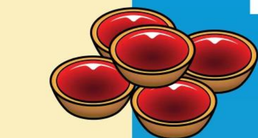
2020
£220,133

HOW THE BASKET OF GOODS USED TO MEASURE INFLATION HAS CHANGED OVER 30 YEARS

It is not just interesting to see how the prices of everyday items have changed since 1990, it is also fascinating to see how the 700 items selected by the ONS to best represent our spending habits has moved on over three decades.

Basket of goods 1990

(compiled in 1987)



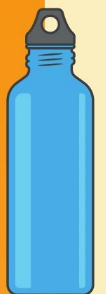
Jam tarts
Luncheon meat
Canned sardines
Salad cream
Custard powder
Carpet tiles
Telephones
Writing paper
Knitting wool
Executive case
St Christopher
Clock radio
Blank video cassette
Film and processing
Electric game toy
Music centre
Darts
Rose bush
Bingo charges
Video rental

HOW LOCKDOWN HAS AFFECTED THE BASKET OF GOODS

In April, the ONS removed items such as airport parking, pints of Guinness, cinema popcorn and haircuts from the basket of goods because consumers were not physically able to purchase these items.

Basket of goods 2020

Gluten-free breakfast cereal
Chilled pot dessert
Vegetable crisps
Cocktail in a can
Self-tan
Reusable bottle/mug
Women's sports leggings
Men's base layer top
Cleaner fees
Nanny fees
Taxi fares
Self-storage
Flat panel TVs
Smart speakers
Child's scooter
Computer game downloads
Soft play session
Ten-pin bowling session
Electrical hair straighteners
Digital TV subscriptions



COLUMNIST SAM BARKER

Thoughts for our financial futures as Moneywise comes to an end

As you will have no doubt realised by this point in the magazine, *Moneywise*'s time is at an end.

It is testament to the title that so many top-notch financial journalists either work here or have done so over the past 30 years.

While some of my colleagues have been on the title for the better part of two decades, I joined in March this year. I replaced the indomitable Edmund Greaves, whose ability, humour and extensive collection of cold-brew coffee apparatus now graces marketing company MRM.

But my experience here has been very different to most, thanks to coronavirus.

Every day on the job has been spent working from home as we put together a magazine from our studies and kitchen tables, a feat previously thought impossible.

I will have completed just four month's service by the time we shut our doors.

My colleagues, blessed with longer service, can write final columns with passion and familiarity about their years of association with the title.

I cannot hope to match that here.

But I can talk about one aspect of *Moneywise* with absolute conviction – the loyalty of the readers and their great engagement with the title.

This was impressed upon me from my very first day. *Moneywise*'s inboxes are always full of messages from readers asking for help, alerting us to potential stories, thanking us and even pointing out when we get something wrong. Many have read the magazine for every one of its 30 years of existence.

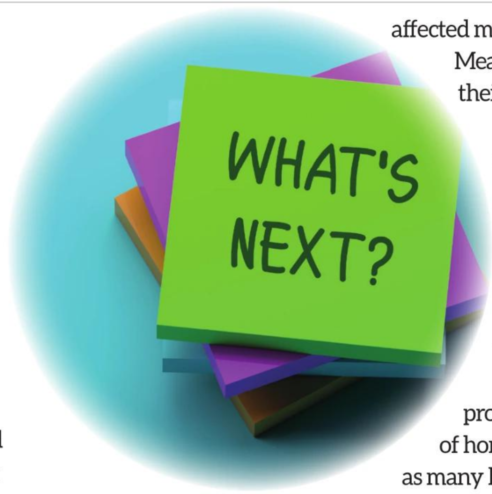
Thank you to all of you. You are the reason we get out of bed in the morning and I hope the *Moneywise* staff are able to continue to help you in whichever jobs we end up in next.

But there is one last thing to say before I go.

It might appear our personal finances are in the middle of a raging storm, but the good news is you are already equipped to weather this, even if you don't know it.

The problem affects investments, savings rates, mortgages, house prices, pensions and more.

Investors have been affected by falling stock markets and companies cutting dividend payouts. A similar issue has affected many pension pots.



Meanwhile savings rates have fallen to their lowest level on record.

House levels saw their biggest monthly fall in 11 years in May and could fall even further.

That is either good news or bad news depending on who you ask. Many first-time buyers desperate to get onto the property ladder will welcome falling house prices.

But then they run into a second problem – lack of mortgages. The choice of home loans for first-time buyers is bleak, as many lenders have stopped offering low-deposit mortgages altogether.

We should focus on things we can do something about

Layered on top of all this are scams. Fraudsters have taken advantage of the coronavirus outbreak to prey on the vulnerable, and the latest scam saw 300 investors lose a total of £3 million to fake financial companies.

Job losses will also affect many of us as businesses wean themselves off Government life support, and a major recession is predicted.

But the answer to any storm, as any British person knows, is to grit your teeth and make sure you're wearing the right clothing.

Much of this financial turmoil is outside our control. We have little influence over what financial companies do, or when we might lose our jobs.

So we should instead focus on the things we can do something about.

Yes, returns from investing and saving may not have looked great in recent months, but both remain crucial to planning for our futures.

Some savings deals still offer half-decent returns. National Savings & Investments has a pretty tasty easy access account paying 1.16% a year, for example, while a Coventry Building Society regular saver has a 1.85% rate on balances of up to £6,000 a year.

And there is still sense in investing too. Yes, markets are low, and investing always carries some risk. But getting into investing now means benefiting from pound cost averaging – a fancy way of saying your money can buy more shares when markets are low, meaning you stand to benefit when they eventually rise.

Likewise for paying into a pension, or saving for a home. There will come a time when you will be grateful you didn't give up on these things now.

Financial prudence and a bit of luck will ensure we are all best placed to get through the trouble we are now facing. Thank you again for your continued support for *Moneywise* and I hope to speak to you again in the future. mw

AS FOCUSED ON DIVIDENDS AS YOU ARE

The Merchants Trust PLC

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A ranking, a rating or an award provides no indicator of future performance and is not constant over time. You should contact your financial adviser before making any investment decision.

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INVESTING INVOLVES RISK. THE VALUE OF AN INVESTMENT AND THE INCOME FROM IT MAY FALL AS WELL AS RISE AND INVESTORS MAY NOT GET BACK THE FULL AMOUNT INVESTED.

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Endings and beginnings

So it's goodbye from me and it's hello from her.

Hello.

I have been a freelancer all of what I laughingly call my career. I don't like jobs – they're nasty things where you have to do what other people tell you and then contribute to a birthday cake for someone 'in accounts' who you've never met.

So I am well used to the ups and downs, the endings and beginnings, of one contract or commission or other. It's part of the freelance cycle of life.

It's also, let's face it, part of the natural order. Seeds bud and blossom, bloom and blow before dropping to the ground to root and produce new growth.

Spring is my favourite season of the year because it's so beautiful and full of such exciting promise. But winter has its gaunt grandeur too, and I often wonder, on walks through the big London parks, what lies beneath, and how soon it will be that those seeds, growing in silent darkness, will push up a tiny green shoot and start the process all over again.

Sometimes seeming catastrophes create new and vibrant life. Foresters in northern countries will deliberately start forest fires, because only when everything is burnt to the ground will certain plants grow and creatures appear.

You see it in businesses and in the stock market, too. How what, at the time, seems like a tragic loss, can quite quickly – and, it seems, born of an invisible energy hidden somewhere within itself – turn into a bounce-back up to a higher value than it was at before.

So when anyone loses a job or has a contract curtailed, I never see it as a disaster. Just an interesting opportunity.

Sympathy is the devil in these situations. Kind, liberal, tender-hearted people might feel they're doing you good by reflecting on your loss, massaging your sense of victimhood and telling you how unhappy you must be – which you suddenly are, even if you didn't feel it before. But – and this is one of the reasons why I set up my website, MoneyMagpie.com – that kind of thinking blocks our ability to see the opportunities that are all around us, all the time.

I've always known that ideas are infinite and available, equally, to all. And this applies to jobs and money-making opportunities as well as to creative projects, inventions and friendships.

So when it comes to our income, we don't have to rely on the traditional sense of work and we don't have to limit it to our net salaries. There really are hundreds of ways (and more) to make some extra cash, often in a rather interesting way, as we show on that site….and as *Moneywise* has shown in many articles over the years.

As I have grown in my understanding of life, I have also come to see that an ending – certainly of anything good – is not a real thing. It certainly isn't with that alleged 'ending of all endings' called death. Oh, from the outside it certainly seems like it as we gaze on a lifeless form with none of the personality and spirit of the person we knew. But to that individual themselves – according to everything I've read and heard – it's just not a 'thing'. They go on, and usually in a better state than they went out.

> I'm learning that in the real universe there is no time, no start, no finish

The thought-provoking book *Proof of Heaven* by the neuroscientist Eben Alexander, describes his experience of dying and coming back. He said, among other things, that he felt a sense of great love; not a high-up, hard-to-attain sort of love, but the kind of love you have for your spouse or your pets.

And the (apparently uplifting) book *The Art of Dying* by Peter and Elizabeth Fenwick also chronicles experiences of hospice nurses, relatives and those who have had near-death experiences, who give similar accounts.

I'm learning that in the real universe – if we can but see it – there is no time, no start, no finish. And that's another reason why I have no intention of retiring, as I mentioned a few months ago. There is too much to do, here and hereafter, and certainly no need for a slow descent into the ground if you don't want it.

As the American polymath Rossiter W Raymond said in one of his poems: 'Life is eternal; and love is immortal; and death is only an horizon; and an horizon is nothing save the limit of our sight.'

So let's see what good things really are up next…for me and for you. mw

JASMINE BIRTLES is a financial journalist and founder of MoneyMagpie.com. Follow her on Twitter at @jasmine or Instagram at @jasminebirtles

"The times they are a-changin'" Bob Dylan, 1964

We all live through history. My time working at *Moneywise* has been bookended by two seismic world events. I arrived at the magazine's swanky offices in Canary Wharf in London a week after the fall of the twin towers in New York in 2001 – an event that changed the world as surely as the current pandemic will continue to affect our lives in the coming years.

I was starting a job as assistant art editor, the person who puts the journalists' words together with some nice-looking pictures or illustrations in a way that hopefully makes the whole package an entertaining and informative read.

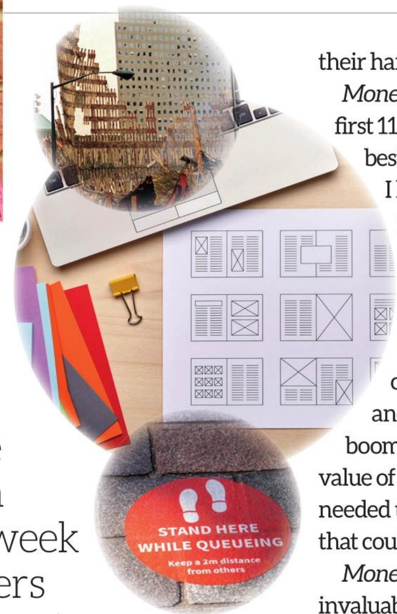
But I shouldn't really have been there because… well… I didn't actually get the job when I applied.

The guy who had beaten me to the role had supplied a CV that was, shall we say, a work of fiction. The truth was discovered, and he was met at the office door by HR on his first day and escorted back out. This was probably the first lesson *Moneywise* taught me: everyone embellishes their resumes, but a work of fantasy will be found out.

The magazine was in need of a replacement. Lucky me!

Moneywise back in 2001 was owned by the mighty Reader's Digest group. The magazine was an island of personal finance surrounded by a sea of gardening books, atlases, DIY guides and the eponymous *Reader's Digest* magazine itself.

The magazine was selling well. In the 1990s, people in Britain had started to wake up to the fact that they were getting a pretty poor deal from the dinosaur high street banks. Lack of flexibility and ridiculous levels of red tape when moving accounts meant you most likely stayed with your first bank for life. The same was true for credit cards, mortgages and pensions. Few Brits ventured into the confusing world of direct investing, or knew what funds their hard-earned pensions were invested in.



> Sad as I am to see the mag close, I'm so proud to have been part of it

Moneywise had somehow managed to survive for the first 11 years without me, growing to become one of the best-selling money magazines in the UK. I knew this as I had worked for a smaller rival title for a few years prior to joining. We often studied *Moneywise*'s sales figures with undisguised envy.

The Government's decade-long sell-off of huge swathes of previously nationalised industries had turned millions of ordinary people into share owners. These newly-privatised businesses profited and then crashed as the economy went through its boom and bust cycles. Shocked by the rise and fall of the value of their shares, many new investors realised they needed to understand investing better to avoid the pitfalls that could drain their profits away.

Moneywise has always been committed to presenting invaluable knowledge in an understandable and clear way. Dodging the banking and investment jargon and passing on the experts' recommendations in regular unadulterated English – the kind of easy-to-understand terms that even someone as numerically challenged as I could "get" and then use to make informed decisions.

There is a reason I chose art and design as a career: maths and I just don't get along. It's why my wife handles 90% of our finances. At least I could point out a way to boost our pension or cut the mortgage from the latest issue.

So, my nearly 19 years at *Moneywise* are at an end.

I'm sad to see the title close, but enormously proud to have been part of the magazine and witness how it has benefited its readership over the years.

As the longest-serving member of staff I have seen many fresh out of university journalists start their careers with the magazine and website. The majority have gone on to do great things in financial publishing and other fields. The bylines of most of the UK's papers feature names of former colleagues and our regular freelancers spreading good advice to their readers. *Moneywise* leaves a legacy of quality financial journalism in the UK.

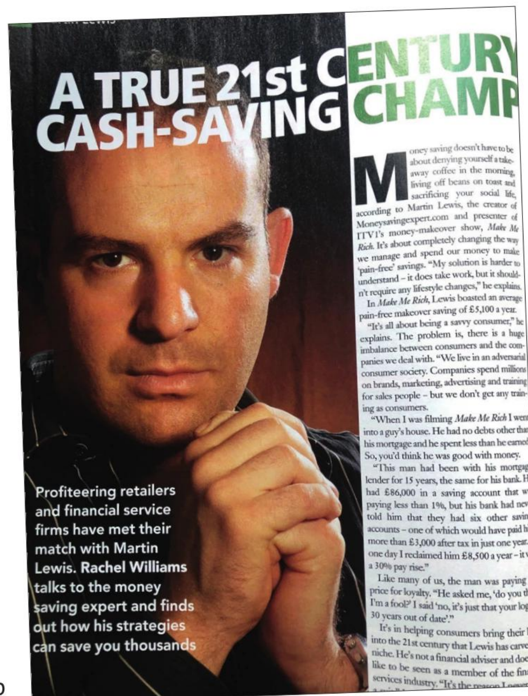
I've worked with eight editors. Each and every one of them has been dedicated to the magazine's ethos of helping you, the reader. I've learnt a great deal from them and I'm glad to say I'm still in touch with a good number of them.

So, what will I take with me as I move onwards to the next part of my career? *Moneywise* has taught me that you need to take control of your money. You worked hard to get it so spend a bit of your time to learn how to keep as much of it for you and your loved ones.

Save in the good times, prepare for the bad, because as Bob Dylan sang back in the 1960s, "the times they are a-changin'". mw

Consumers owe Moneywise a debt — whether they have read it or not

MoneySavingExpert Martin Lewis was a *Moneywise* columnist for several years from the late-1990s. Here he speaks to editor Rachel Rickard Straus about his memories and the legacy of *Moneywise*.



A TRUE 21st CENTURY CASH-SAVING CHAMP

Profiteering retailers and financial service firms have met their match with Martin Lewis. Rachel Williams talks to the money saving expert and finds out how his strategies can save you thousands

Money saving doesn't have to be about denying yourself a takeaway coffee in the morning, living off beans on toast and sacrificing your social life, according to Martin Lewis, the creator of Moneysavingexpert.com and presenter of ITV1's money-makeover show, *Make Me Rich*. It's about completely changing the way we manage and spend our money to make 'pain-free' savings. "My solution is harder to understand – it does take work, but it shouldn't require any lifestyle changes," he explains.

In *Make Me Rich*, Lewis boasted an average pain-free makeover saving of £5,100 a year.

"It's all about being a savvy consumer," he explains. The problem is, there is a huge imbalance between consumers and the companies we deal with. "We live in an adversarial consumer society. Companies spend millions on brands, marketing, advertising and training for sales people – but we don't get any training as consumers.

"When I was filming *Make Me Rich* I went into a guy's house. He had no debts other than his mortgage and he spent less than he earned. So, you'd think he was good with money.

"This man had been with his mortgage lender for 15 years, the same for his bank. He had £86,000 in a saving account that was paying less than 1%, but his bank had never told him that they had six other saving accounts – one of which would have paid him more than £3,000 after tax in just one year. In one day I reclaimed him £8,500 a year – it was a 30% pay rise."

Like many of us, the man was paying the price for loyalty. "He asked me, 'do you think I'm a fool?' I said 'no, it's just that your logic is 30 years out of date'."

It's in helping consumers bring their logic into the 21st century that Lewis has carved his niche. He's not a financial adviser and does not like to be seen as a member of the financial services industry. "It's the reason I never ...

Moneywise was good to me early in my career – they gave me a column just as I had lost my first TV job when Simply Money went bust. It was a great place for me to help formulate the money-saving strategy and ethos that has become the bedrock of what I now do.

In those days, of course, personal finance magazines were right at the forefront of getting money information out to people. I think we have since had a revolution – and it has been an internet-driven revolution – of money information.

But some of the pioneering work that was being done back then in *Moneywise* – consumer-first features – have flowed and branched out into what has now become almost the internet magazines of money. Consumers, whether they have read *Moneywise* or not, probably owe it more of a debt than they think they do.

What has happened now, and we need to be honest, is the nature and speed of the financial services market means that magazines were a great vehicle but now the internet is a better vehicle for the information that is coming across.

I am sad to see *Moneywise* magazine go, it's a shame, it's an understandable shame, and in some ways I am grateful it has lasted this long.

This is all about a change in consumer finance information and we need to be straight about it. What is out there now is so much better than what was out there 15 years ago.

The difficulty now is that there is a plethora of information and not all of it comes from trusted sources. I have been fighting scams myself and scam-based information online, and in social media there is a lot of information out there that isn't legitimate. What you have with a brand like *Moneywise* is that solidity of a magazine put on a shelf, out for general distribution, that gives it that kitemark, if you like. A kitemark of trust – people knew that it was real and that is much more difficult these days.

What people have to rely on is brands and a knowledge of brands, but even that can be perverted. Proof of this is how my own face and name have been used in many places without my blessing.

It is a shame and a sign of the times. I am sorry to hear the website is going too. *Moneywise* will have a legacy even once the brand and the name closes. And it has played an important part in the development of personal finance in the UK. It's not simply from having employed so many people – including me – who went on to do it elsewhere and allowed people to experiment and do something different without the restrictions of daily newspapers. It meant longer and more thoughtful pieces. That was what I used to like when I wrote pieces – it was outside the general constraints of the standard newspaper model. It gave freedom to people like me to say what they actually thought and without just feeding the daily news machine.

> It gave freedom to people like me to say what they actually thought

I was writing in those early days of *Moneywise* much like I do now. I remember the discussion with the then-editor, David Ellis, as I had with others, that my definition of personal finance has always been different to what traditional personal finance was. Talking at the time I called it 'consumer finance' not personal finance.

I remember writing in *Moneywise* about buying a DVD player and whether they were region neutral and how that could save you money. There was a lot of snobbery about that at the time among personal finance journalists who thought personal finance was about investments and if you were being a little bit woo-woo it was about mortgages. But I was writing about DVD players, pet insurance and other consumer products, and *Moneywise* was one place when I was trying to break through that was willing to give me a vehicle to do that.

I'm grateful for it to have done so because with that and the combination of other places I've worked, the work I have done with MoneySavingExpert has become what mainstream personal finance is.

But it really wasn't back then. It just wouldn't have existed in that breadth. mw

WHAT CAN WE LEARN FROM 30 YEARS OF INVESTING?

Stock markets rise and fall – and with them, fortunes made and lost. Here are lessons to be learnt from investing in the past three decades

BY BREAN HORNE

Uncertainty caused by the coronavirus has led to dramatic stock market falls across the world.

While stocks have begun to bounce back in the short term, many investors may be wondering when things will return to 'normal'.

As we mark 30 years of *Moneywise*, we look back over more than three decades in the stock market and what we can learn to best prepare our investment portfolios for the future.

THE STOCK MARKET CRASH OF 1987

In October 1987, the US stock markets suffered one of its largest declines in history, sending shockwaves through stock markets around the globe.

On Monday 19 October 1987, the Dow Jones Industrial Average (DJIA) fell by 22.6%. At that time, it was the largest percentage drop in one day since the Great Depression of 1929, when the DJIA fell by just over 12%.

The FTSE 100, which is made up of the largest companies listed on the London Stock Exchange (LSE), lost 11% in the Black Monday crash of 1987, and another 12% the following day.

THE EXPERTS ON HOW TO WEATHER VOLATILE MARKETS

While it is impossible to predict how markets will behave, there are some strategies that can help to weather storms.

1 DO NOT PANIC

Dr Paul Jordan, Amati Global Investors: "When the market goes over a cliff edge into what feels like free fall, it is often a terrible time to sell investments. It requires huge strength of mind to resist the temptation because selling stops the pain of losing more."

Andrew Bell, Witan Investment Trust: "The best way to avoid panicking is to know your own risk appetite and to diversify. Take trusted advice if you need to."

2 DIVERSIFY YOUR PORTFOLIO

Geoff Hitchin, Marlborough: "I think it's sensible for investors to have capital preservation at the forefront of their minds when markets are so volatile. In an environment like this, bonds have a particularly important role to play as part of a properly balanced portfolio. It's understandable that people might want to invest in something when the price is going up, but if you're too late to the party you can end up overpaying."

3 KEEP YOUR INVESTMENTS SIMPLE

James Norton, Vanguard: "The dotcom boom and bust really proved that successful investing does not need to be complicated. Provided an investor knows their goals, sets up their portfolio to achieve that, keeps their costs as low as possible and stays the course, we believe they are set up for success."

4 INVEST FOR THE LONG TERM

Mike Fox, Royal London: "Volatility is the friend of long-term investing. Over time economies grow – as do corporate profits – and asset prices rise. Any temporary blip, even when measured in months, should be seen as an opportunity to enhance long-term returns."

Rory Powe, Man GLG: "Avoid being emotional but do not go into denial. Think clearly. Do not invest in equities if you cannot stomach significant short-term losses. Base your investment decisions on thorough long-term oriented analysis. Equities are recognised as being risky."

Several factors are thought to have caused the crash. First of all, the market was due for correction. Stocks had more than tripled in value since 1982 and had risen by 44% in 1987 alone, prior to the crash.

Another factor was the use of computerised trading. Brokers were beginning to use computers to place larger orders and to execute trades more quickly.

Firms also developed software programs to automatically sell stocks if they fell by a certain amount. Initial losses triggered by the October crash were accelerated as the trading systems sold off stocks. It created a domino effect, which triggered even more computer-driven selling.

The crash of 1987 affected investors for years to come. While markets bounced back, many were affected and lessons learned.

Geoff Hitchin launched the Marlborough Global Bond Fund just months before the crash hit.

"I launched in August 1987, and within months we had Black Monday and a sell-off that saw many major equity markets fall by around 30% or more in a matter of weeks," he says.

"I had started to look seriously at bonds in the early 1980s, when

20s

HOW LONG DOES IT TAKE TO RECOVER FROM A MARKET CRASH?

Market recovery times have varied significantly over the years.

For example, the Black Monday crash of 1987 took one year and 10 months for losses to be recovered, whereas the dotcom crash of 2000 took five years and one month, data from Vanguard shows.

While there is no investment crystal ball to show how long the next crash will last, what is clear is that it pays to be patient.

Having a long-term horizon enables investors to weather market turbulence and achieve their financial goals.

The table above shows the average time it took market crashes to recover.

CRASH	TIME TAKEN TO RECOVER
2007	3 years 4 months
2000	5 years 1 month
1987	1 year 10 months
1976	1 year
1972	4 years 11 months
1969	2 years 4 months
1961	2 years 6 months
1957	1 year 1 month
1951	1 year 10 months
1940	1 year 3 months
1936	4 years 11 months
1929	5 years 3 months

Source: Vanguard, 2020

interest rates were very high, and you could earn 15% a year from US bonds. By the time I had gone a step further and launched the fund in 1987, interest rates were lower, but you could still get a yield of more than 9% on UK and US government bonds, which was attractive," he says.

"At the same time, the inflation rate was falling as a result of Government policies on both sides of the Atlantic. That decline in inflation was making the interest paid by bonds even more appealing, which made them more valuable and pushed up their price, so there were some capital gains to be made too."

The 1987 crash prompted some investors to seek opportunity in assets outside of stocks.

"The crash was not a pleasant experience for anyone. Investors were able to find opportunity through my fund because I was holding bonds, which held their value while equities were tumbling.

"As a consequence, more investors put their money into the fund, so it turned out to be a pretty good time to have launched it," he says.

"The 1987 crash was not pleasant for anyone"

THE DOTCOM BUBBLE CRASH OF 2000

In 1994 the World Wide Web was giving the general public access to the internet for the first time.

Online commerce – known as 'dotcoms' – began. Amazon became the first online book retailer in 1994, while eBay launched as an online auction site in 1995.

During this time, many other burgeoning technology companies, such as pet products retailer Pets.com, general goods store Kozmo and fashion company Boo.com, launched.

Investors flocked to new online technology companies hoping they were investing in the next thing, which caused share prices to soar and led to some owners becoming millionaires overnight.

The Nasdaq index rose five-fold between 1995 and 2000, and reached an all-time high on 10 March 2000.

Investors began to realise that these companies were overvalued and cost far more than they were earning, which triggered mass sell-offs.

The Nasdaq plummeted more than 50% by December 2000.

Similarly, the FTSE 100, which peaked at the end of 1999, more than halved by March 2003.

This particular crash highlighted the risks of placing all your eggs in one basket.

"With hindsight, the tech bubble was a clear marker of the risks of investing in individual shares," says James Norton, senior investment planner at Vanguard.

"Many investment managers were caught with poorly diversified portfolios made up of a relatively small number of individual holdings.

"Since then, broader market funds have become increasingly popular,

"Keeping a cool head – that was was the biggest challenge"

providing investors with an easy way to spread their risk and achieve diversification."

During this period, exchange traded funds (ETFs), which enable investors to pool their money in a fund that invests in various assets such as stocks and bonds, gained popularity.

"The great innovation of the period was the ETF, with the first launch on the London Stock Exchange in April 2000. It provided all investors with access to a low-cost way to access the stock market," says Norton.

When the dotcom bubble burst investors were forced to look at how charges were eating into their returns.

Norton adds: "With falling markets, many investors focused on costs for the first time. With many funds still having high initial charges of up to 5%, ETFs started a revolution in the investing world, meaning that investors kept much more of the return with less going to asset managers. Excessive charges were no longer acceptable."

THE GLOBAL FINANCIAL CRISIS OF 2008

On 15 September 2008, US investment banking giant Lehman Brothers collapsed.

It marked the beginning of a global financial crisis, which astonished stock markets around the world.

Stress began to build up on the financial system in the years prior to the crisis, as banks and lenders in the US began offering subprime mortgages – loans to households unable to meet the monthly payments.

Banks bundled these mortgages together and sold them on to other banks and investors.

As homeowners began to default on these mortgages in their masses, markets around the world imploded.

The FTSE 100 fell 31% in 2008 while global stocks measured by the MSCI World Index tumbled by over 40%.

"We took an absolute kicking in 2008, and diversification alone did not provide enough of a cushion to protect us during the global financial crisis," says James Thomson, manager of the Rathbone Global Opportunities Fund. "While we owned different size businesses in a variety of industries and in a vast number of countries across the world, surprisingly, that type of diversification did not help because they all traded as a group and fell together. We needed more defensive and less economically sensitive businesses. Looking back, the portfolio was just too adrenaline-fuelled," says Thomson.

Keeping calm during the crisis was necessary to avoid making rash decisions or judgements.

"The biggest challenge was keeping a cool head as share prices plummeted and screens turned red, and as a fund manager, you were trying to find a reason why. We did not want to bury our heads in the sand, but we also did not want to share prices to 'create' views," he says.

Thomson was able to harness the power of liquidity to overcome volatility in the market.

He continues: "Thankfully, we had a significant cash buffer in the fund, which mitigated some of the drawdown but, more importantly, became firepower that we could deploy in early 2009 as the market started to turn."

CORONAVIRUS CRASH OF 2020

The coronavirus pandemic sparked volatility and uncertainty, which sent markets falling.

The FTSE 100 experienced some of its worst days of trading. It fell by 10.9% on March 12, its worst one-day drop since the October 1987 crash.

Similarly, the Dow Jones fell 10% while the Nasdaq and the S&P 500 fell by 9.4% and 9.5% respectively.

In March alone, a record £10 billion was pulled from funds, according to figures from the Investment Association.

Rory Powe, lead portfolio manager at Man GLG, tried to ascertain the long-term implications of the pandemic on his portfolio.

"The ferocity of the equity market decline and subsequent rally was challenging, but bouts of extreme volatility are always going to be part of equity investing.

"Given the difficulty in predicting these rollercoasters, the main challenge is to run a portfolio that is not reliant on the short-term ups or downs of the market," he says.

Powe undertook a stress-testing exercise, which enabled him to judge the fortitude of his holdings.

"More challenging has been estimating the impact on the results and balance sheets of the companies in the portfolio. For those names most exposed to the lockdowns, we chose to stress-test our forecasts by making a bleak assessment of their revenues in both 2020 and 2021.

"After taking an appropriately negative and conservative view, we made analytical judgments about the capacity of their balance sheets to absorb a period of, in some cases, losses and negative free cash flows.

"Confidence about their ability to survive allowed us to maintain our conviction in the long-term merits of each investment thesis," he says.

Let's raise a glass to 30 fab years together

I share a lot in common with *Moneywise* – a passion for all things personal finance, including financial education, and a burning desire to demystify the money world.

Yet there is one connection between myself and this awesome magazine you may not be aware of – the year 1990. While some of you will remember 1990 for the reunification of Germany, the breaking up of the Soviet Union and England's football team agonisingly losing on penalties to West Germany in the semi-finals of the World Cup, I also look upon it as the year when my career as a personal finance journalist truly began.

It was 1990 when I was appointed personal finance editor of *The Sunday Telegraph*. Now doing the same job, but at *The Mail on Sunday*, 2020 marks 30 years of editing the money section of a national newspaper.

Of course, 1990 marked the birth of *Moneywise* and 2020 is its 30th anniversary. To me and *Moneywise*, I raise a glass of Prosecco in celebration.

Looking back, it's extraordinary how the world of personal finance has changed. Back in 1990, the internet was very much in embryonic form, so everything financial was paper-based – whether it was trading shares or obtaining details of the latest transactions on your bank account.

For me, my baptism of fire back then was reporting on the tail-end of privatisations – readers loved them – and the machinations of Personal Equity Plans (the precursor to Individual Savings Accounts) and Tax-Free Special Savings Accounts. There was also the housing market crash, as interest rates remained in double digits, causing havoc with the ability of homeowners to make their monthly payments.

There were also a lot of scandals to occupy me, most notably roll-up equity release schemes, where the debt literally spiralled out of control, leaving loved ones or children to pick up the pieces. Financial crooks were also very much to the fore – I remember confronting one on his doorstep in North London. All rather nerve-wracking, especially when he invited me in. Obviously, I lived to tell the tale, though at the time I thought I might end up under some concrete structure on the M25.

The money world remains far from perfect… So caveat emptor

As for my work as a journalist, any research I did was usually via *the Telegraph*'s library. Paper, essentially newspaper cuttings, ruled the waves. Looking back, it seems so archaic, but at the time it worked perfectly well.

So, has the personal finance world improved over the past 30 years? In many ways, it has. The internet has empowered so many to take control of their finances. Bank accounts can now be accessed and viewed at any time while investors can keep an eye on their pensions or investments through an online wealth platform. They can buy and sell investments with ease – everything from investment funds, stock market listed investment trusts, through to cheap and cheerful exchange traded funds. All under one umbrella.

The internet and the rise of the comparison website has also enabled savvy households to ensure the insurances they buy always represent best value for money.

We've seen mortgages and remortgages routinely processed online, while many of the 'best' savings accounts available are now internet based.

And we've witnessed the mobile phone revolution, allowing us to do a lot of the things we used to need a computer to do – and more besides. We can now wave our phone at a terminal in a coffee shop and it will make the payment for the extra hot skinny latte we have just ordered.

Yet, not everything is better in this new personal finance world. In embracing the internet, the financial services industry has become far more impersonal. We've seen it with the near death of the bank branch and also with the 'industrialisation' of customer service where speaking to a human being is often the last option provided.

The internet has also spawned a plague of fraudsters, determined to empty our bank accounts through the employment of a variety of scams – including phishing (email-based), smishing (text-based) and vishing (over the phone). It's a plague that has yet to be controlled.

With the exception of this fraud plague, is the personal finance marketplace safer than it was back in 1990? In many ways, yes. Savers and investors can now sleep at night knowing most of their wealth will be protected by the Financial Services Compensation Scheme (set up in 2001) if a bank, building society or investment firm goes bust. Many people with company pensions also now have protection via the Pension Protection Fund (set up in 2005) if their employer goes out of business, leaving a pension scheme with insufficient assets to meet all its obligations.

Yet, the money world remains far from perfect…So caveat emptor. Goodbye *Moneywise* – thank you for reading. mw

JEFF PRESTRIDGE is the personal finance editor of *The Mail on Sunday*.

moneywise fights for

THANK YOU FOR all your questions over the years. Unfortunately, as it is our last issue we will not be able to help with further complaints against companies offering poor customer service. If you would like support with your complaint, please contact your local Citizens Advice at Citizensadvice.org.uk for support and to find your nearest branch.

"Purplebricks won't do the decent thing now I'm widowed"

SF wrote to Fight for your Rights after she was upset about how "callous" online estate agent Purplebricks had been following the death of her husband.

The couple signed up with fixed-price agent Purplebricks to sell their home in July last year.

They picked Purplebricks because its fees were around £1,000 less than the £3,000 that traditional estate agents would have charged.

SF says: "My husband and I paid Purplebricks a fee of £1,882 in July 2019 as an advance for selling our home. However, five weeks later, my husband was diagnosed with terminal cancer. We took the house off the market and he died in November.

"It has been a seriously stressful time for me because my husband died intestate and getting any money for bills has been difficult. I gave up my job to look after my husband, who was only one year off retirement."

SF decided to postpone her move, explained the situation to the two agents she had been dealing with at Purplebricks and asked for a refund of her fees. At first, they suggested that she keep her account with them for whenever she was ready to sell.

When SF refused, she says they first offered her £300 as a 'goodwill gesture' and then £749 – "and that was after some toing and froing".

OUTCOME: Purplebricks refund extra £882

The reason they gave for the shortfall was 'incurred business expenses' – however, while she accepts that the agent did have costs, such as photography and admin, she could not see how it amounted to more than £800.

Finally, SF was offered £900 and was so stressed by everything she had to cope with that she reluctantly accepted it.

A few months later, she started to regret her decision and contacted *Moneywise*.

The good news is that when we spoke to Purplebricks' head office, it was very apologetic – it seems that the two agents on the ground had acted alone.

> "It was a great surprise when I got a further £882 back"

A spokesperson for Purplebricks said: "We are really sorry this was not resolved sooner and will be giving your reader a full refund. Our thoughts are with her during such a difficult time."

SF says: "It was a great surprise when I received a further £882 back from Purplebricks. If I used a fixed-price agent again, I would look at its refund policy more carefully.

"Bulb says I owe £3,000 – but it's wrong"

JC wrote to *Moneywise* after she was convinced that her gas bill from Bulb was wrong.

She questioned the size of the bill – a whopping £3,000. She could not believe her family of four could run up a bill of that size – especially as there are only two people living in their three-bedroom house during the week.

In October 2019, Bulb warned JC over the phone that her next bill would be high because it had not received her meter readings and could not calculate the bill accurately.

Nonetheless, in March 2020, she was still shocked to receive a bill for £2,948.57.

To lessen the blow, Bulb said that she could pay the bill in instalments, offering to add £170 to her monthly gas bill.

JC says: "How could Bulb get it so wrong? I received an email saying the bill was for the period from 1 October 2019 to 29 February 2020, but this would mean that we use £529.71 of gas each month."

After *Moneywise* asked Bulb to investigate, it admitted there had been an error.

OUTCOME: £3,000 bill cancelled, plus £180 goodwill

JC's gas meter was exchanged earlier in 2019 and that went unrecorded on Bulb's system, causing a big jump in the usage over a short period of time when the new meter was finally read.

Furthermore, energy suppliers are forbidden from charging customers for gas and electricity used more than 12 months ago if they have not charged them correctly in the first place.

Bulb's operations team looked into it and found it had unfairly back-billed, so instead of JC owing Bulb almost £3,000, it turned out that her bill was actually around £150 in credit. Plus, Bulb offered to credit her account with £180 as a goodwill gesture.

A Bulb spokesperson says: "Our team identified the error and worked quickly to fix it. We have been in touch with JC to apologise and have compensated her for the error."

JC says: "I was completely stressed about it, but I knew the bill was wrong as I use more electricity than gas. I am just glad it is sorted."

"Thousands refunded to readers this year – but it's not all about the money"

The thing I will miss most about being *Moneywise*'s consumer champion is not so much the money I've managed to claw back from companies – averaging at about £1,000 a month – but helping readers who are more vulnerable, like the case opposite with Purplebricks. Sometimes their stories don't get mentioned on these pages, either for lack of space or for fear that readers will be identified.

The complaint I've found most rewarding to resolve in recent weeks involves a thoughtless attitude by a telecoms giant and a victim of domestic coercion.

Our reader wrote in to say that she was divorced after experiencing coercive control throughout her marriage.

She had changed her household accounts to her name, but her Sky account was still in her husband's name – even though she was paying the bills. She said Sky was "unsympathetic" and asked her to speak to her ex about closing the account.

She felt uncomfortable doing this, but eventually emailed him, but instead he just arranged a better deal.

Nervous of challenging him, she told *Moneywise*: "I have now resigned myself to having an account that is not in my name and receiving phone calls and emails from Sky addressed to my ex."

When I spoke to Sky, I was told that Sky subscriptions could not be transferred, though it does try to help in exceptional circumstances, adding that as long as our reader had the password she could speak to the team and make changes to payment details.

But Sky was missing the point – her partner still had control of the account unless he closed it.

Sky explained that a stumbling block was that there was a credit agreement for a mobile phone in her husband's name on the account. Unless the bill was paid in full, Sky said the account had to remain in his name.

But after several weeks of toing and froing, Sky said it could arrange to have the TV contract cancelled and a new account set up under the reader's name. It offered her Sky Cinema for free for two months as a gesture of goodwill.

Our reader was happy with that, saying: "It is such a relief to have it sorted and to know that I am in control of my account."

A Sky spokesperson says: "Sky is committed to supporting customers affected by domestic abuse and we have made access to online support services and information free of data charges. The customer is now in control of the account and we're sorry it took longer to resolve than it should have."

Both this and the Purplebricks case show how staff on the ground may not be trained to look at the bigger picture and at individual circumstances. But the great thing about being a consumer journalist is that you can flag up these complaints and hope that it will lead to a better understanding and a change in policy in the future.

moneywise fights foryour rights

OUTCOME: £7,000 refunded

"Virgin Holidays owes me £7,000 for cancelled trip"

Thousands of travellers have been complaining about how hard it is to get a refund for a cancelled flight or holiday.

While the travel industry is under huge pressure, many holidaymakers are frustrated by how hard it is to get through to customer services once their flight or holiday has been cancelled.

TC booked a holiday to Ajman in the United Arab Emirates over Easter with Virgin Holidays but was advised on 27 March that it had been cancelled due to the pandemic.

He was offered a voucher but phoned up Virgin Holidays to ask for a refund of more than £7,000. He contacted *Moneywise* on 28 May when he still had no idea if or when he would get a refund.

He had only received an automated email saying that Virgin "was committed to getting your refund but we can't confirm what the timescale will be right now".

What was more worrying was that he has another family holiday booked with Virgin Holidays this summer, which cost £19,729. This trip has also been cancelled – so it is a huge sum he is owed.

When I contacted the tour operator, it apologised for the delays but advised that refunds would take up to a maximum of 120 days and that "it was fully committed to paying every single refund in full".

A Virgin Holidays spokesperson said: "Virgin Holidays understands the difficulties that the Covid-19 crisis poses to our customers with upcoming travel plans, and we are offering as much flexibility as possible for those whose trips are affected.

"To provide immediate peace of mind for customers whose holidays will no longer be going ahead, we are automatically providing a voucher for the value of their trip, redeemable up until 31 March 2021, which they can use to rebook a holiday, departing before 31 December 2021."

But it went on to say: "We would reassure all Virgin Holidays customers that if they have requested a refund, it will be repaid in full, and the work to process refunds is our priority.

"Payments are being prioritised based on how long the customer has been waiting for their refund, and the payment will be processed within an absolute maximum of 120 days. We are making every effort to reduce this timeframe wherever possible."

TC is resigned to waiting for his refund for his second trip – which he should receive in September.

He says: "When my holiday was cancelled back in March, I was very supportive of Virgin as I recognised this was a very challenging time for travel companies.

"But it is fair to say that all the goodwill I had towards Virgin, which had been built up over 20 years of travel, has sadly disappeared over the past three months. I feel during this challenging time they have totally abandoned their customers and I will use other travel companies for any future holiday plans."

Catch-22 over Expedia refund for cancelled Virgin flight

And it is not just TC who is having to wait for a refund from the Virgin Group.

JM booked a return flight to Tel Aviv on 19 January 2020 through travel site Expedia, paying £458 to fly on 11 April with Virgin Atlantic.

He says: "When my flight with Virgin Atlantic was cancelled due to Covid-19, I got through to Expedia's automated service and was told I would get a refund.

"On the day of my flight, I tried again and got the same message."

In early May, he called Expedia again and was told that Virgin was giving all its customers flight vouchers, which would need to be spent by the end of January 2021.

When JM said he wanted a refund, he was told to email Virgin's refund department.

He then received an automated response

telling him to contact his agent – Expedia.

JM says: "I feel that I've been pushed from pillar to post. I've received no official communication from Expedia to say I will be getting a voucher or refund."

As JM booked his flight with Expedia, his contract was with the travel site and it was responsible for arranging a refund.

Once *Moneywise* got involved, Expedia was quick to confirm that JM will be refunded – though it will take several weeks.

A spokesperson for Expedia says: "Thank you for bringing this to our attention. Our customer care team has confirmed that a refund has been processed by Virgin Atlantic and will be credited to the customer in eight to 12 weeks."

JM says: "I felt that I was left in the lurch by both Expedia and Virgin Atlantic. There was a lot of holding on the line to get through to someone with no clear resolution, but *Moneywise* fought my case and was brilliant."

OUTCOME: Virgin to refund £458

OUTCOME: £330 goodwill gesture

"I am glad Airbnb reacted so fast after you contacted them"

Airbnb won't refund fees for cancelled booking

Another reader, AJ, also had problems with a refund from Airbnb due to Covid-19 after booking a week's accommodation for early July as part of a holiday to the Dominican Republic.

When British Airways cancelled his flight, his Airbnb host agreed to refund his rental costs right away. However, when he asked Airbnb for a refund of its £330 service fee, it was less accommodating. It said that its Covid-19 policy only applied until the end of June.

Once *Moneywise* got in touch, Airbnb said that AJ's booking was not covered under its extenuating circumstances policy but, as the host had agreed to offer a refund, it would refund its service fee as a goodwill gesture.

A spokesperson for Airbnb says: "Our handling of this case did not meet our usual high standards and the guest has been refunded in full."

Meanwhile, AJ says that he now views Airbnb in a less than positive light.

"I am pleased Airbnb reacted so fast after you contacted them. Our emails and letters were certainly being ignored," he says. "This experience has left a bad taste for us. Other places we booked on this trip – hotels and a resort – were quick to help us once we explained the situation. They didn't even ask for proof of the flight cancellation." mw

YOUR LAST SHOUT

Goodbye & Good Luck

NOTHING ELECTRONIC CAN EVER REPLACE A REAL MAGAZINE

I received a letter today, out of the blue, with regards to the termination of *Moneywise*, with the last issue being August 2020.

It is so sad – especially as 2020 has not been the best of years so far, and now this.

I have always looked forward to my regular monthly issue, and over many, many years have always been able to rely on contributors' advice, guiding me all the way through investments, savings, pensions and general lifestyle articles.

I, for one, will sorely miss all your help and assistance in matters of up-to-date financial support within that eagerly awaited monthly read.

Nothing available 'electronically' can ever replace it, or the comfort it provided over many cups of coffee, while I contemplated my next financial move at my leisure.

Thanks to you all then, both past and present magazine team members, for all your hard and invaluable work over the years. I shall now go away and console myself by rereading past issues!

MF, VIA EMAIL

> "I, for one, will sorely miss all your help"

> "I find a magazine so much better than staring at a screen"

LOSS OF A VALUABLE RESOURCE FOR READERS

I was upset earlier this week to receive a letter telling me that *Moneywise* would be ceasing publication after the August edition.

This is sad news. I regard it as an excellent 'common-sense' magazine, which has a great deal of valuable information for its readers. I can imagine that recent coronavirus pressures have not helped its financial situation but it is a great shame that going forward, when many more people will be finding themselves financially stretched and in need of financial advice, a valuable source of information will have been removed from the market.

I have no doubt that this will also create considerable personal anxiety for those members of staff who will be losing their jobs and their livelihoods. This must be a very difficult time for all of you. I hope those affected will soon be able to find alternative positions.

WS,VIA EMAIL

OFTEN AMUSING AND ALWAYS A GOOD READ

I am just writing to express how very sad I felt to hear that *Moneywise* is to cease publishing after the August edition.

I was trying to remember when I started subscribing and I think it was probably some time in the early 1980s. I have thoroughly enjoyed the magazine – it has always been full of interesting and informative articles, which are often very amusing, sometimes unintentionally so – but always a good read.

IR, VIA EMAIL

A GREAT HELP WITH PLANNING FOR THE FUTURE

I am very sorry to hear that *Moneywise* magazine is coming to an end in August, I sincerely hope this was not as unexpected for you guys as it has been for me.

I really like the magazine's format and find it better than having to stare at a screen – I never regularly check websites for up-to-date articles. But with magazines, you can refer back to past issues as and when you want a reminder.

I also want to say thank you to all you financial journalists for your advice and guidance over the few years that I have been a subscriber. It has been invaluable and helped me greatly with planning for the future.

MM, VIA EMAIL

Thank you all for your kind comments – they are much appreciated. Your comments, feedback and ideas have shaped Moneywise for three decades. We could not have done it without you.

how to retireinstyle

from the publisher of moneywise

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Ask the experts

Illustration: Paul Reid

THIS MONTH'S STAR QUESTION

Can we both take maternity leave?

Q I work for the NHS, while my partner is self-employed. We are expecting a baby in August. My partner will claim maternity allowance from birth to January 2021, when she returns to work.

I would like to have two to three months to spend with the family when the baby is born. Do I need to do this via shared parental leave (SPL) or can I also take maternity leave? The difference is that the allowance is six weeks' full pay with SPL, but eight with maternity leave.

Also, will my partner receive her maternity allowance if I am on leave too?

JH/London

KATE PALMER
Associate director of advisory at Peninsula

Shared parental leave would be the appropriate route for you, as maternity leave is exclusively for those who have given birth. However, shared parental leave carries some eligibility requirements that you would need to meet, including having 26 weeks' continuous service at the fifteenth week before your partner is due to give birth.

You may also be entitled to paternity leave, which mothers' partners can take in addition to shared parental leave.

You would need to ask your employer about this. Employees who meet certain eligibility requirements are entitled to two weeks' paternity leave, however, your employer may offer more than this.

As I understand it, Maternity Allowance for the self-employed has to cease in order for the mother's partner to be eligible for shared parental leave and pay. If both parents are employed, maternity leave and pay has to stop so that the remaining entitlement to leave can be converted into shared parental leave, which can then be taken by both parents.

> As he is self-employed your partner is not entitled to shared parental leave

As a self-employed individual, your partner is not entitled to shared parental leave or pay, but can still qualify to enable you to take it.

Can I claim some of my late spouse's state pension?

Q My husband died in December 2019 at the age of 60. I am 53 and in part-time work.

I was told that I may be eligible to claim some of his state pension. I was also told you have to do this within six months of his death. Is this correct?

JM/via email

MICHELLE CRACKNELL
of PensionBee

In general, the new state pension (from April 2016) is based on your own national insurance record.

Every care is taken to ensure the accuracy of the information provided, but no responsibility is accepted for the consequences of actions based on the advice given.

As a widow, though, you should be able to inherit 50% of your husband's protected pension as an extra payment.

The protected pension is your husband's state pension entitlement, which is above the full new state pension. If you remarry or form a new civil partnership after state pension age, you will keep any state pension that you inherited from your husband.

You may be eligible for a bereavement support payment, but you had to claim this within three months of your husband's death to get the full amount. You can claim up to 21 months after his death, but you will get fewer monthly payments.

How much of my home will be inheritance tax free?

Q My wife and I live in a house worth £200,000. When I die, how much will my family home allowance be?

Is it £175,000 per person or half the value of our house – that is, £100,000?

PK/Coventry

RAY BLACK
Independent financial adviser at Money Minder

As you have correctly stated, the main residence nil-rate band (MRNRB) now stands at £175,000 per person. Presuming that the house is in joint names and that your wife inherits your share of the family home, it will not form part of your estate for inheritance tax (IHT) calculations. This is because you are able to pass it to your spouse free of IHT.

As the MRNRB is also a transferable allowance between spouses, under the current rules, when your wife dies both your individual allowances are combined, providing a total 'joint' main residence nil-rate band of £350,000. Therefore, it would appear that from an IHT planning point of view, you have nothing to be concerned about, as long as the house is left to 'direct descendants'.

If you own the house as 'tenants in common', where effectively you own a percentage of the home (50% each), the answer to your question will depend on what happens on first death. If you leave your 50% share to your children, based on the numbers you have provided, you will have used £100,000 of your £175,000 MRNRB allowance.

Irrespective of how you currently own the house with your wife, it is really important to ensure that your will is up to date and reflects your wishes. Reviewing your will provides you with an ideal opportunity to discuss the pros and cons of how your house is owned ('joint tenants' versus 'tenants in common') and what you want to happen when you die.

To get a complete view if you can afford to do so, I would suggest speaking to a solicitor and a financial adviser about the issue before making a final decision. This will help to give you the peace of mind that you have done everything you can to ensure that the right assets go to the right people on your death, while also minimising hassle for your executors and any potential tax liabilities for your loved ones.

It is vital your will is up to date and reflects your wishes

Should I start drawing from my pension scheme in case it fails?

Q I am an academic and have 30 years in a final salary Universities Superannuation Scheme (USS) pension, now deferred as I moved institution. I am 57 in July.

The latest USS deficit is estimated to be £11 billion. I am concerned about the future of the pension scheme. What is the worse that could happen if it fails?

Would the USS be able to change accrued benefits? Could I be impacted and be forced to take a cut if the scheme changes its rules?

I am tempted to start drawing my pension and take the maximum lump sum so that I get something out of the scheme.

AD/Glossop

HELEN MORRISSEY
Pension specialist at Royal London

There has been much discussion about the Universities Superannuation Scheme as

Ask the experts

its deficit continues to grow. It is understandable you are feeling unsettled. You say you are a member of the final salary pension, which closed in 2016. The benefits you have built up so far are protected by law and will not be changed.

If the scheme were to fail, then it would be because USS employers were unable to honour their pension promises for reasons of insolvency. If this were the case, then as a worse-case scenario the scheme would be placed into the Pension Protection Fund (PPF).

Should the scheme go into the PPF when you are under your USS Normal Retirement Age, then you would be paid broadly 90% of what your pension was worth when the employer became insolvent, subject to an age-related cap.

Members over their scheme's normal retirement date would generally receive compensation of 100% of their pension entitlement.

You can access your pension from the age of 55. I would suggest you discuss your plans with a financial adviser. They can look at your finances in the whole and help you decide whether this is the right thing to do.

Is there a tax-free way to give £10,000 to grandkids?

Q I would like to know if my parents can put money in trust for our adult children with the proviso that they only use it to buy a property or a business? Is this complicated and expensive to do?

The children are all in their 20s. The amount would be £10,000 each. Would it be better to give them £3,000 each year to avoid inheritance tax, as my parents are in their 80s?

JM/via email

JIM SAWER
Partner at Kingsly Napley

It is kind of your parents to want to help out your children in this way, and satisfying for them to see their money work well for their grandchildren.

> If IHT is the main concern, an outright gift is simple and effective

Their desire to make the gift likely is not (and should not be) purely driven by tax considerations. I do not know how well off your parents are, but if their joint wealth is less than £1 million (providing they own their home, and £650,000 if they don't), then inheritance tax (IHT) is not an issue for them anyway.

They have four options:

Wait until the children are ready to buy a property or business and make the gift then.

Give the children the money and trust them to keep a promise to spend it only on a property/business.

Give the money to you and simply rely on you, without any binding 'trust', to pass it on at the appropriate time by way of further gifts.

Or they can put the money into a trust for the children, of which your parents themselves, or perhaps you and your husband, are trustees. The trustees could then advance £10,000 to each child at the appropriate time.

For IHT purposes, the sooner the gifts are made, the sooner the survivorship clock starts running. After surviving seven years, the sums will drop out of account for IHT.

You do not say how many children you have, so I can't know the total value of the proposed gifts. But if your parents contribute equally to the gifts (whether outright or into trust), then the first £12,000 of the total given may be automatically exempt with no survivorship requirement. They each have an annual exemption of £3,000 and can use last year's exemption in the current year if it has not otherwise been applied. It may be that the whole sum can be given over the next few years IHT-free using annual exemptions.

How your parents decide to make the gifts will depend on the relative importance to them of IHT saving against ensuring the money is spent wisely.

If IHT is the main concern, then an outright gift is simple and effective. If control of the way the money is spent is the bigger concern, then they might, indeed, consider creating a trust.

Given the sums involved, however, the legal fees for creating the trust and annual tax reporting requirements might be considered disproportionate.

Do I have to top up my state pension?

Q I have checked my pension entitlement at my retirement age of 66, in just under two years' time. The record states that I have 46 years of contributions, but that there are two years of incomplete

payments against which I can make voluntary contributions to enhance my final pension payment.

The two years are 2017/2018 and 2018/2019 and the amounts are £91.80 and £761.80 respectively. These amounts may increase after April 2021, but I have until 2024/5 to pay them.

I took early retirement because of ill health in March 2017 and live off my local authority work pension and a private pension fund. I thought that once you were no longer employed you did not have to pay national insurance contributions (NICs) so do I need to pay these amounts?

DC/via email

MICHELLE CRACKNELL
of PensionBee

You are correct that you do not have to pay NICs once you have stopped working.

In your case, you were part of a local authority pension fund. When your state pension is calculated, there will be a contracted-out deduction because of the period that you and your local authority were contracted out of the old second-tier pension.

You have done the right thing by asking for a state pension forecast. If this statement has two numbers – an amount so far and a potential amount – then you can top up your state pension by paying Class 3 (voluntary) NICs in order to build up more state pension. Each additional qualifying year that you add by paying voluntary NICs will add 1/35th of the full rate of the new state pension.

The cost of Class 3 voluntary contributions in 2020-2021 is £15.30 a week (£795.60 for the year). If you are paying voluntary contributions for the tax years 2018-2019 and 2019-2020, you will pay the original rates for those years, which were £14.65 and £15.00 a week respectively. For all other years (such as 2017-2018), you will pay the current rate of £15.30 per week.

From the top up amounts that you have been provided, it looks like one year is almost complete, so it would be beneficial to top up this year.

Topping up your state pension can be good value for money, but you have to take into account your health, especially if this will impact your life expectancy and also the access to capital versus the guaranteed income from the state pension. mw

Should I ditch my Isa for a fixed-rate bond?

Q I have a large Cash Isa that is due to mature from a one-year fixed-rate bond at 1.75% interest. The Isa provider has offered to reinvest my money in another one-year fixed-rate bond at just 0.9% interest.

Am I better off losing the tax-free status of an Isa to earn more in another fixed-rate bond?

MH/via email

ANNA BOWES
Founder and director at Savings Champion

A Cash Isa used to be the obvious first choice for all savers, as the interest earned is tax free – always. But much has happened over the years that has impacted the popularity of this stalwart of the savings market, in particular the introduction of the Personal Savings Allowance (PSA) in April 2016.

When the PSA was introduced, the Government announced that basic rate taxpayers can now earn up to £1,000 a year in savings interest, tax-free, and higher rate taxpayers can earn up to £500 a year. Additional-rate taxpayers do not have a PSA.

The introduction of the PSA had a dramatic impact, reducing both the best buy rates and the popularity of Cash Isas. This means that for many savers who are not paying tax on their savings – as the interest they are earning is within their PSA – there is little incentive to open or retain a Cash Isa. It's now much more difficult for savers to decide whether to bother with a Cash Isa.

But it is important not to dismiss them out of hand. If circumstances change – for example, if interest rates rise, which means that your PSA is used more quickly, or pay rises move you up into a different tax bracket, you could end up paying more tax on your savings.

At the time of writing, the best one-year fixed-rate bond is paying 1.1%. After basic rate tax, that is 0.88%, so less than the 0.9% tax free that you have been offered.

Unfortunately, all rates are continuing to drop heavily, so it might be worth taking a bit of time out before making a big decision to ditch years of Isa allowances that will be lost for good if you cash them in now.

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Pets are for life, not just for lockdown

Demand for cats and dogs has soared during the past few months and is likely to continue as people see the benefit these companions bring. But being a responsible pet owner comes at a cost – here, we do the sums

BY EMMA LUNN

Animal charities have reported a steep increase in the adoption and sale of pets during lockdown as people seek a canine or feline companion.

The Kennel Club says waiting lists for puppies are full and prices are double what they were before the coronavirus outbreak.

But animal experts are warning that many potential owners underestimate the cost of pet ownership as well as how much care pets need.

Chris Sherwood, chief executive of the RSPCA, says: "If anyone is thinking of taking on a pet at this time, then we would urge them to ensure they will be able to take care of them once we all return to our normal routines, and to consider taking on a rescue [pet]. We are still rescuing animals so we have more than 4,800 animals in our care who will be looking for loving new homes."

Pick a rehomed dog or cat

Rehoming a pet is not only a great way to give a dog or cat a loving home – it is also a lot cheaper than buying from a breeder. Rehomed dogs typically cost between £150 and £200, while cats usually cost less than £100.

The fee covers the care given by the rehoming centre and will normally include vaccinations, neutering, worming, flea treatments, vet checks, and microchipping (a legal requirement for dogs).

Well-known rehoming centres include Blue Cross and Battersea, for both dogs and cats; the Dog's Trust for dogs; and the Cats Protection League for cats.

There are many local ones too. Don't assume all rehomed

"It's amazing — but very hard work"

Lyndsay Meikle, 28, is a nurse and lives in South Lanarkshire, Scotland with her husband. The couple own Cassie, a tortoiseshell cat; Lemmy, a three-year-old black Labrador; and Luna, a German Shepherd puppy.

Cassie was a rescue cat and has been "pretty cheap" to look after, says Lyndsay. Insurance is £10 a month and food about £20. Vaccinations are about £50 a year.

The dogs are more expensive , she says, with monthly costs coming to about £155. Lemmy's insurance is £30 a month and Luna's is £25.

Food for both dogs costs about £30 each month and they share £10 worth of treats and toys.

Lemmy and Luna each have a £15-a-month pet plan with the vet, which covers worming, flea treatment, nail clipping, six-monthly nurse checks, and a yearly check by a vet.

Lyndsay says: "Having a puppy is amazing but very hard work. The initial spend to make sure we had all that we needed for them was around £200 each for a bed, cage, food, collar, lead, toys and toilet training pads.

"Lemmy has had a few health issues that were unforeseen and have cost us roughly £100 each time at the vet's (on four occasions). They have always just been over the amount of excess we would need to pay to claim our insurance, so we have never claimed. We have had no unforeseen costs with Luna yet, and she is one now."

From top: Lyndsay Meikle with Lemmy; Cassie; and Luna

pets have behavioural issues — many are rehomed for other reasons, such as a change of circumstance for the owners.

Breeders

If you're keen on a particular breed or pedigree, you will need to find a reputable breeder. Popular dog breeds such as English Bulldogs, Chow Chows and Pomeranians will cost £2,000 upwards, with hybrids such as a Cockapoo or Labradoodle costing £1,000 to £1,200.

The cheapest dogs, typically costing under £700, included Spaniels, Border Collies and Jack Russells.

It's worth understanding that an animal's price often reflects the popularity – not quality – of the breeding stock. Buying a pedigree will enable you to trace your dog's ancestry but it will not guarantee you a healthy, well-behaved pet.

Breeders should be able to provide you with full information on care, diet and pedigree – plus a Kennel Club Registration Certificate if you are buying a dog.

Cats are generally cheaper to buy than dogs with a moggy or British Shorthair kitten from a breeder normally costing £50 to £150. A Russian Blue, Maine Coon or Norwegian Forest cat will set you back more than £1,000.

Ongoing costs

The People's Dispensary for Sick Animals (PDSA) carries out regular research into how much dogs and cats cost their owners over their lifetime.

Some dogs cost their owners as much as £30,000 in total, depending on their size, breed and how long they live. Even a small dog could cost you more than £4,500 over its lifetime.

When you first get a dog, you will need to escape-proof your home and garden, buy beds, crates, toys, leads, collars, equipment, food… the list goes on. The PDSA says that set-up costs could amount to up to £425 for large breeds.

But the costs do not stop there – you will be forking out every month too. According to the PDSA, ongoing maintenance costs for a small dog will cost you about £50 a month, a medium-size dog £65, and a large dog at least £80 a month.

"Ongoing maintenance costs include annual health checks and vaccination boosters, regular parasite prevention, equipment and supplies, food, treats, grooming, boarding, dog sitters or doggy day care," says Sean McCormack, head vet at dog-food firm Tails.

"It depends on your lifestyle and how much wraparound care you need, but the costs add up to hundreds and hundreds of pounds annually."

PDSA figures suggest that cats can be cheaper to care for than dogs, but even a cat is likely to cost at least £12,000 over his or her lifetime. Cat set-up costs tend to be about £250, with ongoing costs averaging about £70 a month. However, if your cat has expensive tastes or needs a prescription diet, you may end up paying more.

Pet insurance

There is no NHS for animals and vet bills can be astronomical – so pet insurance is a solid investment. However, it is notoriously complicated, pre-existing conditions are rarely

covered, and it can be hard to find cover for older animals.

Lee Griffin, founder and chief executive of GoCompare, says: "Spending a little more, rather than simply choosing the cheapest policy, may offer better value for money – but remember to check the policy excess, as you may have a nasty shock when you come to make a claim."

As the name suggests, 'accident-only' policies only cover accidents, not illnesses or other conditions. 'Time-limited' policies have a monetary cap for each condition and also impose a time limit per condition – usually 12 months.

'Maximum benefit' policies are more expensive but will cover a condition up to a set limit (for example, £5,000). This means you can claim for the same condition over several years, provided you do not exceed the claim limit.

'Lifetime' policies offer the most comprehensive cover but do cost more. You will have a cover limit that renews every year, with no time limit per condition. mw

How to avoid puppy farms

Lucy's Law came into effect on 6 April 2020 and aims to shut down so-called puppy or kitten farming. Animals bought by these mass breeders are more likely to suffer from common, preventable, infectious diseases, as well as painful or long-term inherited conditions or behavioural issues.

Lucy's Law means puppies and kittens can no longer be sold in England by a third-party seller – such as a pet shop or commercial dealer – unless they have bred the animal themselves.

But whether it's in England or elsewhere in the UK, spotting a puppy or kitten farm is not always easy. Experts suggest looking out for anyone offering litters from more than one breed and Googling phone numbers to see if they appear on multiple adverts.

Lynne James, a PDSA vet, says: "It's essential that anyone wanting a puppy sees them with their mother and littermates in the home where they were bred, and more than once before purchasing.

"Buyers need to see the conditions that the pups were raised in and understand what early experiences (socialisation) and healthcare they have had. If you can't see the puppy or kitten at home with their mother, then you shouldn't buy them."

"I've spent £200 a month on my West Highland Terrier"

Nicole Renehan, 41, is a PhD student from Blackpool and owner of a 10-year-old West Highland Terrier called Lady Cleopatra (Cleo). Cleo's monthly costs add up to more than £200 – with various medications on top.

Pet insurance alone is £780 a year (£65 a month). The premium is likely to increase and does not cover everything.

Nicole did not buy lifetime pet insurance initially so she now has a policy split into two parts: the older part of Cleo's pet insurance policy covers existing conditions, and the other covers any new conditions.

Nicole says: "West Highland Terriers are well known for skin problems, so the more people know that, the better – anyone not willing to pay out the money should steer clear.

"Cleo's skin allergies are covered under the old part of the pet insurance policy. This means that she has up to £8,000 for the life of that condition. More than half of that has been used, which has been on skin testing and desensitisation vaccinations that she has every four weeks – these cost more than £300 every 10 months. I now pay 20% towards all her treatment for this."

Nicole Renehan and Cleo

Nicole also pays for anti-fungal drug Sporanox (£240 a year), flea treatments (£7 a month), and vitamins (£5 every three months). Last year she also paid for a test for pancreatitis (£180) and two courses of antibiotics (£30 each time).

If Nicole needs to hire a dog walker it costs £8.50 per walk and £20 for overnight stays. Grooming – every six weeks – is £40 each time.

FURTHER INFORMATION

Battersea Dogs & Cats Home
Battersea.org.uk

Blue Cross
Bluecross.org.uk

Dogs Trust
Dogtrust.org.uk

PDSA
Pdsa.org.uk

EMMA LUNN writes for publications including *The Guardian*, *The TImes* and *The Telegraph*

POSTCODE LOTTERY OF BUSINESS SUPPORT GRANTS REVEALED

In an exclusive report, *Moneywise* investigates the regional winners and losers of the coronavirus £10,000 small business grant fund

BY LILY CANTER & ETHAN DAVIES

Thousands of small businesses face waits of 21 working days to get their hands on cash lifelines while others get theirs in just 24 hours, an exclusive *Moneywise* investigation reveals.

Small business grants were launched just days before lockdown to support struggling firms. For some, the cash could be the difference between collapse and staying afloat.

For some, the cash is the difference between collapse and staying afloat

But our investigation reveals that a business's chances of receiving a grant and the length of time that they wait for it varies wildly depending on where they are in the country.

An impressive 20% of councils paid the grant within one day of receiving a valid application, including Lancaster City Council and Rushmoor Borough Council, but the bulk of payments took longer: 73% were paid within two to 10 days, and a further 7% took between 13 and 21 working days to pay out.

Birmingham City Council was by far the slowest authority, only processing 5% of claims in the first month.

A spokesperson for the council said that this was due to only holding bank details of 5% of eligible businesses.

By mid-June the council had paid 84% of projected eligible claims including the retail, hospitality and leisure grants – some £18.8 million.

The FOI data also reveals that the West Midlands was the slowest region to pay out, taking 10 working days, followed by the North West and London on seven days respectively, while East Anglia was the quickest, taking an average of just two days.

What are the grants?

On 17 March, Chancellor Rishi Sunak announced an unprecedented rescue package for the UK's small businesses,

just days before the country went into lockdown. The Government pledged £20 billion of business rate support and grant funding to help firms manage their cashflow through the coronavirus pandemic.

The state aid included a business rate holiday and a £25,000 grant for retail, hospitality and leisure companies in England, as well as increasing the small business rate relief grant from £3,000 to £10,000.

Sunak promised to do "whatever it takes"

The Small Business Grant Fund was available to all eligible businesses in England in receipt of small business rates relief or rural rates relief.

The Chancellor promised to do "whatever it takes" to protect businesses from the effects of the global economic emergency brought on by the Covid-19 pandemic. The interventions, he said, would help firms to continue operating through these "unprecedented times".

Despite these promises, by 1 April one in five small businesses was on the brink of collapse, according to research by the Corporate Finance Network.

Company directors found themselves struggling to secure

"IT'S BEEN HIT AND MISS DEPENDING WHERE YOU ARE"

Carol Shaw, who runs Debt Relief Solutions, was left confused by how to apply for a grant from Birmingham City Council.

When she heard about the Government scheme she visited the council website.

"It said 'don't contact us, if you are eligible, we will contact you'. So I thought I did not need to do anything," she explains.

But a couple of weeks later, she had not heard anything and was starting to worry because colleagues in other parts of the country had already received their funds.

"Colleagues in Swindon told me they got the grant the next day and then a local business told me I had to apply for the grant on the website and I realised I needed to be more proactive," Carol adds.

"At first I couldn't find the link to the online application form – it was hidden somewhere obscure."

Eventually she found the link and applied for the funding.

In the meantime the company stopped paying outstanding invoices and Carol took a mortgage holiday and furloughed her administrator.

"We needed to keep our heads above water but we weren't sure we were going to get the money.

"If we had some acknowledgement we had been accepted, even if we didn't receive the money for a few weeks, it would have taken the pressure off. It was a bit scary," she says.

Eventually the grant arrived in the business account at the end of April, but Carol is still disappointed that her local council was slow to pay out.

"It just seemed to be so hit and miss depending on where you live in the country. It could be down to volume of businesses in Birmingham but also to them not getting their finger out."

Birmingham City Council say businesses were notified "via the web" from 2 April.

A spokesperson adds: "All of these remaining businesses have been contacted directly by SMS, where we hold a telephone number, email and post with a further mailshot on 9 June and again when the businesses started to reopen."

"WE WERE LEFT IN LIMBO"

Life coach Lee Chambers took out an "unnecessary" Bounce Back Loan after his Government grant was delayed to a technical error.

Lee applied for the £10,000 grant in mid April after he received a notification from Preston City Council.

"On the final screen of the online application it said 'you have applied, please don't email to chase up as we are working our way through these, give us time to process it'. So I thought it had been submitted," he explains.

After a month Lee had not heard anything from the council and started to notice that other local businesses had received their funds.

He emailed the council and says he got a response saying they would look into it but that they could not respond quickly.

In the meantime he applied for a £7,000 Bounce Back Loan for his business Essentialise, mistakenly thinking he might not be eligible for the Government grant.

Eventually Lee spoke to a business owner with a contact at the council.

"She gave me the email of someone who worked in the business rate department. I contacted him and he replied, saying I was on the system and that my application hadn't gone through. He said he would send it to accounts – and three days later the money was in my account."

The impact of the delay meant Lee Chambers could not start trading online straightaway.

"We were left in limbo and we were waiting to invest in new things, which we had to postpone. I thought maybe there was an issue with the grant because it was taking so long. In hindsight we probably didn't need the Bounce Back Loan."

Preston City Council was contacted for comment but did not respond.

emergency cash from the Government or banks, and the business select committee warned many firms would go under if the money did not get "out the door to support businesses before it's too late".

The Local Government Association claims councils worked rapidly to contact eligible businesses and distribute the cash as quickly as possible, in many cases setting up dedicated teams and redeploying staff to process applications.

By April 13 more than 80% of eligible businesses under Telford and Wrekin Council had received grant payments totalling more than £14 million. Meanwhile Oxford City Council was distributing £1 million a day in business support.

However, while some councils acted swiftly within days, others, such as Birmingham City Council, found themselves with an almost unfathomable task.

This led to some payments being delayed by more than a month, causing businesses great financial hardship.

The investigation

Realising there were huge discrepancies in how quickly councils were paying out the small business grants, *Moneywise* conducted a freedom of information (FOI) request to 328 councils in England.

The request asked how local authorities contacted eligible businesses, the turnaround time of payments, how many businesses applied, how many applications were rejected and how many were paid by 17 April – one month after the initial announcement.

Almost 50% of councils responded with full answers and a further 20% acknowledged the request but were unable to respond within the usual 20 days owing to coronavirus-related pressures.

Regional variations

The results highlighted stark differences across the country, with payment turnaround time varying greatly – from 24 hours to 21 working days – and councils using a range of methods to contact businesses including letters, emails, phone calls, social media, local press, and in some cases automatic payments.

Some of the discrepancies were due to the size of the authorities, and the number of claims they had to manage, but in some cases councils were slow to start the process.

East Riding of Yorkshire Council was quick off the mark, sending out letters to eligible businesses on 18 March – the day after the government announcement.

But North Devon District Council did not send out emails and letters to businesses until 9 April, almost three weeks later.

Some councils appeared to be more vigilant at rejecting claims with the London Borough Council

of Lambeth initially declining 24% of applications compared to zero at Arun District Council. This was owing to applications requiring further investigation to check that the information given was correct and to avoid duplicate submissions.

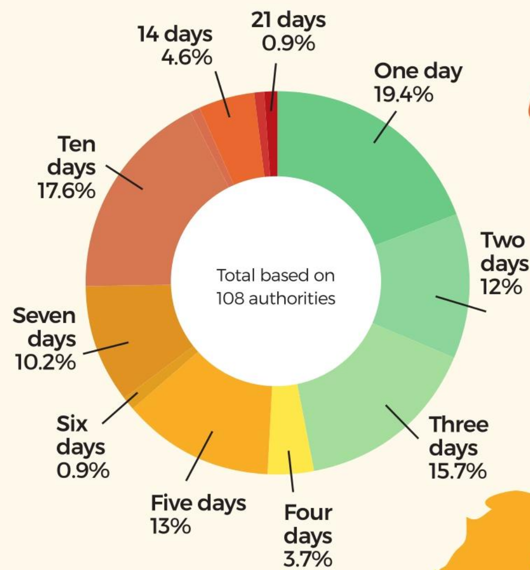
In some areas councils only received a small percentage of eligible claims in the first four weeks despite contacting businesses inviting them to submit an application.

In the 3C Shared Services, which covers Cambridge City Council, Huntingdonshire District Council and South Cambridgeshire District Council, only 22% of eligible claims had been made by 17 April, despite businesses being notified at the beginning of the month. Yet in nearby Boston Borough Council, 76% of eligible businesses had claimed.

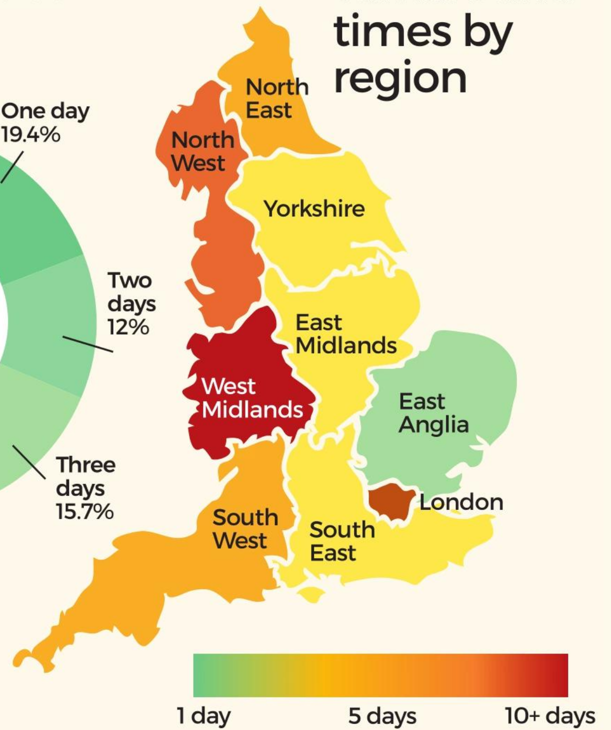
The results highlight the postcode lottery that businesses have faced across the country owing to the size and efficiency of local authorities.

Small business grants

Turnaround times (upper limit) by local authorities



Average turnaround times by region



Source: Moneywise, July 2020

"THE COUNCIL WAS EASIER TO DEAL WITH THAN THE BANK"

Salon owner Dennie Smith was "on the verge of a nervous breakdown" when the Government grant came through.

"Without the £10,000 I would have been really ill, it has been so stressful. It was an absolute godsend and it 100% enabled me to pay the rent," she says.

As the country went into lockdown Dennie furloughed six staff and stopped using four self-employed hairdressers who rented chairs in her Vintage 62 salon.

On the advice of her accountant she waited for Croydon Council to contact her via email with details on how to apply for the Small Business Grant.

The process was "straightforward", she says, and the money was paid within a week of her application being verified.

The council even called her to check the application.

"I had got some information wrong on the form and they rang me up to rectify it. I thought they were good, and I was chuffed that they phoned me. They were much better to deal with than the bank. They were unbearable. I had to keep tweeting at them to get anywhere and I had to apply twice for a Bounce Back Loan, it took weeks and weeks."

During lockdown Dennie managed to pool enough money via the £10,000 Small Business Grant, a £20,000 Bounce Back Loan and a £10,000 inheritance from her mother-in-law who died from Covid-19.

But she is still anxious about the future.

"We sold our home to buy the shop and we are renting at the moment. We have no relief so that is £2,000 a month in rent. I worry about money all the time and I'm not sleeping at all.

"We opened on 4 July but some customers have said that they are not ready to come back.

"It took five years to build it up into a really busy salon and then bang, overnight it was gone."

Local Government expert Tor Clark, who is an associate professor at the University of Leicester, says the findings reflect the different sizes and organisational set-ups of councils and their preparedness for the crisis.

"I think there is an assumption among the general public that all councils are the same and work in the same way.

"But while all councils have the same statutory responsibilities, how they are run is always an entirely local decision. Different councils have vastly differing scales – Birmingham City Council covers hundreds of thousands of people, but other councils will just cover tens of thousands.

"These differences of scale, organisation and culture mean it is unlikely there can ever be a uniform response to any central government initiative when it is delivered by hundreds of councils working in different ways across the country." mw

> "How councils are run is always an entirely local decision"

LILY CANTER writes for publications including *Metro*, *The Sun* and *loveMONEY*. **ETHAN DAVIES** is a News Associates journalism trainee and a freelance journalist at *Warrington Guardian*.

GET A UNIVERSITY EDUCATION... FOR FREE

Would you like to boost your career prospects or do you just fancy learning a new skill? All you need is a laptop or tablet and you can sign up to a college course that won't cost you a penny

BY SUE HAYWARD

A degree can set you back more than £9,000 a year in tuition fees alone. But it is possible to get a taste of university education completely free.

Sound too good to be true? Possibly. While there are no free degrees, it is possible to get some university-level courses for no money at all.

These short courses, typically lasting around a month, can provide an insight into a possible new career path and be educational in their own right. While they give you no formal qualifications, you can get a certificate on completion.

During the lockdown period FutureLearn, which offers free short courses from 175 universities across the world, saw a 350% increase in UK users alone. It says most of these wanted to learn new skills or boost their CV.

With free university courses, all you need is a laptop or tablet. If you want to switch courses halfway through, there is no financial loss.

WHO OFFERS FREE COURSES?

OpenLearn

The Open University (OU), based in Milton Keynes, specialises in distance learning. But as well as paid courses its free learning platform, OpenLearn, offers nearly 1,000 free courses.

Topic areas range from money and business to education and development, politics and law to science, maths and technology. Search the site and when you find a course you like, just create a free online account to get started.

Many courses are based on

existing OU modules and include a mix of videos and reading material. You can choose from three levels: introductory, intermediate or advanced, and expected study time is flagged up too.

So, for example, Step up to Leadership is a four-hour introductory course, while Beginners' Chinese takes around six hours of study.

MoneySavingExpert.com has recently joined forces with the OU to offer MSE's Academy of Money course. Including videos from Martin Lewis, this comprises six two-hour sessions covering all aspects of personal finance, from budgeting and borrowing to mortgages, saving, investing and retirement.

There are no fixed start and end times for these free modules, so you can dip in and work at your own pace. At the end of the course, you will receive an OU digital badge. While the OU say its free courses do not carry any formal credit towards a qualification, they

do offer a 'statement of participation' certificate when you finish a course.

FutureLearn

Here, you will find free online courses from universities across the world, as well as full paid-for degree courses. Universities include Kings College London, the University of Michigan in the US and Monash University in Melbourne, Australia.

Subjects cover everything from IT and marketing to law and psychology. Free courses typically last up to four weeks, with around three hours' study each week.

Popular courses include Introduction to GDPR – a four-week course with an estimated three hours' worth of study a week.

FutureLearn courses do have set start dates. However, you can join a course once it has started and get free access for the duration, plus another 14 days' extension.

edX

edX offer free courses from top-name universities across the world, including Harvard, Berkeley and the Massachusetts Institute of Technology in the US.

Topics include Writing for Social Media at Berkeley; which is a four-week course, or Becoming An Entrepreneur with MIT – a six-week course with three hours' weekly study.

WHAT TO WATCH OUT FOR

There are many free online courses offered by different organisations and institutions – not just universities – and they work in different ways.

Always check if it is a whole course you are getting for free or just an introductory trial.

Always check if you're getting a whole course or just a trial

With the Shaw Academy, an online education site, you need to provide payment details before taking the four-week trial. Ongoing payments are £49.99 a month, so unless you are committed, a trial can be costly if you forget to cancel.

With free courses, study time is there as a guide, so you may find some sections of the course take you longer than others.

But if you fall behind one week, or have no spare time, you can make up time the next week.

How much tutor contact or support you get, if any, varies, and in most cases, while course tutors may join in with open forum discussions among students, you will not get one-to-one help or advice.

WHY DO UNIVERSITIES OFFER FREE COURSES?

Free courses are offered to showcase the university or provide

"I USED LINKEDIN TO FLAG UP THAT I HAD TAKEN A COURSE"

Suzanne Brown (pictured above), 44, is chief executive and founder of Alspal (Alspalsmk.co.uk), a cancer buddy charity based in Milton Keynes, Buckinghamshire.

She says: "I had more time on my hands during lockdown and wanted to find some courses that would be relevant to my charity work. I searched online for 'free courses in Milton Keynes' – and up popped the OU's OpenLearn service.

"I didn't know the OU did free courses, so I took a look and signed up for one on Working in the Voluntary Sector. It was a four-week course, though I did it in two, and I got a badge at the end which I've flagged up on LinkedIn.

"Courses were a mix of video content as well as reading material and there is no exam to pass, but there were questions at the end to check that you had done the course before getting your badge. I've since done several other courses, which have all been useful."

FURTHER INFORMATION

edX: Edx.org

FutureLearn: Futurelearn.com

Open Learn: Open.edu/openlearn

"I GOT TIPS AND ADVICE ON TEACHING ONLINE"

Martin Griffiths (pictured above), 43, a primary school teacher from Reading, used FutureLearn to boost his teaching skills.

Martin has taken several courses over the past few months, after a friend introduced him to the site.

"I did a short course teaching English as an additional language, which was from Glasgow University, along with another on how to teach online, which proved really useful during lockdown," he says.

"Each course involved around six hours of learning spread across three weeks, with online forums where you could chat to other students.

"This was really helpful with the teaching online course as lots of people had previously taught online and could share tips and advice."

Tell your boss how your course helped to benefit the business

a taster for learners who may later consider further paid learning. In the OU's case, its free courses are offered as part of its Royal Charter commitment to support the wellbeing of the local community.

Nigel Smith, director of content at FutureLearn, says it aims to "open up opportunities for learners to interact with world-class institutions they might otherwise not have been able to, and our free online courses provide the chance for universities and leading academics to share their research, insights and expertise with individuals across the globe".

WILL YOU PAY FOR AN UPGRADE?

You can usually do as many free courses as you like. However, some sites, such as FutureLearn and edX, offer optional upgrades that do cost money.

FutureLearn's standard upgrade offers unlimited ongoing access to the course along with a 'certificate of achievement'. This costs from around £42 to £99, or for £199 its unlimited option extends any upgrade across all courses.

With edX, while courses are free, once again, you will need to pay more for a certificate. And this may be tempting, especially if it is from a prestigious university such as Harvard or Berkeley. Prices start from around \$69 up to \$199 (£55 to £160) depending on the course.

CAREER BOOSTERS

Can getting a couple of free university courses under your belt open doors in the workplace or will you be doing it for your own benefit?

"It depends how comprehensive the course is, if the organisation offering it is reputable, and what's offered as proof of course completion," says careers advisor Amanda Augustine, from TopCV.co.uk, a CV design service.

Richard Clegg, director of Expion Recruitment, works with small businesses through to FTSE 100 companies. He says in the current climate "anything that can make you stand out positively is a good thing, whether it is a short course or full qualification.

And while the OU will always carry some gravitas, it is ultimately the subject and relevance to your role that's most important".

PAY RISE OR CAREER CHANGE?

Free courses can mean the chance to test the water when it comes to checking out a potential new career path or boosting your skills in your current job.

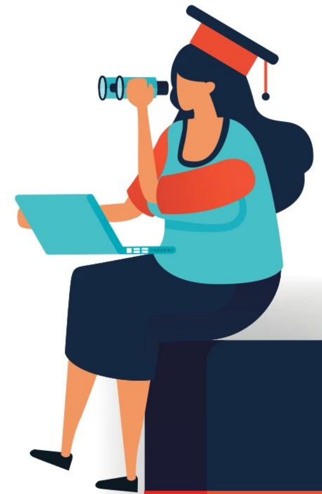
Augustine explains: "If you're looking for a new position in your current field but need new skills you have been unable to acquire on the job, an online course might provide the solution."

If you are thinking of trying to negotiate a pay rise, Clegg says a free course alone cannot help.

"Simply demanding a pay rise because you've done a course isn't enough," he says. "You need to demonstrate how your course has helped you and benefited the business. So consider things like more responsibility, productivity improvements or increased leads, and then pitch for a pay rise." mw

SUE HAYWARD is a writer, author and broadcaster who writes the Money Talk column in *My Weekly*

HELP! MY TEEN NEEDS TO BUDGET FOR UNI LIFE



With many young people cosseted by their parents until they finish school, budgeting can be a steep learning curve for many home-leavers. Here, we guide you – and your offspring – through the financial steps to get a grip on student finances

BY SAMANTHA PARTINGTON

Leaving home to go to university is one of the most exciting experiences a young adult can have, and for many it will be their first taste of independence. By teaching your teen how to manage their money, you can help make their university years memorable for all the right reasons.

"Most students will learn about managing money by trial and error while studying for their degree, including surviving on baked beans at the end of the term – but parents can help them better prepare," says Laura Suter, personal finance analyst at AJ Bell.

Planning a weekly or monthly budget together ahead of term time

Planning a budget together ahead of term is a good place to start

"IT TOOK A WHILE TO BUDGET FOR NIGHTS OUT"

Maria Taylor chose to work for a year as a youth worker before starting her degree in biomedical science at the University of Sussex. She saved enough money to pay her rent for more than two years. Instead of a maintenance loan, Maria, 20, receives part of her late mum's teachers' pension, which she is entitled to until she finishes full-time education.

"For the first couple of months it took me a while to get the hang of budgeting for food and nights out," she says.

"A lot of students spend lots of money very quickly in pubs and clubs – especially if you have contactless payments, which makes it difficult to keep track of what you are spending. I've heard students saying they have spent £200 on a night out."

To avoid this, Maria says she withdraws the money she is happy to spend in cash and leaves her card in her coat pocket in the cloakroom. She also advises students not to feel under pressure to buy an expensive round of drinks.

Preparing your child for Freshers Week is a smart move, because this is likely to be when even the best-laid budgeting plans go out of the window.

is a good place to start, says Suter.

"The first thing is to sit down and work out what they need to pay for and how much money they will have coming in, whether that is from student loans, paid work or help from parents or family.

"If they have no idea what they will need to pay for and when, then they have no hope of setting aside enough money."

TUITION AND MAINTENANCE LOANS

Students can apply for two types of student loan. First, to pay for tuition fees, they can borrow up to £9,250 a year. These fees are currently £9,520 in England; £9,000 in Wales; £0 for UK citizens who live in Scotland and £9,250 for UK students who go there to complete a degree; and £4,160 in Northern Ireland. This part of the loan is paid directly to the university so there is no temptation to spend it on day-to-day budgeting.

Second, students can apply for a maintenance loan for accommodation and living expenses. This is paid in instalments at the start of each term.

The maximum maintenance loan available in 2019/2020 was £8,944, if you lived away from home, or £11,672 in London, where the cost of living is higher. But not all students are eligible for the full amount because part of the loan is means tested, therefore children from higher-income families will receive less.

Students need around £800 a month to live on, according to a national student survey by website Save the Student. Half of that will go immediately on rent. The next demand on their cash is food, coming

in at just over £90 a month, then socialising at £49, and transport, £44.

But you can help your offspring bring these costs down with careful budgeting. Make it clear what money they need to set aside for rent, food, bills and textbooks.

Also help them to list all the bills they are likely to pay, from gas and electricity to broadband, insurance to commuting, and optional TV licences or digital TV services.

BANK ACCOUNTS – FREEBIES VS FINANCIAL OFFERS

Students also need to think about opening a bank account before they start their studies. Banks begin throwing attractive offers at students in the summer to entice them to open an account. These can be include luxury goods, such as headphones, or discounts on shopping. Santander, Nationwide, HSBC, Barclays, Natwest, RBS, Halifax, Lloyds Bank, TSB and The Co-operative Bank all offer student discounts.

Choosing an account for its freebies is tempting, but not a smart move. Look for student accounts with financial offers instead, such as an interest-free overdraft or free railcard – but take care to read the terms and conditions. Some banks want their money back sooner than others and will charge higher rates of interest on the debt.

"MUM PAID MY LOAN IN INSTALMENTS"

Before heading off to study law and criminology at Bristol University, Amelia Seamons drew up a budget with her parents' help.

"I sat down with Mum and Dad to work out how best to use the £4,000 maintenance loan that I had applied for," says Amelia, 20. "It works out at about £1,300 a term, so we split that up into weeks. Instead of giving it all to me, Mum kept each instalment and would then send me £100 a week."

Amelia's parents also agreed to pay her rent, so her largest expenses were travelling and food. She paid for these and other expenses out of her maintenace loan. Unless your maintenance loan is substantial, it won't cover rent and other expenses unless you or your parents top it up.

"Up until I went to university, Mum and Dad would go and do the food shopping and decide what we were having, so I didn't even have to think about it," she says.

"In my first year I wasn't very good at buying food and I lived off pasta and toast. I didn't build up essential store cupboard items for a while, as they are quite expensive."

Above: Amelia Seamons' parents drew up a uni budget for her before she started at Bristol University

> "Tracking your spending can help you stick to a budget"

But stocking up on the essentials and learning to plan meals is a good way to save money in the long run. For example, students spend on average £34 a month on takeaways, which adds up to more than £300 over an academic year.

Through her company Uni Cook and Clean, Fiona Brandhorst runs workshops to teach students important life skills such as cooking, cleaning and budgeting before they go away to study.

"We tell students to plan their meals and do a big grocery shop at the start of the week or month, so that they always have some food when they are hungry and aren't tempted to order in takeaways," she says.

AVOID LOANS AND CREDIT CARDS

Brandhorst says a good money-saving tip is to set up an online supermarket shop, so you can avoid temptation and only buy what you need.

She says that if students find themselves falling short, they should avoid turning to expensive credit such as payday loans and credit cards to plug the gap.

"If you have budgeted properly you should never need to use a credit card.

"Tracking your spending can help you stick to your budget – a tracking app will reveal how much you are spending on coffees and Ubers."

Yolt is a free app that lets you see where you are spending most and has budgeting tools. Free app Money Dashboard, and Moneyhub (99p a month or £9.99 a year), are budgeting apps that let you set spending goals and analyse your purchases.

Students who think they are already spending wisely may want to boost their income by taking a part-time job, says Brandhorst. She recommends working no more than 15 hours work a week to get a good study/life balance.

Earnings of up to £12,500 are tax free. She advises students who

FOUR TIPS FOR A HARMONIOUS HOUSE SHARE

Moving into a shared house can throw up a few tricky money situations.

Adam Bullock, director of money-saving website TopCashback suggests having these money conversations with new housemates to make sure a flatshare runs smoothly. Here are the main questions to ask right from the start:

1 How will rent and bills be paid?

Students may pay rent and bills directly to their landlord. However, if the house has been rented under a single contract, one person is generally nominated to pay the rent and then collect contributions from other housemates.

Utility bills can be managed in the same way. The housemates should set up a standing order to pay their share on time every month.

2 Will the rent be equal?

Unless the landlord has already split the rent across the rooms in the property, students may have to decide this among themselves. If someone has a bigger room, or an en suite, for example, it may be fairer they pay extra.

3 How do you pay for household items?

Whether large or smaller items need to be bought for the house, such as a TV or ironing board, it is a good idea to put money into a pot for these.

When housemates move out, these can be sold. Or they can decide to buy an item each and take it with them when they leave.

4 How will you pay for household essentials?

Sharing the cost of groceries and household essentials such as toilet roll, cleaning products and milk, need not cause arguments if managed properly. Housemates can either all agree to buy their own essentials or make a kitty for everyone to pay in equal amounts and take it in turns to go to the shops with the cash.

currently have a job to give their P45, which has their tax code written on it, to their new employer. This will ensure they are not charged expensive emergency tax.

PITFALLS TO AVOID DURING FRESHERS' WEEK

Spending too much money on a night out is not the only downside of being a fresher. There are lots of other ways that students can wind up out of pocket.

Maria's tip is to not get carried away joining lots of societies and clubs. They can come with expensive membership fees, ranging from £5 to £80, and students may find that after joining they do not have the time to take part anyway. She recommends going along for free before becoming a member.

Buying a 'freshers' band' can cost around £100. They promise free access to clubs and music nights but can be a false economy, warns Maria. The terms and conditions are very strict, and to gain free access you have to go early when the club is empty.

MAKE THE MOST OF STUDENT DISCOUNTS

It is wise, however, to take advantage of all the student discounts on offer.

A 16-25 Railcard costs £30 a year and gives students a third off the cost of their train fare. Free apps, such as Uni Days, can be used to access discounts from major retailers such as ASOS and Apple.

Totem is a student discount card and app, which costs around £15 a year and gives users access to deals on food, streaming services, such as music app Spotify, and other gadgets, for example.

It is also important to make sure your teen knows there is plenty of support on campus to help them.

Most universities run workshops on managing your money, so encourage them to go along.

Student counsellors are on campus to talk through any concerns they have, including money worries. There is also plenty of support from the National Union of Students and the National Association of Student Money Advisers (see box below). mw

SAMANTHA PARTINGTON is a freelance writer who writes for publications such as the *Daily Mail*, *The Times*, and *This is Money*

FURTHER INFORMATION

16-25 RAILCARD:
16-25railcard.co.uk/using-your-railcard/the-benefits/

NATIONAL ASSOCIATION OF STUDENT MONEY ADVISERS:
Nasma.org.uk

NATIONAL UNION OF STUDENTS:
Nus.org.uk

STUDENT FINANCE:
Gov.uk/student-finance

UNI COOK AND CLEAN:
Unicookandclean.co.uk

UNIDAYS:
Myunidays.com/GB/en-GB

The great British staycation: 10 TIPS FOR UK HOLIDAYS ON A BUDGET

The way we go on holiday has changed significantly because of the coronavirus. But if you're staying in the UK you can still have a great time without spending a fortune

BY REBECCA GOODMAN

From wild camping, working holidays, and empty university halls, to cashing in on loyalty points, we list the top 10 ways to cut the cost of your next family staycation.

1 STAY IN UNIVERSITY HALLS WHEN STUDENTS ARE AWAY

Lots of universities rent out empty dorm rooms for knock-down prices out of term time and they are often in city centre locations. Most rooms have en-suite bathrooms and you can choose singles or

doubles. The website University Rooms (universityrooms.com/en-GB/) lists available places.

We found a four-night stay in Oxford for two adults and two children for £400, a stay in York for £110, and a £120 stay in Leeds in August.

Above: Claire Hall enjoys going on country walks with her family

2 KIDS' CLUBS DO NOT HAVE TO BREAK THE BANK

There is a huge range of kids' clubs and activities available, from summer camps for school-age kids to toddler groups for younger ones.

Working parents may rely on them for childcare but a themed camp (such as football, arts and crafts or theatre skills) could provide all parents with some respite and give the kids a welcome change of scene.

Most local councils will provide free (or very cheap) activities to keep your little ones entertained.

Libraries also have a range of free classes including story time and group activities; garden centres often have free activities – while your local authority should also have a list of everything available in the summer holidays.

3 CHEAP AND FREE DAYS OUT

There is a wealth of countryside to explore with free walking trails listed on Walking Britain (walkingbritain.co.uk).

Claire Hall, 40, founder of the UK travel blog Tinboxtraveller (tinboxtraveller.co.uk), says her

favourite days out with her husband Allan, 38, and kids Mary, 7, and Drew, 5, are country walks.

"You can download wildlife spotter sheets for free from The Wildlife Trusts and National Trust websites," she says When it comes to more costly days out, Claire says they keep costs down by scouring discount sites for cheaper tickets and packing their own food.

"One of the biggest expenses of visiting family attractions, beyond parking and entrance fees, is food, which can easily cost £10 a head or more.

"Save money by bringing a packed lunch including a flask of tea or coffee and refillable bottles of water."

4 WORK FOR YOUR ACCOMMODATION AND MEAL COSTS

While it may be more common to do this overseas, there are lots of opportunities in the UK for free holidays in return for a bit of work. The website Workway (workaway.info) lists current vacancies, including a family farm in Snowdonia where you will be required to help with tasks such as walking the dog, cooking and cleaning, in return for free bed and breakfast.

There is also the chance to stay in the Cowal Peninsula of Scotland helping a young couple restore a derelict building, and a home in the north coast of Northern Ireland where you can stay in exchange for helping with gardening, cooking and general DIY jobs.

5 ACTIVITY KITS AND ONLINE RESOURCES

Since the outbreak of the virus there has been a boom in free (or cheap) online resources to keep children entertained at home.

Lots of organisations have access to free online portals with workshops and activities, including universities such as University College London and museums including The Natural History Museum.

There is also a huge selection of activity boxes you can order. Treasure Trails (treasuretrails.co.uk), for example, has 1,200 trails across the UK, which are downloadable (for £9.99) and encourage families to explore their local neighbourhood with themed challenges.

There is also Toucan Box (toucanbox.com) where you choose activity packs from arts and crafts to puzzles and quizzes for children, starting at £9.95 per box.

If your kids are Lego fans, you can sign up to the free *Lego Life Magazine* (lego.com/en-gb/life/magazine) for children aged five to nine, which is packed with games, puzzles and posters.

> "Join a group and get reduced nightly fees at their campsites"

6 CAMPING FOR A WEEK CAN COST THE SAME AS ONE NIGHT IN A HOLIDAY COTTAGE

Self-catering holidays can appear to be a budget option as you are preparing your own meals, but as Claire Hall says, the costs can add up. Instead she prefers family camping holidays, which she says can cost the same for a week as you would pay for a night in a holiday cottage.

"There are thousands of campsites in the most extraordinary locations around the UK, and if you join a group like the Camping and Caravanning Club, you can get reduced nightly site fees at their campsites," she explains.

"There are also pre-season sales for larger holiday parks, like Parkdean Holidays and Haven, which have lots of inclusive facilities and activities onsite."

For the adventurous types, there is also wild camping. This is a great way to explore remote areas of the country without paying campsite fees. It's only allowed in Scotland,

and the Visit Scotland website lists the rules so it's worth checking it out if you are considering this.

7 SWAP YOUR HOUSE WITH ANOTHER FAMILY

Instead of shelling out for a hotel or a self-catering cottage, a home swap is a great way to go on holiday without paying any accommodation costs.

There are lots of websites, including Lovehomeswap.co.uk and Homeexchange.com, which list available properties.

You don't always have to swap at the same time as another household (see box, right), and the rules of the stay will need to be read and agreed to before it takes place.

These websites won't provide protection if something goes wrong, such as a house guest breaking something. So it's worth letting your home insurer know first so that it can tell you what you are covered for and if the stay is allowed within the terms and conditions of your policy.

8 CASH IN ON LOYALTY PROGRAMMES

If you are a Tesco Clubcard holder, you can redeem your points for a host of attractions including days out, travel, and accommodation.

Some newspapers, including *The Sun* and the *Daily Mail*, often run cheap holiday vouchers, which are usually valid by collecting tokens and booking UK holiday park breaks, while most hotel chains have loyalty programmes that offer discounts and early access to sales.

Websites such as HotUKdeals (hotukdeals.com) and cashback sites including TopCashback (topcashback.co.uk) can also cut costs: at the time of going to press, for example, there is up to 10% cashback on anything booked at Expedia.

9 SET UP CAMP IN YOUR GARDEN

During lockdown families across the country were dusting off their tents and stoves and heading out into the garden for this fun – and free – activity for children of all ages.

There are lots of ideas online for how to camp safely and a huge range of activities for all the family. For example, older children may enjoy the freedom of having an outdoor space to spend time in and helping out with food prep, while younger kids could be challenged with a scavenger hunt around the garden.

10 YOU MAY STILL NEED TRAVEL INSURANCE

As we have the NHS, there is less need to buy travel insurance when holidaying at home. Yet insurance can be helpful in some circumstances, such as if the holiday company you booked with goes bust. Do check the small print, as some insurers stipulate you need to be away for a certain number of days to use their policies.

Brian Brown, spokesperson for Defaqto, adds: "In the current climate it should be remembered that no insurer will cover you for claims arising from Covid-19.

"If you have booked a cottage, say, and the day before you travel one of your party is diagnosed with Covid-19, the insurers won't pay any cancellation claim.

"Similarly, if you are advised to self-isolate owing to symptoms (for which you have no formal diagnosis), you are very likely to not be covered." mw

Alice Deanie and her family enjoyed a rent-free holiday in Bradford

"WE HAD A FREE HOLIDAY IN A BEAUTIFUL FAMILY HOME"

Alice Deanie, 34, had a free holiday last year with her husband and four children via a house swap. Alice and her husband, David, 35, who together launched Around The Box, a family activity box for all ages, says that the trip saved them around £500 for the five-night stay last August.

"Last July we wanted to get away but as it was the summer holidays and we were on a budget it seemed unlikely," she says.

"My mum then suggested a Facebook house swap and I put up a post saying we were looking for a swap, and someone got in touch to say that they were going on holiday on the dates we needed.

"We weren't overly bothered about where we went, just as long as it wasn't too far from our home in Manchester. A week later we headed to Bradford, which we had never thought about visiting.

"We turned up to find a beautiful family home with toys laid out. We had an absolutely wonderful time visiting an ice cream parlour, the National Science and Media Museum, a canal boat trip, play parks and swimming.

"Even though we didn't swap our house, we saved a fortune when compared with the cost of renting somewhere for a week."

TURBOBOOST YOUR CHILD'S SAVINGS – BY DITCHING CASH

Saving for your child's future is sensible and meaningful, and a growing number of parents are doing just that. But which are the best deals and most efficient accounts for growing your money over the long term?

BY SAM BARKER

Rising numbers of parents are setting up savings plans to support their children's future.

But while any form of saving is valuable, hundreds of thousands of parents could be missing a trick. That is because you have a better chance of growing your money over the long term in some types of account than others.

Junior Isas – or Jisas – are a great way of saving for under-18s. Much like the adult version – the Isa – all returns and interest are completely tax-free.

However, there are two types of Jisa, and they are not created equal when it comes to returns.

Cash Jisas pay interest and many offer rates considerably higher than the adult version.

The majority of Jisas paid into are cash Jisas. They made up as much as 57% of all Jisas that were paid

WHAT ARE JISAS?

These are tax-free savings deals for children up to the age of 18. They can be opened by the parents or guardians of under-18s, and then anyone can pay into them.

Jisas became more attractive following this year's Spring Budget, when the upper amount parents can save into one rose from £4,368 to £9,000 for a tax year.

Children can open their own Jisa from the age of 16, although they can only apply for a cash one.

When the Jisa owner reaches 18 they can either close the deal or convert it to an adult Isa and keep saving.

No more than £20,000 can be put into a Jisa in any tax year.

They are growing in popularity. In the 2019/20 tax year 954,000 were opened, up from 907,000 the year before and 794,000 the year before that.

In fact, Jisas are currently so popular that parents and grandparents are more likely to put cash into a Jisa than they are into their own Isas, according to research from interactive investor (ii), *Moneywise*'s parent company.

into in the past tax year. Cash Jisas appeal because they are safe and straightforward – and admittedly do pay a pretty decent rate. The top deal, from National Savings & Investments, pays 3.25% a year.

However, Stocks and Shares Isa returns can far outstrip this.

If you put the same amount of money into a Cash Jisa and a Stocks and Shares Jisa, over time the value of the Stocks and Shares Jisa is likely to be considerably higher.

Sarah Coles, personal finance analyst at Hargreaves Lansdown, says: "Parents can struggle with the idea of taking a risk with money they are setting aside for a child. They spend their lives trying to keep their children safe, so they naturally gravitate toward the Jisa holdings that feel safer – which overwhelmingly means cash.

"Unfortunately that means missing out on the potential growth available from the stock market."

Parents who pick the Stocks and Shares Jisa route should be prepared for at least occasional losses, but should see the size of their pot soar in the long term.

And the long term is what Jisas are all about. These deals can last for nearly two decades, as they can be opened as soon as a child is born and cannot be accessed until he or she reaches their 18th birthday.

That makes them some of the longest-term financial deals, so there is plenty of time for them to accrue a very decent level of return by the time they mature.

Those lucky enough to be able to invest the maximum of £9,000 a year per child, or £162,000 in total, would see their pot increase to £217,051 after 18 years, assuming a 3% return every year.

The Jisa would be worth £265,851 if it could achieve 5% returns over the period. However, a downside of Stocks and Shares Jisas are annual fees.

So what should parents and guardians look to put into a Jisa to help get the best returns?

The most popular choice for non-cash Jisas is the Fundsmith Equity Fund, according to *Moneywise*'s parent, company interactive investor.

That made returns of 9.21% in the year to 30 June 2020 – and even that impressive result is below average for the fund.

Investors would have made 18.48% in the same period the year before, and 15.18% the year before that. The annual charge is 0.95%.

To keep annual costs down, consider picking funds with low charges.

> "Parents can struggle with taking a risk with savings for a child"

Laura Suter, personal finance analyst at AJ Bell, says a global passive fund is a good pick to form the basis of a Jisa portfolio.

These funds track the performance of stock markets with little need for human involvement, which means their management costs are low.

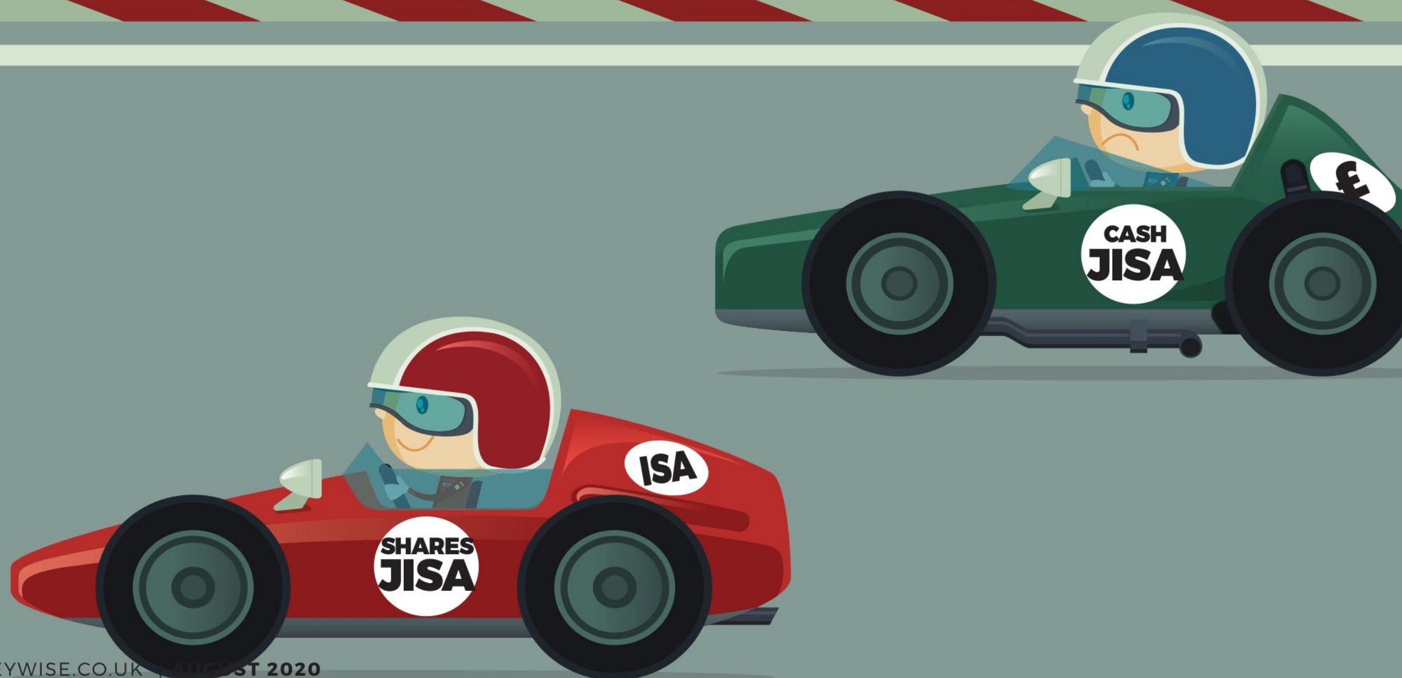
Fidelity Index World or the Lyxor Core MSCI World ETF both cost 0.12% a year.

Suter says: "Both of these are low cost and good trackers from reputable companies, which effectively buy a small bit of more than a thousand companies around the globe.

"You can use this as your starter block and centre of your portfolio while you build up money in the Isa, and then add more investments into it when you've got a bigger pot and feel ready to make a decision."

Picking more than one fund is a good bet, as a diversified portfolio offers the best chance of good long-term returns.

Coles says: "If you are investing the full £9,000 annual allowance you may well want to divide your investments between a number of different funds, focusing on different parts of the world and taking advantage of different growth opportunities."



First, look at global funds. Coles recommends Rathbones Global Opportunities, which has a focused portfolio of companies that it expects to be world leaders.

How much risk can you take?

Due to the potentially long duration of Jisas, parents may be comfortable with picking higher-risk investments than they would otherwise. These may have periods of underperformance, but have time to bounce back.

One option is Jupiter Global Value Equity, which seeks out unloved and undervalued firms around the world.

Calculated risks could also be taken in emerging market funds such as the JP Morgan Emerging Markets Income fund, recommended by Suter.

She says: "You can buy the 'accumulation' unit of the fund so that the interest is reinvested back in and compounds over time. Another option is Fidelity Emerging Markets fund, which costs 0.96% and has been run by manager Nick Price for more than a decade."

Coles says a fund that invests in a particular geographical area can also be a good option.

She says: "This could mean a Europe fund such as Threadneedle European Select, which takes a relatively conservative approach to stock selection. In the US, outperformance has typically been difficult to deliver, so you might want to consider a tracker fund like Legal & General US Index."

Calculated risks could be taken in emerging market funds

She also recommends a UK fund, the spectacularly titled Unicorn Outstanding British Companies.

This fund looks for small and medium-size companies, and is very selective about what it invests in. Both these points increase the risk of the fund, but also mean it can grow quickly if it picks the right investments.

Could you reduce your risk over time?

Another strategy for a Jisa is to start off with higher-risk investments and then swap to lower-risk ones as your child nears the age of 18.

This mirrors the common approach of pension funds, which put more and more of our nest eggs into low-volatility investments as we approach retirement.

Myron Jobson, personal finance campaigner at ii, says: "Most Junior Isas will be inherently very long term, because they cannot be accessed until the child is 18. Therefore, parents can afford to be adventurous with their investment picks for the potential of high returns as there is ample time for short-term bumps in stock markets to be ironed out.

"But as the time gets closer to your child's 18 birthday, you might seek to move into lower-risk assets to preserve gains."

Jobson recommends investing globally, rather than just picking UK investments you might be familiar with as brand names. He also suggests investment trusts are a good option.

He says: "We like Scottish Mortgage and F&C Investment Trust, which are also competitively priced at 0.36% and 0.63% respectively. Household names feature in both portfolios, but there is also a slice of unquoted companies in the mix, which are higher risk with higher potential reward – to become the potential stars of the future."

Regardless of whether you pick a Cash or Stocks and Shares Jisa, it is important to make sure your hard work and saving was not in vain.

This is because your child will get full control of the money at the age of 18 and can spend it on whatever they like, so it is a wise idea to speak to them in advance about what to do with the cash.

Or, for those that just cannot choose between a Cash and Investment Jisa, there may be a middle ground, as a child can have one of each opened in their name.

Alternatively, for parents with strict budgets in mind, children's regular saver deals are a great alternative to Jisas and are entirely risk free.

The top deal is the Halifax Kids' Monthly Saver, which pays 4% a year on balances of between £1 and £100 a month.

One downside of children's regular saver deals is that parents must spend time every year hunting for a new deal to avoid the interest rate falling.

After 12 months the deals tend to revert to a lower interest rate, 1.45% in the case of the Halifax deal.

Can you invest safely in CRYPTO CURRENCY?

BY LILY CANTER

Hundreds of thousands of UK investors were allegedly duped by cryptocurrency OneCoin, which has been described as 'one of the biggest scams in history'. However, others have made their fortunes buying and selling decentralised currency Bitcoin. So what is the truth behind the digital currencies market – and how can you invest safely?

Investors in the UK have lost millions, allegedy duped by a big cryptocurrency scam, while others have made a fortune from Bitcoin. We investigate how to invest safely in digital currencies

In 2017 OneCoin founder Ruga Ignatova vanished without trace. The so-called 'Cryptocurrency Queen' was charged in her absence with wire fraud and money-laundering. Investors in the UK lost an estimated £100 million buying into the multi-level marketing ploy.

OneCoin is just one of more than 5,000 cryptocurrencies currently being traded around the world.

These digital currencies have a total market capitalisation of £162 billion and have infiltrated all walks of life, with many pension funds even putting a percentage of their investments in crypto.

In Kenya, 500 people a day are signing up to a community inclusion currency known as Sarafu to use e-vouchers for food, soap and other essentials. And in the UK AutoCoinCars has partnered with 100 car dealerships to enable customers to buy a new set of wheels with cryptocurrency.

But there still remains a lack of understanding. In the UK, less than 14% of people say they understand Bitcoin and cryptocurrencies, according to research by market adviser Bitstocks.

More than a fifth of those surveyed say they think Bitcoin is a scam and a striking 93% believe it is not a good alternative investment, particularly as it does not have the backing of the banking industry.

Meanwhile the number of crypto asset investigations conducted by UK regulator the Financial Conduct Authority jumped 74% last year.

What is cryptocurrency?

Cryptocurrency is a digital asset that can be exchanged via online transactions. It differs from cash in an online bank because it uses cryptography to secure financial transactions, control the creation of new coins and verify the transfer of assets.

"It is a new way of creating, moving or storing value," says Gavin Brown, associate professor in financial technology at the University of Liverpool and co-founder of Winterbar Associates, a start-up digital assets fund.

There are currently three main types of cryptocurrency. The first is decentralised currency like Bitcoin, which is not controlled by any single person or body. In many ways it behaves like cash because if it is lost or stolen there is no recourse, and no helpline to call.

The best known and most successful decentralised cryptocurrency is Bitcoin. It was launched following a 2008 white paper written by mysterious founder Satoshi Nakamoto. Ten years later the currency was worth a third of a trillion dollars.

The benefit of decentralised cryptocurrency is that transaction fees are often low and are paid to the community of 'miners' (see definitions on next page), rather than a bank or corporation, making it an egalitarian system – at least in theory. Miners use specialist computers to process every Bitcoin transaction and add the records to the public ledger known as the blockchain. This is done by solving a computational problem that allows them to chain together the blocks of transactions.

"The fees go to the miner but you never know who that is. Most miners are thought to be in China, due to low energy costs – so that questions the idea of cryptocurrency being decentralised and not controlled by a single state," says Brown.

The second type of cryptocurrency is Corporate Issue Currency such as JPM Coin, created by US investment bank JP Morgan, or Libra, developed by Facebook. These enable transactions between the business and its clients to be paid in the company specific digital currency.

The third player in the field is central bank digital currency, with China being the forerunner. Banks are now trying to compete with decentralised and corporate cryptocurrencies, to maintain their customer base and wealth.

"It is a new way of creating, moving or storing value"

"I THINK OF IT AS AN INVESTMENT, NOT GAMBLING"

Blockchain technology caught the interest of Ashraf Kotb (right) while he was working as an engineer at Microsoft.

"I was interested to see how a digital currency that doesn't exist could work," says the University of Leicester PhD student.

The following year he started to buy some Bitcoin through cryptocurrency exchange Kraken. He then began to learn how to buy and sell Bitcoin and trade in other currencies, including Ethereum, DigiByte, Verge, AEON, OTA and NEO.

"Some were very profitable, but I also made some big losses. On balance I have made more profit than loss."

Ashraf advises researching the team behind a cryptocurrency before investing in it.

"You need to know who is behind it, their motives and their long-term plans. Who is running the project and do they have the skills to take it forward? You need to do your due diligence and also don't put too much money in."

Ashraf thinks it is important to view buying cryptocurrency as a long-term investment rather than a quick win.

The reason there are so many cryptocurrencies is that anyone with coding knowledge can set one up in a matter of hours.

How does a blockchain work?

A public blockchain is an online database that holds all of the information about transactions in a network of computers.

The information is stored chronologically and can be viewed by a community of users. Each time a user makes a transaction, anyone in the community can see this.

Although the identity of each user is anonymous all of their transactions can be viewed, at any time.

Each of the transactions are validated by the community, in a process known as mining. A second form of mining happens when new coins are created. Bitcoin, for example, releases coins in new blocks every 10 minutes and these are wrapped in code. Miners decrypt the code and are rewarded with coins.

A public blockchain can be accessed anywhere in the world, circumventing state control, but a private blockchain like the one created by JP Morgan can only be used by those with permission to access it.

Not all cryptocurrencies rely on a blockchain, but it is viewed as the most secure way to create a digital currency as it can be difficult to hack.

Where do I invest?

To invest in cryptocurrency, users need to access a reliable exchange where they can buy and sell. Often the largest exchanges will be the most secure and they will have Know Your Customer controls to verify identification.

Exchanges like Kraken, Binance and Coinbase can be a good place to start, says Ashraf Kobt, author of *A Guide to Blockchain and Digital Currencies*.

Once you have bought currency with a debit or credit card you can keep it with the exchange, but if this is hacked you will lose your money.

Another option is to transfer it to the blockchain to be validated. It can then stay on the blockchain in your wallet, for which you have a private key. If you lose this key you then have no access to the funds.

In 2013 IT worker James Howells accidentally threw out a laptop drive containing the key to 7,500 Bitcoin he had mined in 2009. Newport City Council refused to let Mr Howells dig up the local landfill site to find the drive, despite the coins being worth tens of millions of pounds.

Some cryptocurrency can be used to buy items in the real world, with Starbucks and Whole Foods accepting payment in Bitcoin.

How do I keep my investment safe?

As with all new products, there are genuine cryptocurrencies that fail rather than rip off investors, so it is important to never invest more than you can afford to lose.

But as with the mainstream banking world, there are a myriad of crypto scams in the form of multi-level marketing schemes, fake exchanges and false initial coin offerings (ICOs).

People looking for a get-rich-quick scheme are more likely to get caught out as they are drawn to scams that offer extremely high rates of return.

Blockchain journalist Maya Middlemiss says the main challenge is not fake cryptocurrencies but con artists using authentic digital currencies as a vehicle for fraud.

"The lack of regulation and lack of understanding make it easier to have scams. Scams associate themselves with genuine cryptocurrency. Having 1% of your net worth in Bitcoin is sensible, but people are not sensible," she says.

Cryptocurrency scams often mirror cash cons, with fraudsters contacting individuals via email, messenger or on online forums, offering to buy crypto from them, look after their blockchain keys or trade on their behalf.

To avoid being caught out, potential investors must do their due diligence and research the companies and people behind cryptocurrencies and exchanges.

Red flags to look out for include claims of high, guaranteed returns, celebrity endorsement and shoddily designed websites. mw

LILY CANTER writes for publications including *The Guardian, Metro, The Sun, The Times* and *The Telegraph*

"It is all about only investing what you are prepared to lose"

"I KNOW PEOPLE WHO LOST £20,000"

Fed up with cryptocurrency scams, electrician Alex Brockenbrow (above) set up the Facebook group Bitcoin & Crypto (UK only) in 2017.

The forum now has 4,300 members but more importantly it declines and blocks more than 2,000 people a month.

It encourages members to communicate publicly on the forum and never to engage with anyone in private messages or emails.

"I wanted a group that was family-friendly, not too trader-ish, where people could ask silly questions and not be belittled. It is also a place where we can try to get rid of scammers and ban them," explains Alex.

"Usually people lose a few hundred pounds but with the BitConnect scam for example, I know people who put £20,000 in, which they lost.

"It is all about taking an educated risk and only investing what you are prepared to lose. I used to put in £100 a week because that was what I would spend on a night out, but I invested it instead."

INDUSTRY INSIDER DARIUS McDERMOTT

Taking the emotion out of investing

Bad news has, unfortunately, been in abundance in 2020. Bushfires, floods, swarms of locusts, plane crashes, pandemics, racism and oil spills have all made the headlines. It has been almost biblical at times

And, as a result of all this negativity, I've found myself searching for more positive vibes. One of my colleagues has even started a weekly 'What good things are going on in the world' report – which she then shares with the rest of the office first thing on a Monday morning.

While this has obviously been good for our mental health, it can have some unintended consequences. For example, it is easy to find yourself 'anchoring' in this situation. This is when we fixate on one piece of information to the detriment of others – think 'vaccines being tested' rather than 'vaccine still 12 to18 months away'.

And related to this is 'confirmation bias', which is when we form an opinion first and research second, filtering information selectively to back up our opinion.

Human nature and our investments

We all like to think we are considered, balanced and rational investors. In reality, though, most of us fall into at least a few behavioural traps like this when making investment decisions. Whether its anchoring or confirmation bias, following the crowd ('herding'), focusing on losses more than gains, or remembering selectively, there are some very human mistakes we can make that can have an impact on our future finances – and a number of funds whose managers actively use behavioural finance to avoid making some of these mistakes. Here are four examples:

M&G Episode Income

The investment process of this multi-asset fund has been designed specifically to prevent the manager falling victim to the very emotional biases he looks to exploit.

The name 'Episode' refers to those periods of time when investors' emotions cause them to act irrationally. The manager uses behavioural finance to find pockets of value and invest against the herd, rather than following it.

He identifies three factors that can help to recognise a behavioural event. The first is too much focus on a single story – meaning when market participants draw their attention to a specific event and disregard other information. The second is where there are inconsistent responses – the market behaves differently from the manner suggested by economic developments. The third is any rapid price movement of any asset class, either up or downwards, which suggests an ill-considered response.

Jupiter UK Special Situations

The manager of this fund firmly believes that by understanding the role emotions play in managing money, such as overconfidence and anchoring, and by reducing those emotions, he can gain an edge to avoid many of the pitfalls that befall active managers.

He also believes that frequent company meetings can introduce unintended risks, as many CEOs emphasise the positive and downplay the negative; in turn, fund managers tend to believe what they say to reinforce their own views on the company. To suppress this confirmatory bias from entering his portfolio, the manager limits his meetings with companies to occasions when there is a change of CEO, because a new CEO typically gives more balanced information.

We all like to think we are balanced, rational investors

Invesco Asian

The manager of this Asian equity fund has a very different approach and philosophy. He believes the behavioural error of mixing up good businesses with good investments can often lead to trouble, so he uses a very pragmatic and flexible strategy designed to separate these two elements. As he says himself: "A share price is just the collective view of hundreds of human beings, who can often be unimaginative, overemotional and too short-termist."

Brown Advisory Global Leaders

This fund has a clear focus on businesses that deliver 'exceptional customer outcomes' – companies that can solve a problem no one else can. The managers assess their own performance and mistakes, and have a third-party consultant analyse their decision-making for behavioural errors as part of their constant desire to improve.

Co-manager Mick Dillon says: "As keen sportsmen we believe that it is possible, with the aid of effective coaching and feedback, to continually improve as investors.

"Investment managers should have the same mindset as top-flight tennis players and concert pianists – the belief that they can always get better." mw

Past performance is not a reliable guide to future returns. You may not get back the amount originally invested, and tax rules can change over time. Darius's views and those of the investment professionals quoted are their own and do not constitute financial advice.

DARIUS McDERMOTT is managing director at Chelsea Financial Services and FundCalibre

NAME

No.

Fund briefing

THE BEST INVESTMENTS OF THE PAST 30 YEARS – AND WHAT WILL SHINE IN THE NEXT 30

Where – and how – to invest today to improve your chances of a decent return in the next three decades

BY ROB GRIFFIN

Investing hasn't been straightforward over the past 30 years, with numerous financial scandals, market crashes and international crises to tackle.

We have also seen changes of government, devastating wars, deep recessions, booming property markets, and technological innovations.

All these events – positive and negative – have been reflected in the performance of major stock market indices and our investment returns.

It has certainly been an eventful three decades, agrees Darius McDermott, managing director of Chelsea Financial Services.

"We've had three bear markets, two bull markets, a global financial crisis, the rise of Bitcoin, China becoming a major market, the Brexit vote, and now a global pandemic," he says.

So, if you had a crystal ball back in 1990, where would you have put your money?

As *Moneywise* celebrates its 30th anniversary, we have teamed up with Morningstar to discover the best performing funds within the sectors that have enough funds to analyse 30-year track records.

Best performing areas

North America has proved to be the number one sector, with an average return of 1,355%, according to Morningstar figures for the 30 years to the end of June 2020.

Technology stocks have obviously played a part in this story as the US is home to a string of tech giants, including Apple, Amazon and Microsoft.

The tech bubble – and subsequent bust – is now the best part of two decades ago, and the industry has reinvented itself over the years.

While it's easy to attribute the success of North America to technology, the US has created an environment in which to perform, insists Adrian Lowcock, head of personal investing at Willis Owen.

"It has focused on corporate governance and ensured it has world-leading company leaders," he explains. "Failure is seen as a chance to learn."

He also suggests that a strong capitalism culture – where only the best survive – is another contributing factor to the returns generated.

"This culture also creates an entrepreneurial spirit and ambition with a strong infrastructure to fund and grow new business ideas," he adds.

> "In the US, failure is seen as a chance to learn"

Investors who put their faith in the Asia Pacific – excluding Japan sector – have also been well rewarded over the years. Japan, however, has presented more challenges.

There are reasons for this, according to McDermott. "It was in a deflationary period for much of the past 30 years," he says. "Only in the past decade have its fortunes started to look up."

Best performing funds

Analysis of the Morningstar data reveals that each of the sectors with 30-year track records contain funds that have delivered strong returns.

For example, those invested in Fidelity American will have seen their £100 turn into £3,419.52 over this period, while those who put the same amount into Jupiter European

HOW SECTORS HAVE PERFORMED OVER 30 YEARS

North America	£1,355.10
Asia Pacific Excluding Japan	£1,032.60
Europe Excluding UK	£876.83
Global	£700.35
UK Equity Income	£627.04
UK All Companies	£615.69
Japan	£139.77

Source: Morningstar, showing the value of £100 today that was invested on 1 July 1990

THE BEST PERFORMING FUNDS OVER 30 YEARS	
AXA Framlington Health	£4,339.60
Orbis OEIC Global Equity Standard	£3,426.14
Fidelity American	£3,419.52
Threadneedle American Select	£3,387.54
Jupiter European	£3,331.35
GAM North American Growth	£2,985.40

Notes: Showing the value of £100 today that was invested on 1 July 1990

will now have accrued £3,331.35.

One stand-out performer has been the AXA Framlington Health fund, launched in February 1987. If you had invested £100 in this portfolio in the summer of 1990, you would now have £4,339.60, according to Morningstar.

The £554 million fund, which has been run for five years by Dani Saurymper, aims to provide long-term capital growth. It invests in areas such as pharmaceuticals, healthcare equipment, biotechnology, managed health care, and healthcare services.

Healthcare has been doing well for some time due to the fact that the world is ageing and the middle class is growing. This means that governments are seeking more healthcare for less money.

Elsewhere, the BlackRock Gold and General has also been a solid contributor to portfolios. A £100 investment in 1990 would now be worth £2,751.91.

Fidelity Special Situations has been a strong performer in the UK All Companies sector, along with Invesco High Income UK.

The investment lessons learned

We have learned that nothing lasts forever – a prime example being investment styles, says Lowcock.

> The secret to longer term success is about getting rich slowly

"There is also more than one way to make money from investing," he adds. "Income investors were doing better, but growth has taken over in recent years."

It has also been clear governments worldwide will take extraordinary measures when necessary, says McDermott. "Diversification is key because stock markets do go down as well as up." He adds: "You can also make money in good companies despite the odds they face."

Where to invest for the future

Such analysis begs the question: where should people be investing today to improve their chances of earning a decent return over the next 30 years?

McDermott believes the structural growth story for both technology and healthcare will continue – despite some expected problems on the way.

"Rapid urbanisation, climate change and resource scarcity will also define which companies do well," he says. "Those who find solutions to our problems should thrive."

This means areas such as infrastructure development, as well as renewable energy and decarbonisation are likely to be worth considering.

However, McDermott believes it is important to have a broad spread of assets, with performance likely to ebb and flow over the next 30 years.

"As always, a diversified portfolio will serve investors well through the downturns and help them participate in the upturns," he says.

Sarah Coles, personal finance analyst at Hargreaves Lansdown, agrees that broad international exposure makes sense – as well as being able to express personal interests within a portfolio.

"Some may want to prioritise ESG (environmental, social and governance) investing," she suggests. "There's room for this kind of specialism within the overall portfolio."

Investors can't expect overnight success – the secret to longer term success is about getting rich slowly.

"Ask anyone who piled into Bitcoin at the wrong moment just how enthusiastic they are about 'get rich quick' schemes," says Coles, who warns that trying to predict market developments over the next 30 years is impossible, so the focus should be on building a portfolio that can weather storms and capitalise on booms.

The reality, she says, is most people are bad at spotting what will happen next, with past financial crises having caught them completely by surprise.

"Investment strategies based around timing the market are always far more prone to failure than those based around time in the market," she adds. MW

ROB GRIFFIN writes for *The Independent, The Sunday Telegraph* and *Daily Express*

WHAT SHOULD I DO WITH A £40,000 GIFT AND WILL THERE BE INHERITANCE TAX TO PAY?

Receiving a windfall is a wonderful opportunity – but how can this reader make the most of it?

BY ROB GRIFFIN

A few months ago my father gave me £40,000 as a gift. What should I do with the money and are there any potential inheritance tax implications? I'm thinking of paying a chunk off my mortgage, but would I be better off investing it instead? I am in my mid-40s.

Initial diagnosis

It's great to receive a windfall and you will want to make the most of it, says Sarah Coles, personal finance analyst at Hargreaves Lansdown.

"This kind of opportunity doesn't come along often, so it's best not to make any assumptions about the best way to take advantage," she says.

The first step is to assess your current situation. Do you have existing, expensive debts? Have you other costs on the horizon for which you're saving?

"Before you do anything with this cash, it makes sense to take stock of your overall finances and decide whether there are other priorities that should be met first," she says.

For example, you may decide to clear your credit card debt, take out an insurance policy to provide some protection, or cover the legal costs of drawing up a will.

"Before you do anything take stock of your overall finances"

Treatment plan

Many people opt to pay down their mortgage to reduce risk because lower monthly costs means less prospect of struggling should your circumstances change.

A key factor in the decision will be comparing how much interest you are paying on the mortgage with the likely investment returns you could receive.

The prudent decision would normally be to pay off a chunk of the mortgage, according to Scott Gallacher, director of Rowley Turton.

"However, you would need to check on your mortgage agreement that there isn't a redemption penalty on any overpayment made," he points out.

The savings made from the reduced monthly payments could then be used to repay the outstanding debt quicker – and set you on the path to be mortgage-free.

An alternative is to reduce your mortgage and invest the excess cash that you would have paid out, suggests Coles.

"It would be a good idea to put this into long-term investments, such as making a monthly payment into a Stocks and Shares Isa," she says.

This will also enable you to take advantage of pound cost averaging – which takes the guesswork out of trying to time the market because you pay a set amount each month to buy units of a fund.

"You'll also have the flexibility of increasing, reducing or pausing payments if your circumstances change," she adds.

Other considerations

Now for the tax issue. The good news is there is no immediate tax liability for you to worry about, according to Justin Modray, founder of Candid Financial Advice.

"There may, or may not, end up being inheritance tax due on your father's estate, depending on how long he lives and the value of his other assets," he says.

The money he has given you is classed as a 'potentially exempt transfer'. This enables an individual to make gifts of unlimited value that become exempt from inheritance tax as long they survive for seven years.

"Put simply, if your father lives for at least seven years after making the gift, it falls outside of his estate, hence no inheritance tax on the gift when he dies," adds Modray.

The issue arises if he dies within seven years as his gift would still be regarded as being part of his estate, which includes his property, money and possessions.

The term 'estate' is best defined as a person's property, savings and other assets – after debts and funeral expenses have been deducted.

As long as the value of the estate is below the nil-rate band – currently £325,000 – there will not be any inheritance tax to pay. Over that limit a tax of 40% will apply.

Your father can use his gift allowance of £3,000-a-year – known as the annual exemption, according to chartered financial planner Shelley McCarthy, managing director of Informed Choice.

"He can also carry forward the annual exemption from the previous tax year if no gifts were made in that period," she adds.

According to Alex Davies, founder and chief executive of WealthClub, it is important to document the gift in case evidence is required.

"There are no set rules but it makes sense for the father to write a note confirming the amount, date and beneficiary of the gift and that there are no conditions attached," he says.

Anything that shows how the money was gifted, such as a bank statement, is also helpful.

"It makes sense to keep all of this with the will," he adds. mw

ROB GRIFFIN writes for *The Independent, The Sunday Telegraph* and *Daily Express*

COULD YOU MAKE AN ESCAPE TO THE COUNTRY WORK FOR YOU?

The rise in flexible working as a result of lockdown means that more people are now looking to move out of cities to the countryside. We look at how you can make the move permanent

BY STEPHEN LITTLE

The coronavirus pandemic has completely transformed the way many of us work.

Lockdown has forced companies to support working from home, and remote working looks set to become more mainstream.

Many people are now reassessing what is important to them and are looking to get away from the daily grind of city life.

Lots of big firms, such as Barclays and Twitter, are also considering scaling back their office space and allowing more employees to work remotely.

With lockdown measures easing, estate agents are reporting a surge in people looking to move to the countryside.

According to research from online mortgage broker Trussle, one in four people are thinking of relocating during the next two years, with Cornwall being the most popular destination.

Trussle questioned more than 2,000 UK adults and found people living in cities, including London, Birmingham, and Manchester, were most likely to want to move.

It found people wanted to relocate to have more space, to be closer to family or have a garden.

Working from home can benefit workers and employers alike.

For employees it allows them to cut down on commuting time and costs. The hours saved give people greater flexibility with their home life, allowing them to spend more time with their families.

Meanwhile, for companies it can help retain employees who may otherwise think of leaving because of a long daily commute as well as make savings on office space.

Ruari Fairbairns, 39, says that since he moved to the countryside

"Working from home I spend more time with my family. My health has improved"

Ruari Fairbairns found his life improved after moving to Berwick and he started working from home

To the Country

To the City

Ruslan Danilevich has found some downsides to working from home and misses interaction with colleagues

“People need human interaction for the sake of their mental health”

BUSIER AT HOME

Ruslan Danilevich, 48, is an auditor at a financial company in London.

He lives with his wife, Kate, and their two children in a small village called Hawkenberry just outside Tunbridge Wells in Kent.

He says they moved out of London as they wanted a better environment to raise their children.

“The quality of life in the countryside is so much better for the children. House prices are far cheaper and we can afford a larger property.

“While London is good for shops and restaurants, public transport is overcrowded and can be a real pain.”

He says he would like the option of working from home when he returns to work.

“The lockdown has proved that people do not really need to be in the office all the time and they can do their jobs from home,” he says.

However, Ruslan points out that there are some downsides.

“I find myself even busier now than when I went to the office because there is always something to do,” he says. “People assume you are always available just because you are at home, which adds to the pressure.

“People need human interaction for the sake of their mental health. Working away from the office has its advantages, but I have found myself becoming disconnected.”

in 2018 and started working from home, his life has improved dramatically.

He now lives with his wife, Jennifer, and their two children in North Berwick, just outside Edinburgh.

Before the move he lived in London and worked as an oil broker, but he decided to get out when the lifestyle became too hectic.

Each day he would have to take the Tube and the train into work to spend his day in a windowless office in Piccadilly.

After realising that he was drinking too much, he decided to give up alcohol to save his marriage and improve his health.

“The city lifestyle was great," he says. "I got paid loads and enjoyed the party lifestyle, but then it started to wear a bit thin. After giving up alcohol I got fitter, healthier, and happier. I became a better dad and husband.”

When life in London became too much, Ruari decided to quit his job, in order to co-found One Year No Beer, an organisation that aims to help people change their relationship with alcohol.

Since moving back to Scotland his life has been transformed. He says he chose North Berwick for its beaches and climate.

“Working from home is so much more efficient as you are not having

to commute into the office. I get to spend so much more time with my family and it has improved my health and wellbeing. The ocean is on my doorstep and I get out on a boat three or four times a week."

With the coronavirus forcing everyone to work from home, he now wants to make the change permanent for his team so that they can all work flexibly.

He says: "We want our workforce to be able to work anywhere in the world, as long as they can do a Zoom call in the morning to touch base.

"There is going to be a surge of people moving out of the cities to the countryside. I never want to go back to the old way of working and I do not want that for my team either."

Will there be a mass exodus?

In a recent survey by estate agent Savills of more than 700 buyers and sellers, 49% said they will be more inclined to work from home even after current restrictions are lifted.

Meanwhile, around four in 10 said they would now find a village location more appealing than previously.

Andrew Perratt, head of country residential at Savills, says there is an increased appetite for people to move to the countryside since lockdown measures were introduced.

He says: "People are looking to get out of cities as they want more outside space.

"They have also found that working from home has been successful and have proved to themselves that they do not necessarily need to be in the city five days a week."

Perratt says that during lockdown Savills has had an increase in website visits, but points out this may be because people are thinking about their dream move to the country.

"Since the market reopened in May, viewing levels have been at record levels for properties in the country," he says.

"Most buyers are looking in the areas still quite close to cities as people recognise they need to get in and out, just not necessarily as regularly.

"Our busiest areas are the home counties of Surrey and Oxfordshire, and then around Manchester in places such as Knutsford, Winslow and parts of rural Cheshire."

However, he says that while more people are looking to move out of cities this does not mean there is going to be a mass exodus.

"What you have is a chain reaction, with people in cities wanting to move to the suburbs and people in the suburbs wanting to move out to the country," he says.

Making an application for flexible working

With lockdown measures easing, more firms are thinking about allowing their staff to return to work.

But what if you want to continue to work from home and how can you make it happen?

Helen Astill, managing director of Cherington HR, says the first thing you should do is have a meeting with your manager to talk about the way you have been working over the past few months.

"The biggest concern for employers is productivity, so you should discuss with your boss how well you have done while working from home.

"This way you will be able to see what the practicalities are and tackle any concerns that arise.

"Some employers may even want more staff to work from home because it will save them money. If your line manager is agreeable, you can then put in a formal request."

Another option is to make a formal statutory request for flexible working under rules laid out in law.

Employees can make a statutory request if they have worked continuously for the same employer for the previous 26 weeks.

This request should be in writing and contain details of how the proposed change will affect your employer and how you think any changes might be dealt with.

The employer will then have three months to make a decision. If the employer agrees to the request it must change the terms and conditions of the employee's contract. If the employer refuses, it has to write to the employee explaining why. Only one request for flexible working is allowed each year.

Astill says: "The employer has a duty to consider a flexible working request but can turn it down providing there are good business reasons for doing so.

"The most important thing when applying for flexible working is to show how it will benefit the business.

"Will it save the business money? Will it make the employee happier and more productive?

"If there are any challenges from working at home you need to explain how you will overcome them."

Employment lawyer Julie Taylor, senior associate at law firm Gardner Leader, says: "Some employers will have a specific homeworking policy, providing guidance on making a request. If yours does not have a policy, I would suggest you put something in writing.

"The employer will be looking to see that that employee can manage their workload and work to deadlines without supervision."

She says it is unlikely that someone who refused to return would be fired from their job if they are working effectively from home.

"For now, the guidance is to continue to work at home if you can. It is unlikely that a company could fairly dismiss someone who does not want to come back and has been working effectively from home. It is a grey area and a lot would depend on the background situation." mw

You can request flexible working under rules laid out in law

To the Country

To the City

THE ULTIMATE GUIDE TO TAKING CASH OUT OF YOUR PENSION PART 1

Taking cash from your pension? Ranging from how much tax you will pay on your withdrawal to the pitfalls to avoid, here's our guide to getting it right

BY RACHEL LACEY

From your 55th birthday your pension is a ready source of cash, to dip into and spend as you like. After decades of saving it is a tempting proposition when you need a lump sum. You might need a new car, want to help family or simply want your cash in your hands. But whatever your motivation, it is essential you understand the consequences before you crack your nest egg open.

How much tax will I pay?

Your biggest consideration is tax and the amount you will need to pay on your withdrawal. "The good news is the first 25% is tax free," explains Myron Jobson, personal finance campaigner at interactive investor (*Moneywise*'s parent company).

"This can be taken as a lump sum or in small instalments. The remaining 75% is subject to income tax and will be added to any other income you have for that year – such as salary or share dividends, for example."

Depending on your income, this could potentially bump you into a higher tax bracket and means people who have paid basic rate tax all their working lives could become higher-rate taxpayers overnight.

People who paid basic-rate tax could jump to higher rate tax

What on earth is UFPLS?

Ad hoc withdrawals are permitted under so-called uncrystallised fund pension lump sum (UFPLS) rules and the rest of your pension savings stay where they are. However, if you want to take your 25% tax free cash in one go, your fund will normally need to be crystallised – that is moved into a flexi-access drawdown plan or used to purchase an annuity that pays guaranteed income for life.

It is also important to note that emergency tax may also be applied when you first dip into your pension. This can come as quite a shock and take a large chunk out of your withdrawal, but if you are organised you can get the money back quickly.

Tom Selby, senior analyst at investment platform AJ Bell, explains: "If you're taking a regular income then your tax position should be rectified automatically, but if you're making a single withdrawal you will need to fill out one of three HMRC forms to get a refund within 30 days. If you don't, you'll have to wait until the end of the tax year."

Alternatively, you can be canny and plan ahead to avoid an emergency tax sting, as Moira O'Neill, head of personal finance at interactive investor explains.

"Think about requesting only a nominal payment in order to trigger a new tax code," she suggests. "Your tax code will then be set at the level of the initial payment. You can then withdraw the sum you originally intended to."

Time your withdrawal to cut your tax bill

By planning ahead, you may also be able to cut the amount of tax you pay on your withdrawal. Everyone has a personal allowance – the amount of income you can receive without paying income tax – and in the current tax year (2020/21) it is £12,500. If your income is below this you will not pay any tax; if your income is between £12,501 and £50,000 you will pay 20%, rising to 40% for incomes between £50,001 and £150,000 and 45% thereafter.

Bearing these allowances in mind when you make withdrawals and splitting withdrawals over more than one tax year – for example, one just before 6 April and one just after – can help you manage your cashflow and reduce the amount of tax you pay.

"It might be more economical to spread the cash over more than one tax year," says Jobson.

Unintended consequences

Claire Trott, head of pensions strategy at St James's Place Group, adds that if you are still working you need to consider how much money you are going to want to pay into your pension in the future.

"When accessing income from

SCAMS: BE ON YOUR GUARD

The pension freedoms have made our retirement savings an easy target for fraudsters. According to the FCA, £27 million was lost in online investment scams in 2018/19, with an average loss of £14,600 each.

However, when pensions were looked at in isolation, average losses were much higher at £82,000. More worrying still, the FCA and The Pensions Regulator have both expressed concerns that scams will soar during the pandemic as money worries make savers more vulnerable.

SPOT A SCAM:

- Victims are often targeted on social media, by email or by cold calls with an offer of a free pension review.
- Offers sound too good to be true – typically high returns with minimal risk.
- The investment will be time limited and they say you will need to rush into making a decision.

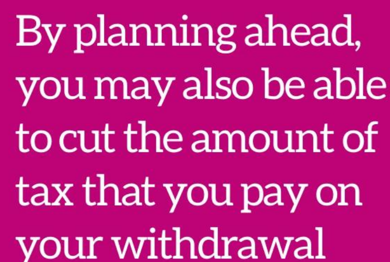
PROTECT YOURSELF:

- Don't talk to cold callers – get off the phone as soon as you can. Just because they have personal information about you, it doesn't mean that it's not a scam.
- Never give out personal information.
- Legitimate firms will always allow you to think through an investment proposition
- Check the FCA Register for scams to see if the company you are dealing with is registered. Also check the FCA warning list of firms to avoid.

a pension, the money purchase annual allowance (MPAA) will be triggered. This may be an issue for those who want to continue to pay pension contributions in the future because it will restrict the amount of cash that can be paid into a pension to just £4,000 a year [down from £40,000]."

This could be particularly limiting if you are likely to receive an inheritance or earn bonuses at work that you would like to pay into your pension.

There is, however, an exception. If the pension you are cashing in is worth less than £10,000, the MPAA will not be triggered and



By planning ahead, you may also be able to cut the amount of tax that you pay on your withdrawal

you will be able to continue paying in up to £40,000 into your pension each year.

Although the rules give savers the ability to effectively treat their pension as an easy-access savings account there may be some hurdles for you to jump over first.

"There may be some administration charges for entering drawdown or cashing out your pension, although these will vary from provider to provider," says Selby. "If you have older style pensions, there can be exit penalties for accessing your fund, but this generally is not the case for modern pension plans, such as Sipps."

Jonathan Watts-Lay, director of Wealth at Work, says some people may have trouble accessing occupational pension schemes. However, these problems can be avoided by moving your money into a new pension that offers full flexibility.

"The vast majority of schemes do not want to be dealing with the administration of multiple withdrawals so you may have to transfer first," he explains.

These are the logistics of pension cash withdrawals, but in addition to thinking about the nuts and bolts of taxation and charges, it is also important to consider whether you really need the money and if so, whether your pension is the best pot to dip into.

"There may be admin charges for cashing out your pension"

NOT SURE IF TAKING CASH IS RIGHT FOR YOU?

Here's how it compares with other ways you can take your money

Option	Guaranteed for life?	Is my money invested and does it have the potential to grow?
Take a flexible income	No	Yes
Take cash from your pension	No	Yes
Buy a guaranteed income (Annuity)	Yes	No
Leave your pension for now	No	Yes

*Notes:*Usually you can't pass on your guaranteed income for life, but you could add on options – for example, to pay a spouse's pension after you die, to keep paying the income for a guaranteed period, or to include value protection which provides a lump sum death benefit. Source: Standard Life*

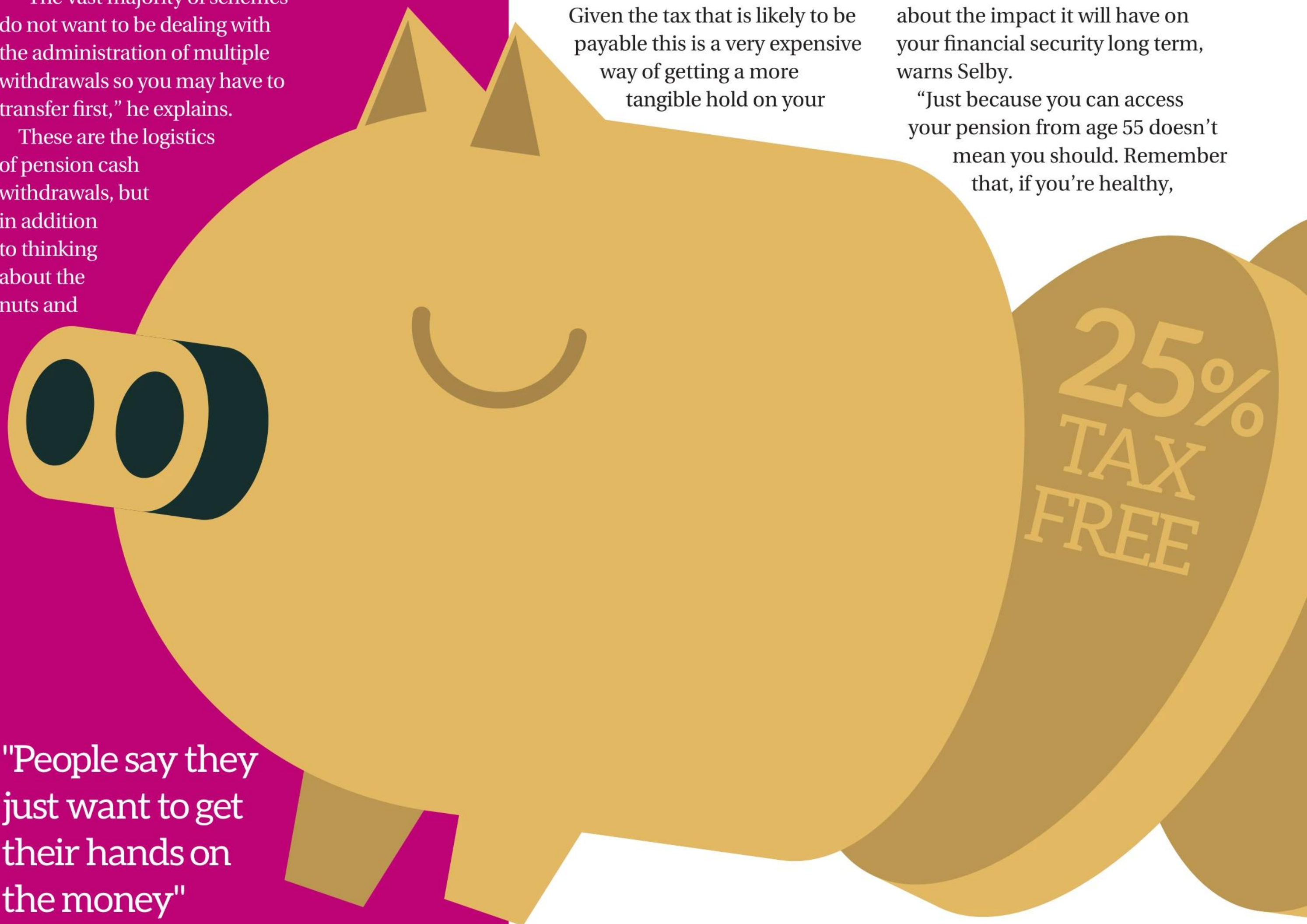
According to the latest research from the FCA, 27% of people who fully cashed in their pension put their money into cash savings.

"People say they just want to get their hands on the money," explains Watts-Lay.

Given the tax that is likely to be payable this is a very expensive way of getting a more tangible hold on your cash. By moving your money out of equities or fixed interest and into cash you also reduce its ability to grow over time. Alternatively, if you are anxious about having too much money invested, you can still hold money in cash within your pension wrapper.

Even if you are not cashing in a whole pension and have just set your sights on a lump sum for a new car or holiday, it pays to think about the impact it will have on your financial security long term, warns Selby.

"Just because you can access your pension from age 55 doesn't mean you should. Remember that, if you're healthy,



"People say they just want to get their hands on the money"

Can I access my money at any time?	Can I pass on what's left?
Yes	Yes
Yes	Yes
No	No*
Yes	Yes

there's a decent chance you'll live beyond 90, and so you will need to make a retirement income plan that can last as long as you do," he explains.

"And the longer you wait to access your pension, the more chance it will have to benefit from investment growth and deliver a higher income (and hopefully standard of living) in retirement."

If it is an essential expense – or you are confident you can afford it, for example you have sufficient income from other sources – you should also think about whether you should take it from any of your pensions or another investment or savings account.

Watts-Lay says there are multiple reasons for keeping money in a pension as long as you can.

"If you die before age 75 your pension passes free of tax to your beneficiaries, or if you die over the age of 75 it is only taxed at their marginal rate," he explains.

It is not just those who could be short of cash later on who need to exercise caution. The wealthiest savers should also think twice before dipping into their pension because any money held in a pension won't form part of your estate when you die. "A pension is one of the best IHT planning tools there is," points out Watts-Lay.

"Stocks and shares can be sold to use up your capital gains tax allowance," he adds. Money held in Isas will be growing tax free like money held in pensions, but unlike pensions it won't be taxed when you take it out, so it may make sense to use those first.

With so many moving parts and different individuals having a different set of circumstances to consider, one of your best uses of your savings could be to pay for some advice.

"Regulated advice is so important," says Watts-Lay. "An adviser will go through the various asset types you have, discuss the income you think you'll need and let you know whether that's achievable.

"If you are doing it yourself and don't properly understand the tax rules or the interplays between different assets, your chances of running out of cash are far greater."

This applies whether you are still in work or whether you have retired.

"I would always advocate financial advice before accessing pension funds," says Trott. "There are many pitfalls, so determining how much and by what means to take income can be difficult. In some cases, the pension won't offer the full range of options, which may mean that fund would need to move to a different pension provider in order to access the most appropriate retirement options."

She adds: "One of the biggest considerations when accessing funds is how much should be taken out and the impact this will have on how long the fund will last. Many people underestimate how long they will live, which could mean they run out of money if too much is accessed early on." mw

WHERE TO GO FOR ADVICE AND GUIDANCE

Taking money out of a pension is not a decision to make in isolation. Even if you are some way off retirement and just need a few thousand pounds, you need to consider it as part of your overall retirement income plan as it will have repercussions further down the line. It is best to get independent financial advice; you can find an adviser in your area at Unbiased.co.uk.

If you do not want the expense or cannot justify it, you can still get free guidance, and doing so could stop you making an expensive mistake. The Government's Pension Wise service offers specialist pension guidance in 45-60 minutes over the phone or local to you, to all people with personal or workplace pensions who are 50 or over. You can book an appointment online (Pensionwise.gov.uk/en/appointments) or by calling 0800 138 3944.

"I always advocate financial advice before accessing a pension"

PAY LESS TAX

When you retire, it is possible to greatly reduce the tax you pay by using pension cash alongside other retirement income options. Turn to page 74 to find out more.

THE ULTIMATE GUIDE TO TAKING CASH OUT OF YOUR PENSION PART 2

Below, we look at ways that three fictional characters approaching retirement can benefit from income drawdown to pay the minimum tax on their retirement money

The big benefit of income drawdown is that it allows you to manage your retirement income flexibly. You can take a regular income or dip in for ad hoc withdrawals whenever you need the money. The rest of your money remains invested and should continue to grow.

However, your retirement income may not just come from your drawdown plan. You may have other sources of income too, such as defined benefit (final salary) pensions, and savings plans like Isas as well as your state pension.

You may think one pot of money is much the same as any other – but different savings plans will be treated in different ways by the taxman.

Without careful planning as to which assets you spend and when, you could find yourself paying far too much tax than you need to.

Here, WEALTH at Work, a specialist provider of financial education and guidance in the workplace has created three fictional case studies to demonstrate how individuals can look at all their assets holistically (pension and non-pension) to create the most tax-efficient retirement income, and in some cases, making it possible to pay very little income tax in the early years.

All the case studies have similar situations to make it easier to see how the process works.

However, case studies one and three are not yet eligible for their state pension, and case study three has a smaller pension pot, but more taxable savings. All case studies assume Isa returns of 5%.

> Without careful planning you could be paying far too much tax

CASE STUDY 1: PETER, AGED 60

Peter is 60. He has a defined benefit (DB) pension (also known as a final salary pension), which will pay £8,000 a year, a defined contribution (DC) pension fund (also known as a money purchase pension) worth £300,000, Stocks and Shares Isas worth £50,000 and £10,000 held in cash. He is planning to retire in April 2021 and would like to generate an initial annual income of £20,000 a year after tax and retain his £10,000 as an emergency cash reserve.

Using the method outlined below, it is possible for him to do this without paying any tax in year one, even though £20,000 is almost double the personal allowance of £12,500 for 2020/21, by using his Isa and income drawdown (also known as flexi-access drawdown (FAD) for income.

Peter can withdraw the £2,500 investment return from his Isa, leaving £17,500 to find.

He has a personal allowance of £12,500, so he does not need to pay tax on the £8,000 from his DB pension and consequently will have £4,500 of unused allowance available.

He therefore needs a further £9,500 to have the

£20,000 income he is looking for. To be able to do this, he could crystallise £20,000 of his DC pension using FAD, with £5,000 of this (25%) being taken as a tax-free cash lump sum. He can also withdraw £4,500 as an income to utilise the remainder of his unused personal allowance. By doing this, he will have the £20,000 he is looking for tax free. There will be £10,500 remaining in his pension as a 'crystallised' fund with the potential to grow and which can be drawn from in future years.

CASE STUDY 2: PRIYA, AGED 65

Priya, 65, is in exactly the same financial position as Peter but is eligible for the full new state pension. As the combined income from her DB scheme and state pension will be higher than the personal allowance, she will need to pay some tax but will not need to pay any further tax up to the £20,000 annual income she is hoping for.

Priya has a personal allowance of £12,500. The combined income of £8,000 from her DB pension plus £9,110 state pension gives her a gross income of £17,110. Income tax payable on this would be £922, leaving a net income of £16,188.

To achieve her aim of an income of £20,000 a year, she can supplement this by withdrawing the £2,500 investment return from her Isa and £1,312 tax free cash from her DC pension fund. To do this, she would need to crystallise £5,248 using FAD and £1,312 (25%) can be taken as a tax free cash lump sum but £3,936 would remain as a 'crystallised' fund in her pension with the potential to grow.

CASE STUDY 3: DAVID, AGED 60

David, who is 60, is looking to retire. He is in a similar position to case studies 1 and 2, except that he is not yet eligible for his state pension, his DC pension is £200,000 and he has taxable cash deposits of £100,000 as well as a Stocks and Shares Isa valued at £50,000.

To achieve his aim of an income of £20,000 a year tax free, he could use the £8,000 from his DB pension and £4,500 from the taxable part of his DC pension fund to use up his personal allowance (£12,500). He would need to crystallise £6,000 of his pension to be able to withdraw £4,500 (75%) in taxable income and £1,500 (25%) would be paid as a tax-free cash lump sum (£4,500 + £1,500 = £6,000). The pension and income drawdown will therefore provide him with £14,000, leaving a £6,000 shortfall.

This could be supplemented by withdrawing the £2,500 investment return from his Isa and by spending £3,500 from his cash savings.

Alternatively, as it is better to leave as much money as possible in these tax-efficient wrappers of Isa and pension, David may choose to address the £6,000 shortfall by spending from his cash deposit to achieve the £20,000 he is looking for.

With all these examples, the individuals are paying the lowest possible amount of tax, keeping their Isas at the same level (assuming that the Isa grows by 5% per year), and withdrawing the remaining amount needed in a tax-efficient manner from both pension and non-pension assets.

Jonathan Watts-Lay, director, WEALTH at Work, says: "Making income drawdown available to all is good news for those approaching retirement, however it is likely that many will end up paying more tax than they need to.

> "Freedom and choice in pensions is about looking at all assets"

"Freedom and choice in pensions is about looking at all assets to generate a retirement income in the most tax-efficient way. It is important to utilise your available tax allowances and reliefs in a structured manner to maximise returns and reduce, or even eliminate, a potential tax charge." mw

Stephen Little has hunted through the mass of financial products and data to give you the lowdown on remortgaging, mortgage deals for first-time buyers and current accounts.

Is it time to rethink your Isa?

With Cash Isa rates shockingly low, you could be better off looking elsewhere

It has been a torrid time for savers, with rates plummeting across the board.

There is currently not a single easy-access Cash Isa paying above 1% interest. One-year Cash Isa rates have fallen to 0.58%, down from 0.96% on average a year ago, according to figures from Moneyfacts.

Meanwhile, the average one-year fixed rate bond has fallen by 0.48% percentage points to 0.68% since March.

The current best buy easy-access Cash Isa from NS&I pays 0.90% and can be opened online with a deposit of £1. Unfortunately, it does not accept transfers.

In fact, things are so bad that if you want to take out a Cash Isa that beats 1% you will have to opt for a five-year fixed deal. The highest paying Cash Isa is from Shawbrook Bank, offering a five-year fixed rate deal at 1.10%, which can be opened online with a £5,000 deposit.

Transferring

The good news is that you can transfer your Isa from one provider to another if you are unhappy with the rate you are getting.

Most banks will allow you to transfer your previous year's savings into your new account to maximise the best rates. All you have to do is contact your Isa provider and fill out an Isa transfer form.

However, remember that although you won't lose any tax benefits, you could face a penalty depending on the terms of your agreement, such as if the account is a fixed rate for a specific period such as one year or two. Be careful not to withdraw your money too early if this is the case.

Why are rates falling?

On 19 March, the Bank of England cut the base rate for the second time in nine days to a record low of 0.1%.

This was done to help support the economy amid concerns about the coronavirus pandemic.

As a result, the banks passed the base rate cuts on to savers.

Also, the coronavirus lockdown means many households are spending less and are looking for somewhere to save their cash.

Many smaller providers have been unable to cope with the increased demand and have had to withdraw products from the savings market.

The Bank of England has also introduced a new term funding scheme that allows banks to borrow at rock bottom rates. This means banks have less need to attract money from savers.

> "Isa T&Cs can vary, so it's vital to check before making a move"

Alternatives

One of the biggest advantages of an Isa is that you can save up to £20,000 tax-free a year, which you cannot do with other savings accounts.

However, with rates so low, most savers do not have to pay tax on interest anyway because of the personal savings allowance, which allows you to earn up to £1,000 interest per year tax-free – or up to £500 for higher rate taxpayers.

When it comes to easy-access accounts, NS&I has the best rate going at 1.16%, which can be opened online with a deposit of £500.

The best one-year fixed bond rate currently on offer is from Allica Bank at 1.05%.

Allica Bank also has the highest paying two-year account at 1.20%. Both can be opened online with a deposit of £1,000.

If you are looking for something higher, you are going to have to lock your money away for longer.

RCI Bank is offering 1.40% for a five-year deal, which can be opened online with a deposit of £1,000.

Eleanor Williams, finance expert at Moneyfacts, says: "With average rates on many savings accounts continuing on a downward trajectory, it would be understandable if many consumers felt little enticement to save at this time.

"Those who may be considering moving their Isa pots should remember to do so by a transfer to ensure that it does not lose its tax-free status. Isa terms and conditions can vary from account to account, so it is vital to check the T&Cs before making a move."

FEATURED PRODUCT

Allica Bank two-year fixed term deposit, 1.20%

You can open this account from Allica Bank with an initial deposit of £1,000. It can be opened online, and the maximum investment is £250,000. However, deposits of more than £85,000 are not be covered by the Financial Services Compensation Scheme.

moneywise BEST BUYS SAVINGS

Product and provider	Type	Headline rate	Minimum and maximum balance	Open account	Notes	Change
NS&I Income Bonds	Easy access	1.16%	£500 up to £250,000	Online, phone and post		=
Allica Bank 95 Day Notice Account	Notice account	1.10	£1,000 to £250,000	Online only	95 days' notice required.	↓
Allica Bank 1 Year Fixed Term Deposit	One-year fixed rate	0.95	£1,000 to £250,000	Online only		↓
Gatehouse Bank 2 Year Fixed Term Deposit	Two-year fixed rate	1.15%	£1,000 upwards	Online, branch, post, phone	This account offers an expected profit rate.	↓
Al Rayan Bank 3 Year Fixed Term Deposit	Three-year fixed rate	1.21%	£1,000 to £1 million	Online, branch, post, phone	This account offers an expected profit rate.	↓
RCI Bank 5 Year Fixed Term Deposit	Five-year fixed rate	1.40%	£1,000 to £1 million	Online only		↓
First Direct Regular Saver	Regular Saver	2.75%	Up to £300 a month	Online only	Open to current account holders only	=
Halifax Kids' Monthly Saver	Children's Savings	4.5%	£10 to £100 a month	Branch only	Max age 15, no early access	=

Note: EPR is the 'Expected Profit Rate' offered by Sharia savings accounts. Rates correct as of 16/07/20. Souce: Savings Champion

FEATURED PRODUCT
Savings
NS&I Income Bonds easy access account offering 1.16%. This account can be opened online with a minimum investment of £500.

moneywise BEST BUYS CASH ISAS

Product and provider	Type	Headline rate	Minimum and maximum balance	Open account	Notes	Change
NS&I Direct Isa	Easy access	0.90%	£1 upwards	Online, phone		↓
Kent Reliance 60 Day Notice Cash Isa	Notice account	0.55%	£1,000 upwards	Online, branch, post	Withdrawals are subject to 60 day loss of interest.	↓
Gatehouse Bank Fixed Term Deposit Cash Isa	One-year fixed rate	0.70%	£1,000 upwards	Online only	This account offers an expected profit rate.	↓
Gatehouse Bank Fixed Term Deposit Cash Isa	Two-year fixed rate	0.95%	£1,000 upwards	Online only	This account offers an expected profit rate.	=
Gatehouse Bank 3 Year Fixed Term Cash Isa	Three-year fixed rate	1.00%	£1,000 upwards	Online only	This account offers an expected profit rate.	↓
Shawbrook Bank 5 Year Fixed Term Cash Isa	Five-year fixed rate	1.10%	£1,000 upwards	Online only		↓
NS&I Junior Isa	Junior Isa	3.25%	£1 upwards	Online only	Yearly Junior Isa limit of £4,368, must be under 18.	SAME
The Nottingham Lifetime Isa	Lifetime Isa	1.25%	Up to £4,000 a year	Online	Must be saving for a first home or retirement and aged 18-39.	=

Note: EPR is the 'Expected Profit Rate' offered by Sharia savings accounts. Rates correct as of 16/07/20

FEATURED PRODUCT
Cash Isa
NS&I Direct Isa easy access account offering 0.90%. Open this account online with a deposit of £1.

More about our *Moneywise* savings and Cash Isa Best Buys
We prioritise products that are widely and easily available, but this is subject to factors outside our control.

With each of our Best Buy savings accounts, you can earn £1,000 tax-free each year if you're a basic-rate taxpayer or £500 if you pay the higher rate of tax. If you are an additional-rate taxpayer, then you do not get a personal allowance and you should consider a Cash Isa.

All the interest earned in these accounts is tax free and you can save up to £20,000 in the 2019/2020 tax year.

Unless otherwise specified, all these providers are individually licensed by the Financial Conduct Authority, so your savings will be covered by the Financial Services Compensation Scheme (FSCS) up to £85,000. All interest rates are AER – the annual equivalent rate.

WIN £24,000 of prizes for schools with the Personal Finance Teacher of the Year Awards 2020

Has a teacher inspired your kids to be financially savvy? Then nominate them for one of these prestigious awards

At *Moneywise*, we believe it is never too soon for young people to learn about finances. By mastering money basics early in life, they can grow up to be the most financially savvy generation yet.

We have teamed up with our parent company, interactive investor, to offer schools with the best personal finance teachers a share of £24,000 to spend on equipment.

Sadly, *Moneywise* is closing at the end of July. However, interactive investor will carry on the competition. The change in ownership has no effect on existing entries, which remain valid, but new entries must now be sent to Teacher@ii.co.uk

Teachers at both primary and secondary level in UK schools are eligible for the competition.

Are you a parent, pupil, school governor or teacher? Do you know someone who is teaching personal finance at school you would like to nominate for this award? Tell us how they make personal finance fun and relevant for their pupils.

To put forward your nominations, please email Teacher@ii.co.uk with the name of the teacher(s) and the name and address of the school(s), plus why you are nominating them.

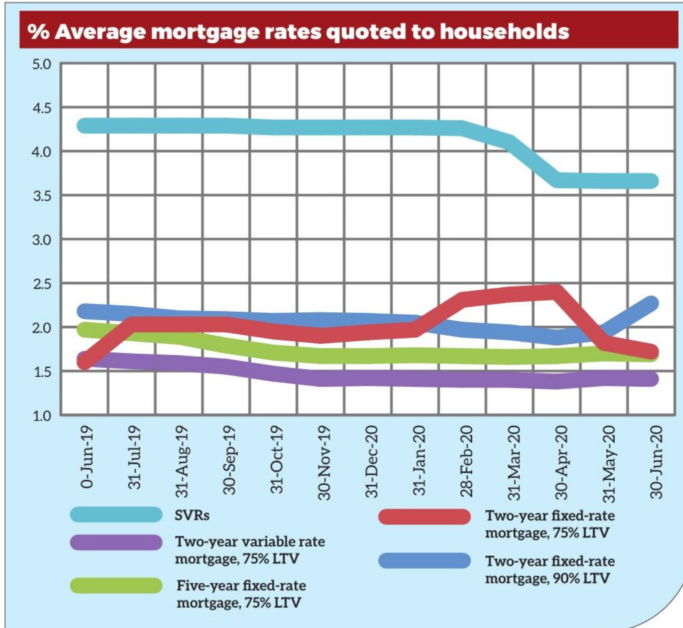
interactive investor will then contact the teachers, inviting them to submit their entry, including at least one personal finance lesson.

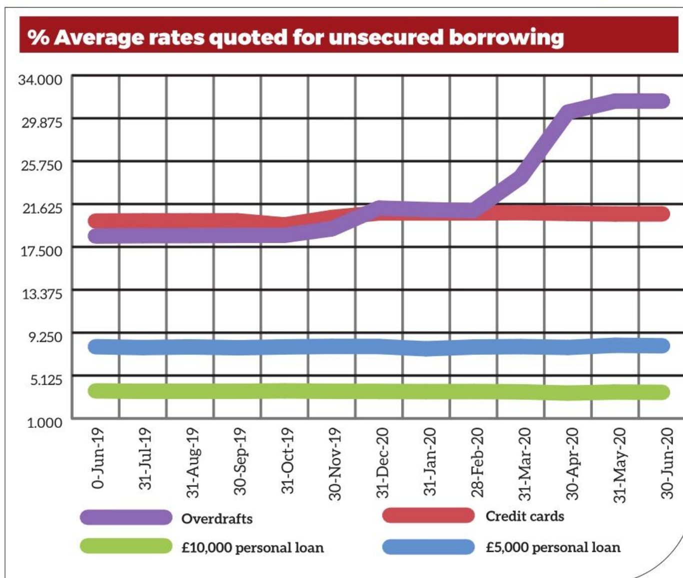
Teachers can also enter the awards directly. See the link below for more information about how to enter.

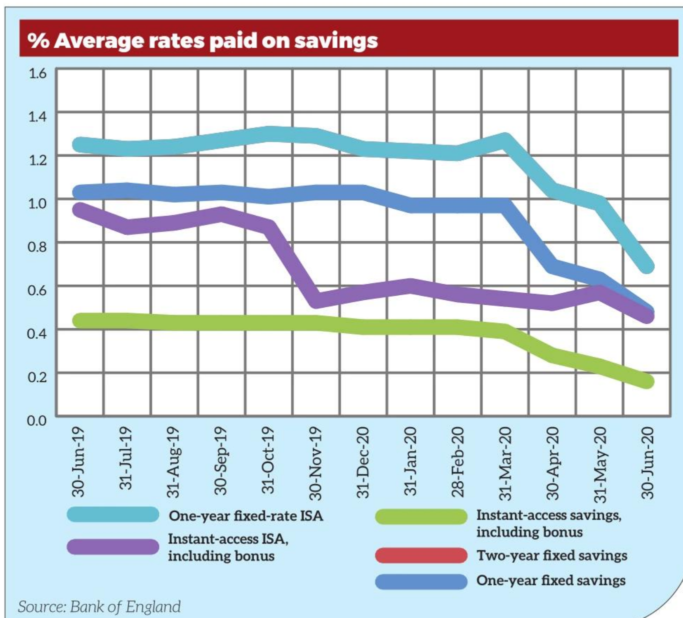
Above left: Sian Bentley, deputy head of Queensmead Primary Academy and one of the two 2019 Personal Finance Teacher of the Year winners. Above right: 2019 winner Helen Westwood with a *Moneywise* display board Top: Principal Liz Latham and Sian Bentley next to a *Moneywise* display board

* See ii.co.uk/analysis-commentary/win-ps24k-prizes-schools-ii511618 for full terms and conditions. mw

Use these charts to compare your rates against the rest of the market







Source: Bank of England

BEST BUY HOME MOVERS

The good news for homeowners is that since lockdown restrictions were eased in May the housing market is getting back on track, with estate agents reporting a surge in demand across the country.

Our example buyer is considering a £300,000 property purchase. They are borrowing at 60% loan to value (LTV) as they have £120,000 from the sale of their previous home. They have chosen a 25-year mortgage term.

The current best two-year deal for buyers with a 40% deposit is available from Platform.

It comes with a rate of 1.59% fixed for two years and a total annual cost of £5,695. There are no scheme fees and monthly repayments are £485. After the two years are up it then reverts to the SVR, which is currently 4.34%.

It is possible to fix your mortgage for longer to ensure you know exactly what your repayments will be.

For buyers with a 40% deposit, Platform is offering a rate of 1.64% for five years. This mortgage costs £488 a month for an annual cost of £5,804. There are no scheme fees and once the deal is up it reverts to an SVR that is currently 4.34%.

If you are prepared to lock in for the next decade, TSB is offering buyers with a 40% deposit a rate of 1.99%. It is fixed until 31 July 2030, then reverts to an SVR (currently 3.59%). Monthly repayments are £520, equal to £6,238 a year, and there are no scheme fees.

When the fixed rate period ends in 2030, monthly repayments will increase, assuming rates do not change and our buyer hasn't switched to a better deal.

BEST BUY REGULAR SAVINGS ACCOUNTS

Regular savings accounts typically pay some of the highest rates available on the market, but you will need to hold a current account with the same provider. Even though rates have fallen in the past year it is still possible to earn up to 2.75% interest tax free.

Usually you can pay between £10 and £300 every month over the period of a year. You will be penalised if you fail to make a monthly payment, so you have to make sure you have regular money going in.

The HSBC Regular Saver, the M&S Bank Monthly Saver and the First Direct Regular Saver all pay 2.75% interest but require a current account to open.

The First Direct Regular Saver has the highest monthly pay-in limit at £300 a month, allowing you to save a maximum of £3,600 a year.

The M&S Bank Monthly Saver and the HSBC Advance account both have a limit of £250 a month.

Slightly lower than these is the Club Lloyds account at 2% which allows you to save £25 to £400 a month.

With all of these accounts the rate is fixed for 12 months, after which it drops.

If you do not have a current account from one of these providers your options are more limited.

The Coventry Building Society regular saver pays 1.85% a month. It can be opened online and you can save up to £500 a month. The interest rate lasts for 12 months, after which the account is transferred to Coventry's Easy Access Saver which pays a lower rate of interest. mw

Our best buy selection criteria:
We prioritise products that are widely and easily available, but this is subject to factors outside our control.

When you start investing, choosing from thousands of funds can seem daunting. To make your choice easier, *Moneywise* has selected our 50 favourite funds for beginners. Index tracker funds can be used to build a low-cost, solid core for your portfolio. Active funds have the potential to perform better, but there is the risk that the fund manager may make the wrong decision. Investment trusts possess unique features that are attractive but make them riskier than active funds. See the performance of the *Moneywise* First 50 Funds below.

TRACKERS (ranked in order of three-year returns, as at 16/07/20)

	ISIN Acc	ISIN Inc	Ongoing charges %	Yield %	One-year return %	Quartile	Three years %	Quartile	Five years %	Quartile
Vanguard FTSE UK Equity Income Index A	GB00B59G4H82	GB00B5B74684	0.14	6.14	-14.24	2	-10.82	3	-1.58	3
iShares 100 UK Equity Index (UK) D Acc	GB00B7W4GQ69	N/A	0.06	4.68	-13.25	3	-4.21	2	13.47	2
Fidelity Index UK P	GB00BJS8SF95	N/A	0.06	4.38	-12.32	3	-3.84	2	13.63	2
LSE ETFs Vanguard Funds PLC FTSE 250 UCITS ETF TR	IE00BKX55Q28	N/A	N/A	3.94	-9.25	N/A	-3.61	N/A	11.02	N/A
Vanguard Global Small-Cap Index Acc GBP	IE00B3X1NT05	IE00B3X1LS57	0.29	1.46	-3.76	4	11.27	4	55.3	3
Vanguard Global Bond Index Hedged Acc GBP	IE00B50W2R13	IE00B2RHVP93	0.15	1.72	5.63	2	12.18	2	18.67	2
Fidelity Index Emerging Markets P Acc	GB00BHZK8D21	GB00BP8RYT47	0.2	2.48	2.76	2	12.3	2	57.25	2
Vanguard FTSE Developed Europe ex-UK Equity Index A	GB00B5B71H80	GB00B5B74N55	0.12	2.77	2.67	2	12.34	2	49.51	2
Vanguard UK Investment Grade Bond Index Acc GBP	IE00B1S74Q32	N/A	0.12	2.26	5.87	2	14.08	2	31.02	2
HSBC Japan Index C Acc	GB00B80QGN87	GB00B80QGM70	0.12	2.13	4.14	3	14.42	2	50.95	2
Vanguard LifeStrategy 20% Equity A Gross Acc GBP	GB00B4NXY349	GB00B4620290	0.22	1.53	5.91	1	16.63	1	31.96	1
Vanguard LifeStrategy 60% Equity A Acc	GB00B3TYHH97	GB00B4R2F348	0.22	1.83	2.96	1	17.89	1	45.41	1
Vanguard LifeStrategy 100% Equity A Acc	GB00B41XG308	GB00B545NX97	0.22	2.53	-0.41	3	18.76	3	58.62	3
iShares Overseas Corporate Bond Index (UK) D Acc	GB00B58YKH53	GB00BNB74B95	0.11	2.71	7.26	1	19.45	1	57.54	1
Vanguard UK Government Bond Index Acc GBP	IE00B1S75374	IE00B1S75820	0.12	1.06	10.94	1	21.05	1	37.53	1
Fidelity Index World P	GB00BJS8SJ34	GB00BP8RYB62	0.12	2.09	5.17	2	29.41	2	78.19	1
L&G International Index Trust I Acc	GB00B2Q6HW61	GB00B2Q6HX78	0.13	2.23	5.5	2	29.59	2	80.18	1
Vanguard US Equity Index	GB00B5B71Q71	GB00B5B74S01	0.1	1.5	6.52	3	39.4	2	98.8	2
HSBC American Index C Acc	GB00B80QG615	GB00B80QG490	0.06	1.62	8.32	2	42.32	2	105.72	1
LSE ETFs iShares Physical Gold ETC EUR	IE00B4ND3602	N/A	N/A	N/A	25.96	N/A	46.63	N/A	N/A	N/A

ACTIVES (ranked in order of three-year returns, as at 16/07/20)

	ISIN Acc	ISIN Inc	Ongoing charges %	Yield %	One-year return %	Quartile	Three years %	Quartile	Five years %	Quartile
MI Chelverton UK Equity Income B Acc TR	GB00B1Y9J570	GB00B1FD6467	0.86	6.47	-20.61	4	-18.02	4	-0.88	3
Merian UK Mid Cap R Acc GBP	GB00B1XG9482	GB00B8FC6L92	0.85	1.17	-5.09	1	-7.11	3	27.42	1
Artemis Global Income I Acc	GB00B5ZX1M70	GB00B5N99561	0.85	3.25	-10.44	N/A	-6.16	N/A	23.31	N/A
Franklin UK Rising Dividends W Acc TR	GB00B5MJ5601	GB00BT6STC53	0.54	4.27	-7.51	2	1.85	2	26.41	1
GAM Star Credit Opportunities GBP Inst	IE00B510J173	IE00B54L8Q54	1.15	4.21	0.36	4	7.71	4	30.23	1
Royal London Global Bond Opportunities Z Acc TR	IE00BD0NHJ71	IE00BYTYX230	0.49	N/A	-1	N/A	9.42	N/A	N/A	N/A
Jupiter Strategic Bond I Acc	GB00B4T6SD53	GB00B544HM32	0.73	3.32	5.79	1	12.68	1	24.42	2
Marlborough Global Bond P Acc	GB00B6ZDFJ91	GB00B8H7D001	0.43	2.69	4.21	N/A	12.97	N/A	38.5	N/A
Liontrust Special Situations I Inc TR	GB00B57H4F11	N/A	0.84	2.14	-6.33	1	14.74	1	49.04	1
Rathbone Ethical Bond Fund I Acc GBP	GB00B77DQT14	GB00B7FQJT36	0.66	3.86	5.57	2	15.39	1	33.27	1
Schroder Global Cities Real Estate Z Acc	GB00B1VPTY75	GB00B1VPTW51	0.92	1.03	-6.14	N/A	17.93	N/A	49.47	N/A

ACTIVES (continued)

	ISIN Acc	ISIN Inc	Ongoing charges %	Yield %	One-year return %	Quartile	Three years %	Quartile	Five years %	Quartile
Stewart Investors Asia Pacific Leaders B Acc GBP	GB0033874768	GB00B57S0V20	0.88	0.91	3.67	N/A	20.39	N/A	55.16	N/A
Baillie Gifford Japanese B Acc	GB0006011133	GB0006010945	0.62	1.45	6.28	2	25.26	1	82.87	1
TB TB Amati UK Smaller Companies B Acc	GB00B2NG4R39	N/A	0.89	1.01	0.15	2	26.37	1	88.89	1
Baillie Gifford Emerging Markets Growth B Acc TR	GB0006020647	GB0006020530	0.77	2.31	6.76	1	27.54	1	95.25	1
Man GLG Continental European Growth C Professional i	GB00B0119487	N/A	0.9	0.02	20.13	1	35.25	1	106.96	1
M&G North American Dividend I Acc GBP	GB00B7565G26	GB00B7F5Y731	0.7	1.18	2.28	3	37.91	2	103.47	2
Fundsmith Equity I Acc	GB00B41YBW71	GB00B4MR8G82	0.95	0.7	7.36	N/A	50.13	N/A	144.09	N/A
Lindsell Train Global Equity B GBP TR	IE00B3NS4D25	IE00B54L8Q54	0.65	0.89	-1.2	3	50.9	1	116.89	1
Royal London Sustainable World Trust C Acc TR	GB00B882H241	GB00B8GG6326	0.77	0.85	18.61	1	51.92	1	99.59	1

INVESTMENT TRUSTS (ranked in order of three-year returns, as at 16/07/20)

	Discount/ Premium %	Gearing %	Ongoing charges %	Yield %	One-year return %	Quartile	Three years %	Quartile	Five years %	Quartile
BMO Commercial Property Trust (BCPT)	-52.7	28.13	1.2	7.38	-48.67	4	-54.08	4	-49.49	4
Murray International Trust (MYI)	-0.5	7.7	0.39	5.62	-17.33	3	-9.77	3	2.91	2
Murray International Trust (MYI)	-3.7	10.56	0.61	5.37	-10.12	4	-8.22	4	35.75	4
Witan Investment Trust (WTAN)	-5.6	11.02	0.79	3.11	-12.34	4	-0.85	4	30.32	4
European Opportunities Trust (JEO)	-9.17	8.93	0.9	0.68	-16.82	4	4.09	3	35.72	3
Henderson Smaller Companies Investment Trust (HSL)	-9.11	9.31	0.42	2.2	-7.46	2	8.01	2	30.53	2
TR Property Investment Trust (TRY)	-14.04	1.66	0.61	3.89	-14.86	1	9.43	1	31.32	1
Finsbury Growth & Income Trust (FGT)	1.64	0.54	0.66	2.35	-7.27	1	24.25	1	57.03	1
Edinburgh Worldwide Investmet Trust (EWT)	6.9	3.02	0.75	N/A	39.75	1	124.95	1	188.74	1
Scottish Mortgage Investment Trust (SMT)	2.18	10.13	0.36	0.44	64.9	1	130.65	1	254.19	1

Source: FE Analytics, 16/06/20.

HOW TO READ THE FIRST 50 FUND TABLES An International Securities Identification Number (**ISIN**) uniquely identifies a fund and you can use the ISIN to find the fund on a DIY investment platform. **Inc** and **Acc** refer to different share classes of a fund. The income class of a fund (Inc) will pay out your dividends and any other income as cash, directly into your bank or investment account. The accumulation class of a fund (Acc) will hang on to your money and reinvest it directly back into the fund. The **ongoing charges** figure is an overall total annual charge for owning part of a fund and includes management costs and the transaction charges for the buying and selling of investments. **Quartile** rankings are a measure of how well a fund has performed against other funds in its Investment Association or AIC sector. The rankings range from 1 to 4 for all time periods covered. Funds with the highest percentage returns are assigned a quartile of 1, whereas those with the worst returns are assigned a quartile of 4. **Investment trusts data:** Investment trusts can be identified by their TIDM (Tradable Instrument Display Mnemonics) number, a short, unique code used to identify UK-listed shares, shown in brackets next to the investment trusts. The **Discount/ Premium** column shows the percentage difference between the value of a trust's underlying assets and the value of its share price. **Gearing** means borrowing money to buy more assets in the hope the company makes enough profit to pay back the debt and interest and leave something extra for shareholders. Not all investment companies use gearing, and most use relatively low levels of gearing. The majority of investment companies have a gearing range – from no gearing (0%) to 20% gearing in normal market conditions.

Annuities Top three example rates on £50,000 purchase price (as at 01/07/20)

Data supplied by JLT Pension Decision

CONVENTIONAL ANNUITIES (GROSS ANNUAL INCOME)

Age	Level		RPI-linked	
60	£2,092	Legal & General	£1,075	Legal & General
	£2,006	Just	£1,047	Just
	£1,970	Hodge	£1,008	Aviva
65	£2,455	Legal & General	£1,408	Legal & General
	£2,367	Just	£1,368	Just
	£2,325	Aviva	£1,361	Scottish Widows
70	£2,912	Legal & General	£1,813	Scottish Widows
	£2,763	Scottish Widows	£1,777	Legal & General
	£2,751	Just	£1,729	Just
75	£3,460	Legal & General	£2,453	Scottish Widows
	£3,450	Scottish Widows	£2,278	Just
	£3,330	Just	£2,258	Legal & General

ENHANCED ANNUITIES (GROSS ANNUAL INCOME)

Age	Level		RPI-linked	
60	£2,165	Just	£1,165	Just
	£2,139	Legal & General	£1,093	Aviva
	£2,014	Aviva	£1,078	Legal & General
65	£2,565	Just	£1,523	Just
	£2,498	Legal & General	£1,415	Aviva
	£2,369	Aviva	£1,407	Legal & General
70	£2,952	Legal & General	£1,876	Just
	£2,932	Just	£1,813	Scottish Widows
	£2,763	Scottish Widows	£1,772	Legal & General
75	£3,559	Just	£2,471	Just
	£3,503	Legal & General	£2,453	Scottish Widows
	£3,450	Scottish Widows	£2,262	Legal & General

Annuity rates based on purchase price of £50,000. Single life, nil guarantee period, income payments monthly in arrears. Enhanced annuity rates based on Type 2 diabetes, one tablet a day, diagnosed for 10 years. Source: JLT WM Limited, which is part of Mercer, a Marsh & McLennan company.

COLUMNIST RACHEL LACEY

Growing older and wiser on the job

I've been at *Moneywise* most of my working life. The adventure began 17 years ago, when I had just returned home from another adventure, a gap year travelling around the world.

A lucky break had landed me my first job in journalism so I was anxious about how I would find my second with the pressure of rent and bills hanging over my head.

But luck was again on my side and a fellow freelancer (*Moneywise* stalwart Sam Barrett, if memory serves me well) told me *Moneywise* was looking for journalists to do shifts at its Canary Wharf offices.

A week on shift turned into month-long bookings: I was writing news and features and looking after all our correspondence pages, like letters and Ask the Professionals. Previously I had only written about health insurance and mortgages for financial advisers, so consumer writing was a real change and a real challenge.

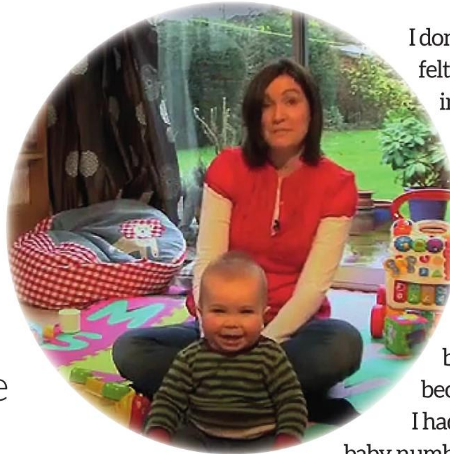
I finally joined the *Moneywise* team permanently a year later when the magazine was bought from Reader's Digest by the investment platform interactive investor, and we moved to offices in the City.

My job was changing and so was my life. What I had written before had never had any resonance with me, but now what I was writing for work was helping me with some pretty major life events. First buying a house, then getting married and eventually, in January 2009, starting a family.

By this point I was now editing *Moneywise*. We had launched Moneywise.co.uk and were embracing new ways of sharing content – like videos. We had no budget whatsoever – certainly none for hair and make-up – and I'll never forget interviewing an estate agent in my back garden, desperately trying to hide a growing baby bump.

I took a break to have my first son, Will (pictured above, who went on to star in his own *Moneywise* video on child trust funds) but returned to the magazine in late 2009, this time part-time.

Moneywise has always been more popular with women than your average financial mag, and I found myself writing more about the challenges in my own life, including work, childcare and juggling everything.



> The mag has given me the motivation to save and the confidence to invest

I don't think it was just my advancing age, but it felt like personal finance was becoming more important around this time too. Interest rates had plummeted to 0.5% on my maternity leave, austerity was biting and people seemed more tuned in to their personal finances.

I was used to people changing the subject when I told them I was a financial journalist, now I would get hit with a barrage of questions. Money saving had become a competitive sport.

I had another break from *Moneywise* when baby number two (Edward) came along in 2011, but flexible working made my return to work easier. I was spending more time working from home.

I had learnt so much by this point. I could certainly spend more time shopping around for the best deals, and my love of retail therapy still hasn't abated – but what *Moneywise* had given me was the motivation to save and the confidence to invest my cash. I had set up my own Stocks and Shares Isa as well as Stocks and Shares Junior Isas for the boys.

But it wasn't until 2015 that I started to learn perhaps my most valuable lesson. Following the introduction of the pension freedoms that April, we launched a sister magazine to *Moneywise*, *How to Retire in Style*, to help over-55s plan their retirement income.

It taught me not only why pension saving is important but also that it's something you need to actively engage with if you want to retire on a half decent income – particularly if you are a woman.

One of my proudest achievements was last year's Great British Retirement Survey, a collaboration between *Moneywise* and interactive investor, which some 10,000 readers took part in.

It confirmed what we all suspected – that women had less money saved than men, they were more wary about managing it and were less excited by retirement as a result. It painted a pretty bleak picture.

As I start to plan ventures new, this very much lurks at the back of my mind. Life's ups and down mean pensions and savings can't always be a big priority, but thanks to *Moneywise* my eyes have been opened and I'm aware of the challenges ahead.

After 17 years, only art director Mark Stammers has been here longer than me. But I think, thanks to everything that it stands for, *Moneywise* will remain in the hearts of everyone who has written or worked for it over the past 30 years. In our mission to help our readers manage their money better, we have also learnt plenty of lessons ourselves and we are all so sorry that this journey has come to an end. mw

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