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PUBLISHED BY interactive investor

WELCOME

THE EVERYDAY MUNDANE is always so much more fun somewhere new. Commuting, buying groceries – it all becomes a bit of an adventure.

In our cover story (pages 8-11), we speak to people who are doing the same jobs as they were in the UK – but from new places. Emma Nicholson writes press releases and business proposals in the morning – and windsurfs on Mexico's west coast in the afternoon. Stella Bayles makes video calls from New York rooftops. And Jonny Lott is designing while travelling around Europe with his girlfriend and their cat. It's easier to do than you think – and we explain how you can make it happen.

Our February issue is full of ways to save and make money. You can make a cruise affordable with our tricks on pages 42-44, make easy money from your car with our feature on pages 48-50, and get fit on the cheap with tips from *Moneywise* writer James Poulter on pages 52-54.

Our investing features will help you squeeze as much value out of your savings as possible. On pages 73-75, we look at Self Investing Personal Pensions (Sipps) and how to get the best deal for your needs.

On pages 63-65, deputy editor Edmund Greaves talks through five ready-made investment portfolios that could have you investing wisely in your lunch break. Investing doesn't have to be complicated or time consuming – open a Stocks and Shares Isa and away you go.

Would you know what to do with an inheritance or windfall? Before you spend it all on an affordable cruise (see pages 42-44), read our guide on pages 39-41. There's a lot to think about – whether you prioritise paying off debts, topping up your pension, shrinking your mortgage or gifting it to a family member who needs it more than you do. We explore the practicalities.

Meanwhile, reporter Stephen Little investigates financial abuse and how to spot the signs. Banks and building societies are waking up to the issue and doing more to help victims – but do they go far enough?

On page 62, we relaunch our Money Makeover. We're offering one reader every month the chance to receive financial advice worth over £2,000. If you have questions about inheritance tax, investing, property, and more, you should check it out.

Finally, our hotel competition, on page 24, will see one lucky pair set off on a gourmet getaway in Scotland for two nights. It looks beautiful.

As always, we love to hear from you. Please get in touch with your thoughts and money-saving tips.

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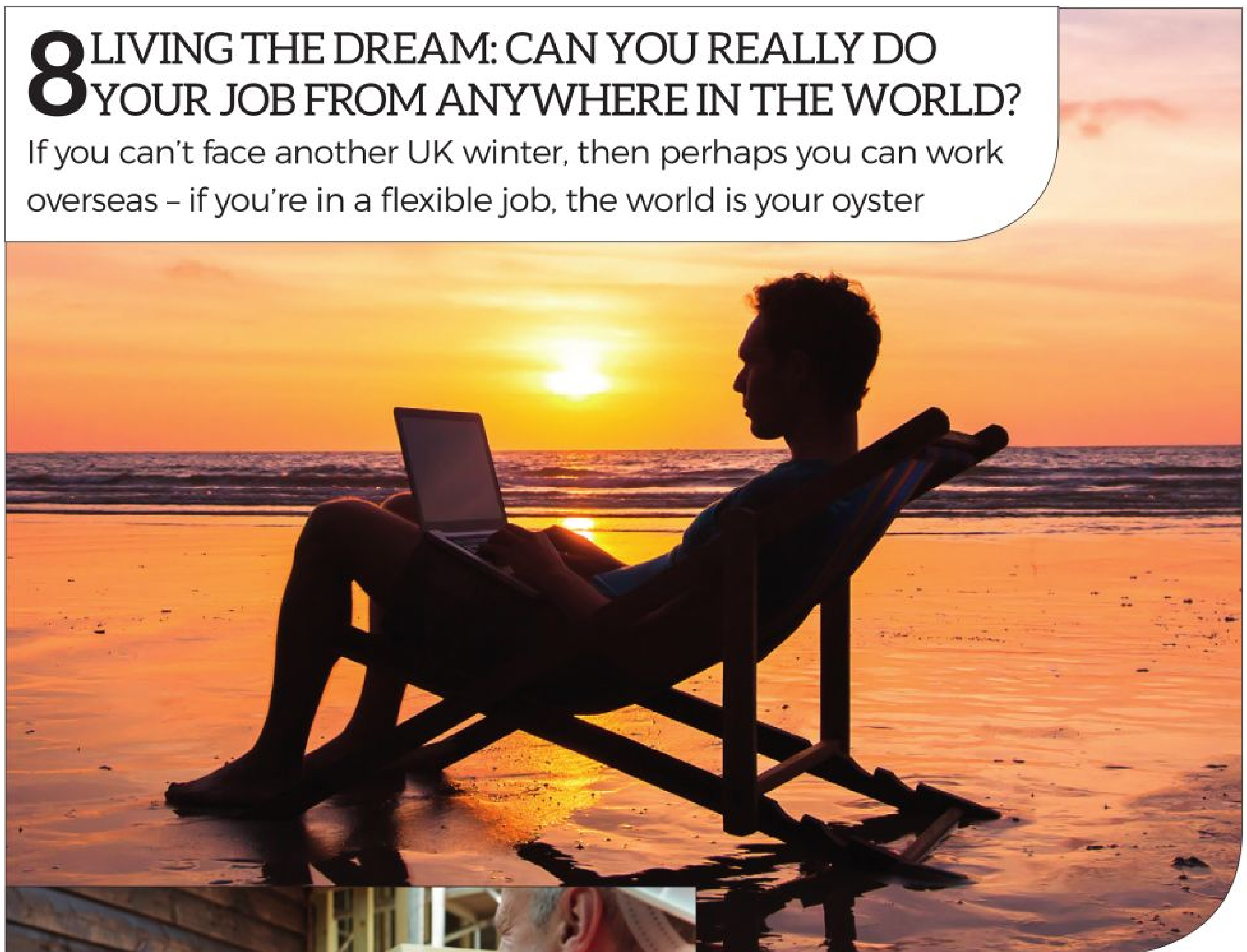
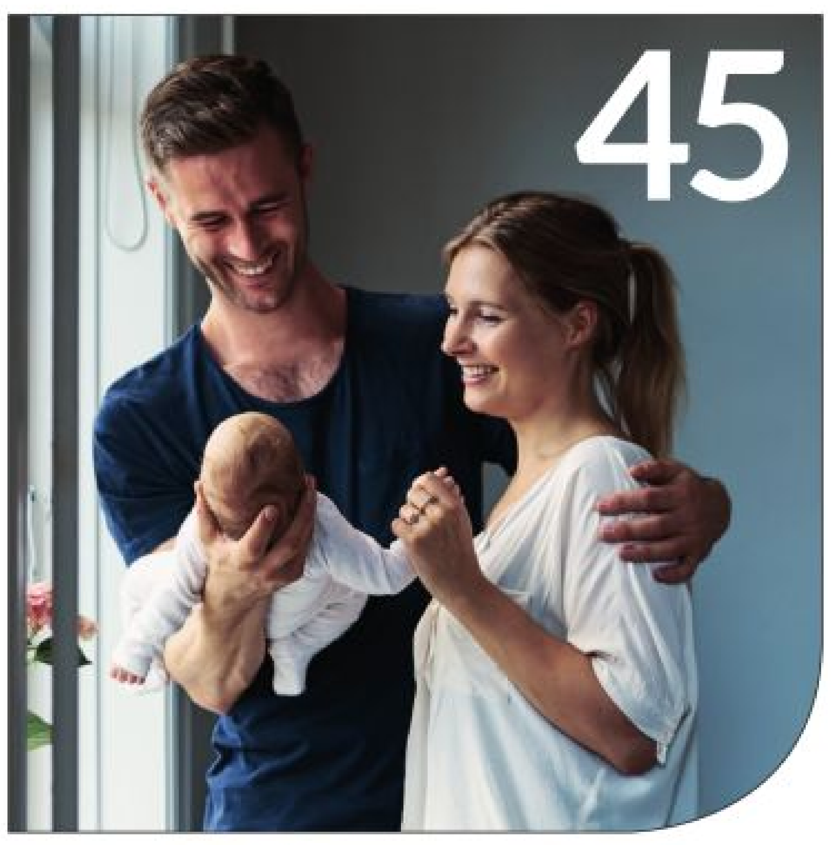




Sections

"Go through your bills and check if you've been a victim of stealth price rises"
Jasmine Birtles

Regulars

LIVING THE DREAM: Can you really work from anywhere in the world?

Have cold, dark days got you dreaming of ditching the rush-hour commute for a beachside café, or switching cities so you can combine work with a passion for travel? We look at what's involved and hear from four adventurous Brits who have made the move

BY SUE HAYWARD

The good news is that if you can do your job from your laptop, you can probably do it from anywhere in the world. Working from far-flung places isn't just for travel bloggers: if your job involves creating websites, copywriting, graphic design, IT or photography, you may be able to switch locations without clients even realising you're away. But before you get carried away, here are the basics to keep you networking and connected.

Practical considerations

However excited you are at the prospect of escaping grey skies and a long commute, you can't just pack your suitcase and go, as you may need a visa or work permit, depending on where you're going and how long you're planning to stay.

While the UK remains within the EU, the Foreign & Commonwealth Office (FCO) says: "British citizens can live, work and travel in the EU without the need for a visa under free movement rules." It is still unclear how this will change after Brexit.

Beyond the EU, any decision on visas and work permits is down to each country's immigration authority. You can usually get in on a tourist visa, but may need a residence permit if you're staying longer than a tourist visa allows or some form of work permit, even if you're still working for a UK-based company.

To avoid potential problems, the advice from the FCO is to check the rules with the embassy, high commission or consulate of the country you're travelling to.

For more details, visit Gov.uk/foreign-travel-advice.

Keep costs down

Unless you're planning to sell up and go for good, you'll probably want to keep a bolthole in the UK. You could rent this out while you're away to cover living costs and use Airbnb in your chosen country, or even arrange a house swap.

Sites such as Lovehomeswap.com and Homeexchange.com charge £100 a year for membership, and you can then swap homes with other members as often as you like.

"Swaps can last anything from a week to a year," says Kelly Marsden, HomeExchange's content and communications manager. "And it's perfectly possible to swap a two-bedroom flat in Manchester for an apartment in Sydney with harbourside views or a villa on a Greek island."

Insurance isn't included with Lovehomeswap.com, so check with your home insurer first, but HomeExchange.com does include insurance to cover damage on both sides of the swap.

> "You can swap a two-bed flat in the UK for a villa on a Greek island"

Check insurance

Most single-trip travel insurance policies cover both business and holiday trips, but check time limits as some only cover trips up to 30 days, while other insurers, such as LV=, provide cover for up to a year.

Another option is international health insurance, (also known as international private medical insurance), which covers both emergency and routine medical treatment while you are living or working overseas for an extended period. Specialist providers include Axa and Allianz.

You may need specialist gadget insurance to protect laptops, smartphones and tablets as valuables cover on travel policies "is typically only around £300", according to Brian Brown, head of insight at financial

information company Defaqto, “and some policies ‘exclude’ business cover”.

Check your home policy as if you have ‘personal possessions’ cover, this can typically cover up to £1,500 per item along with a limit of £1,500 on mobile phones.

Keep connected

There are many ways to stay connected even when you’re on the other side of the world.

Technology expert Carl Reader from D&T Business Advisors (Team-dt.com) suggests free apps Slack and Zoom although you can pay for upgraded versions.

“Slack is great for sending messages, on both a one-to-one or group basis and Zoom is a convenient and reliable online meeting tool,” he suggests.

If there is a time difference, Boomerang can be a helpful tool as you can schedule when to send emails, so you’re not mailing clients in the UK at 3am.

And you can still have a local UK phone number for clients to call, even when you’re abroad, with companies such as Vonage, a cloud-based communications company.

Mexico is home to content director Emma Nicholson, pictured with her boyfriend (top right) and a friend (above)

“You'll need to insure your gadgets”

“I finish work at 2pm and go windsurfing in the afternoon”

Content director Emma Nicholson, 48, swapped London life for Los Barriles in Baja on Mexico’s west coast but still has the same job with communications agency Seven Consultancy.

“I start work when the sun comes up at six and stop in the early afternoon when I go windsurfing or cycling. There are miles of empty beaches where we live, so sometimes we take the dogs to the beach and watch the rays jump or see the occasional dolphin,” she says.

Emma first made the move to Mexico as her American boyfriend had some land there, so they visited for a month, fell in love with the place and, seven years on, they are still living there.

The eight-hour time difference means it is lunchtime in London when Emma starts work.

“I have a London telephone number through virtual communications company Vonage, so as far as most people know I’m still in London. The internet works well and I live close to an international airport in Cabo San Lucas if I need to fly back to the UK,” she says.

While Emma’s role did need some slight ‘rejigging’ as she is no longer able to meet clients on a regular basis, she is busy writing press releases and generating new business proposals, which frees up the client-facing team back in London.

“I do miss the interaction you get with team members but I’m in touch all day through Messenger, email and WhatsApp, and we live in a very sociable town so there’s often a party or event going on every night,” she adds.

Emma is still a UK taxpayer and her salary’s paid in pounds, so on a daily basis she relies on money transfer companies to move money between the UK and Mexico as well as using PayPal and Mastercard.

"You can schedule emails so you're not mailing clients in the UK at 3am"

"New York is my dream place to live"

Stella Bayles lives in East Williamsburg, Brooklyn in New York and regularly works from rooftop locations around the city.

"I'm a director of a software company CoverageBook, and the whole team is based in Brighton, apart from me. I've always wanted to live in New York and, after coming out to talk at a conference last year, I fell in love with the city, made friends, and moved here in February. I'm on a business visitor's visa, which allows me to stay for a year, and I can then apply for an extension," she explains.

"Technology has really made this happen as I can jump on video calls with the team in Brighton using Zoom (a video conferencing facility), or our shared working platform, Basecamp. In fact, I think we communicate better now I'm here than when we sat at desks next to each other, and we make sure we use our crossover hours wisely.

"I love this style of working and you never know who you'll meet. I take my dog, Boss, to the park at lunchtime and last week got chatting to the owners of the dogs he was playing with. One turned out to be a Broadway musical writer who had just finished a new show set for Broadway release."

There is no line rental, contracts or installation and it offers unlimited call packages.

Dip your toe in the water

Working from a beach bar with your laptop may sound idyllic, but life may get a little bit lonely if you don't have a bunch of friends or colleagues for company.

This is where companies such as Be Unsettled (Beunsettled.co) come in as they offer short-stay 'workation' trips with an instant network of friends.

You can live like a local for a month anywhere from Tuscany to Bali, Marrakech or Cape Town and, while it's up to you to organise work, you get a place to stay plus shared workspace and a new bunch of friends on tap.

It costs between £1,500 and £2,300, which includes accommodation, airport transfers, shared workspace, weekly dinners, workshops, and trips and events, but, as it is pricey, it is probably only an option as a one-off to check out your chosen city and make some contacts.

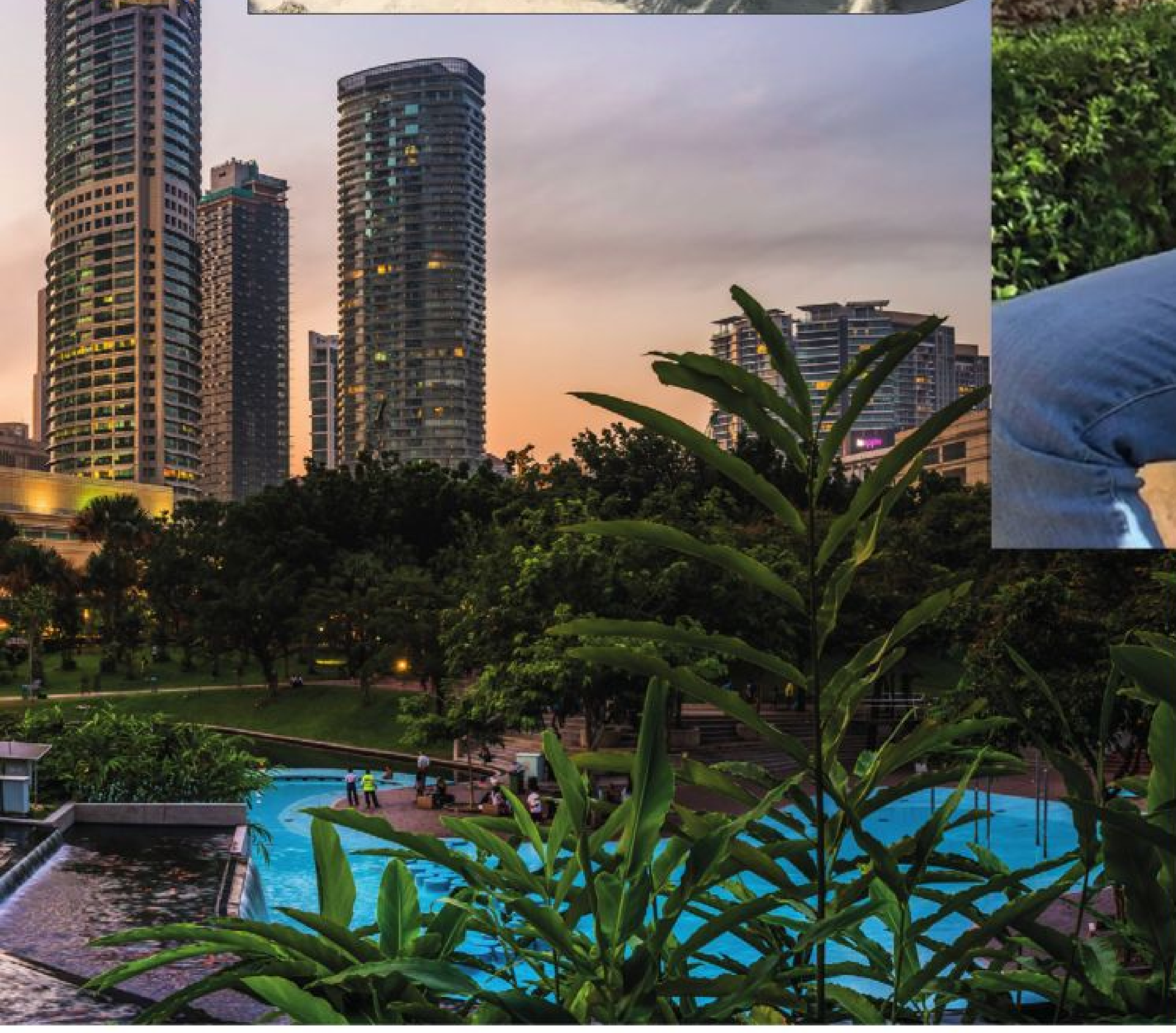
Watch out for time differences

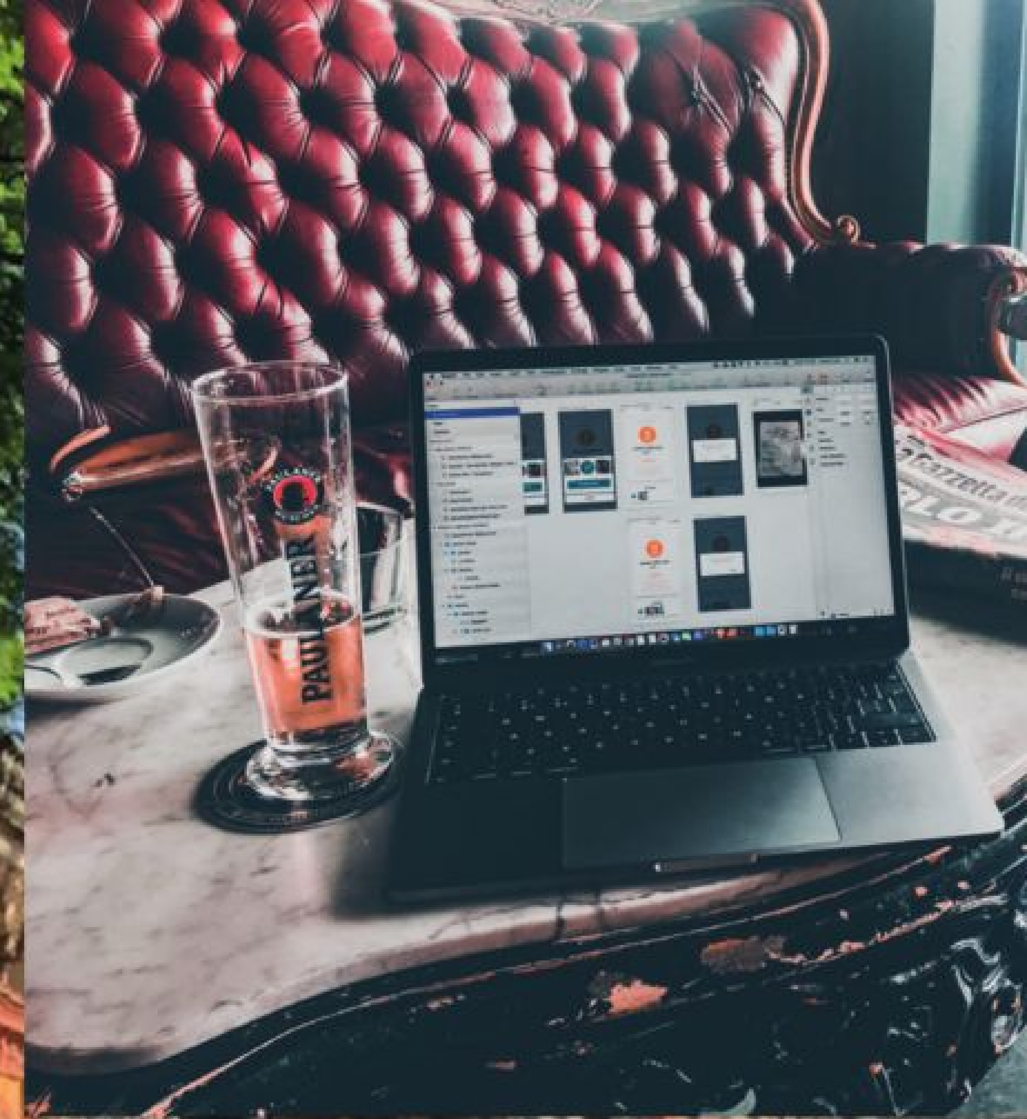
One problem you may encounter when working abroad is having to plan your time around different time zones.

Rich Woolley, 30, is the founder of Paperclip, which builds and runs student marketplace websites for universities.

He has spent two months living in Kuala Lumpur, Malaysia, doing his day job, which includes checking the company finances, design work and marketing, while visiting his girlfriend who lives there.

"The time difference is seven to eight hours ahead of the UK, so I clock on and work from around 8am to 6pm. But just as I am clocking off, the UK team is starting work so it can be hard to 'switch off' if I get





Jonny Lott (left) at the Alcazar Palace in Seville. A bar in Milan (above) serves as a temporary work space

Rich Wooley (top left and right) loves Kuala Lumpur (above) and the chance it offers to travel further afield

messages from them about potential problems. I've sometimes worked 16-hour days, so I have to be tough and just go offline for an evening or ignore my phone."

However, Rich says it is worth the inconvenience.

"Home in Kuala Lumpur is a two-bedroom apartment with a pool and gym that I found through Airbnb. It costs £29 a night and is double the size of my flat in Cardiff city centre that I rent out to a friend while I'm away.

"I love it as it takes me away from everyday distractions such as watching Netflix every night. In Kuala Lumpur, it's always hot so I spend my days in flip-flops and shorts and regularly use co-working spaces as a way to meet people. For keeping in touch with the UK, I tend to use Slack, like Skype and WhatsApp combined," he explains.

"Being in Asia has meant the chance to travel further afield, and I was recently able to go to a friend's wedding in Thailand, which I probably wouldn't have done if I was in the UK," he adds. mw

> "It is hard to switch off if I get after-hours messages from the UK"

"I worked on my laptop during a 10-hour trip across Spain"

Jonny Lott, 28, is the lead designer at travel money company WeSwap.

"I work in the travel industry but recently realised I don't have much travel experience, so I approached my bosses with the idea of working remotely for three months, while I took a road trip across Europe with my girlfriend, Em, and our cat.

"There were a few hoops to jump through including writing a report to show my bosses how I'd manage my time, but luckily it got approved and the travelling began. Since then, we've stayed in Milan, Cannes and Seville.

"The timing was perfect, as the contract on our London flat was coming to an end, and we've used Airbnb the whole way across Europe. It's so easy, and most owners reduce their prices if you book for a month, which saves around 25%," he adds.

Jonny and Em have used Em's car to travel around but tend to keep the travelling or exploring to weekends.

"I usually set myself fixed hours for work so I can stick to a schedule, although it can be flexible. If I want to work from a different café or explore a local neighbourhood, I'll make up the time later on.

"Most days I work from our Airbnb rather than local cafés, as this way I've got stable wi-fi, but if the weather's good, I've been known to sit on the beach with my laptop. And with tools such as Slack, Google Hangouts and Trello (a ticketing system for keeping tabs on projects and progress), I'm still able to make meetings and stay in the loop although technology isn't yet at the stage where you can always guarantee perfect video or audio," he adds.

SUE HAYWARD is a freelance consumer journalist and broadcaster who writes for a wide range of magazines and has a 'Money Talk' column in *My Weekly*

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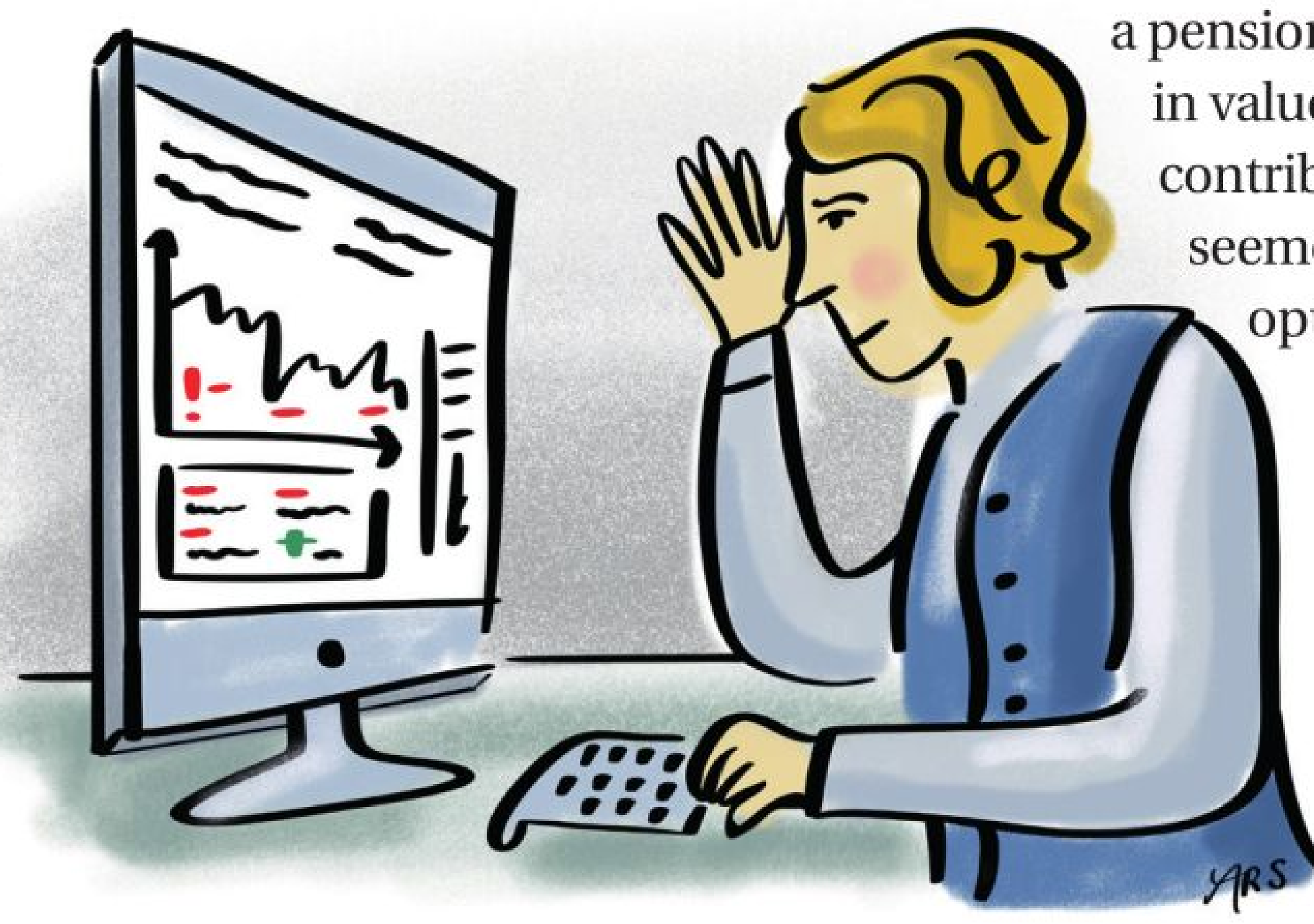
My investments right now are a sea of red

I have to take a deep breath before I check their performance online and peer through my fingers at them as I do when watching an Agatha Christie murder mystery (that's about as scary as my TV viewing gets).

When my investments were going up, I patted myself on the back for artfully picking ones with such potential. Now as most slide back down again I'm not feeling so clever.

But I suspect neither their rise nor fall has much to do with me – most investors will have seen similar movements over the past year.



The FTSE 100 – an index of the biggest 100 companies on the London Stock Exchange – saw its biggest fall in a decade last year. It was pretty hard to make money investing in 2018 – and I certainly didn't. Similarly, when my portfolio was doing so well the year before, so were most.

In theory, I should be quite pleased about the recent drops. I haven't actually lost money because I haven't cashed in my investments. Plus , now, comparatively, I'm buying on the cheap.

I have a small direct debit buying the same few funds every month. Now I'm getting much more for my money than I was a few months ago. And there's nothing like a bargain.

I know my falls can be steep because my investing strategy is high risk. I've decided to take higher risks in the hope of higher returns – and I hope that will pay off in the long run.

I also know I'm still fairly near the beginning of my investing journey, so I hope to have decades to ride out the rises and falls and make back any losses. When I edge closer to retirement, I'll switch to more conservative funds so I'm more sheltered from these extremes.

These are the arguments that I tell myself when my investments are down. Nonetheless, it's still unpalatable.

"I pay much less for my funds than I did a few months ago"

It's dispiriting seeing all the minus signs against my investment returns and the red numbers everywhere.

When something I bought at full price later goes on sale, I may think 'oh good, now I can buy a second one for cheaper', but it still stings that I paid more for the first than if I'd waited.

I just have to stomach the drops and stay on the rollercoaster.

There was a furore a couple of years ago when it was discovered that the government pension provider, Nest, was investing young workers' pension contributions in cautious funds.

After all, this goes against the conventional strategy of taking more investment risk when you're younger.

But Nest decided that if people putting money into a pension for the first time suddenly saw it drop in value, they might be put off and stop making contributions altogether. Slightly lower returns seemed a small sacrifice for not risking people opting out.

So how do you reconcile wanting higher returns that rarely come without taking risk with the discomfort when your investments inevitably fall from time to time?

Well, there is the Nest option: invest more cautiously. There is the seasoned Agatha Christie watcher option: develop a stronger stomach.

And there is my peer-between-your-fingers option – or simply look at your investments less often.

Investing is for the long term – years, decades, not months. For anything shorter, a savings account is probably a better option. Checking regularly isn't always necessary – especially if it's likely to put you off.

You can't ignore them completely, and it's a good idea to rebalance your portfolio every few months or year. Otherwise, if risky assets have increased in value and cautious ones have stayed the same, the proportion of risky assets will grow and you will be even more exposed next time there is a downturn.

I'm hoping if I check on mine every few months rather than every few days, I'll be met with a lovely sea of green and upward arrows next time. mw

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Pension cold calls are now illegal – but that doesn't mean they'll stop

BY EDMUND GREAVES

After two years in the works, the government has implemented a ban on any cold calling related to pensions.

This means, in effect, any phone call that you receive from a person or company that you do not know, where they ask about your pension, is not legitimate.

The Treasury says firms that breach the rules will face fines of up to £500,000.

As many as eight calls per second are made by scammers, according to the Money Advice Service – an astonishing 250 million every year.

The average stolen by successful pension scammers was £91,000 per victim according to figures from financial watchdog the Financial Conduct Authority (FCA).

John Glen MP, economic secretary to the Treasury, says: "Pension scammers are the lowest of the low. They rob savers of their hard-earned retirement and devastate lives. We know that cold calling is the pension scammers' main tactic, which is why we've made them illegal.

"If you receive an unwanted call from an unknown caller about your pension, get as much information you can and report it to the Information Commissioner's Office."

Lesley Titcomb, chief executive of The Pensions Regulator, adds: "The cold-calling ban sends a very clear message: if anyone calls you about your pension, it's an attempt to steal your savings.

"The ban draws a line in the sand for scammers. Cross it and you should expect to be prosecuted."

However, many scam phone calls originate from abroad, making it difficult for authorities to track and penalise those responsible.

There are also exceptions to the ban. If the caller is authorised by the FCA, or is a trustee or manager of an occupational or personal pension scheme, or if the call recipient has an existing relationship with the pension provider.

How to avoid the scammers

The message is clear from the ban: if the person on the other end of the line wants to discuss your pension, just hang up. However, it may be the case that the scammer has information about where your pension is held, or perhaps the company you work for, making it seems as if it is a legitimate call. The FCA exceptions make for an easy lie for a scammer to give over the phone to convince you they're 'legitimate'.

In these circumstances, politely hang up the phone and look up the number for your pension provider's firm and call back instead. If your provider genuinely wants to speak to you, there will be a note on your file to say why.

Scammers can be silver-tongued, so don't let them rush you with information or decisions. Often a good indicator that they are trying to scam you is when they offer you a 'free pension review'. Again, don't engage with them, just hang up.

How to get pension guidance

Ray Black, chartered financial planner and director of Money Minder, comments: "Now the long-awaited cold-call ban is in place, we need to ensure that people are regularly reminded about how important it is to be on top of their retirement planning."

> "The ban draws a line in the sand for pension cold-callers"

Pension holders should speak to the free and impartial advice services provided by the government. This includes The Pensions Advisory Service (TPAS) and Pension Wise.

Both services provide free and impartial help on a range of topics that stem from the complexities of looking after your pensions. Pension Wise is specifically targeted at the over-50s in need of help with their pensions.

Mr Black adds: "I'm hopeful that, combined with the pension scam information packs that were introduced a few years ago, the cold-call ban will help to keep potential pension scam victims of the future a lot safer."

For more complex planning matters, people should look to get regulated financial advice. *Moneywise* partners with Vouchedfor, to help find top impartial advice. Find out more at Moneywise.co.uk/find-an-ifa.

Mr Glen adds: I' would also urge all savers to seek independent advice if you're thinking about making an important financial decision." mw

Spouses overpay tax on late partner's Isas

BY EDMUND GREAVES

Thousands of widows and widowers could be incurring unnecessary tax bills because they fail to take advantage of an Isa transfer allowance.

Up to 150,000 married Isa holders die every year, according to the Tax Incentivised Savings Association (TISA).

> "People will face a tax bill that eats into their savings"

However, just 21,000 people took advantage of a little-known tax-saving scheme in 2017-18, according to a Freedom of Information request obtained by financial provider Zurich.

The Additional Permitted Subscription (APS) scheme allows the surviving spouse to expand their Isa allowance to include all of the funds from their late spouse's accounts.

Since 6 April 2015, it has been possible for the surviving partner of a marriage to be able to absorb their partner's Isa savings without incurring a tax charge. This is called the additional permitted subscription or APS allowance.

For instance, if a person dies with £50,000 in an Isa, their spouse would be eligible for a larger than usual Isa allowance for that tax year of £70,000 instead of £20,000.

Alistair Wilson, Zurich's head of retail platform strategy, says: "Despite being in its fourth year, the take-up of this tax break looks shockingly low."

He adds: "People who miss out on the allowance will be hit by a tax bill that quickly eats into the returns on their savings and slows down the growth of their nest egg."

Figures from HMRC show that the uptake of the tax break has remained low. See the table below for recent figures.

HMRC says the average extra allowance that bereaved spouses received was £55,000. mw

How to claim an APS allowance

If your late spouse had an Isa, you can apply for the Additional Permitted Subscription (APS) allowance to transfer their tax break into your name. You can apply to your late spouse's Isa provider or another one that agrees to accept the subscription.

HMRC stipulates that the surviving partner must provide their spouse's Isa provider with the following information when making an APS request:

- the full name of the deceased
- the permanent residential address of the deceased at the date of death
- the date of birth and date of death of the deceased
- the deceased's national insurance number (if known)
- the date the marriage or civil partnership with the deceased took place
- the identity of the account manager who managed the Isa of the deceased

These need only be provided when the first additional permitted subscription is made to the Isa provider.

Then, when making an additional permitted subscription, a surviving spouse must make a declaration confirming:

- they are the surviving spouse of the deceased;
- they were living with the deceased at the date of the deceased's death;
- the subscription is made under the provisions of regulation 5DDA of the Isa regulations; and
- the subscription is being made as either:

A: an 'in specie' transfer, within 180 days of beneficial ownership passing to the surviving spouse – meaning the assets held in the Isa, such as shares or fund units, are being transferred directly rather than just cash

B: cash subscriptions, within three years of the date of death, or if later, 180 days of the completion of the administration of the estate.

Tax year	Number of APS reported	Value of APS reported
2015-16	15,000	£635 million
2016-17	25,000	£1,105 million
2017-18	21,000	£1,170 million
Total	61,000	£2,910 million

Source: HMRC, January 2019

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If you're looking to take tax-free cash or flexibly access your pension through income drawdown, call us today to discuss transferring your pension(s) to us.

Please remember that the value of investments can go down as well as up. SIPP eligibility depends on personal circumstances. You cannot normally access money invested in a SIPP until the age of 55.

You may also want to contact the Government's free and impartial Pension Wise service which can help you understand your options at retirement:

Visit www.pensionwise.gov.uk or call 0800 138 3944.

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Cap the tax-free pension lump sum, says think tank

BY KYLE CALDWELL

The tax-free pension lump sum, pensions tax relief and inheritance tax breaks should all be reined in to help pay for public services, a leading think tank has proposed.

The government could save itself £7 billion a year by capping these and other tax breaks that benefit people with wealth, research from the Resolution Foundation suggests.

The think tank is urging the government to tackle the thorny issue of pension tax relief.

It has previously called for a 'flatter system' that would help solve wealth inequality, arguing for pension tax relief to be set at 18% for basic-rate taxpayers and 28% for higher-rate payers, as is the case for capital gains.

In this report, though, it argues there should be a clampdown on

Tax breaks should be reined in to help pay for public services

the tax-free lump sum, arguing it should be capped at £40,000.

It points out that the current ability to take more than £250,000 tax free (before hitting the Lifetime Allowance) is worth up to £119,000 to an additional rate taxpayer, £105,000 to a higher-rate payer, £53,000 to a basic-rate payer.

But for lower income pensioners who earn less than the personal allowance it is worth nothing.

The think tank says: "That's very generous, very regressive, and a strange incentive not to stagger your retirement income. Capping the tax-free lump sum at £40,000 would raise £2 billion a year while leaving three quarters of future pensioners unaffected."

The report also calls for the pensions inheritance tax loophole to be closed. Currently, pension pots can be passed on with no inheritance tax implications.

While it says this does not cost the Treasury much in the way of lost tax receipts, the think tank believes that it creates a 'perverse' incentive for retirees to use other assets ahead of their pension pots for retirement income.

Young people increasingly pessimistic about state pension

BY STEPHEN LITTLE

Young people are increasingly losing confidence in receiving a state pension when they are older, with many not thinking it will exist at all, new research reveals.

According to financial provider Canada Life UK, one in seven (14%) people believe the state pension won't exist by the time they retire – going up to one in five (20%) of 18 to 24-year-olds.

Others think the age at which they will be able to claim it will continue to climb.

The research found that 25% of people aged 18 to 55 think the state pension age will be 70 by the time they are eligible to claim it.

Less than 1 in 3 think it will exist

Just under one in three people (32%) think it will still exist but will only provide negligible income, while just over one in five (21%) think it will be means-tested. Just under a quarter (24%) think it will still exist largely unchanged.

The state pension age for men and women will gradually increase from 65 to 66 from now until 6 October 2020. It is then due to increase to 67 by 2028 and 68 by 2039.

But under projections drawn up by the Government Actuary's Department, younger workers could face working until the age of 70 to qualify for a state pension if average life expectancies rise.

Andrew Tully, technical director at Canada Life UK, says: "While people broadly think the state pension will still exist in some form when they retire, it's striking how many people, especially younger generations, have little confidence that it will be there at all by the time they retire.

"Our research suggests people are being pretty pragmatic and are not banking on the state pension to support them in retirement." mw


Investing can be **thrilling**
Whether you play it safe, or go for the big win, you can't beat the feeling when the value of your investments goes up.
share.com

Even financial journalists can be targeted by fraudsters, as Edmund Greaves has discovered

The day crooks tried to buy £600 of champagne with my debit card

I like to think that my money is well protected. But this assumption came tumbling down when a crook attempted to buy £600 worth of champagne with my bank card.

I was sitting in a meeting one afternoon in December, when my phone buzzed with a notification.

A quick glance at the screen and I became aware of something amiss. The notification said a £150 payment from my account had been declined at a café in Moorgate, in the City of London.

While *Moneywise* HQ is a short walk from there, this definitely wasn't me.

Concerned, I excused myself from the meeting. The transaction was on my Monzo debit card, which was perplexingly still in my wallet.

As I scrolled through the app for clues, a message pinged again before my eyes. This time, someone had just attempted to spend £600 in a wine shop.

The shop was near the office. I decided to jog down and see for myself what was going on.

I was greeted by astonished looking attendants when I asked if someone had just attempted to spend £600.

"How do you know that?!"

"Well, it was my card they were trying to use," I said.

It emerged that a man and woman had attempted to buy a £600 magnum of Dom Pérignon. Classy crooks!

The pair had left the establishment not 10 minutes before I arrived, the transaction having failed.

The shop staff proceeded to call the police and then gave me the phone to relay my details.

Fortunately, the shop had CCTV. I asked the staff to preserve the tape as the criminals' faces would have been captured.

Next, I googled the location of the café, the place where the crooks had first tried to spend my money. It was across the street.

As it was lunch time and the café was busy with people buying sandwiches, I dutifully queued up. On reaching the counter the attendant asked: "What'll it be, mate?"

"Erm, did someone just try and spend £150 in here but have the payment declined?" I said.

"Oh yeah! A young couple, they looked very nervous," he replied.

"What did they try to buy?" I asked.

"£150 worth of halal meat" he said.

I became aware that the entire shop had stopped what it was doing and was now listening to our exchange.

I asked the staff to preserve their CCTV footage too. My case against the scoundrels was piling up with evidence.

The police officer on the line had advised me to log the crime on Action Fraud, which I did once back in the office. Unfortunately (at the time of writing), the police have not contacted me again about what happened. I fear that the constraints of modern policing may lead to no justice being served.

But the episode has taught me a few things.

Firstly, no matter how careful you are about your financial security, you can become a victim. I have no recollection of ever handing over my bank card to someone dubious-looking, or anyone brushing up against me to take my information via contactless. I am at a loss as to how they got it.

Secondly, the modern fraud prevention technology some banks have is the best defence against these attacks. The crooks tried to spend my money just minutes from where I work every day.

But Monzo's algorithms instantly knew this was atypical spending. Clearly, it knew I wasn't in the business of buying £600 worth of champagne! Perhaps my parsimonious spending habits are to thank too. I was spared the loss of £750.

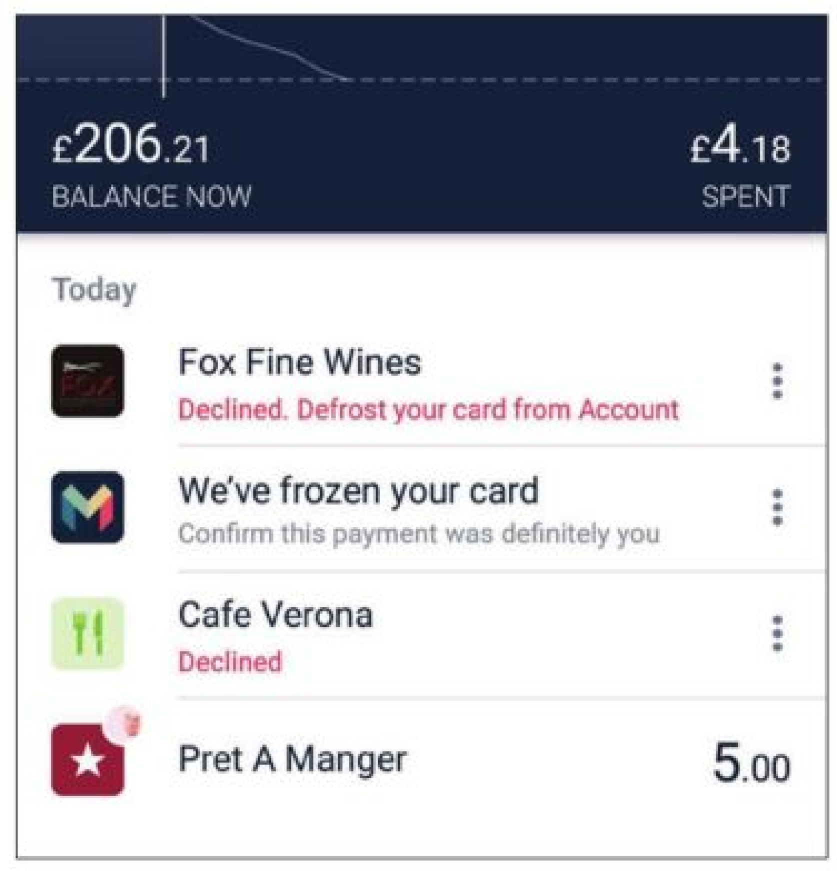
Finally, if I had in fact lost the money, it would have wiped out my finances completely. I would have been forced to dip into my savings (and probably use a credit card) to get by. I have resolved to build up a bigger 'emergency fund'.

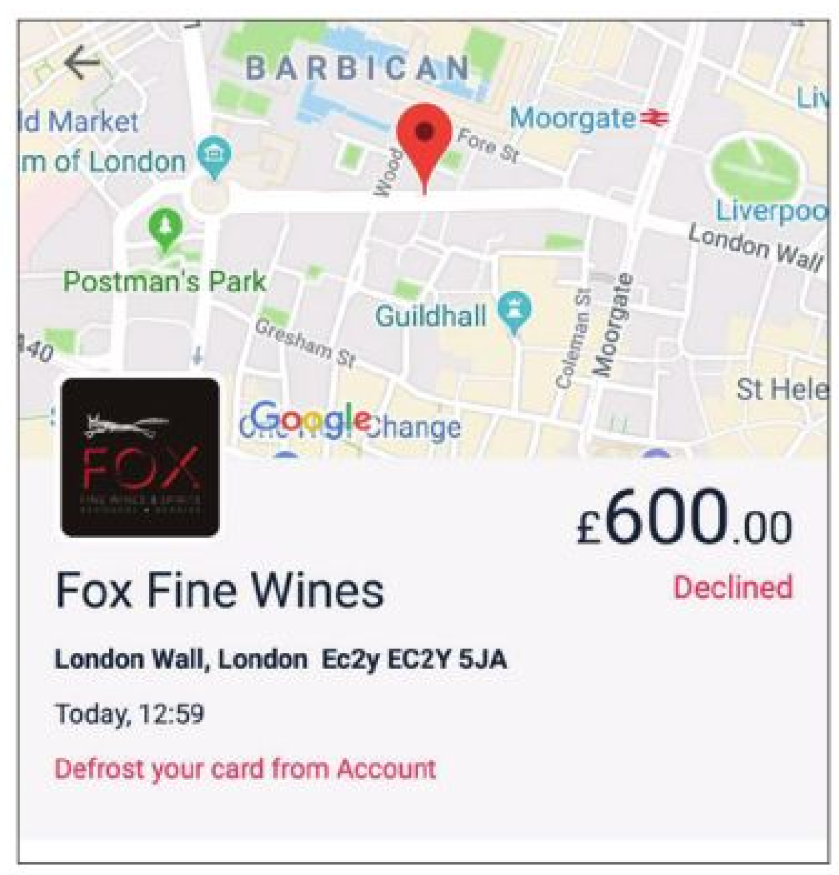
Monzo has since told me that it would never leave a customer out of pocket if they became a victim, which is very reassuring.

But it is thanks to its processes that the funds were not even taken in the first place – something that I'm not sure every bank could boast.

So what's the moral of the story? Sometimes there's not a lot we can do to stop these things happening. Perhaps though, due diligence on who you bank with and working out what contingency plans you and your provider have in place will keep you a little bit more secure.

I must say Monzo really impressed me that day. mw





Screenshots of the payment for £600, which – thankfully – was decined

> "Monzo – and my frugal spending habits – spared me the loss of £750"

ii launches new 'Super 60' funds and trusts list

BY TOM BAILEY

Interactive investor (ii) has launched the 'Super 60', a high-conviction list of investment ideas, including open-ended funds, investment trusts and ETFs (Exchange-Traded Funds).

The Super 60 funds were selected from *Moneywise*'s sister publication, *Money Observer*'s Rated Fund universe.

Funds and trusts were chosen in a seven-stage process, overseen by ii's investment committee. ii is *Moneywise*'s parent company.

Performance of funds and trusts that came out of the screening were then analysed and risk profiled, alongside other qualitative research to support the recommendations.

The remaining funds and trusts were then discussed among ii's analysts and investment experts, after which approved funds and trusts were included within the Super 60.

Richard Wilson, chief executive of ii, says: "Super 60 is driven by unbiased, in-house research, not commercial relationships, and this is absolutely paramount to us."

The Super 60 funds will be monitored on an ongoing basis for performance, potential red flags and any major fund manager changes.

Investment trusts that consistently trade at a premium will be flagged to ii customers.

ii charges a flat fee for use of its investment platform of £22.50 per quarter.

Hargreaves Lansdown trims fund list

Meanwhile, online broker Hargreaves Lansdown has launched a new buy list of investment fund ideas.

It will replace Hargreaves Lansdown's previous Wealth 150 and Wealth 150+ lists, under the name 'Wealth 50'. The new Wealth 50 currently has 63 funds at launch, but the firm says it will be cut down to 50 in due course.

The Wealth 50 will be composed of active and passive open-ended funds (OEICs).

The firm says that behind the move to create a smaller list was feedback from customers, in the form of surveys, focus groups and one-to-one interviews. It found that customers wanted a simpler and more focused list.

Hargreaves Lansdown also has a platform charge of 0.45% for clients, which will be applied alongside the fund charge.

Banks rake in their biggest profits from the over-60s

BY STEPHEN LITTLE

High street banks are raking in profits from older customers who don't switch and leave large sums in current accounts that pay low interest.

These customers are earning the banks even more profits than those paying high overdraft charges, according to research from the financial services regulator, the Financial Conduct Authority (FCA).

Banks profit from savings held in accounts as they are able to use the money to fund loans and mortgages, which they can then charge higher rates on – known as the funding benefit.

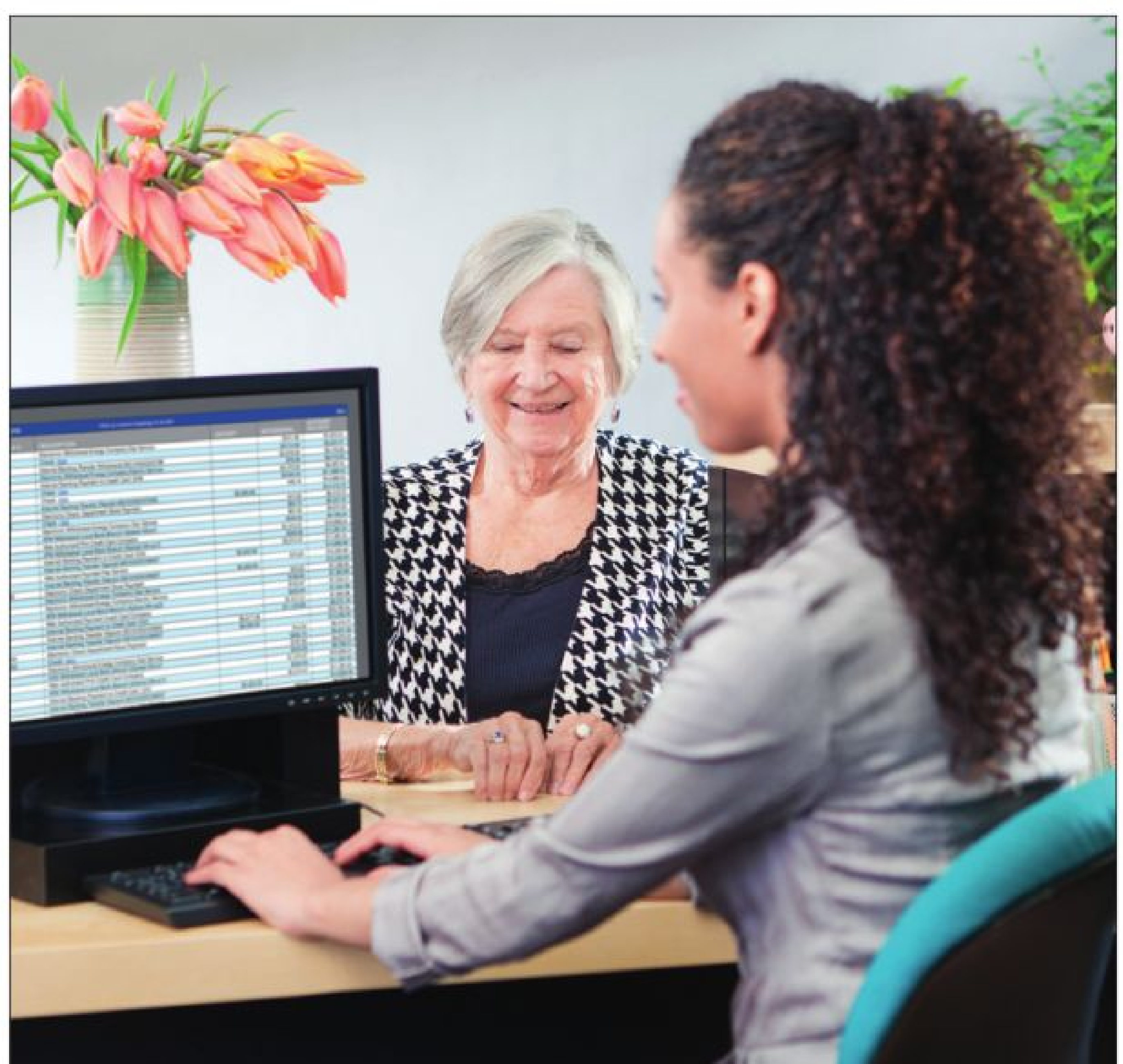
The regulator found that customers aged 61 are the most lucrative for the banks on average, holding £33,000 in their current account and £17,000 in their savings account.

This was followed by customers aged 39 who have a balance of £685 and around £720 in savings, who are charged mainly through overdrafts.

The research found that the average customer with a free account will generate the bank £72 a year, while a current-account holder will make the bank £86 a year. Reward accounts generate the most money for banks at £96 a year.

The study found a number of banks have "adopted pricing models that appear not to advantage loyal customers".

An FCA spokesperson says: "We found many customers have been with their personal current-account provider for many years despite better deals being available. Many customers, including those with so-called 'free-if-in-credit' accounts, receive little or no interest on balances and pay high overdraft charges." mw



Get more for your money

The study found that older people had large deposits languishing in current accounts earning little to no interest. Banks make a good margin of profit by offering miserly rates.

Even if you need urgent access to cash, you can still make more interest than leaving it in most current accounts by using an easy-access savings account for most of your funds. See page 77 for *Moneywise*'s best-buy picks.

WARNING

SCAM WATCH

For all the latest scams news and advice go to:
Moneywise.co.uk/scams-rip-offs

TV Licensing email scam victims lose £200,000

BY STEPHEN LITTLE

Fraudsters are sending out fake TV Licensing emails to steal personal and financial information from victims to trick them into parting with their cash.

Action Fraud, the UK's anti-fraud agency, has issued a warning after receiving thousands of reports on the fake emails.

Action Fraud received 200 crime reports In December 2018 alone, with victims reporting a total loss of £233,455.

It says the wave of TV licence phishing emails are part of larger fraud wave, in which criminals call victims claiming to be bank employees to trick them into handing over their savings.

> "The new TV licence phishing emails are part of a larger fraud"

How the scam works

Fraudsters are sending out fake TV Licensing emails regarding refunds and payment issues.

The emails use headlines such as 'correct your licensing information', 'billing information updates' and 'renew now' to trick people into clicking on the link within the email.

After a week or two, the fraudster then phones the victim claiming to be from the fraud department of the victim's bank.

They manage to convince victims they are genuine banking staff by using the personal details that the victim provided through the fake website.

The fraudsters then claim that the victim's account has been compromised, possibly by a phishing scam they may have fallen victim to recently, and that they need to transfer their money to a new 'safe account'.

How to protect yourself

Never answer unsolicited emails from TV Licensing. The organisation will never email you unprompted, to tell you that you're entitled to a refund or ask for bank details or personal information.

Don't assume a phone call or email is legitimate. Just because someone knows your basic details (such as your name or address), it doesn't mean they are genuine. Criminals can easily spoof the phone numbers and email addresses of companies you know and trust.

What to do if you've fallen victim

Let your bank know as soon as possible and monitor your bank statements regularly for any unusual activity.

If you have been a victim of fraud or cyber-crime you can report it to Action Fraud online or by calling 0300 123 2040. mw

Crackdown on how banks present overdraft fees

BY EDMUND GREAVES

Banking customers could no longer be shown daily or monthly fees for overdrafts in a new crackdown proposed by financial regulator the Financial Conduct Authority (FCA).

Instead, customers of banks would only ever be presented with a rate of interest to explain the cost of their overdrafts.

The regulator says by forcing all banks to present overdraft cost information in the same way, customers would be able to better compare different banking products as pricing will become standardised across the industry.

Andrew Bailey, chief executive of the FCA, says: "These changes would provide greater protection for the millions of people who use an overdraft, particularly the most vulnerable."

In 2017, banks made £2.4 billion from overdrafts, with 30% coming from unarranged overdrafts alone.

Plastic bag charge to double

BY EDMUND GREAVES

Shoppers will be charged twice as much to buy a plastic bag under plans unveiled by the government.

Environment secretary Michael Gove has announced plans to double the plastic bag charge for to 10p from January 2020.

Currently, shoppers have to pay a 5p charge for each plastic bag used. The government says that the introduction of the charge has led to an 86% drop in plastic bag usage in England.

Before the charge was introduced, shoppers in England used 140 bags a year on average. Since the new charge was implemented in 2015, this has dropped to just 19 bags per person in 2017-18.

The government says it intends to extend the levy to all small- and medium-sized businesses too.

WIN a gourmet break for two in Scotland

ONE LUCKY READER and their guest will win a two-night country retreat in Aberdeenshire.

HOW TO WIN Simply answer the following question:

BANCHORY LODGE IS LOCATED ON THE BANK OF WHICH RIVER?

A) Tiber B) Thames C) Dee

For your chance to win, send your answer on the reader card reply at the front of the magazine to arrive by 28 February 2019 or enter your answer online at Moneywise.co.uk/competitions by the same date.

Glass of wine in hand, relax at Banchory Lodge, a new kind of country retreat in Royal Deeside, Aberdeenshire.

This back-to-nature four-star boutique hotel is perched on the banks of the river Dee and has one of the best restaurant views in the UK.

Located at the gateway to Royal Deeside, there is plenty to see and do in the area. There is fishing right on the doorstep, as well as historic castles, golf courses and stunning countryside walks.

Enjoy a light lunch out on the terrace or a spot of afternoon tea before setting off on a road trip.

Experience one of Scotland's most spectacular driving routes, the North East 250. Head through the mountain passes of the Cairngorms National Park and up towards the prestigious distilleries of Speyside.

Refuel after a day exploring in Banchory Lodge's award-winning restaurant. Menus that change with the seasons are made using the finest of local produce. Come to the bar after dinner and find an array of whiskies, craft gins and local beers.

And at the end of the day, settle down for a good night's sleep in a top-notch contemporary bedroom.

The prize includes two nights' bed & breakfast for two with dinner on one evening including a bottle of house wine.

For more details, visit Banchorylodge.com. mw

TERMS & CONDITIONS: Valid until end of September 2019. Prize is subject to availability. Travel is not included. Additional drinks not included. Entrants must be aged over 18. The prize is not transferable and cannot be exchanged for a cash value. The judge's decision is final. No correspondence will be entered into. Moneywise Publishing Limited shall pass this information on the winner to the hotel. We may also wish to tell entrants about other group products and services.

Investing: I like to go with the flow

Drip, drip, drip. No, I am not referring to the sound of my leaky bath that has caused me much anxiety over recent weeks, culminating in a mini flood under the bathroom floorboards that went undetected for far too long.

An episode, by the way, that resulted in a temporary loss of our water supply (not easy to live without, especially when it comes to hygiene). Thankfully, an observant plumber – not always easy to find – saved the day (and the flat below) although I did have to spend a couple of nights begging friends if I could sleep on their sofa (thank you, Lynn and Andrew) while everything dried out.

I digress (nothing new there, I hear you say). Drip, drip, drip is the term I more readily use to describe my long-standing approach to all things to do with investing. Tuck it away – money that is – on a regular basis and then try to forget about it. Deflect all the white noise. Push away all the hysteria telling you to sell and run for the proverbial hills. Instead, invest and hold. The longer, the better.

Not an easy investment mantra to adopt, I know, given all the turmoil in stock markets that we have witnessed in recent months. Turmoil triggered by a horrible mishmash of geo-political, economic and financial events.

In no particular order, the Brexit factor (guaranteed to cause me to break out in a cold sweat), the prospect of a damaging trade war between the United States and China, military posturing (Russia in Ukraine, China in the South China Sea) and the fear of an era of rising interest rates (generally speaking, higher interest rates are not good for equity markets). These are issues that will not all necessarily go away in a hurry.

But I am in it – the investment game, that is – for the long term. I am quietly dripping money into my work pension, squirrelling away a regular monthly sum inside a tax-friendly Isa and diverting a small slice of my salary into an employee share-ownership scheme run by my main employer DMGT.

I could get panicked by the recent slide in DMGT's share price and the number of brokers who believe the company's shares are more a 'sell' than a 'buy'. But I am confident that by the time I am able to sell them (without losing attractive tax breaks), they will have picked up in value.

So gentle, gentle. Drip, drip, drip. Quiet accumulation. Nothing that will set the investment world on fire but hopefully I am slowly building the financial foundations for a future when pleasure rather than work will rule my personal waves.

You may well come back at me and say there are financial advisers out there who saw the stock market volatility coming a while ago and recommended that clients move their money into safer havens (cash). Absolutely, but such advisers are few and far between, and charge for their services. Also, they have only got one half of the investment equation right. Knowing when to get out of the market is fine, but you also need to know when to get back in. Few advisers get both of these halves of the equation right.

Make 'drip, drip, drip' your mantra when you invest

Although you might think my investment approach is a little lazy – hold and buy through thick and fine – I prefer to call it low maintenance. In my Isa, for example, I prefer to hold well-diversified investment trusts that throw off a dividend – which can then be reinvested to buy more shares.

By well diversified, I mean trusts that are invested worldwide with exposure to the UK, the United States, Europe and emerging markets. The likes of The Bankers (managed by investment house Janus Henderson) and Edinburgh (Invesco). Trusts that do all the geographic allocation for you.

I also like trusts with a cracking annual dividend growth record – the likes of The City of London (UK focused, also run by Janus Henderson, and 52 years of annual dividend increases) and The Bankers (51 years).

I still keep a watching eye on how my investments are faring – and occasionally I do a little rebalancing, taking profits from the most successful holding and using the proceeds to invest in the lesser performing. But I prefer not to tamper.

The key to building long-term investment wealth is to stick with it. To keep investing when others are warning caution. Investing a little a lot is better than nothing at all.

Drip, drip, drip. Make it your investment mantra. mw

JEFF PRESTRIDGE is the personal finance editor of *The Mail on Sunday*. He won the Contribution to Personal Finance Education category at the Santander Media Awards 2016. Email him at **columnists@moneywise.co.uk**.

YOUR SHOUT

THIS MONTH'S STAR LETTER

A brilliant goal for married life together

Each month I anticipate *Moneywise* dropping on to my doormat. I scan with much excitement any tips or advice that will enable me to save money, however small.

Reading the article on Weird and Wonderful Budgeting Tips (January 2019), I came across the marvellous idea of saving money on a daily basis over one year, until the total savings are a whopping £667.95 [Save 1p on day one 2p on day two and increase by 1p every day throughout the year.]

My fiancée is learning to budget and has taken up this idea. We each are saving the recommended cash, aiming for more than £1,300 a year by this weird and wonderful budgeting tip. This will be helpful as we are getting married on the 20 December 2019 and are planning a low-cost wedding with the reception costing £1,300.

What a wonderful idea, not only will this help towards our goal, but together we plan to save and engrain some homegrown financial practices – courtesy of *Moneywise*.

SB/VIA EMAIL

Keeping Isa statements saved us thousands

Patrick Connolly suggested (Ask the Experts, December 2018 issue) that Isa statements need not be kept for tax purposes, but our own experience has proved otherwise.

> HMRC asked me to pay IHT on my mother's Isa cash

My mother used her tax-free gift allowance each year and told HMRC she would use her income to contribute regularly to her grandchildren's school fees. She was still doing both 14 years later when she died.

During her last seven years, the taxable income HMRC knew about only covered her own living expenditure and inheritance tax (IHT) was due on her estate.

HMRC wanted us to pay IHT on the fee money too. Because she had kept her Isa statements, we could prove that all fee money was paid from non-taxable income. HMRC backed down and we saved thousands of pounds.

DP/VIA EMAIL

Moneywise says: This is a great example of a reader able to save money through careful book-keeping. Mr Connolly says that keeping this information is useful in "exceptional circumstances" and we think this fits the description well.

Plastic bag charge to double to from 5p to 10p

Doubling the plastic shopping bag charge may reduce use if plastic bags were made of

Blog of the month: Three reasons why a pension is better than a Junior

BY JAMIE SMITH:

If you are a parent, or grandparent, and are worried about how your children or grandchildren's financial future will pan out, why not do something about it?

A person on the UK average salary of £27,000 now needs to build up a pension pot of more than £300,000 to be able to maintain this level of income in retirement, new analysis has shown from pension and wealth management company Aegon UK.

But the size of the average pension pot in the UK remains around a sixth of the size of this recommendation, at just £49,881, according to research published by Aegon in its Retirement Readiness Report 2017.

In a world where the onus of ensuring financial security in retirement has moved from the employer to the individual, it is never too early to start saving for your children's future.

There are a number of ways that you can do this, a popular route being a Junior Isa (Jisa). However, we believe there are many reasons why a pension could be a better route.

Not only does a pension give the money more time to grow, putting your child one step ahead, but by involving them in retirement saving from such a young age they should be more engaged and have a better understanding when it comes to looking after their own financial and retirement planning.

This decision to start saving now could end up being one of the greatest financial gifts you ever give. Here are three reasons why:

Tax relief: the first big advantage is the generous tax relief on the pension contributions your child will get even though they don't earn an income.

Every child is eligible for a pension from the day they are born. It is taken out in the child's name and anyone can contribute, including parents, grandparents and other relatives.

The government will give 20% tax relief up to a maximum of £2,880 a year, so if you contribute £2,880 it will be topped up to £3,600 a year.

Benefit from investment growth: If you invested the £3,600 a year contribution for 18 years, assuming an average net growth rate of 5%, your child would have £68,181 in their pension (in today's money and assuming an inflation rate of 2.5% a year).

What is more, when left invested for 50 years (by which time your child will be 68), without them adding another penny to it when they were old enough to, and still assuming the annual net growth rate of 5% each year, the pension would be worth £227,478 again in today's money.

Limited access to their pension until they retire: A child pension is also appealing if you want to save for your child but you're concerned about how they might use the money. Jisas, a popular choice when saving for children, give children access to their

WRITE TO US

EACH MONTH THE READER WITH THE BEST LETTER WINS A £50 M&S GIFT CARD

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Alternatively, you can air your views at Moneywise.co.uk using the comment facility at the bottom of articles.

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Find us on Facebook at facebook.com/moneywiseonline

reinforced plastic to reduce tearing. Food packaging should be improved as vac packs often have hard, sharp corners that cut through plastic bags, while plastic egg boxes should be improved, as they do the same damage, or we should go back to the cardboard egg boxes.

Government ministers don't understand these things or they would have sorted it out before now to make plastic bags last longer in order to cut the amount of plastic used. Although woven material bags are better, a plastic one is best for grocery items that could leak.

CX/VIA COMMENTS

Why aren't goods put into recyclable paper bags?

I would suggest that supermarkets replace plastic bags for self-selection of fruit and vegetables with recyclable paper bags.

DK/VIA COMMENTS

Will grocery and butchers also be charging? Why are goods not put into recyclable paper bags?

SC/VIA COMMENTS

Moneywise says: The new charge will indeed affect all small businesses. Supermarkets, such as Morrisons, have begun reintroducing paper bags for loose produce in order to lower plastic usage. But our reader, CX, is also not impressed by the supermarket giant's efforts.

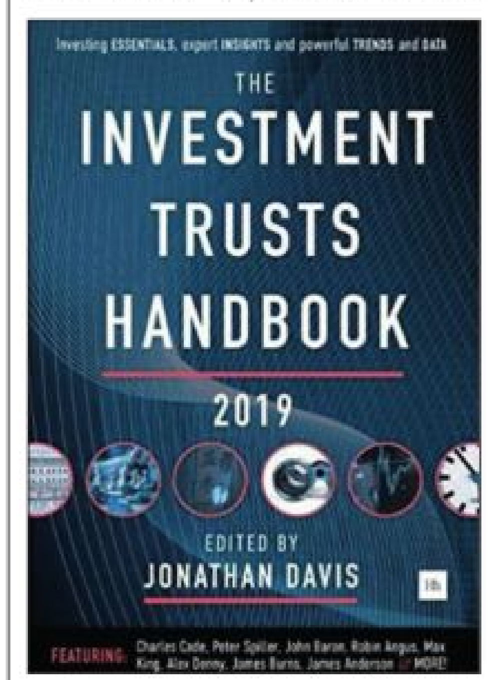
Morrisons has started using flimsy paper bags with a clear window, which struggle to make it through the till without falling apart.

Brown paper bags are stronger, but the till operator has to look in the bag to see what is inside. Everything pre-packed is the biggest waste.

20-second book review

The Investment Trusts Handbook 2019

edited by Jonathan Davis
Harriman House
£24.99, hardback



The Investment Trusts Handbook 2019 continues to fill a vital gap by providing a wide range of information and practical advice on how to invest successfully in investment trusts.

This compendium includes contributions from 25 experts in the field – fund managers, trust analysts, directors, writers and wealth managers – as well as a detailed 65-page section by editor Jonathan Davis explaining how to analyse individual trusts.

Updated for 2019, this new edition has over 340 pages of detailed, data-driven information, which provides a snapshot of the sector today.

To win one of 10 copies, go to Moneywise.co.uk/competitions and enter your name and address by 28 February 2019.

Isa for your kids

money at age 18 when it becomes a standard Isa.

By investing in a child's pension, you can live safe in the knowledge that your child won't splash out on a fancy car or a round-the-world trip with their savings the moment they hit adulthood. They just might when they reach retirement!

One drawback is that it is pretty much inevitable that pension rules will change between now and your child's retirement. The age and way they will be able to access their pension could change, but the pension pot that has built up should still be significant and one you should absolutely consider given the relatively low initial cost.

As with any financial matter, it's always best to seek advice before making a decision.

Jamie Smith is a partner at financial advice firm Foster Denovo.

WEB POLL:

Have you had a parcel delivery go wrong?

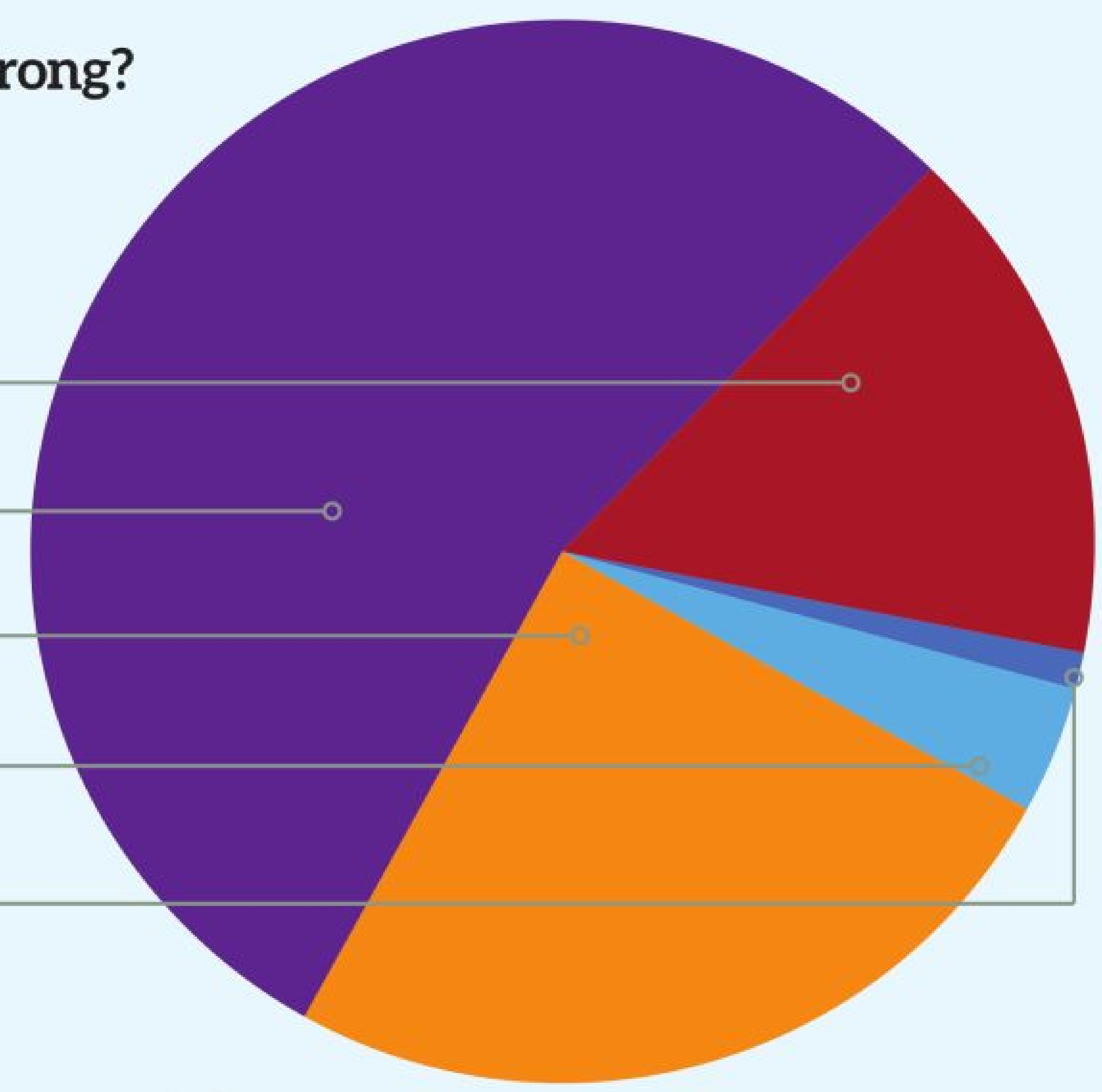
16% Yes I have had a delivery go wrong frequently

54% Yes – I have had at least one bad delivery experience

25% No – I have never had an issue with an online delivery

4% No – I don't shop online

1% Other



Based on 715 votes between 18 December 2018 and 3 January 2019

moneywise fights for

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Write to us (including your name, address and phone number) at: **Fightback, Moneywise Publishing, 8 Devonshire Square, Office O3W112, London EC2M 4PL.**

Or email us at **fightback@moneywise.co.uk.** Due to the high volume of emails Fight for your Rights receives, we cannot guarantee answering every query personally.

Harveys Furniture ruined my Christmas

Our reader, LN of London, ordered a Louise Redknapp designed sofa set in September from Harveys Furniture. You would have thought that would have been plenty of time for her new furniture to be in situ by Christmas, but you'd have been sadly wrong.

LN reports: "The order was delayed, not once but three times. We eventually received our order on 27 November – 11 weeks later."

That was hugely inconvenient and annoying, but at least the order arrived. But that wasn't the end of her problems.

LN explains: "The footstool came damaged – and the large sofa didn't fit in our flat."

She arranged for the large sofa to be taken away and dismantled so it could be redelivered in parts and assembled in the flat. The delivery never came and then things got even worse.

"After endless chasing I was told the sofa was also now damaged. We were then told that we won't receive our sofa and footstool until the new year."

Bear in mind that the original order was back in September, and you can understand her growing anger at the firm.

LN continues: "My original sofa has now apparently been disposed of, but no one can explain to me what exactly has happened."

Harveys arranged for a loan sofa to be sent to be used over the Christmas period but even that was messed up.

"The sofa came but there were no seat cushions, so it was sent back. I don't know how incompetent you can be, to load a sofa without any seat cushions?" LN asks, reasonably. "With no sofa to sit on, Christmas is off," she told me.

OUTCOME: Reader offered £500 compensation for sofa nightmare

I approached Harveys to ask for an explanation for the sorry tale.

It said: "At Harveys, we take customer service very seriously. We were very sorry to hear about the delays with LN's order, and we have been working with her to arrange a new date for delivery of her sofa and footstool, providing an alternative solution in the meantime. With all customer concerns, we follow clear processes to evaluate the matter and try to reach an agreeable resolution. We have offered financial compensation to LN and we are awaiting her response."

LN responded: "Harveys said that it will be able to compensate us £500, which will be sent on to the finance company to be reduced from our remaining balance. It is not clear whether we will receive any compensation should we decide to cancel the whole order, which is something that I am very close to doing."

> "The sofa had no cushions, so we ended up with nowhere to sit over the holidays"

I don't blame LN for her anger. Harveys has failed her time and time again.

When I tried to contact the company through social media, several other disgruntled customers got in touch with similar complaints.

CB said: "I am outraged at the lack of customer support, false advertisement and just sheer lack of care for their customers. They're very happy to take your money and after that they care less. They have ruined our first Christmas in our first house."

KH said: "Louise Redknapp designed sofa and chair was ordered in October, I was promised (twice) it would arrive before Christmas. They are now saying 7 January. We have no sofa for Christmas."

I'll be contacting Harveys to try to help the other victims.

My premiums are rising 89%

OUTCOME: Aviva will check whether this 25-year-old policy was mis-sold

I have just received a 'review' from Aviva on a former AXA Equity & Law whole-of-life/critical illness plan, which is asking me to increase premiums by 89% if I want to retain my £200,000 cover level. How can such an increase be justified?
NM/Bath

This sounds shocking, but Aviva has an explanation. An Aviva spokesperson says: "This customer has an ex-AXA Equity & Law Multiplan, which is a reviewable whole-of-life policy linked to a managed investment fund and was taken out in 1994. It provides cover in the event of death, critical illness or in the event of permanent disability.

"Policies such as these are periodically reviewed in order to determine whether the level of cover provided can be sustained by the premiums and if not, to notify the customer of their options to reduce the level of cover or increase their premiums to keep the cover at the same level. One of the factors that will determine the outcome of a periodic review is the investment performance.

"In the case of this customer's policy, it was regularly reviewed as part of the terms of the policy. Previous correspondence to the customer in 2014 indicated that the chosen level of benefit would not be sustainable at the next review in 2019. The customer was informed that an increase in premiums would be required, or that there would be the option to reduce the benefit."

The company suggests that NM talk things over with a financial adviser.

NM wasn't happy with the response.

"I think it is waffle. It provides me with no positive solutions or explanations as to why an 89% increase in premiums can be justified. This was mis-sold tothousands of people as a protection plan when it is really a highly volatile investment-based policy."

The next step would be to look at how the product was initially sold those years ago and whether it was fair. It is true that the reason for the premium increase is because of the investment performance. Aviva is looking into the issue of mis-selling, but this doesn't mean that it was mis-sold.

My father has lost more than £30,000 to fraudsters

OUTCOME: Bank agrees to re-open fraud case

My father is in his 70s and has fallen victim to a push payment scam after criminals cleared his NatWest account of more than £30,000 plus a £3,000 overdraft. It has sent him into a downward spiral. NatWest is claiming it has no responsibility. However, I fail to see how setting up a new payee and transferring the entire balance to it has not triggered a fraud alert to verify the transaction. Specifically, I cannot see how there are not further controls and governance around its vulnerable customer base. It would seem that this scam is prolific within this age group. Have you any advice for us in this desperate situation?
RS/Basingstoke

I have been in touch with your father who has explained precisely what happened. I reckon many of us would have been tricked by this sophisticated fraud and I agree with you that the banks should do more to protect people against the crooks. The city watchdog, the FCA, also agrees and is introducing more stringent rules in April to make banks be more diligent and protect customers. That won't help your father but the bank has agreed to take another look at the case, so I'm hopeful that they'll use some common sense and play fair with him who, let's remind ourselves, is a blameless victim.

In the meantime, the bank told me: "We sympathise with JS who has been the victim of a scam and appreciate that this has been a very distressing experience for him. We take our responsibilities to preventing scams very seriously and will always assist our customer in the recovery of their funds on a best endeavours basis.

"We are consistent in our education to customers to be vigilant when accepting calls claiming to be from their bank and we would never ask a customer to move money to another account to keep it safe from scams or fraud. We would remind our customers that they should never make a payment or divulge full security credentials at the request of someone over the phone. If a customer receives such a request, they should decline this and report it to their bank immediately on a phone number they can trust."

That's good advice that all readers should take note of. And if you have older relatives or friends, warn them about the fraud and to call anyone claiming to be from a bank using a trusted phone number from a different phone. mw

SIMON READ is a a money writer and broadcaster. He was personal finance editor at *The Independent* and is an expert on BBC1's *Right On The Money*

Ask the experts

THIS MONTH'S STAR QUESTION

Can we pay the interest on our equity release loan?

Q We have an equity release mortgage. The interest is always added to the next year and mounts up. It will mean that the equity release company will effectively own my property but allow us to stay in it. We are both 89 years old with no dependants to leave our property to. Care in our old age is the aim. Can we pay interest annually to prevent it compounding?
AW/Crieff

DEAN MIRFIN
Chief product officer at Key

Most equity release providers offer a provision to make partial repayments for this very purpose. Assuming that is the case with your loan, this typically allows for up to 10% of the original capital borrowed to be repaid every year penalty free. This can also usually be done either as one payment or a series of ad hoc payments up to the 10% limit for the year.

If this is not the case with your loan, then you should speak to your lender as there may well be other options available.

Can I cut the tax on my pension withdrawal?

Q I'm coming up to 55 years old and plan on cashing in two of my pensions, which add up to £95,000. I know I can get 25% cash free but will pay a massive tax bill on the remainder. I do need all the money but don't want to pay the tax bill. What are my options?
MC/Birmingham

HELEN MORRISSEY
Corporate PR specialist at Royal London

You don't say whether you are currently working or not. If you are, then any withdrawal you make beyond the 25% tax-free cash will go straight on top of your earnings and this could push you into a higher income tax bracket. If you are able to put off taking taxable income, then it is worth considering.

If you do need money urgently, then you may pay less tax if you can take one pension as a lump sum in one year and the second the following year. If you plan to take both pensions as lump sums at the same time, then not only will you pay tax on the remaining 75%, but you are also likely to be overcharged by HMRC, which will levy an emergency tax charge. This overpayment can be reclaimed, but it is better to avoid paying it in the first place.

There are other ways you can minimise your tax bill. For instance, you can take your withdrawals as a combination of tax-free cash and taxable income (as opposed to taking tax-free cash in one lump and then taking the taxable income later). By combining tax-free cash and taxable income in this way, less of the withdrawal will be subject to income tax so less could be paid out overall.

If you can spread these out over multiple tax years, this will also mitigate the amount of tax to be paid. There is also the added bonus of keeping more of your pension pot invested, with the potential to benefit from investment gains.

Tax on pension withdrawals

You can take up to 25% of your pension pot tax-free. Withdrawals after that are subject to income tax at your marginal rate [the highest rate of tax you pay] of either 20%, 40% or 45%. Your pension income will also be added to your total annual income, so could push you into a higher tax bracket.

Your tax-free amount can be taken as a single lump sum or you can take smaller regular sums, where 25% of each withdrawal is tax-free.

If your total annual income, including your pension, is under the personal allowance (£11,850), you won't pay income tax on it.

Take out lump sums over two years to cut the tax you'll pay

Will my pension be cut as I don't claim child benefit?

Q As a stay-at-home mother-of-two whose husband earns above the threshold for child benefit, I have not claimed it since the threshold was introduced. Someone has

Do you have a question for our experts? Write to: Moneywise, 8 Devonshire Square, Office O3W112, London EC2M 4PL or drop us an email at advice@moneywise.co.uk (please include your address)

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. To find an IFA in your area, please visit Moneywise.co.uk/findanifa

Each month the reader with the best question wins a £50 M&S giftcard

now told me this will affect my state pension. Is there anything I can do?
AG/Skegness

MICHELLE CRACKNELL
Chief executive of the Pensions Advisory Service

The introduction of the new state pension was the end of 'Mr & Mrs' pensions and requires each person to build up their own entitlement to the state pension through national insurance contributions (NICs).

For most people, this happens automatically through payroll with nothing further to do. However, if you stop work to bring up children, you have to register for child benefit in order to receive national insurance credits, which will count towards the 35 years that you need to accumulate to be entitled to the full state pension.

The waters were muddied in January 2013, when the higher income child benefit tax charge was introduced that reduces or removes the financial benefit of receiving child benefit (or of having a partner who receives child benefit) for individuals with a taxable income of more than £50,000 a year.

This has meant many people have not registered for child benefit, as they earned too much to qualify, but if you don't work and you don't receive child benefit you won't receive NI credits. So you need to register, then opt out of receiving child benefit in order to continue to build your state pension entitlement. However, you will only be able to get your credits backdated for the past three months.

You will only be able to get three months' back pay of your pension credits

What is the best easy-access account for me?

Q We were due to move in October but everything fell through. I remortgaged my flat in readiness and released £80,000 for the purchase. This is now in a savings account making very little as I may need pretty quick access to it should the move kick off again. Where is the best place to put it?
VB/Abingdon

ANNA BOWES
Founder and director at Savings Champion

As you are not sure when you'll need the money, but when you do it could be at very short notice, you really need to keep the money in an easy-access savings account.

The good news is that competition has been rife in the easy-access market, and rates have increased over the past few months.

At the time of writing, the best rate is with Marcus by Goldman Sachs. Its online savings account is paying 1.5% AER and, even better, it pays withdrawals via the Faster Payment system, which means that your funds should be returned to your current account within hours, if not minutes. At the very worst it should be by the end of the following day.

The other product you could consider for up to £50,000 worth of savings is National Savings & Investments Premium Bonds. Rather than earning interest, the Bonds you buy are entered into a monthly prize draw, in which you

How to register for child benefit

You need to fill out a CH2 form, which you can find at Gov.uk/child-benefit/how-to-claim. You can start claiming as soon as you have registered the birth of your child, and you can backdate your claim by up to three months.

Once your claim has been processed, you should start to receive £20.70 a week for your eldest or only child and £13.70 for additional children.

If you earn more than £50,000 and claim child benefit, you'll have to pay the high income child benefit charge. You should still register for child benefit so that you receive national insurance credits if you are a stay-at-home parent – but you can choose to opt out of receiving the actual benefit.

could win prizes of between £25 and £1 million. You need to have your money deposited for a full month before you can take part in the first draw and you may not win any prizes – but you never know, you could just win £1 million.

Best instant-access accounts

Account	Interest rate	Notes
Marcus by Goldman Sachs	1.5% (includes 0.15% 12-month bonus)	£1 min deposit, online-only account
Virgin Money	1.5%	£1 minimum deposit, maximum two withdrawals a year, online-only account
The West Brom	1.5%	£1,000 minimum deposit, maximum two withdrawals a year, managed by phone or post

Source: Moneywise.co.uk, January 2019

Is an interest-only mortgage suitable at my age?

Q I am 55 years old and would like to remortgage a rental property I own in order to release money to pay my wife as we are divorcing. I have been offered a 25-year interest-only mortgage. Do you think I should consult a mortgage broker?
MP/Portsmouth

DAVID HOLLINGWORTH
Mortgage broker at London & Country Mortgages

There are a number of issues to consider in determining whether this mortgage term and structure will be right for you. These include how long you expect to keep the property and to carry on working.

As the property is let out, you will need a buy-to-let mortgage for your remortgage. Buy-to-let lenders will typically determine the level of borrowing based on the rental income generated by the property rather than solely looking at your earned income. They will expect the rental income to cover a proportion of the mortgage interest and will apply a stress rate in that calculation too. Criteria can vary from one lender to another, so it makes sense to shop around.

It is commonplace for landlords to structure mortgages on an interest-only basis, as the property will be sold to repay the outstanding mortgage. However, if you prefer to reduce the mortgage gradually, then you may want to consider a repayment mortgage.

Although the buy-to-let market has been more flexible for borrowers wanting to take their loan into older age, there can still be some limitations depending on the lender. You need to consider your long-term plan for the property but it should be possible to maintain the mortgage beyond your anticipated retirement age.

It sounds as if you have some doubts about whether this is the right choice. It may not come as a surprise that I would recommend seeking advice from a broker so you understand all the options open to you.

The majority of buy-to-let mortgages are only available through mortgage brokers, so you should have a better choice of deals as well as getting tailored advice from across the market. As a result, you will give yourself the best chance of getting a better deal than going direct to a single lender.

Should my dad add me on the deeds to his house?

Q My father is thinking of putting my name on the deeds to his house, following the death of my mother.

He would continue to live there and pay all of the household bills. We thought this would be a good idea as the difference between what my parents paid for the house in 1997 and now is considerable.

What kind of tax could we be liable for should anything happen to my father? Are there any pitfalls to this?
GB/Cashalton

PATRICK CONNOLLY
Certified financial planner at Chase de Vere

It is quite easy to put the deeds of your father's house into your name. However, there are a number of potential pitfalls.

You mention that his house value has risen considerably since he bought it. As this has been his principal primary residence, there will be no capital gains tax to pay if he sells the property. However, if the property is transferred to you, and it is not your principal primary residence, then you may face a capital gains tax bill in the future on any rise in value after you became the owner.

If you're worried about a future inheritance tax (IHT) bill, you should analyse this in detail. Your father's estate should be entitled to a nil-rate band, currently £325,000, plus any of your mother's unused nil-rate band and, if he passes property to a direct descendant such as yourself, he can also benefit from the residence nil-rate band, which is currently £125,000, rising to £175,000 over the next two tax years.

From an IHT perspective if he gifts the property to you, this will be treated as a potentially exempt transfer (PET). What this means is that if he lives for another seven years the property will be deemed to be outside his estate. If he dies within seven years, then it will still be taken

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into account when looking at his inheritance tax position.

However, if he gifts the property to you and lives there without paying you a fair value market rent, this will be deemed to be a gift with reservation, where he has given you a gift but he is still benefiting from it. If this happens, the property will still be considered to be in his estate for IHT purposes. To avoid this, he needs to pay you a fair value rent. You will then be liable for income tax on the rent you receive.

You should also be aware that if your father requires social care in the future, your local authority may deem that he has passed the property to you to avoid it being included in a calculation of his assets. This is called deliberate deprivation and is more likely to be the case if your father needs care within a few years of passing the property to you.

There are a number of other potential risks for your father. If you fall out with him, you could potentially evict him. If you're made bankrupt, the property would be considered as one of your assets. And if you get divorced, your ex-partner could make a claim on the property.

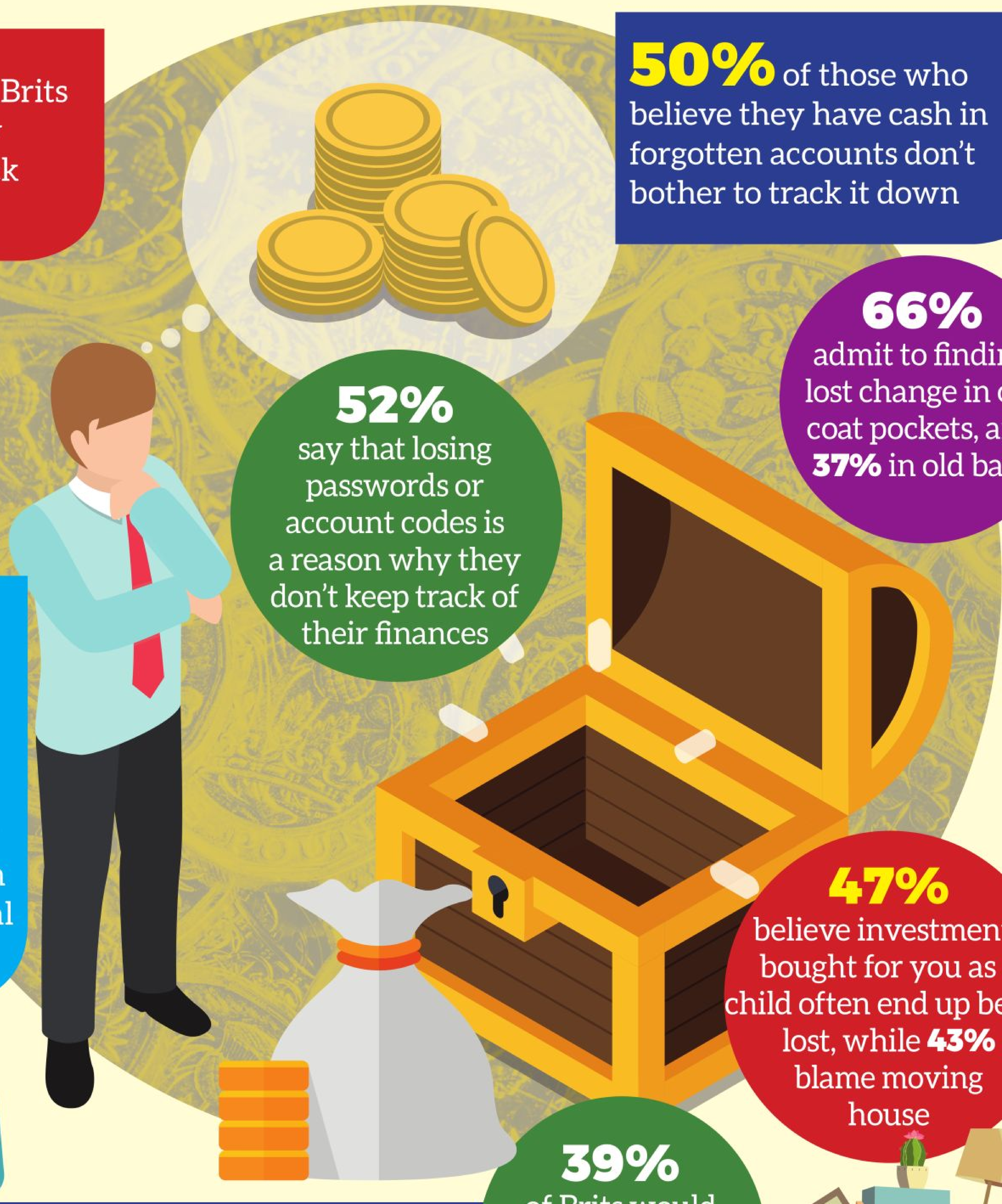
Also, you'll need to consider what happens if your father outlives you. Will you bequeath the property back to your father? If you leave it to somebody else, this could leave him in a vulnerable position. Also, the property would be part of your estate for IHT purposes, meaning your father could end up with a tax bill.

There are many potential complications and you really should take independent financial advice before doing this. mw

There are risks for your father – if you fall out, you could evict him

SEVEN MILLION BRITS HAVE LOST TRACK OF SOME OF THEIR MONEY

Around 14% of UK adults have cash or accounts they've forgotten about, according to a poll by National Savings & Investments. Of these…



20% of Brits say they may have lost track of a pension

50% of those who believe they have cash in forgotten accounts don't bother to track it down

34% find money left in drawers and cupboards

52% say that losing passwords or account codes is a reason why they don't keep track of their finances

66% admit to finding lost change in old coat pockets, and **37%** in old bags

78% think that digital technology has made it easier to stay in touch with their financial products

47% believe investments bought for you as a child often end up being lost, while **43%** blame moving house

39% of Brits would pay off debts with recovered lost money

£41 million of Premium Bond prizes remain unclaimed, often due to bonds being lost or misplaced

Notes: The sample has been weighted to represent the adult UK population. Contact Mylostaccount.org.uk, a free online resource for finding lost bank and building society accounts and lost National Savings and Invesments (NS&I) products. Source: Lost items section of the NS&I survey was conducted by Populus among 4,107 British adults aged 16-plus between 26 March and 2 April 2018

COULD YOU SPOT THE SIGNS OF FINANCIAL ABUSE?

Banks and building societies have adopted a voluntary code to tackle financial abuse, but will it go far enough? Moneywise explains how to spot the telltale signs and hears from two survivors

> "When I bought anything, my ex would get very cross with me"

BY STEPHEN LITTLE

Susan* had her own flat, a company car and was financially independent when she met her ex-husband, then a junior barrister, through a work colleague.

All was going well, but then six months after the birth of their first child his behaviour began to change.

He started to tighten the purse strings, and Susan was not allowed to challenge any financial decision he made. If she did, he would fly off the handle.

"He considered my money his and when I bought something he got very cross. His financial control caused major problems with my family," Susan says.

Over the years he became more controlling, running her down and humiliating her in public.

When his anger eventually turned to violence, she decided it was the final straw and demanded a divorce.

But this was only the start of her problems. Even though they were living separate lives, he threatened to withhold child maintenance if Susan did not do his washing and cooking.

Susan ran up huge legal bills battling her ex-husband in court and found it difficult to hold down a job. She even found herself entangled with a debt company. At times she was so low she felt suicidal.

Eventually, Susan's ex-husband agreed to a financial settlement.

"It is not very good, but I just want to be able to get on with my life without suddenly having a letter from him threatening something else," she says.

Susan is not alone in her suffering. She is one of the many victims of financial abuse who have seen their lives fall apart as a result of a controlling partner.

According to a report by domestic violence charity Refuge and the Co-operative Bank, one in five UK adults has experienced financial abuse.

It is a form of coercive control and is a common tactic used by abusers to gain power in a relationship. Abusers use a range of methods, including controlling their victim's money or running up debts in their name. It may not just be between partners in a relationship. Family members or carers can also be abusers, with older people particularly at risk.

While a majority of the victims are women, men can also suffer abuse – especially if they are in care.

Financial and psychological impact

The effects of financial abuse can be devastating, leaving victims without money, food or clothing.

It has a psychological impact on its victims, often leading to a sense of powerlessness and hopelessness.

The resulting financial insecurity means victims may be afraid to end a relationship with an abusive partner, putting them at greater danger of violence and injuries. For example, if a victim does not have access to money or credit cards it can be difficult for them to find affordable housing.

The impact of financial abuse can also linger well after a relationship has ended as victims are often left in debt, making it more difficult for them to rebuild their lives.

New voluntary code

Some victims have reported a lack of empathy from banks, which have required them to be present with their abuser to close a joint account.

In some cases, victims are left liable for debts run up by their abuser or have to recount their situation multiple times.

However, all this looks set to change. The financial industry has finally woken up to the issues and launched a voluntary code to help vulnerable customers.

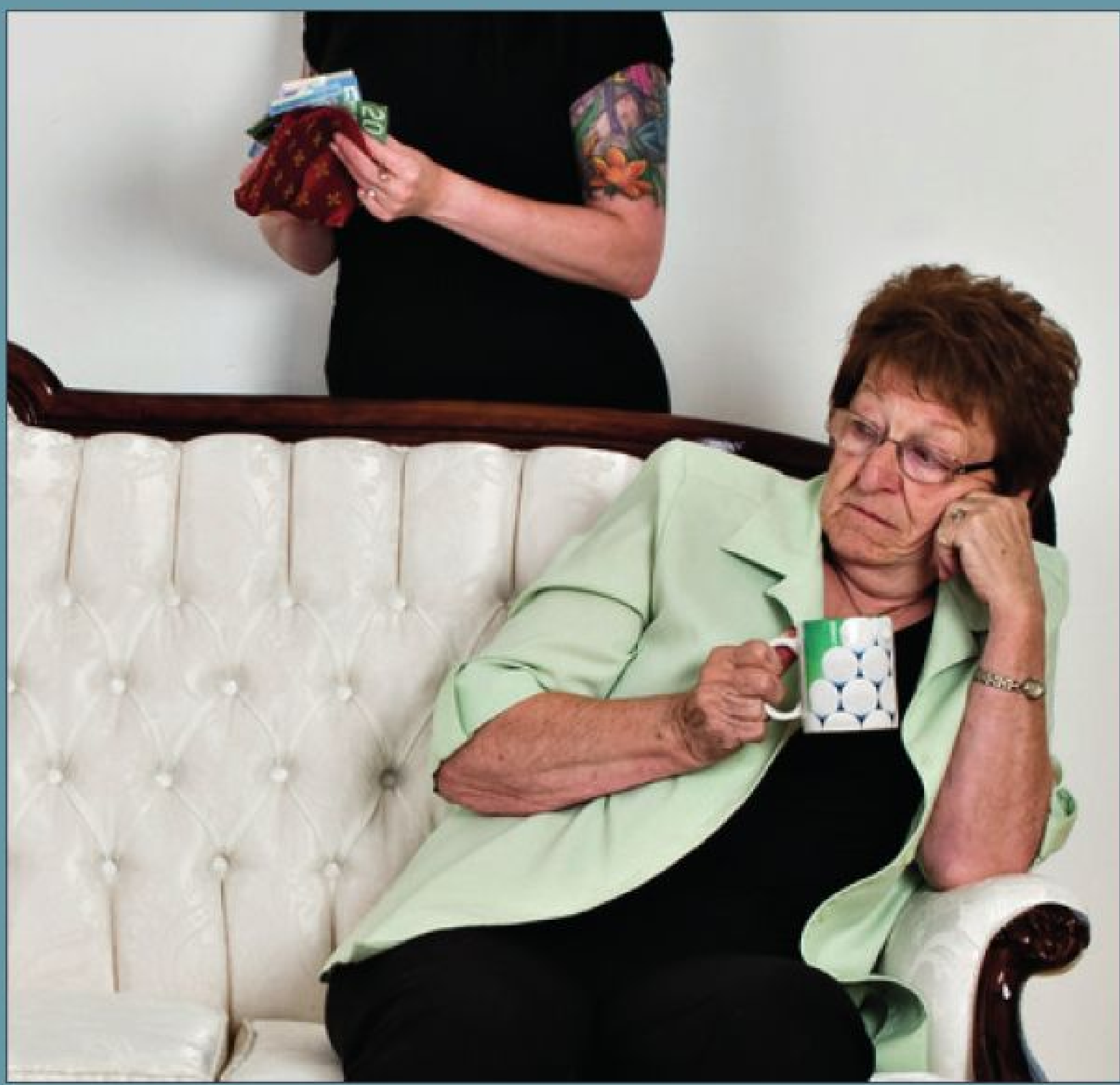
Under the new rules, banks will give victims of financial abuse more support, as well as help in regaining control of their finances, such as setting up an alternative address or giving them access to existing funds.

Nicola Sharp-Jeffs, director of charity Surviving Economic Abuse, says that, while the initiative is a step in the right direction more needs to be done to help victims.

She says: "We would like banks and building societies to go beyond the provisions set out in the code by looking at their own policies and procedures.

"Abusers can run up debts in a joint bank account that leaves the victim having to pay the overdraft back. We need the bank to engage with the abuser, so they step up and take joint responsibility for liabilities."

PROTECTING THE ELDERLY



Older people are more vulnerable to financial abuse – around 130,000 people aged over 65 in the UK have suffered it, according to charity Age UK.

Low levels of financial capability or cognitive impairment mean some elderly people can be more dependent on others to manage their finances. Poor physical health can also mean they are not focused on financial matters.

Their reliance can leave them open to abuse, with perpetrators often members of the family or someone the victim knows well such as a neighbour or a carer.

Richard Powley, head of safeguarding at Age UK, says: "From someone taking money out of a purse through to befriending someone with a view to inheriting money or property, financial abuse can take many forms. Those with dementia or poor mental health are particularly at risk."

Victims of financial abuse can often be reluctant to report their abusers as they do not want to lose their care and support.

If you are worried about a loved one and want to stop abuse from happening, the best thing you can do is talk about it, says Mr Powley.

He says: "It is important to do it sooner rather than later, so things like lasting power of attorneys can be put in place to make sure their money and financial affairs are managed by someone they trust."

Age UK offers a free advice service for older people who are affected by any of these issues. You can call Age UK Advice free of charge on 0800 169 6565. You can also contact your local council's adult safeguarding team.

"THE BANK SENT MY EX-HUSBAND A LETTER REVEALING MY NEW ADDRESS"

After 14 years of physical and emotional abuse, Denise* finally left her husband and moved away to start a new life.

However, an administrative error by her bank led to a joint letter also being sent out to her ex-partner revealing her new address.

She says: "I was horrified. I immediately telephoned the bank, which told me it was only a standard letter and nothing to be concerned about. I explained my situation, that I needed to be safe and that the joint account had been closed three months previously – it had been frozen for three years prior to that – and keeping my address safe was paramount.

"I was told that standard letters are prepared months in advance and there was nothing it could do. I was just told to phone the police."

Denise says the most distressing part of dealing with the bank was its staff's naivety towards her situation. She says: "I had to repeat over and over again that I could not come into the bank with my ex-husband as he could then be able to find me.

"Additionally, having to continue to pay for direct debits causes stress because it needs two signatures to cancel even when you can prove it benefits no one."

Telltale signs

The signs of financial abuse can be difficult to spot.

Perpetrators may be friendly in their approach, using language that might appear caring in order to manipulate their victim.

Lisa King, director of communications at Refuge, says that an increasing number of women are reporting instances of economic abuse to the charity.

She says: "Perpetrators can take out loans in a woman's name that she does not even know about, saddling her with debt and a bad credit rating possibly for the rest of her life."

A joint bank account can make it easier for an abusive partner to control your finances. By having your own bank account, you can protect yourself as you can access cash at a moment's notice if needed.

If you are separating from your partner, you need to contact the bank to remove yourself from any joint financial products to avoid liability for your ex's debts.

Sarah Coles, personal finance analyst at investment firm Hargreaves Lansdown, says that once someone has escaped their abuser they should freeze joint accounts to prevent them doing more financial harm.

"The primary account holder is responsible for all the debts, so if you are the secondary holder you can just have yourself removed. If you are the primary account holder, you should have your ex removed, but then you will need to repay the debts," she explains.

It is also advisable to change bank login details and set up a new address for the bank to write to you.

Domestic violence campaigners have also warned that, as universal credit is paid into one account for every household, this can allow abusers to have more power over their victims if they control the money.

"People can rebuild their lives after facing financial abuse"

Ms King urges anyone experiencing economic abuse to get help from professionals. This could mean contacting the police or seeking support from a domestic abuse charity such as Refuge or Women's Aid.

She says: "It is possible for people to rebuild their lives after experiencing financial abuse.

"There are many women who have come to Refuge and after they have shared their experience of economic abuse, our experts have worked with them to help reduce their debt."

If you are the victim of financial or domestic abuse, you can call the 24-hour National Domestic Violence Helpline (run by Women's Aid and Refuge) on 0808 2000 247. mw

** Names have been changed*

INHERITING A TIDY SUM? SPEND IT WISELY

Has a relative or friend left you money in their will? If you're not sure what to do with it, read our step-by-step guide to how to make the most of that extra cash

BY SARAH JAGGER

Perhaps you are thinking of using your inheritance windfall to pay off your mortgage or would rather invest it or use the opportunity to help others. Your approach will depend on how much you receive and your circumstances, but before you get carried away, here are the main points to consider.

Don't rush into a decision

The average inheritance is £11,000, peaking at £33,000 for people approaching retirement, according to the Office for National Statistics, while more than half of us expect one, according to research by the Co-op. However, as welcome as a cash lump sum might be, inheriting money is bittersweet as it often comes from the loss of a loved one. Grief can cloud your judgement and you will no doubt want to do justice to the person who has left you the money and worked hard to earn it, so never rush into financial decisions.

"Just like you should never go shopping hungry, don't walk into a travel agent after receiving an inheritance,"warns Charlie Parker at wealth management firm Sanlam UK. "It may be tempting to change your immediate financial circumstances but before doing so, ask yourself: 'How can this money be deployed over my lifetime', remembering this may never happen to you again."

Savings of up to £85,000 are protected in most UK bank and building society accounts if something goes wrong, under the Financial Services Compensation Scheme. However, in the case of an inheritance, a balance of up to £1 million is protected for six months. This means that you don't have to move your money straight away over fears it could be vulnerable in the unlikely event that your bank of building society goes bust.

> "Don't make a sudden decision - you may never get another windfall"

Seek advice

When receiving unexpected money, it's a good idea to seek advice to ensure you make the best financial decisions.

"Expect to pay from around £500 for advice but this depends on what services your adviser performs for you," says Karen Barrett at Unbiased. "Your first meeting is usually free, so you can find out exactly what your adviser can offer you and decide whether to proceed. Find a local adviser on Unbiased.co.uk."

Ditch debt

Start by repaying any money you owe – for example, on credit cards or personal loans.

Jamie Smith-Thompson, managing director of financial planner

BRITS REVEAL THEIR INHERITANCE GOALS

1 Save it
2 Invest it
3 Don't know
4 Pass it to children or grandchildren, pay off the mortgage or go on holiday
5 Home improvements

Source: Co-op Legal Services, October 2018

Portafina, says: "A loan or credit card balance with a high interest rate can feel like a burden, which is all the more reason why it should always be the first to go. Once cleared, it saves you paying back more than you owe in interest and increases your disposable income."

When prioritising which debts to pay, start with the smallest value first and those incurring the most interest.

Boost your savings

Your next priority should be an emergency fund of three to six months' expenditure, so you can handle unexpected costs. Then a mix of savings products will work best – some easy-access and some fixed-rate savings between one and five years.

"Don't assume you have to stick it all in Cash Isa accounts," says Andrew Hagger, founder of personal finance website MoneyComms.co.uk.

"Everyone now has a personal savings allowance (PSA), which means as a basic-rate tax payer you can earn up to £1,000 in interest a year without paying any tax on it – £500 for higher-rate taxpayers. Unfortunately, banks and building societies offer lower rates on Cash Isas than on standard savings accounts, another reason not to go totally down the Isa route.

"To give you an idea of amount of interest you could earn and stay within PSA limits, if you had £45,000 in an account paying 2.2% you would earn £990 interest in a year," he adds.

Minimise your mortgage

An inheritance can be life-changing for those wanting to get on the property ladder or pay off a chunk of their mortgage.

But be aware of your lender's overpayment limits or you could incur an early redemption charge (ERC), says Ray Boulger, mortgage expert at John Charcol.

"Most mortgages allow overpayments of up to 10% a year without incurring an early repayment charge. Therefore, if you happen to receive the windfall at the right time of the year you might be able to repay 20% within a short space of time by using two

PEP UP YOUR PENSION

Kate Smith, head of pensions at investment firm Aegon, shares her top tips for boosting your retirement income:

If you don't have any pension savings, putting some of your windfall into a pension will set you up for a good start in building savings for later life. This is because you get tax relief on your pension at the highest rate of income tax you pay, ie at 20%, 40% or 45%. You are allowed to pay up to £40,000 a year based on your earnings into a pension up to your 75th birthday and still get tax relief.

If you're employed, you can pay some of your inheritance into your workplace pension and get tax relief on the amount you pay in. Your employer might even match some or all of your contributions.

If you're self-employed, you will need to find your own pension plan. A financial adviser can help you with this or you can start a Self Invested Personal Pension (Sipp) on an investing platform (see our feature on page 73 for how to pick the lowest-cost Sipp platform for you).

If you don't work, you can pay into a pension, but you're limited to £3,600 a year, including tax relief. For a basic-rate taxpayer this means you can pay in £2,880 and get a government top-up of £720. You could drip-feed your inheritance into a pension over a number of years.

Take advantage of carry forward rules. If you have already filled up your annual allowance for this tax year, you can carry forward any unused annual allowance from the previous three tax years. This rule gives you the flexibility to pay in large occasional contributions into your pension such as inheritance payments, and still get tax relief. It is possible to pay in more, but you won't benefit from tax relief.

If you're retired, check your pension plan to see if you can add lump sums to your pot to boost your retirement income. The rules are more restrictive if you have started to take a 'flexi-access' income, in which case you will have a much lower pension annual allowance of only £4,000 a year. Check whether these rules apply before you pay large inheritance payments into your pension. One tip is to spread pension contributions over a number of years up to age 75.

of the annual ERC free allowances. However, timing varies between lenders, so check first," he says.

If the windfall is large enough to exceed the ERC-free limit Mr Boulger says it may still be worth overpaying the mortgage, depending on how much the ERC is. "In most cases it will be between 1% and 5%. Once the ERC period has finished (usually when the fixed or discounted rate does) there are normally no limits on overpayment."

If you have an offset mortgage, you can usually pay as much into your linked offset savings or current account as you like without ERCs, saving on future interest payments.

If you pay off your mortgage, consider cancelling some of your life insurance – assuming you don't have dependents. If there are people who are financially dependent on you, use freed-up cash to buy life insurance, plus protection in case accident or illness means you are unable to work.

Invest your money

You can invest any money you won't need for the next five to 10 years in the stock market. Risk is involved but investing over a longer time period gives you time to ride out fluctuations and take advantage of long-term growth. As a result, investments have far more growth potential than money in a savings account.

Invest in a number of funds to spread risk. "Consider a low-cost index tracker, such as Legal & General UK Index, which aims to follow the performance of the UK stock market," says Sarah Coles, personal finance analyst at Hargreaves Lansdown. "Or opt for actively managed funds, where the fund manager uses their expertise to try to outperform the market. In the UK, we like AXA Framlington UK or Rathbones Income. And if you want to take advantage of growth wherever it is in the world, we like Lindsell Train Global Equity."

> Invest to enjoy far more growth potential than cash in a savings account

The first £20,000 of any investments each year should be in an Isa, which means any gains are free of tax, and any dividends are tax free, too.

Moneywise First 50 Funds can be a good place to start (see Moneywise.co.uk/first-50-funds).

Help out loved ones

Receiving an inheritance offers the chance to help other family members. For example, Mr Smith-Thompson says you can use the Lifetime Isa to help children or grandchildren buy their first home.

"The government will give a 25% bonus on contributions to this and you can save up to £4,000 a year. Or consider a Help to Buy Isa, which includes a bonus of up to £3,000 towards the deposit for a new home. You can also set up a pension for a child. "This offers tax relief on contributions and any growth on the lump sum is not taxed either," he explains.

Older people who inherit and don't necessarily need the money may want to pass on the gift. If you act within two years of the deceased's death, you can draw up a deed of variation to redirect the gift to your chosen beneficiary. This avoids the money becoming part of your estate and subject to inheritance tax (IHT).

What is more, you can make gifts of up to £3,000 in total each year that will fall outside your estate for IHT purposes. You can also give gifts of any size and, so long as you live for at least seven years after making the gift, it will fall outside your estate for tax purposes.

Get professional advice for any money you wish to pass on and protect beneficiaries by making or updating your will. mw

SARAH JAGGER is a freelance journalist, writing for magazines such as *Yours, Essentials* and *Good Housekeeping*

Book a luxury cruise for less

Navigating a value-for-money cruise deal can be tricky. Here, we reveal top tips from the experts on how you can take to the waves without going overboard on costs

BY EMMA LUNN

While cruise brochures are full of price reductions, cabin upgrades and drinks packages, many itineraries contain exclusions and extras that first-time cruisers may not budget for. But if you know the tricks of the trade – from when to book to how to get a cheap cabin – you can save hundreds of pounds on the trip of a lifetime.

When to book

'Wave season' is the cruise industry's sales period and runs from January to March each year. Alternatively, some cruise lines such as Celebrity, Holland America, Princess and Royal Caribbean also run 'choose-your-own-bonus sales' at regular intervals.

Niamh Walsh, senior editor at travel search company Holiday Pirates, says the best time to book a cruise is either really far ahead or as last minute as possible.

"Unlike air fares, cruises go on sale many years in advance. For example, you can currently book Norwegian Cruise Line cruises as far ahead as May 2022. For popular cruises, the best value is when they just launch and when there is most availability," she says. "For less popular cruises, prices normally drop the closer to the sailing date it gets. An empty cabin makes no money for the cruise line."

Shop around

Hardly anyone pays the brochure price for a cruise. When you've found an itinerary you like, approach different travel agents for a price. Don't be afraid to haggle or ask for extras such as a credit to your on-board account or a drinks package to be thrown in.

If you're not too fussy about where you go, it is worth checking for discounts on websites such as Groupon and Wowcher.

Alexis Harrison, head of marketing at Wowcher, says: "We work closely with our travel partners to bring discounted cruises to our customer base, from Mumbai to the Caribbean. As we have seen the popularity of these types of holidays increase in the past couple of years, we're always seeking out exclusive partnerships to bring new offers to our subscribers – and with an average of 20% to 30% off the direct price, this can save customers hundreds of pounds."

Don't be afraid to haggle and ask for extras to be included

Check what's included

It is vital to understand what is included before you book a cruise. Some headline prices just cover the cost of accommodation on the ship, while other deals include airfares to ports, hotel nights, transfers and shore excursions.

Most cruises include food, but you might have to pay extra for 'speciality' restaurants or formal dinners. Some cruises include free alcohol and soft drinks, while others do not. Access to swimming pools and gyms will generally be included but babysitting, spa treatments, wi-fi, and laundry usually won't be.

Drinks packages

If you like a tipple, then one way to save money is to pre-book a drinks package. These packages can be

Tom and Sarah Collins (right) saved cash by booking a suite to share with their children

bought on board too – but at a higher price.

A drinks package offers unlimited or a pre-set number of drinks each day for a daily rate. But watch the small print before you sign up. Typical terms includes a ban on sharing drinks packages and a requirement to buy the same package for both every day of your cruise (so not just for a couple of 'big' nights) and for everyone in your cabin.

Repositioning cruises

Ian Crawford, cruise specialist at CruiseDeals.co.uk, says his biggest tip for saving money is to book a 'repositioning' cruise, when ships are moving from summer to winter destinations (or vice versa) as you'll get to enjoy two destinations for a knock-down price.

"For example, Transatlantic Homecoming sees Marella Explorer return from the Caribbean to the UK with a 19-night cruise from Barbados to Southampton. The journey starts with six stops at Caribbean islands before more than a week at sea, which is only interrupted with two stops in the Azores. The ship then travels along the French coast to Belgium and crosses the sea to England's south coast.

"This cruise departs on 28 April 2019 and costs £1,635 per person, saving a massive £722 per person

"WE GOT AN UPGRADE – PERKS INCLUDED A PRIVATE BAR"

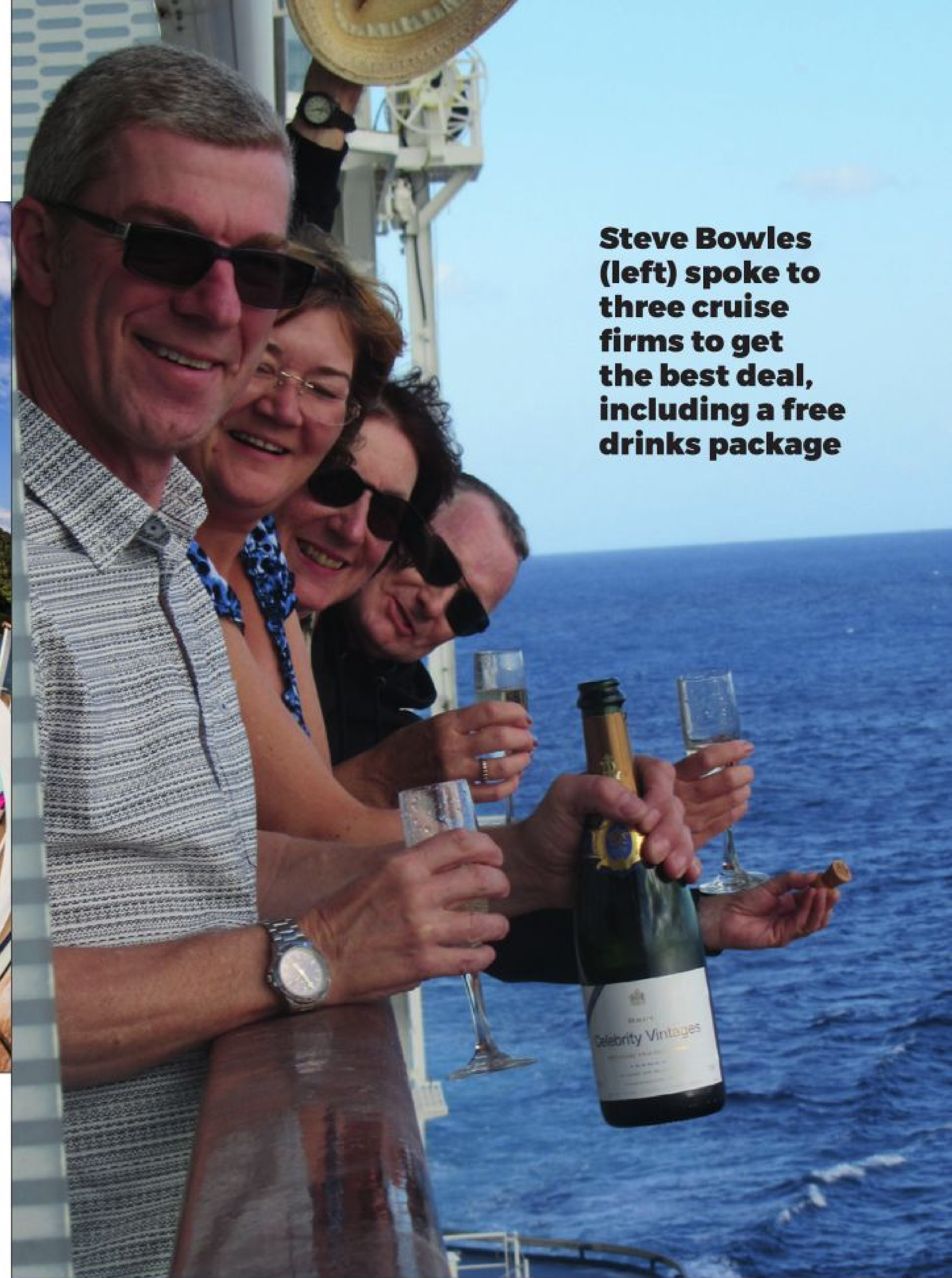
Tom Collins, 34, his wife Sarah, 35, and their two children aged three and five, took a seven-day cruise on MSC Seaside in February 2018.

The ship set sail from Miami, visiting the Bahamas, Charlotte Amalie in the British Virgin Islands, St John's in Antigua, then back to Miami.

Tom says: "We got a good deal by opting for a 'grand suite' rather than two rooms. It had a separate bedroom for us and the kids slept on a big pull-out sofa bed. It was at the front of the boat and had a big balcony. Effectively, we got an upgrade which entitled us to certain perks such as a private bar."

The Collins family paid £3,400 for their cruise and spent a total of £5,000 once all extras were added. Flights to Miami weren't included in the cruise fare, but Tom had Avios points which reduced the cost.

"There were kids' club activities all day and childcare from 9am to 10pm, which was all included. We didn't opt for drinks packages as it would have been about £600 and you'd have to drink a lot to get value from that. The excursions were all quite expensive so we just explored on our own," says Tom, "One thing we didn't know about was a service charge of about £40 a day billed to our room. However, I ended up getting that waived after my prescription sunglasses were damaged when they were dropped going through security when we were getting back on the boat after going onshore."



Steve Bowles (left) spoke to three cruise firms to get the best deal, including a free drinks package

– that's less than £90 a night and includes flights, all meals, some drinks and tips," he explains.

Bag a bargain cabin

The cheapest cabins on a cruise ship are 'inside' cabins. These generally don't have windows and will be on the small side. 'Ocean view' cabins are the next cheapest and have windows looking out to sea. The most expensive options are 'balcony' cabins with a veranda, as well as suites.

"The absolute cheapest cabins are often guarantee fares. This means that you pay the lowest price available for an inside stateroom and are guaranteed a cabin somewhere on the ship," says Asam Coulter, UK managing editor at comparison site Cruise Critic.

"You don't get to pick which specific cabin number you prefer or which deck. It's certainly a gamble – and you might get stuck with an unusual room that's smaller than most rooms or with an awkward layout. On the other hand, you might get lucky and be upgraded to a room with a window."

Solo cruisers have traditionally been charged extortionate single supplements, but times are changing and there are now more options for people travelling alone. Norwegian Cruise Lines, Saga and Cunard all have single cabins on some ships.

Tipping is typical

Tipping on cruise ships is a controversial issue and established systems may come as a surprise to tip-shy Brits.

On most cruise lines, tips are either paid upfront or a daily gratuity is automatically billed to your on-board account. So you'll inadvertently be tipping the chef, whether or not you come down with food poisoning. Royal Caribbean International, for example, levies a service charge of between \$14.50 and \$17.50 (£11.50 and £14.50) per guest per day.

But tips aren't compulsory: you can have them removed or reduced – just visit guest services during your voyage.

Check your travel insurance

Unfortunately, not all cruises are plain sailing. Just like on other types of holiday, things can go wrong. Travel insurance is vital – but cruises are not necessarily covered on standard single-trip or annual policies.

Matt Sanders, spokesperson for GoCompare travel insurance, says: "Look at getting a policy that's tailored towards being on a ship and covers all the destinations on your itinerary, even if you're only leaving the ship for a few hours. Cabin confinement cover, missed port cover, unused excursions and emergency airlift to hospital cover are all essential if you are embarking on a cruise.

"As always, make sure you read policy documents carefully to familiarise yourself with any exclusions and conditions. For example, if you've independently booked an onshore excursion and you're late returning to the ship and it sails without you, your insurance may not cover you." mw

"CRUISE FIRMS ARE QUITE OPEN TO BARTERING"

Steve Bowles, 64, and his wife Sue, 64, from Essex, were interested in a specific Celebrity Cruises' voyage around Europe for themselves and three other couples.

"We went to the Cruise Show (held in London and Birmingham) and talked to Celebrity Cruises about specific cabins and what our requirements were, and it worked out what its best deal was," says Steve. "When we went for lunch, I phoned three online cruise companies we've used before – Cruise Club, Planet Cruise and Iglu Cruise – and asked for their best deals.

"Planet Cruise matched the price but gave us extra spending money of \$100 to \$150 (£80 to £120) per cabin and threw in 12 bottles of wine purely because we were booking four cabins at the same time. I played them off each other. They also added a basic drinks package, so the saving came to about £250 per cabin– that was off the Celebrity Cruises' price at the show, which was already discounted. Cruise firms are quite open to bartering, especially if you are booking more than one cabin."

The 10-day trip with Celebrity Cruises started in Rome and visited Portugal, Spain and several Greek Islands. It was Steve and Sue's eighth cruise and on other occasions they have phoned three online cruise companies to ask for their best price.

"They will normally throw in some on-board spend. The nearer the time to the cruise, the better the deals if they have spare cabins," adds Steve.

EMMA LUNN is a personal finance journalist who writes for the *Guardian, Daily Telegraph, Mirror* and Thisismoney.co.uk

11 MONEY-SAVING TIPS FOR NEW PARENTS

Wondering whether you can afford to have a baby or how you'll cope with the costs of supporting your newborn? Read our guide to making the most of the financial help on offer

BY REBECCA GOODMAN

There is no escaping it, having a child is an expensive business and from birth until the age of 18 it can set you back just over £4,000 a year – or £75,436 in total for a couple – according to Child Poverty Action Group.

However, there are many ways to cut the costs of having a baby. These range from finding the best deals on essential products and buying second hand to setting up the right protection and making sure you're receiving the benefits you're entitled to.

1 Sign up for freebies from new baby schemes

Retailers are desperate to draw in new parents and offer a range of freebies and promotions to do so. Here is a selection of the best around:

• In Scotland, parents receive a free baby box full of essentials, which you can apply for by speaking to your midwife. In England, there is a less generous scheme available through the Baby Box Company, which you can apply for online after watching a free parenting course and taking a quiz on baby and child health.

• Amazon offers freebies when you set up a 'Baby Wish List' – currently, it's a free nappy tub worth £10.

• Mothercare's 'My Mothercare' scheme includes 20% off maternity clothes and discount vouchers on a huge range of products.

• The Boots Parenting Club hands out extra Advantage points when you buy baby items.

• With Tesco's Baby Club, you will be sent offers appropriate to your child's age.

• Members of the Asda Baby & Toddler Club get alerted first about discount events in the supermarket.

2 Life insurance will protect your loved ones

No one wants to think about a parent dying, but it's one of the most important financial factors when preparing for a new baby.

Life insurance pays out a lump sum if the holder dies and there are two options: level-term insurance, which pays out a set amount if they die between a fixed period of time, or mortgage life insurance, which specifically covers the cost of your mortgage.

"A life insurance payment could make all the difference in helping a partner and children cope financially if one parent passes away during the policy term," Paul Dalgliesh, head of protection propositions at Aviva, explains.

"Having a baby can provide the prompt for new parents to consider taking out life insurance for the first time," he adds.

Where you buy the policy can make a big difference to the cost, and it's well worth checking a few different quotes before you buy to make sure you're getting a good deal.

3 Meet other new parents and share money-saving tips

There are hundreds of apps available for new parents. One of these is Mush, a free app designed to help parents find free and cheap activities to do in the day time with their babies.

"Being a new parent means you suddenly have long chaotic days without any plans. It can be tempting to book in classes for your baby, but they are often extremely expensive," says Katie Massie-Taylor, founder of Mush.

"Mums who meet on Mush often do babysitting tokens – they take it in turns to babysit their friend's baby so they can have a bit of time to themselves. This can save between £8 to 12 an hour," she adds.

4 You might be eligible for child tax credits

Anyone with children might be able to get child tax credits. The exact amount you could receive depends on your income, but for a child born on or after 6 April 2017 parents may be able to claim up to £2,780 a year.

You may get presents or hand-me-downs from friends

You may also be able to claim child benefit, which is available to anyone living in the UK who is responsible for a child up to the age of 16 (or under 20 if they stay in approved education or training). A sum of £20.70 is paid weekly for the first child and £13.70 is paid for subsequent children. If you can, putting this into an interest-paying savings account is a good way to start a mini savings pot for emergencies.

5 Until your baby arrives, only buy the essentials

It might be tempting to overbuy on new baby items, but you only really need the essentials at this time. The NHS has a checklist of things you'll need including a cot, pram, basic babygrows, feeding equipment and nappies.

Anything else you can buy once the baby arrives, and by this time you'll know what you actually need. You may also receive presents or hand-me-downs from friends with older children.

6 Free childcare hours are available for working parents

Although you can no longer apply for childcare vouchers after the scheme shut to new parents last year, working parents can still benefit from the government's tax-free

“Baby brain is not a myth, so save time and money by shopping online”

Georgie Gilding, 34, lives in Buckinghamshire with her husband, Jack, and her 17-month-old daughter, Harriette (pictured left) and is expecting her second baby in March. Here, she explains her top tips for cutting down the cost with a new arrival.

“Baby brain is not a myth, so save time and money by online shopping as there’s nothing worse than driving to the shops and ending up buying 10 things you don’t need and forgetting what you initially wanted.

“Plan meals and bulk-cook – it will save you a fortune when your baby starts eating food.

“Services such as Amazon are a new parent’s dream as you can shop online at 4am when up with the baby, and it has a discount scheme for families.

“We used reusable wipes which are a fantastic way to say money and also be environmentally responsible – I highly recommend Cheekywipes, these are fantastic.

“If you can, make the most of asking friends and family for free childcare and if you have any big trips coming up, make sure you are strategic with when you book as children usually fly free under the age of two.”

childcare scheme. For every £8 you pay in to your account, the government will top it up by £2, offering a maximum saving of £2,000 a year per child. Families where either partner earns more than £100,000 are not eligible.

7 Claim your full maternity entitlement

If you’ve worked at a company for six months or longer, you will be entitled to the statutory maternity pay, which is £145.18 per week for up to 39 weeks.

However, most companies offer an enhanced maternity allowance for at least the first six weeks and this can be your full-time salary or 90% of it.

Before you go on maternity leave, find out exactly what is available and ask about ‘keeping in touch’ days, which are paid days when you can go back into the office.

If you are self-employed, to receive statutory pay, you will need to have made enough national insurance contributions, although you can top these up if not.

Don’t cut your company pension contributions before you go on maternity leave. Your employer will continue paying contributions at the same level, so in fact if you can increase your contributions you will get even more.

You can pick up a nearly new pram online for £100

8 Don’t succumb to emotional spending

All parents want everything to be perfect for their newborn and this makes you an advertiser’s dream. Think carefully whether your baby really needs sheepskin liners in their car seat or baby-wipe warmers. After your baby is born, when you’re likely to be tired and emotional, be wary of splurging on products that promise to revolutionise your life. Just because Amazon reviewers claim a high-tech baby bouncer got their baby to sleep doesn’t always mean it will work for you.

9 Start building a nest egg

It is never too early to start saving for your new arrival. If you open a Junior Isa (Jisa), you can pay in £4,260 a year and all growth and income is tax-free. The money can’t be accessed until the child is 18, at which point the account becomes an adult Isa.

You can choose either a Cash or an Investment Jisa: 70% opened this year were cash products, but if you’re saving for the long term, an Investment Jisa may produce better returns.

10 Buy secondhand or try before you buy to save a fortune

There is a wealth of secondhand baby items available, whether it’s from a local Facebook group, eBay, Gumtree or an NCT sale.

Most of the items have a short usage span before the baby grows out of them and therefore are usually in an almost-new condition, at a fraction of the price. A brand-new pram, for example, could set you back £700, but online you could pick one up for nearer to £100 or less.

Also check out services such as toy or sling libraries to test-drive items before splashing out.

11 Register the birth on time or you’ll be fined

You need to register your baby’s birth at the local registry office within 42 days – if you miss this deadline, you might be fined £200. Once you register the birth, which takes around half an hour, you will receive your child’s a birth certificate. mw

REBECCA GOODMAN writes for websites and publications including This is Money, MailOnline, *The Sun* and LoveMONEY.com

TURN MONE

Unless you use your car all the time, it could earn you some extra cash – and even pay for itself. We hear from three drivers who find different ways to maximise money from their motors

Below: Francene Clarke rents her car for £59 a day

BY ESTHER SHAW

As any driver will testify, owning and running a car does not come cheap. Recent data from comparison site ComparetheMarket revealed the annual cost of running a car for a 17- to 24-year-old driver was £2,442. This included £1,324 for insurance, £891 for fuel, £115 for road tax, £54 for an MOT and £56 for breakdown cover.

While running costs are slightly less for older drivers due to insurance cover being cheaper, the overall cost is still high. The annual running cost across all age groups is £1,849.

To make matters worse, cars depreciate quickly, losing up to 60% of their value in three years.

But the good news is there are a number of ways you can make money from your motor.

Rent out your car

Hiring out your car can make sense if, for example, you use public transport to commute during the week, so your car is sitting idle most of the time.

You can do this via peer-to-peer vehicle-sharing services, where you can list your car for free.

All cars must be insured, taxed and have a valid MOT, and there are age restrictions for both hirer and the car itself. For example, with hiyacar, which has around 2,000 cars available at any time, the hire car must be less than eight years old and the owner must be over 25.

Car owners are offered comprehensive cover via reputable insurers, such as Axa and Allianz, and this will replace your own car insurance policy during the length of a rental trip.

Once you've created a profile and listed your car, you'll pay commission to the website for arranging the deal, but you can still earn a tidy sum.

With hiyacar, owners pay 30% of this fee in commission – based on the age of your car and where you live – but you can set your own rates.

Car owners and renters can contact one another via instant messaging, and can then meet up to exchange keys. Those who have keyless QuickStart technology can hire out their car via the app and provide a copy of digital keys.

"By encouraging people to share cars, this, in turn, helps towards sustainability and connecting communities," says Graeme Risby, co-founder of hiyacar.

Other peer-to-peer car-sharing websites include Drivy (Drivy.co.uk), which says you can earn up to £800 a month hiring out your car, and Turo (Turo.

"I have rented out my car for £1,300 in just over a year"

Francene Clarke from Hackney, north-east London, has made more than £1,300 by sharing her car via hiyacar since signing up in September 2017.

The 25-year-old, who works as a social media marketing manager, only uses her car – an Audi A1 Sport TFSI – once or twice a week to run errands and visit friends. She hires out her car via hiyacar for £59 a day – the rate initially suggested by the company.

Francene says: "I work from 9am to 5pm, so for most of the week my car is just on my driveway. At the weekends, I share the car with my friends using hiyacar's 'mates' rates," which works out much more cost-effective."

The mate s' rates feature allows car owners to lend their cars to family and friends at a discounted price – even if only for a few hours – while making sure all parties are properly insured.

"Initially, I signed up to generate a bit of extra income to cover my bills and to boost my savings. But having earned more than £1,300 in just over a year, I'm also treating myself to the odd shopping trip," she adds.

YOUR CAR INTO A Y-SPINNER

Above and left: Kate Maltby arranged to have an ad wrap for the NSPCC on her car

com), where you can earn 75% of the trip price but your car must be no more than 10 years old.

Get paid for adverts on your car

If you're not fazed by the idea of turning your car into a mobile billboard, you can get paid for agreeing to have a wrap or sticker on your car and then just drive your car as you normally would.

Register for free, and firms such as Car Quids (Carquids.com) and rollin'ads (Rollinads.co.uk) will get in touch as soon as there is a match between your profile (based on details such as your car, your parking location, and how many miles you drive) – and an advertiser.

Once a match has been found, you will be given information about how long the branding will stay on your car and the payment you will receive.

Get paid to turn your car into a mobile billboard

Car Quids, for example, has run campaigns for brands including Pizza Hut, GoCompare, Bloom & Wild and PensionBee.

Once you've accepted an offer, it will check your licence and accident history and then arrange

"Lots of people stop to take a look at the advert on my car"

Kate Maltby from Guildford, Surrey, has earned around £250 since signing up to Car Quids in March 2018.

The 46-year-old radiographer, who owns a Nissan Qashqai, first found out about the site when looking for ways to boost her income.

"I drive my car mainly in Surrey and Hampshire," says Kate, who works at the Royal Surrey County Hospital in Guildford. "Around four days a week, I drive from Selborne, near the town of Alton in Hampshire to Guildford. At the weekends and on my days off, I usually drive around Alton and Farnham."

In May 2018, Kate's car was fully wrapped with branding for the NSPCC. The wrap was an advert for a 'messathon' at Fernley Lodge Park in Surrey, a family obstacle course fundraising event for the charity.

Kate says: "My friends and family thought the NSPCC branding was a brilliant idea. With that wrap, I had lots of people stopping to take a look and ask about the event.

She adds: "I'm in the middle of renovating my house, so the money I've earned has come in very handy."

Above and right: Rachel MacSween rents out her driveway for £120 a month

"Renting out my driveway is a no-brainer"

Rachel MacSween, from Glasgow, makes around £120 a month by renting out her parking space.

The 42-year-old, who works as a recruitment manager, lists her space on the Kerb app.

"I don't use my parking space all the time – and especially not when I'm at work – so renting it out to make a bit of extra cash is a complete no-brainer," she says.

"With Kerb, I can make money with pretty much zero effort. The app is really easy to use. My elderly mum and her friends are using it to make more than £100 a month by putting their driveways to work."

"It's great to deliver items. It's a win-win"

Christian Helling, from Norway, has been a Nimber 'bringer' since March 2018 and has completed 112 deliveries, earning around £3,600.

The 26-year-old, who works as a warehouse manager and IT administrator for a welding company, likes the idea of helping out other people while he is travelling around in his Tesla.

"As a bringer, Nimber makes it amazingly easy to find tasks – it's great to be able to deliver items when I'm going that way anyway," says Christian. "Nimber also makes it easy for people to request delivery or both small items – and bulky items. It's a real win-win."

for you to take your car into one of its local fitting centres – and the advertisement and GPS is fitted in around 20 minutes.

Following this, you need to send photos of your car each month showing the stickers are still on. According to Car Quids, members typically earn between £200 and £300 over a campaign lasting two to three months.

Car Quids favours vehicles that are less than five years old – though older models may be considered. It advises members to check with their insurer before going ahead with an advertisement.

Earn extra as a courier

If you spend a lot of time behind the wheel, you could earn extra cash by becoming a courier.

Nimber.com matches up motorists who are making a journey with people who need things delivered.

Nimber says that so far more than 150,000 items have been delivered by its users, which number more than 130,000 individuals or businesses.

Ari Kestin, Nimber's chief executive, says: "If you are making a journey, why not take something with you, reduce your travel expenses and help someone out along the way?"

Deliver items and earn cash while you're driving

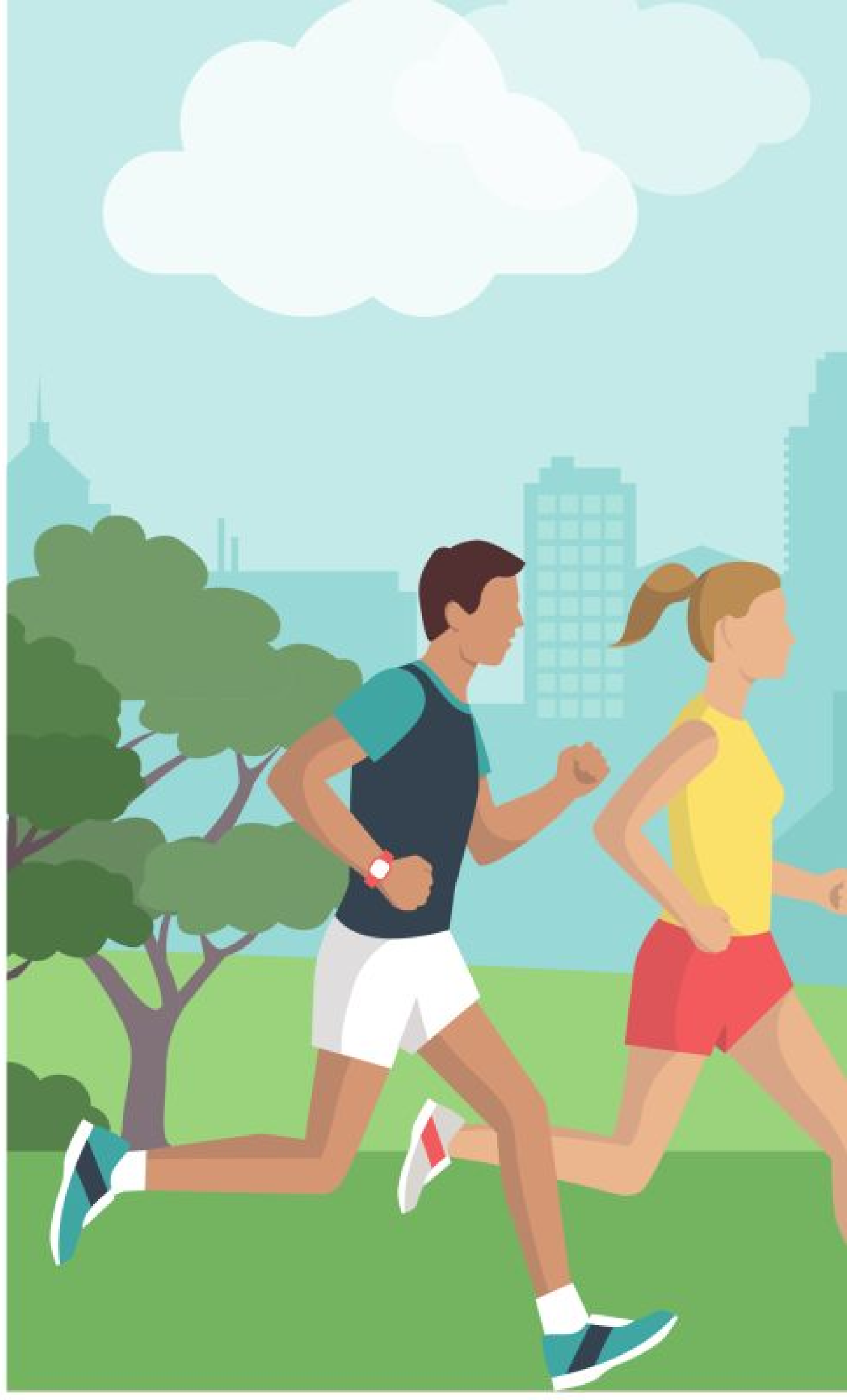
Rent out your driveway

If you have a garage, driveway or parking spot going spare, you can earn extra cash by listing your space on free apps and websites that match you up with motorists looking for somewhere to park.

Try the free app, Kerb, or sites such as Justpark.com/rent-out-a-parking-space and Yourparkingspace.co.uk/list-your-space. mw

ESTHER SHAW is a personal finance and property journalist who writes for the *Mail on Sunday*, Mirror Online and Sun Online

GET FIT ON THE CHEAP



There are plenty of ways you can get into shape that don't involve signing up for a pricey gym membership – some will even save you money. Here's how to get started

BY JAMES POULTER

Britons spend more than £4 billion a year on gym memberships, with the average gym goer paying £40 a month, whether they get round to using their gym or not. So don't be tempted by the sales patter and keep up with the latest ways to get fit, whether it's outdoors, at home or with a bit of online help.

1. Walking

"Walking is a great way to get fit, it's free, needs no special equipment apart from a pair of comfortable shoes and is something almost anyone can do," says Sophia Khan, a spokesperson for the Ramblers, a charity aiming to protect and expand areas where Brits can enjoy a walk.

"You can build your stamina up, burn calories and make your heart healthier. You could add walking into regular journeys by getting off public transport a stop earlier or parking further away than you would usually. Walking up stairs burns calories, so swapping lifts for stairs is another easy way to start boosting your fitness," she adds.

Going on long walks at weekends is a good way to increase the amount of walking you do and gives you the opportunity to explore the countryside. All you'll need is a pair of walking boots and some waterproofs.

Numerous websites, including those from local councils, list walks across the UK. You could organise walks with groups of friends or join walks organised by clubs.

"Joining a local Ramblers group walk is an excellent way to get started. You'll have a route all planned out for you, so you don't have to worry about getting lost, and a friendly group of walkers to chat to along the way," adds Ms Khan. "With walks ranging from short strolls around the park to 10-mile mountain hikes, there is something for everyone, no matter what your level of fitness. And if that's not enough to tempt you, there's all the wellbeing benefits of being out in the fresh air and close to nature too."

See Ramblers.org.uk.

2. Running

Running is one of the best forms of exercise, particularly for your heart and lungs. All you need are some comfortable clothes and a decent pair of trainers.

Team GB ultra-marathon runner Robbie Britton told *Moneywise*: "Not only is running a great way to get fit and healthy without paying for a gym membership, running with others at initiatives such as parkrun [see below], or joining your local club, provides great social interaction too which has a significant impact on motivation to continuing training."

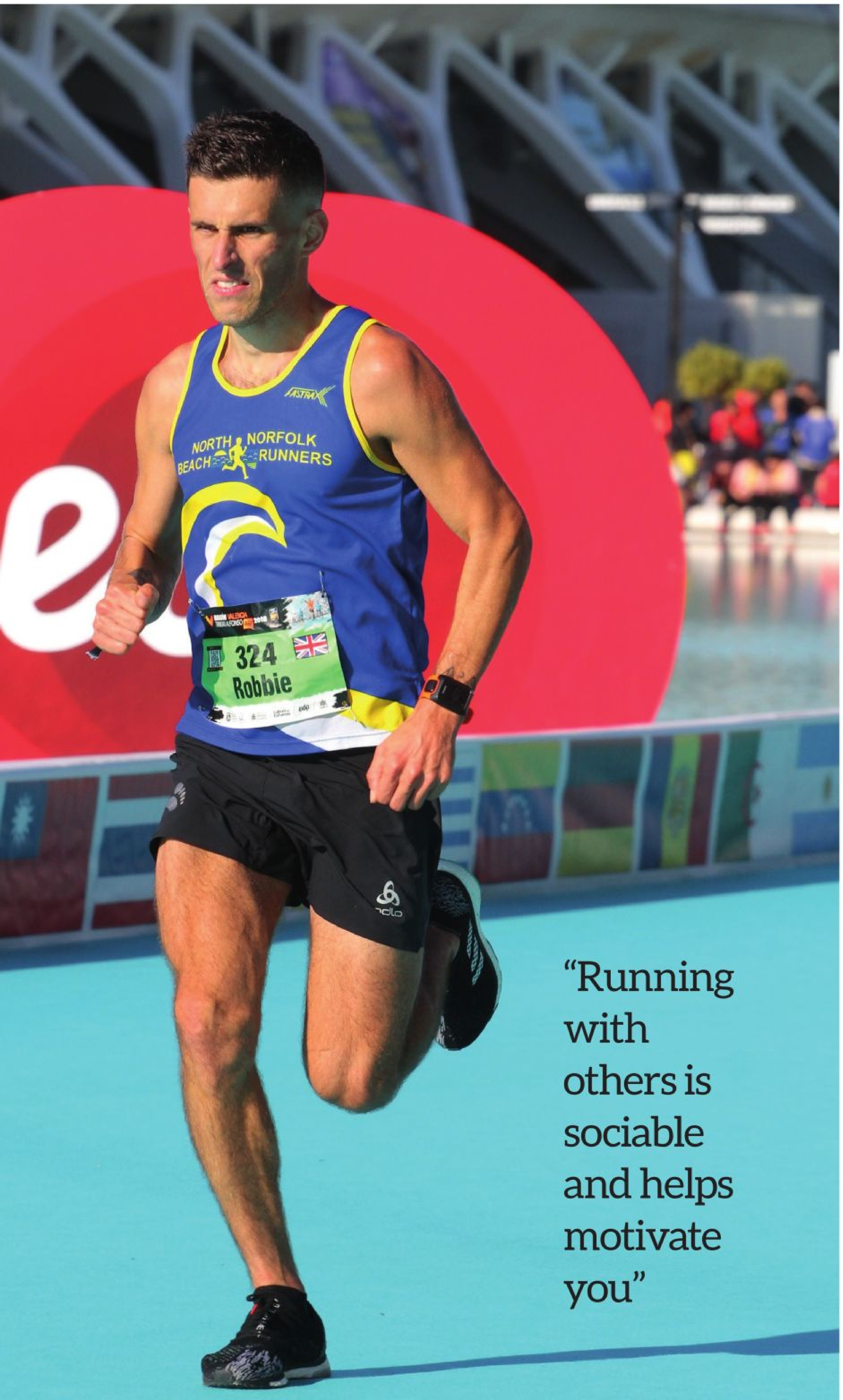
If you haven't tried running before, the Couch to 5k podcast available for free from the NHS (NHS.uk/live-well/exercise/couch-to-5k-week-by-week) is a popular way to get started. Once you're comfortable running five kilometres, parkrun organises free weekly timed 5k runs in parks across the UK. All you need to do to take part is register on its website (Parkrun.org.uk) and print off a barcode.

3. Cycling

Cycling is another excellent way to get fit, it gets you places and helps the environment. It is a bit more expensive to get started, but if you are working and your employer offers a Cycle to Work scheme, you can borrow the money to cover the cost of buying a tax-free bike and all the accessories you need to cycle safely and secure your bike. Repayments are taken from your salary in the same way you would pay back a season ticket loan. If you can cycle to work instead of driving or using public transport, you could also save a lot of money on your commute.

Sam Jones, senior campaigns officer at charity Cycling UK, says: "Cycling fits into daily routines better than many other forms of exercise because

Robbie Britton, Team GB ultra-marathon runner (right)



"Running with others is sociable and helps motivate you"

it doubles up as transport to work, school or the shops. It's easier than finding extra time to visit the gym and far less costly. Your mental health and wellbeing benefit, you reduce the risk of premature death and ill health, and studies have shown cyclists are less likely to get ill – and above all, it's fun!"

4. Bodyweight exercises

You don't need to join a gym if you want to build muscle or increase your strength. You can get started with just your bodyweight. Some bodyweight exercises will be familiar, such as press-ups, pull-ups and sit-ups, but there are a whole range of exercises you can do without needing to buy anything. You could invest in a pull-up bar or exercise mat to use at home if you're committed to working out.

There are more than a thousand free outdoor gyms across the UK that have equipment you can use for bodyweight exercises. To find out your nearest, visit The Great Outdoor Gym Company (Tgogc.com/Gyms/) or Wicksteed (Wicksteed.co.uk), which both supply equipment to outdoor gyms, or contact your local council.

5. Swimming

If you're lucky enough to live near a river, lake or the sea where you can swim safely, all you need is your swimwear. However, this time of year, you may prefer an indoor pool. To make it more affordable, contact your local council-run leisure centres and ask if they offer discounted swim-only memberships. Joining a local triathlon club can often give cheaper access to swimming sessions, although you may be expected to run and cycle as well as swim.

6. Yoga

Yoga has surged in popularity and offers many of the same health benefits as bodyweight exercises. All you need is some comfortable clothing and some floor space, although an exercise mat or yoga mat will help. The popular YouTube channel Yoga with Adriene

"Yoga calms the mind"

Natasha Kerry from London is an experienced yoga teacher, running classes across London and a YouTube channel (Youtube.com/natashakerryyoga) with free yoga practices.

"When I first got into yoga, I immediately found it a lot more exciting, fun, varied and inspiring than my gym membership and I promptly quit the gym," she says.

She found yoga so useful, she quit her corporate job and has now been teaching it for a decade.

Over the years, Natasha has seen the impact Yoga has on her students.

"I have seen incredible change in my students. Yoga postures are so powerful at creating change. Yoga calms the mind, improves the mind-body connection, increases focus, improves circulation, digestion and respiration, improves coordination, regulates metabolism to aid weight loss, increases energy levels and I've seen massive changes to my students' happiness, health and wellbeing," she says.

(Youtube.com/user/yogawithadriene) has more than 400 free videos and classes showing you everything you need to know to get started.

7. Buy your own equipment

Instead of paying for a gym membership, you could buy some cheap equipment to keep at home. A skipping rope only costs a few pounds and using it for half an hour a day can burn hundreds of calories.

Resistance bands cost a bit more but these allow you to perform many of the exercises you would do using free weights or equipment in a gym. If you are prepared to spend more and have the space at home, you could even consider buying weights. Just be careful you don't damage your home – or yourself – when using them as dropping heavy weights can take its toll.

8. Use a 'virtual' personal trainer

There are benefits to getting a personal trainer, but if you can motivate yourself to exercise and are prepared to put a bit of time into learning what works well for you, then there are online resources to help you plan your workouts. Apps such as JEFIT (available on iOS and Android) let you choose a workout schedule that suits you and features more than 1,300 demonstrations of how to do exercises.

Keen gym-goer Matt, 31, from London told *Moneywise* how he uses JEFIT to add more structure to his workout.

"The tracking feature is nice because seeing your progress in encouraging. It's mainly good for people who want to lift. It's no substitute for a human personal trainer, but most of us can't afford that. If anything, it complements what a personal trainer would do, by timing and structuring your workouts. I've found over the years that the only way to actually get results in the gym is to be consistent and track your progress."

There are also plenty of videos on YouTube designed to teach you how to do exercises and get your form right. All you need to do to get started is search for them.

> "The only way to get results is to track your progress"

9. Healthy lifestyle

Getting fit isn't just about doing exercise. If you want to reap the benefits of working out then you need to combine it with a healthy diet and lifestyle. Eating less meat, fatty food, sugar and salt are all part of having a healthy diet that can save you significant amounts of money.

Dr Stacey Lockyer, a nutrition scientist at the British Nutrition Foundation, says: "Being more active, along with consuming a healthy, balanced diet, not smoking and limiting alcohol intake reduces our risk of chronic diseases such as heart disease and cancer." mw

moneywise FIRST 50 FUNDS THE Q&A

Jupiter Strategic Bond

Ariel Bezalel

Moneywise's **Edmund Greaves** meets fund manager Ariel Bezalel to get the lowdown on Jupiter Strategic Bond, a member of the Moneywise First 50 Funds

What is the Jupiter Strategic Bond fund?

It is a 'go-anywhere' bond fund that seeks to invest in the best opportunities globally, across a range of fixed-interest securities [debt issued by companies to raise money].

We spend a lot of time looking at the macro-economic picture. We're always monitoring how the global economy evolves. That has a big bearing in terms of risk in the portfolio. But there is an intensive bottom-up approach too. Pretty much every day we meet companies from all over the world. We're active in European and US corporates [companies], and emerging markets.

Every year, we try to outperform our peer group in the unconstrained bond space. That's ultimately what we want to achieve in the fund.

How do you identify bonds to invest in?

Our standard way of thinking, and what I always ask the analysts, is does this company need leverage [debt], does it generate free cash flow to pay down debt?

It's looking at the viability of the business model. To use a Warren Buffet term, is there a 'moat' around the business? Does it have an edge or unique selling point?

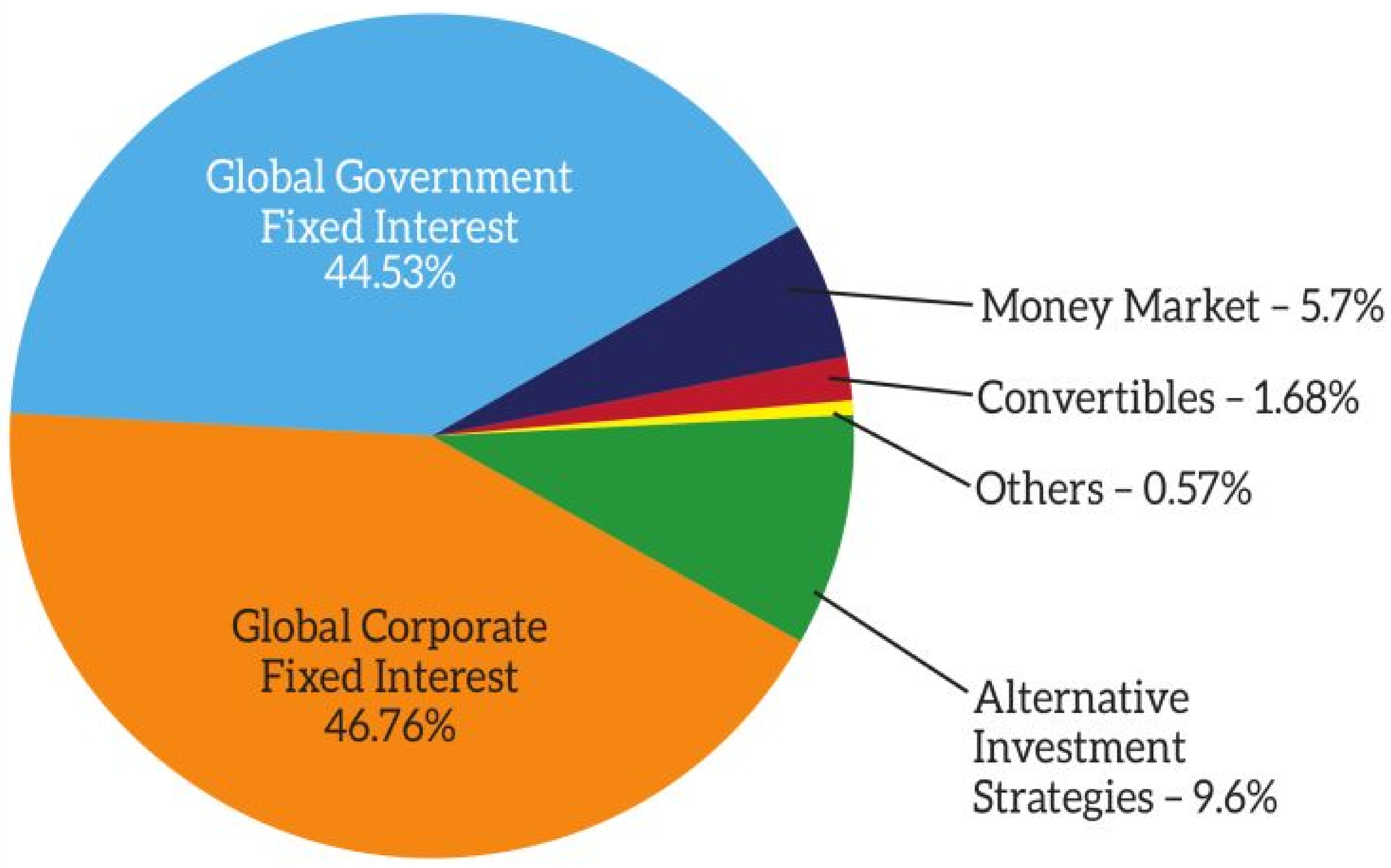
When looking at developed market government bonds, it is about taking a view on interest rates. How do we see the interest rate picture evolving? Do you think that the economic picture is deteriorating?

Typically, if we think that the economic picture is deteriorating the content of AAA-rated government bonds in the fund increases.

What's been your recent investment strategy?

We have reduced our corporate exposure and boosted our exposure over the course of the past 12 months to US Treasuries and Australian government bonds.

Sector breakdown



Source: FE Trustnet, January 2019

Jupiter Strategic Bond Key Stats:

Launched: 2008

Fund size: £3.6 billion

Ongoing charge (OCF): 0.73%

Yield: 3.8%

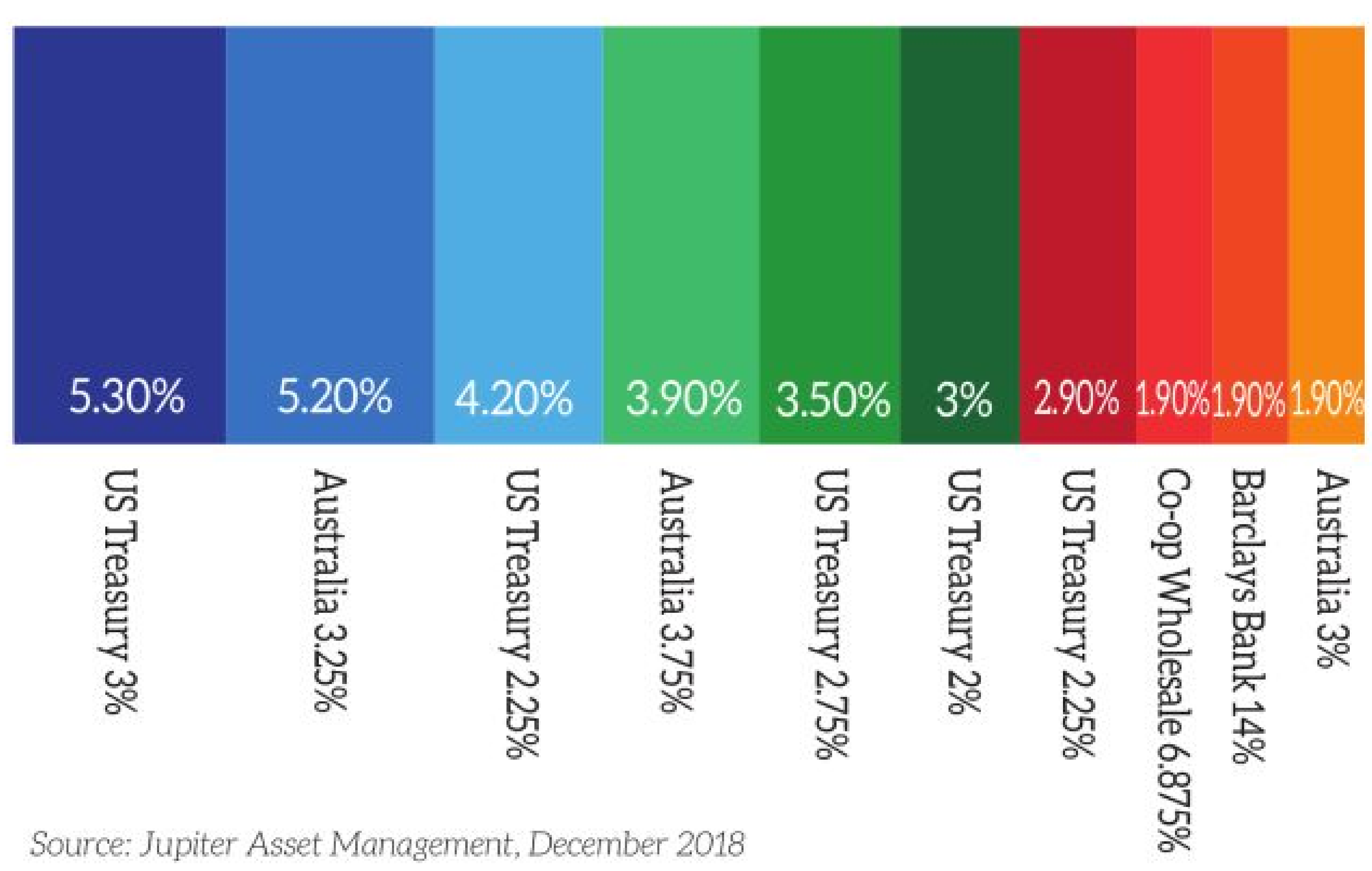
Source: Jupiter Asset Management, December 2018

Five year discrete performance of Jupiter Strategic Bond (%)

Year	2014	2015	2016	2017	2018
Jupiter Strategic Bond	3.8	0.6	6.9	3.7	-1.7
Benchmark (i)	6.1	-0.2	7.3	5.3	-2.5

Index: IA Sterling Strategic Bond, Source: FE Trustnet January 2019

Top 10 holdings



Source: Jupiter Asset Management, December 2018

The manager behind the fund

Ariel Bezalel started his career at Jupiter and has been a member of the fixed-income team since 1998 and a fund manager since 2000. He is currently head of strategy, fixed income and manages the Jupiter Strategic Bond Fund and the Jupiter Dynamic Bond fund.

Ariel has a degree in Economics from Middlesex University.

Australia is a country that hasn't seen a recession for almost 30 years. We believe that the luck of the Aussies is now running out, driven primarily by the downturn in the housing market. If housing goes, the economy goes.

The optimistic outlook in 2018 for the Australian economy was complacent in our opinion. We aggressively bought Australian government bonds, and yields have collapsed over the course of 2018 and we still think they could go down more.

We also think America has had its best days. We think the impetus from tax cuts is in the middle of fading away.

We think the yield curve continues to flatten out in the US and is perhaps in danger of inverting later this year, signalling a recession is going to happen in the not-too-distant future.

"There have been a few poor credit calls, but nothing that dramatic"

How often do you buy and sell bonds?

Our trading volumes have come down a lot because we've been preparing the fund for a challenging outlook.

For the past few months, where we have had rallies (which we classify as bear market rallies), we have used them to reduce risk further by going through the portfolio to see which names we are confident with, using any rallies in the corporate bond market to reduce risk even further.

What's been your best investment decision?

Funnily enough, the Australian bond position is something that we latched on to when yields were above 6% and today's yields are hovering a bit above 2% so that has been a fabulous trade for the fund.

In the past decade, there has been ageing demographics in much of the developed world. There are poor demographics in some of the larger emerging markets like China too, with a shrinking workforce and ageing population.

The other big trade in the fund in the past decade has been European banks, which have been a big driver performance. We've been very bullish [confident] on the UK banks too.

And the worst?

We really pride ourselves on risk management. There have been a few poor credit calls, but nothing that has dramatically impacted the fund.

What's the first thing you (personally) invested in?

For many years, I've held on to gold, as a kind of hedge. As well as owning a lot of my own fund (it's always good for the chef to taste his own cooking), personally I own a lot of gold-mining ETFs (Exchange-Traded Funds).

I don't think unconventional policy making will go away any time soon. There is an ongoing risk that central banks will have to keep rates very low for a very long time. I don't think we will see the end of quantitative easing or other forms of money printing.

With that in mind, some hedge [protection] is needed. Gold should outperform most currencies over the long term.

What's your top tip for a beginner investor?

Right now it is important to be diversified. We are facing a very uncertain climate. Investors need to take more of a conservative approach. Asset prices across the board are somewhat inflated.

This has been one of the longest bull markets [where share prices rise] and economic cycles in history. I would be cautious and inclined to take a more defensive approach.

Cash, as ridiculous as it sounds, is not a bad thing to own right now. If you plan to have some equity market exposure [buying shares] or credit exposure [buying debt], make sure you are at the more cautious end of the spectrum. mw

Income ideas for your Investment Isa

With the Isa deadline on the horizon, now is the time to focus on making the most of your investments. For income-seekers it's an ideal opportunity to make sure your portfolio is still yielding enough and that the payments are consistent enough to let you sleep at night.

Here, I highlight six funds that produce an income and could be considered for your Isa portfolio, depending on your own personal risk appetite. Please note that yields may fluctuate and are not guaranteed.

1. City of London Investment Trust: 4.7% yield*
City of London invests in UK companies. It has increased its dividend payment every year for more than 50 years and has been run by its current manager, Job Curtis, since 1991. His thorough research process and conservative approach has generated steady returns over an extremely long period of time. Maintaining dividend income is of utmost importance to the trust's board and the result is a consistent, reliable and growing yield.
Ongoing Charge (OCF):0.41%

2. Artemis Global Income: 3.25% yield*
Artemis Global Income invests in companies from all over the world, including in emerging markets. The manager, Jacob de Tusch-Lec, seeks out well-run, well-capitalised and growing companies that offer investors sustainable and rising dividends. He tries to identify stocks or sectors that are out of fashion, but where he believes there may be a catalyst for change. The fund's income comes from three sources: quality, value or cyclical yield ideas. The manager can vary the proportion of these, as the business cycle evolves. OCF: 0.8%

3. Invesco Monthly Income Plus: 5.28% yield*
Invesco is widely considered to be one of the UK's best bond houses and this is its flagship fund. Run by two very experienced managers, Paul Causer and Paul Read, Invesco Monthly Income Plus has the flexibility to invest in any type of bond and, unlike many of its rivals, it can also invest up to 20% in UK equities. The fact that it always has a higher yield than most of its competitors and that it is paid monthly also makes it attractive. OCF: 0.72%

4. Time: Commercial Freehold: 4.25% yield*
Time: Commercial Freehold is slightly different to your standard 'bricks and mortar' property fund. It acquires commercial freehold ground rents (typically 60 years-plus and often inflation protected) and commercial freehold property, which it also lets for long periods (15 to 40 years). Tenants are normally responsible for all the property-related costs during their occupation. The long leases provide a stable backdrop and the fund has very low volatility. It is lowly correlated to fixed income and equities and even its own peer group, so could also be an excellent diversifier. OCF: 1.29%

5. VT Gravis UK Infrastructure Income: 5.44% yield*
VT Gravis UK Infrastructure Income invests mainly in investment trusts exposed to different types of UK infrastructure, from railways and roads to GP surgeries and solar power. Not only can it invest in infrastructure equities, but also in infrastructure debt. It offers exposure to a less volatile and higher-yielding area of the UK economy, and I've been a fan since it launched just over three years ago. It is well diversified and offers investors some protection against rising inflation. OCF: 0.75%

"The fund not only has lots of eggs, it also has lots of baskets"

6. Premier Multi-Asset Monthly Income: 5.02% yield*
If you would like a one-stop-income-shop, Premier Multi-Asset Monthly Income is worth a look. It invests in income-producing funds and trusts in different asset classes, doing the job of income-diversification for you. As its manager, David Hambidge, says: "Not only does the fund have numerous eggs, it also has lots of baskets." This fund delivers a high yield, which is paid monthly. OCF: 1.25%

**Source: FE Analytics, fund fact sheets, as at 30 November 2018*

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 are his own and do not constitute financial advice. mw

DARIUS McDERMOTT is managing director at Chelsea Financial Services and FundCalibre

Fund Briefing

Your guide to investing in stocks and shares

THIS MONTH: SHOULD YOU BE BRAVE AND TAKE A CONTRARIAN APPROACH?

We look at the risks and rewards of taking a contrarian view of the stock market, buying when share prices are falling and selling when they are rising

QUICK GUIDE: Are contrarian funds right for me?

Consider investing if...

- You don't always want to go with the consensus
- You are patient
- You want a manager that doesn't follow the herd

BY ROB GRIFFIN

One of the best ways to make money is buying unloved stocks and then watching their share prices soar as they prove the experts wrong. It's an approach that requires a certain amount of bravery, but the rewards can be good.

Companies can find themselves shunned by investors for a variety of reasons. They may be in sectors whose futures are under threat, focused on export markets that are mired in political uncertainty, or simply being punished for failing to hit targets.

These factors can affect the share price. When sentiment swings against them, even highly profitable companies in flourishing areas can see their valuations plummet. The stock market is an unforgiving environment but doesn't always get it right.

It is virtually impossible for individual investors to identify companies that have been undervalued. It requires a level of research and access to senior management most won't have.

This is where so-called contrarian fund managers have a role to play. They will take the consensus view on stocks, sectors and countries, and use their resources to search for evidence that it is wrong or that an important piece of the story has been overlooked.

Contrarian managers will usually then buy when share prices are falling – or have already fallen significantly – according to Justine Fearns, research manager at Chase de Vere.

"The contrarian investor then waits for a catalyst for change and a turnaround in the fortunes of that asset, which means mainstream investors begin to buy and the asset price rises," she explains. "When the price has risen, the contrarian investor will then look to sell."

The whole premise, therefore, is buying at a low price when others are selling, and then selling at a higher price when others are buying. It might sound simple in theory, but the reality is that it can be far harder to achieve.

"A contrarian approach requires clarity of process, a long-term view and, at some points, a very sturdy character," adds Ms Fearns. "It's not easy to turn your back on prevailing investor sentiment and strike out on your own path."

One of the most famous contrarian investors in recent history is Neil Woodford who studiously ignored technology companies during the dot-com boom almost 20 years ago while he was at Invesco Perpetual.

Despite being widely derided for his stance at a time when the value of any internet-linked company was going through the roof, he stayed true to his convictions. When the bubble eventually burst, he was vindicated and his reputation was made.

> Being contrarian sounds simple but it can be hard to achieve

Contrarian investing is not without risk. There are plenty of reasons why the expected turnaround in fortunes of a company may never happen or takes years to occur, consigning the company to spending years out of favour.

In fact, rather than improving, a company's situation may deteriorate dramatically and wipe out your entire investment.

Ms Fearns favours contrarian funds with a clear and well-articulated process, managed by an experienced manager and/or team that has a proven record of success.

"The focus should not be solely about buying cheap assets," she says. "There should be a variety of stocks in the portfolio at different stages of recovery and relating to different types of opportunity, such as management and structural change."

This style of investing can feel very uncomfortable as you are basically doing the opposite to everyone else and often have to wait for an investment to come good, points out Darius

HOW MUCH SHOULD I INVEST IN THIS SECTOR?

LOW-RISK INVESTORS 5%

MEDIUM-RISK INVESTORS 10%

HIGH-RISK INVESTORS 20%

McDermott, managing director of Chelsea Financial Services.

"A contrarian investor can be very early – or wrong – for a long time and this can really impact performance," he says. "You have to be patient as it can be very rewarding over the long term because if the manager is right, they can make a lot of money."

There is not a specific sector catering for contrarian funds. It is all down to the approach of individual managers, which means suitable funds for those wanting such an approach can be found in a wide variety of investment sectors.

> Suitable funds for a contrarian approach are found in a variety of sectors

Mr McDermott cites Alastair Mundy, manager of the Investec Cautious Managed fund, as someone who has a tried-and-tested contrarian approach to managing equities, and also rates William Lam at Invesco Asian.

Irrespective of the manager's credentials, however, contrarian investing won't be a smooth ride.

"Investors should expect volatility when investing in this type of fund," he adds.

"They should look for a manager who sticks to their process, even when it is really uncomfortable to do so, and even when the style has been out of favour for a long time." mw

** Fees and investment amounts may be lower when investing through a platform.*

ROB GRIFFIN writes for the *Independent, Sunday Telegraph* and *Daily Express*.

FUND: JUPITER UK SPECIAL SITUATIONS

Value of £100 invested in the fund over five years*

Year	2014	2015	2016	2017	2018**
Fund percentage movement in year (%)	3.71	0.18	22.44	9.21	-5.54
Value of £100 ***(£)	134.05	134.29	164.42	179.56	171.11

*** To 12 December 2018 *** The £100 was invested on 1 January 2013 Source: Moneywise.co.uk*

Manager	Ben Whitmore
Launch date	3 June 199
Fund AUM:	£1.9 billion
Minimum initial investment	£500
Min top-up investment	£250
Initial charge	0%
Ongoing charge	1.74%
Annual management fee	1.5% a year
Contact details for retail investors	0800 561 4000

One to watch: Jupiter UK Special Situations

The aim of the fund, which has been managed by Ben Whitmore for 12 years, is obtaining capital growth by exploiting special situations, principally within the UK. Its focus will be on buying into equities that the manager believes to be undervalued.

This fund, which currently holds 33 stocks, is managed with a distinct contrarian and value-based approach, according to Darius McDermott, managing director of Chelsea Financial Services.

"It offers investors access to a reasonably diversified portfolio of large and mid-cap UK stocks," he says. "Ben's approach has led to long-term outperformance, and there is a lot to recommend about this fund," he says.

Shares in the portfolio are held for the long term, with Mr Whitmore being sceptical of share forecasts as he believes them to be inherently unpredictable. As a result, analysis is carried out using historic data.

Its 10 largest holdings account for just over 40% of assets under management, according to the most recent fund factsheet. Large-cap names account for 70.9% of the fund, with 14% in mid-caps and 1.4% in small. Currently, 13.8% is held in cash.

Oil giant BP is the biggest name with a 6.8% position, followed by Aviva with 4.8%, GlaxoSmithKline on 4.5% and Imperial Tobacco with 4.4%. Other prominent names in the list include Barclays and Royal Bank of Scotland.

Fancy a free Money Makeover? Get advice worth over £2,000

Are your finances in need of an overhaul? Then Money Makeover is here to help.

Each month we help to transform the finances of one *Moneywise* reader. We arrange a one-to-one meeting for you with an FCA-regulated independent financial adviser, who will discuss your financial concerns and goals for the future and draw up a bespoke financial plan for you. From the basics of shedding debts, budgeting and saving to pension saving, building an investment portfolio and inheritance tax planning, financial advisers are qualified to provide strategic advice and specific product recommendations for all areas of financial planning.

You will receive a copy of the adviser's report and it is completely your choice whether to follow through with their advice. The Money Makeover is totally free – all we ask is that you are comfortable for your personal financial details and photo to be published in *Moneywise*, so our readers can also learn from the advice you receive.

To apply for your makeover, please go to Moneywise.co.uk/money-makeover and complete the short form, or write to the editor at Moneywise, 8 Devonshire Square, Office 03W112, London EC2M 4PL with your name, contact details and a brief outline of your financial situation and goals.

READY-MADE AND CHEAP PORTFOLIOS FOR BEGINNER INVESTORS

Would you like to create your own investment portfolio using simple and cheap tracker funds? We've done the legwork for you, with our pick of five different scenarios depending on where you start from and your appetite for risk

BY EDMUND GREAVES

Last year was tricky for investors, with many investments falling in value. However, even in times of turbulence, an affordable tracker portfolio remains an excellent solution for beginner investors. It allows you to spread your risk, buy when funds are cheap and ensure you keep as much of your returns as possible.

Here's our guide to how to get started with your brand-new portfolio.

What are tracker funds?

Tracker funds are a highly affordable way to invest in stock markets. The funds are designed to track the performance of major stock market indices, such as the FTSE 100 or S&P 500 indices, as closely as possible.

As managers of the fund are not paid to handpick shares to try to beat the index, management costs, expressed as the 'ongoing charges figures' (OCF), typically remain very low.

Focusing on the cost of your investments is critical. You will usually face two charges: the OCF and the platform fee. While the markets you invest in are critical, so is checking the costs of any funds or investment platforms you are considering. Combined, these costs can put a significant dampener on the growth of your money. Find out more at Moneywise.co.uk/best-platforms.

How we pick the funds

Moneywise maintains a select list of 50 top-grade investment funds that work well for beginners, or those who want to consistently have a selection of best-in-class investments in their portfolio. Find out more at Moneywise.co.uk/moneywise-first-50-funds.

To choose affordable tracker funds we work in conjunction with our parent company interactive investor's 'Super 60' list of top-rated funds, and our sister brand *Money Observer*'s Rated Funds list.

We choose the funds that are the most cost-effective and diversify the portfolios between equities and bonds to provide a balanced growth strategy.

HOW TO REBALANCE YOUR EASY TRACKER PORTFOLIO

HOME AND AWAY SHARES FOR £1,000 PORTFOLIO

Fund name	% of portfolio January 2018	Amount invested January 2018	Ongoing charging figure %	Yield %	One-year return %	Value January 2019	% of portfolio Jan 2019	Actions
L&G UK Index Trust I Acc	30%	£338.40	0.10%	4.10%	-9.80%	£305.57	0%	Sell £305.57
Fidelity Index UK P	0%	£0.00	0.06%	2.95%	-9.50%	£0.00	29%	Buy £305.57
Vanguard FTSE Developed World ex-Uk Equity Index A	70%	£786.80	0.15%	1.55%	-3.30%	£760.10	71%	No action
Total portfolio	**100%**	**£1,125.20**				**£1,065.67**	**100%**	

HOME AND AWAY SHARES+ FOR £50,000 PORTFOLIO

Fund name	% of portfolio January 2018	Amount invested January 2018	Ongoing charging figure %	Yield %	One-year return %	Value January 2019	% of portfolio Jan 2019	Actions
L&G UK Index Trust I Acc	25%	£14,100.00	0.10%	4.10%	-9.80%	£12,718.00	0%	Sell £12,718
Fidelity Index UK P	0%	£0.00	0.06%	2.95%	-9.50%	£0.00	24%	Buy £13,472
Vanguard FTSE Developed World ex-Uk Equity Index A	60%	£33,720.00	0.15%	1.55%	-3.30%	£32,607	61%	Sell £754
Vanguard Global Small-Cap Index Acc GBP	10%	£5,550	0.38%	1.60%	-9.40%	£5,028	10%	No action
Fidelity Index Emerging Markets P Acc	5%	£3,087.50	0.20%	2.11%	-11.40%	£2,735.50	5%	No action
Total portfolio	**100%**	**£56,457.50**				**£53,088.50**	**100%**	

SIMPLE TWO ASSETS FOR £1,000 PORTFOLIO

Fund name	% of portfolio January 2018	Amount invested January 2018	Ongoing charging figure %	Yield %	One-year return %	Value January 2019	% of portfolio Jan 2019	Actions
Fidelity Index World P	62%	£670.80	0.12%	1.87%	-3.40%	£647.95	61%	No action
Vanguard UK Gov Bond Index Acc	38%	£407.20	0.15%	1.32%	1.50%	£413.31	39%	No action
Total portfolio	**100%**	**£1,078**				**£1,061.26**	**100%**	

SIMPLE TWO ASSETS+ FOR £50,000

Fund name	% of portfolio January 2018	Amount invested January 2018	Ongoing charging figure %	Yield %	One-year return %	Value January 2019	% of portfolio Jan 2019	Actions
Fidelity Index World P	52%	£27,950.00	0.12%	1.87%	-3.40%	£26,999.70	51%	Sell £526.32
Vanguard Global Small-Cap Index Acc GBP	10%	£5,550	0.38%	1.60%	-9.40%	£5,028	10%	Buy £526.32
Vanguard UK Government Bond Index Acc	28%	£15,270.00	0.15%	1.32%	1.50%	£15,499.04	29%	
L&G Short Dated Sterling Corporate Bond Index	10%	£5,110	0.14%	2.30%	-0.10%	£5,104.89	10%	
Total portfolio	**100%**	**£53,880**				**£52,631.63**	**100%**	

**Note, this is how your portfolio's % weighting will have changed due to 12-month performance of markets. Buying and selling actions detailed to the right will rebalance your portfolio to weightings listed in the article. Values are approximation of percentage holdings and may vary slightly due to rounding. Source: All figures taken from FE Trustnet, 4 January 2019*

Costs can greatly dampen the growth of your money

How to use this guide

This is the *Moneywise* Easy Tracker Portfolio guide's third year. If you used the portfolios as a guide for your own investment pot from the beginning and tracked the changes in 2018, check the table above to see what you need to do in order to rebalance your portfolio to its original weighting.

If you are new to investing and are looking for help to get started, you can buy the funds we recommend and balance the portfolio you pick based on the percentages we outline below.

The Moneywise Easy Tracker Portfolios

Moneywise has selected these investment portfolios based on five different scenarios. However, if you are unsure which scenario is relevant to you, or your situation is more complex, it is worth speaking to an independent financial adviser for more detailed personalised advice.

INSTANT PORTFOLIO FUNDS

For those who don't want to pick their own portfolios, investment firm Vanguard offers ready-made investment portfolio funds.

These funds pick from a selection of other funds diversified as if they were an entire portfolio. As such, you can just buy one fund and stick with it.

100% – Vanguard LifeStrategy 100% Equity A Acc

This fund is a globally diverse tracker comprised of other investment funds. It is a ready-made portfolio designed for investors looking at a long-term plan for growth over more than 10 years. While holding 100% equities in your portfolio is riskier, especially in volatile markets, in the long term it should yield much stronger growth as markets rise.

100% – Vanguard LifeStrategy 60% Equity A Acc. 40% bonds

This fund is a more conservative option comprising of 60% stocks and 40% bonds. It is a whole-portfolio solution for someone with a shorter investment horizon, but still looking for solid medium-term growth.

HOME AND AWAY SHARES

A shares-only portfolio for someone with a high appetite for risk or a long

Tough year for investors

The *Moneywise* easy-tracker portfolios are now in their third year. Market conditions mean our portfolios are down compared to their growth in 2017. However, this is a natural part of the investment cycle. In all cases, the investments are still up if you started with the portfolios in 2017.

Our portfolios are designed for a five- to 10-year (and beyond) plan. If you are likely to need the cash within this horizon, then you might want to consider alternative savings products instead.

While past performance cannot be used to indicate the future, over the long term stock market indices do tend to grow as the global economy grows. This means that even if your tracker fund investments are in the red now, they are likely to return to profitability.

Ultimately, investing in the stock market is a long-term pursuit, not a short-term way to make money. For more, see our online guide to preparing your portfolio against a bear market at Moneywise.co.uk/prepare-bear-market.

Moira O'Neill, head of personal finance at interactive investor (*Moneywise*'s parent company) and former *Moneywise* editor, says: "Spreading your investments between different assets when building your portfolio is a sensible strategy and will often serve you well, but it's equally important to monitor your portfolio once it's set up.

"'Rebalancing' means selling some of the assets that have grown in value to buy more of those that have fallen in value. Often investors don't like selling their winners to buy the losers, but it does make sense. Over time, an investment portfolio can become unbalanced due to the ups and downs of its constituent investments. If your riskier assets have performed well, they could make up a larger portion of your investments, which means overall your risk is higher.

"It is critical, therefore, to periodically review the balance of your holdings to ensure they continue to meet your needs and match your attitude to risk. Furthermore, by regularly rebalancing your portfolio – even if it's only once a year – you could significantly enhance your returns.

"However, particularly if you have a small portfolio, you should watch out for any dealing fees that may be incurred when buying and selling investments to make sure they don't wipe out any potential gains from this strategy.

"Some platforms will allow you to switch between funds without cost (though you may incur costs in other ways), while other platforms have trading fees. On larger amounts of £2,000 or more, trading fees have less impact, but be careful if you are dealing in small amounts."

> "Enhance your returns by regularly balancing your portfolio"

investment timeframe of 10 years or more and £1,000 to invest.

30% – NEW Fidelity Index UK P
Fidelity Index UK P tracks the FTSE All-Share Index. It will mirror the performance of all the stock market-listed companies in the UK and is very good value charging just 0.06% OCF. We have replaced the L&G UK Index Trust as it has a slightly higher OCF of 0.10% for the same performance.
OCF – 0.06%

70% – Vanguard FTSE Developed World ex-UK Equity Index A Acc
This fund tracks the performance of stock markets in the developed world, excluding the UK.
OCF – 0.15%

HOME AND AWAY SHARES+

This portfolio is for someone with a larger portfolio of £50,000-plus, who has time to keep track of more funds or who has some experience of investing.

25% NEW Fidelity Index UK P
(as in the previous portfolio, it replaces L&G UK Index Trust)

60% Vanguard FTSE Developed World ex-UK Equity Index A Acc

10% Vanguard Global Small-Cap Index Acc GBP

5% Fidelity Index Emerging Markets P Acc
This fund tracks the performance of smaller companies around the world, focusing on major economies. Smaller companies are often a good diversifier in a wider portfolio but can be subject to more volatile performance.
OCF – 0.2%

SIMPLE TWO ASSETS

This portfolio is suitable for a medium-risk, long-term investor with five years or more to invest,or for someone who is nearing retirement or is already retired who has £1,000 to invest.

60% Fidelity Index World Fund P
This fund tracks the performance on the MSCI World Index comprising a mixture of stocks from major global economies and is very well diversified.
OCF – 0.12%

40% Vanguard UK Gov Bond Index Acc
This bond fund is designed to achieve lower-risk diversity for a portfolio alongside equities. Bonds are typically much safer investments than stocks, and government bonds are the safest. This fund tracks the performance of a market-weighted bond index of UK government sterling fixed-income securities.

SIMPLE TWO ASSETS+

The portfolio would suit a medium-risk, long-term investor with a larger portfolio of £50,000-plus or a more confident investor.

50% Fidelity Index World Fund W Acc

10% Vanguard Global Small-Cap Index Fund Acc

30% Vanguard UK Government Bond Index Acc

10% L&G Short Dated Sterling Corporate Bond Index Acc
This fund tracks the total return of a sterling corporate bond index and is mostly comprised of short-dated bonds with maturities from one to five years. It provides a relatively stable return compared to equities.

WIN £12,500 of prizes for schools with our Personal Finance Teacher of the Year Awards 2019

moneywise PRESENTS PERSONAL FINANCE TEACHER OF THE YEAR AWARDS 2019

SPONSORED BY interactive investor

We are launching this year's Personal Finance Teacher of the Year Awards – could it be you or your kids' teacher?

At *Moneywise*, we believe it is never too soon for young people to learn about their finances. By mastering money basics early on 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 £12,500 to spend on equipment. Teachers at both primary and secondary level in UK schools are eligible for the competition.

We will make separate awards to teachers at primary and secondary school level, splitting the £12,500 between the winners and runners-up in several categories.

Are you a parent, pupil, school governor or teacher? Do you know someone who is teaching personal finance at school? Would you like to nominate someone for this award? We want to know how they make the teaching of personal finance fun, interactive and relevant to the children they teach.

Above: 2018 winners Joy Ingram (left) of Arkholme Primary School in Lancashire and Ceri Diffley (right) of Dane Court Grammar School in Kent, with presenter Kate Garraway (far left)

To put forward your nominations, please email editor@moneywise.co.uk with the name of the teacher(s) and the name and address of the school(s), plus why you are nominating them.

Personal finance teachers can also enter the awards directly. For an entry form, please email editor@moneywise.co.uk.

Moneywise will then contact teachers who have entered the competition, inviting them to submit their entry, including three favourite personal finance lessons. mw

BUY TO LET: DIMINISHING RETURNS AS A RETIREMENT INCOME

Pensions versus investing in property is an age-old dilemma for those facing retirement, but as the government clamps downs on landlords' tax perks, buy to let may finally be losing its lustre

BY MICHELLE MCGAGH

With rent providing a steadily rising income and house price rises boosting the capital growth of a buy-to-let investment, it's easy to see why many people think property is a win-win investment.

Rents in the UK rose by an average of 1.5% in November 2018, according to HomeLet. The average rent agreed in December 2018 was £921 a month, against £907 in the same month in 2017.

It's not just rents that have ticked up, the value of properties have risen on average. Despite a downturn in the housing market, average house prices in the UK increased 5.3% in the year to October 2018 to £231,095, according to the latest UK House Price Index available at the time of writing. This compares to an average of £127,833 in 2000, according to Nationwide.

Sarah Coles, personal finance analyst at Hargreaves Lansdown, says property feels "familiar and easy to understand" and investors are likely to have seen the value of their own home rise.

The introduction of pension freedoms has given retirees the option of using their pension to purchase a buy to let. However, Mrs Coles says it is "one of the least efficient ways to generate an income from your pension pot" and the key issue is tax.

"If you are spending money from your pension, there's a good chance you will pay tax to withdraw the cash, then stamp duty when you buy the property, plus tax on the rent, and finally capital gains tax when you eventually come to sell, or possibly inheritance tax when you pass it on," she explains.

And stamp duty is an even greater burden than it was for property investors, since the government introduced a 3% surcharge for people buying second homes in April 2016.

To illustrate her point, Mrs Coles uses the example of a £500,000 pension being used to purchase a buy to let and assumes the only other income the retiree has is the state pension.

"There will initially be a £158,284 tax charge for withdrawing the cash from the pension, leaving £341,716," she says. Although 25% of a pension can be taken tax-free, the rest of the money is subject to income tax at the standard, 20%, 40%, and 45% rates (depending on your overall income for the year).

"Assuming you spend £315,000, you'd have stamp duty of £15,200 – including the new 3% surcharge on buy-to-let property – and the rest of the pot is used to cover the costs of purchase and making the property habitable."

Mrs Coles then factors a rental yield of 4% on the £315,000 property, accounting for costs, void periods where there is no tenant, and fees, the annual income equals £12,600. Add the state pension on top and the retiree would receive an annual income of £21,146.20 in 2018/19.

However, the tax due – 20% basic rate of income tax – on the income equals £1,859.24, leaving the investor with £19,286.96.

Mrs Coles contrasts this with leaving the £500,000 pension pot invested and withdrawing an income of 4% each year – £20,000 – of which 25% would be tax-free.

"Assuming you were entitled to the state pension in full on top, you would pay £2,339.24 a year (in basic-rate income tax after the 25% tax-free cash is taken), leaving you with an annual income of £26,206.96," she says.

"Over the long term, although the value of pension investments can fall as well as rise, it's a reasonable

What charges do landlords face?

Becoming a landlord may seem like an easy way to make money, but budding property moguls shouldn't overlook the myriad costs, particularly stamp duty, which, following government changes, is hitting property investors.

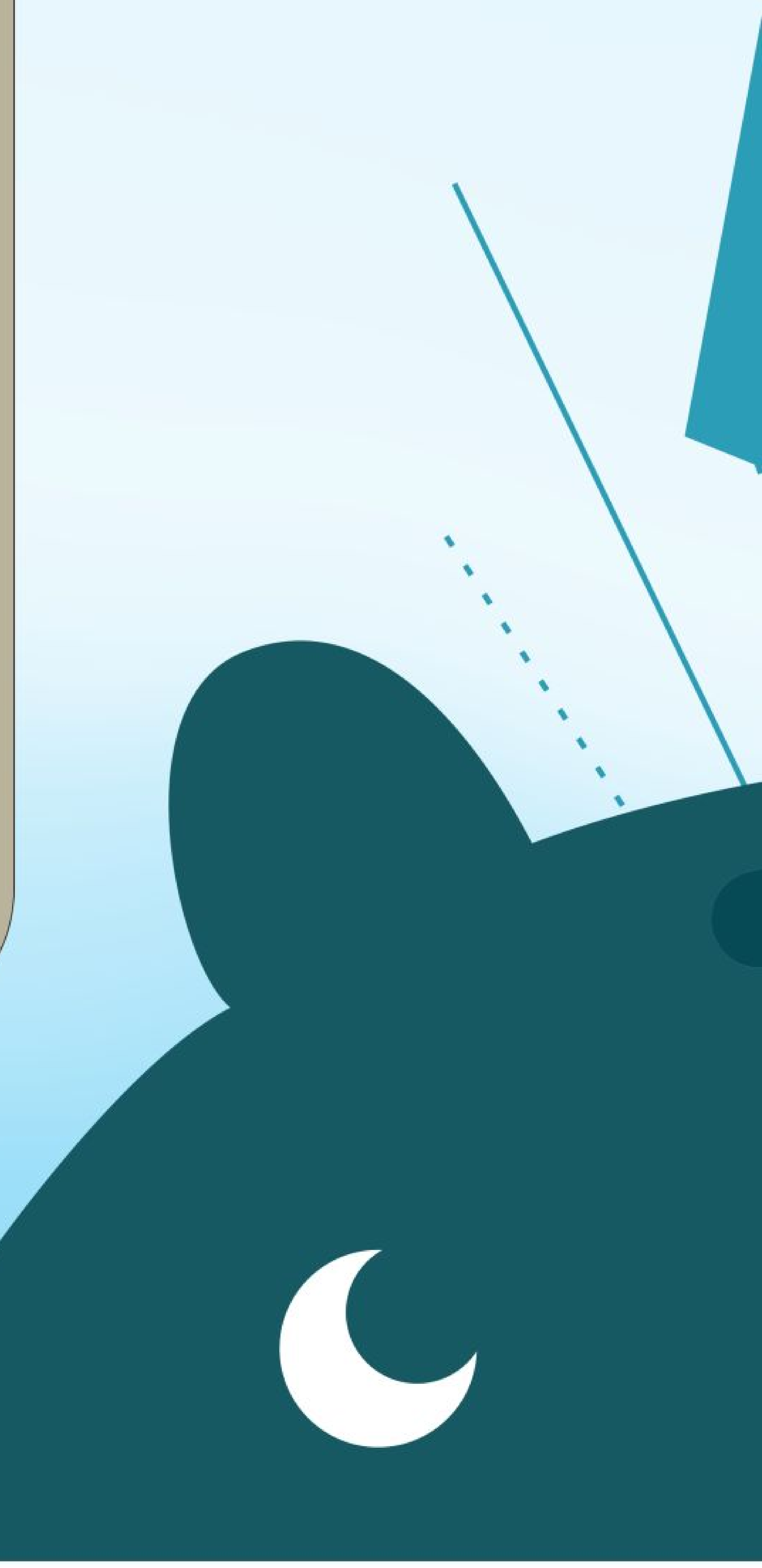
One-off

* Stamp duty. Since April 2016, purchases of second properties – whether for buy-to-let or holiday homes – attract an additional 3% stamp duty charge. On properties up to £125,000, stamp duty of 3% is now due, as opposed to zero tax previously; between £125,001 and £250,000 tax increases to 5% from 2%; for property between £250,001 and £925,000 it rises from 5% to 8%; and between £925,001 and £1.5 million it increases from 10% to 13%. This means the tax payable on a £200,000 flat will now be £7,500, up from £1,500
* Capital gains tax at either 18% or 28% depending on whether you are a basic- or higher-rate taxpayer
* Surveyor's fees
* Solicitor's fees
* Mortgage application fees if you need to borrow

Ongoing

The costs of buy to let don't just stop at buying your property. In order to make money, you will have to keep shelling out.

* Mortgage payments unless you buy a property outright
* Void periods when you have no tenants mean you have to cover the cost of the property yourself
* Letting fees equivalent to a percentage of rent if a company manages the tenants and property
* Maintenance and repair of the property
* Ground rents and service charges if you purchase a leasehold property
* Accountant fees to fill in a tax return if you are not confident enough to do it
* Income tax on your earnings, keeping in mind that the government has slashed the generosity of mortgage interest relief (MIR) that can be offset against the tax bill



assumption that they could generate average growth of 4% a year, so you are withdrawing only the growth, and by the end of your retirement, you're still left with £500,000 to pass on to relatives free of tax."

Of course, property investors would also hope to see the value of that asset rise too, but on death it could be subject to inheritance tax, unlike a pension. It may also be considered higher risk because you have all your eggs in one basket – should house prices fall in your area, you could lose a huge chunk of capital.

Gary Smith, financial planner at Tilney, says withdrawing pension money to invest in buy to let should only be done by "those who have experience in this area and who have more than one property in their portfolio".

"Buy-to-let properties still remain popular as investors look at the relatively high rental yields that can be achieved when compared to interest rates and annuity rates," he says.

"But while rental yields are high on lower-value properties, they tend to reduce as the value of the property increases."

He adds that the gross yield is not what an investor will receive in their pocket either, as they have to pay income tax and management fees of up to 20% if they are not managing the property themselves.

Landlords can no longer offset all their mortgage interest against their rental income

However, the situation could be very different for those investors who have savings outside their pension.

"Using assets other than the pension should prove more efficient," says Mr Smith. This is because the IHT position would be neutral and you would not just be limited to the 25% tax-free cash from your pension to avoid tax being incurred. It is also more flexible as you would be able to access these assets before you are 55.

Yet there may not be many retirees who have enough non-pension savings to buy a property outright – you may need to take out a mortgage and this may not be as easy – or as affordable – an option as you expect.

Getting an owner-occupier mortgage can be difficult for borrowers who are aged 60-plus and the same problems may occur with buy to let, with some banks and building societies only lending to a maximum age of 70 or 75.

What is the outlook for existing landlords?

As the government cuts reliefs to try to discourage new landlords entering the market, existing buy-to-let owners may find the rental income they receive is no longer such an attractive prospect.

Darren Lloyd Thomas, founder of advice firm Thomas and Thomas Financial Services, says he has seen clients giving up their buy-to-let properties in retirement due to a combination of declining returns and difficulties managing them.

"We are seeing clients shedding these properties," he says. "The big issue for them is they cannot offset as much interest on the mortgage against their profit... and their properties are not going up in value the way they were in the 2000s."

He adds that some older clients also feel unable to cope with the management of the property, meaning their rental income is eroded further by letting fees and it "turns into something not worth doing where the yields are not that attractive anymore".

Gary Smith, financial planner at Tilney, agrees that age plays a part in the management as employing an agent would dampen the rental yield, but he adds: "There is no reason to sell just because they have retired".

"If you are experienced investors and have good tenants, then retaining property in retirement could be a good method of generating some of your expenditure requirements in retirement," he adds.

There is also the issue of changes to mortgage interest relief (MIR), which is boosting the tax bill of those landlords who have to raise finance with a mortgage.

MIR allows the interest paid on a mortgage to be deducted from rental income, reducing the tax bill landlords have to pay. But since April 2017, landlords have seen valuable MIR dwindle. Previously, landlords could offset their mortgage interest and other property costs against their rental income to lower their tax bill. In 2017/18, landlords can claim 75% of MIR, falling to 50% in 2018/19, to 25% in 2019/20, and zero thereafter.

The move will hit higher-rate taxpayers hardest as they will have to pay 40% income tax on more of their rental income and could push some basic-rate taxpayers into the 40% income tax bracket.

> You also need to be able to cope with running a rental property

It is not surprising then that brokers are saying this additional cost is forcing some landlords to sell up (see box above).

As a result, Chetan Mistry, wealth management consultant at Mattioli Woods, says buy to let in retirement is not a decision to be taken lightly. You need to understand its impact on tax and costs first to make sure you will get both the income and the capital growth that you will need.

"It is relatively easy and people understand it," he says. "They are not exposed to investments they do not understand and you can do it yourself without too much technical knowledge.

"From that point of view, buying a buy to let is quite an obvious thing to do, but you do need to understand the pros and cons, the tax implications and have all the information before making a decision."

As with all retirement income options, your wider finances will also be important. Buy to let will be far less risky an investment if you have other income streams. For instance, you need to make sure you'll still have an income if you can't find a tenant, or worse still, get stuck with a tenant who refuses to pay. mw

MICHELLE MCGAGH is a freelance personal finance journalist who writes for titles including *The Guardian*, City Wire, AOL and *Money Observer*, as well as appearing on TV as a financial commentator

TOP TIPS FOR A STR FREE BUILDING PRO

From finding a builder to writing a contract and knowing what to do if things go wrong, we lay the foundations for a hassle-free renovation

BY HELEN DEWDNEY

Carrying out home improvements can be one of the priciest things you will do, after buying your home. It can be wonderful when everything goes well, but can cost a lot of money, time and stress if it doesn't.

Here are our top checklists to make sure building work goes to plan – and to explain your rights when it doesn't.

10 tips to finding a good builder

1 Get at least three firm written quotes, not just rough estimates. Ignore any that are very different to the other quotes.

2 Ask friends and family for recommendations. Charity Age UK may be able to provide a list of recommended builders in your area.

3 If your local council has signed up for it, you can search by postcode for a trader through the Trading Standards Buy With Confidence scheme (Buywithconfidence.gov.uk). Contractors are vetted and are criminal-record checked if they go into people's homes.

4 You can also use the government-endorsed TrustMark scheme to find a trader in your area (Trustmark.org.uk/find-a-tradesman). The scheme inspects contractors on site to check the quality of their work.

5 Another option is the Trading Standards Institute Consumer Codes Approval Scheme (Tradingstandards.uk/commercial-services/approval-and-accreditation/the-consumer-codes-approval-scheme). Traders will have agreed to provide good standards of service, including clear information before a contract is signed and a clear complaints procedure.

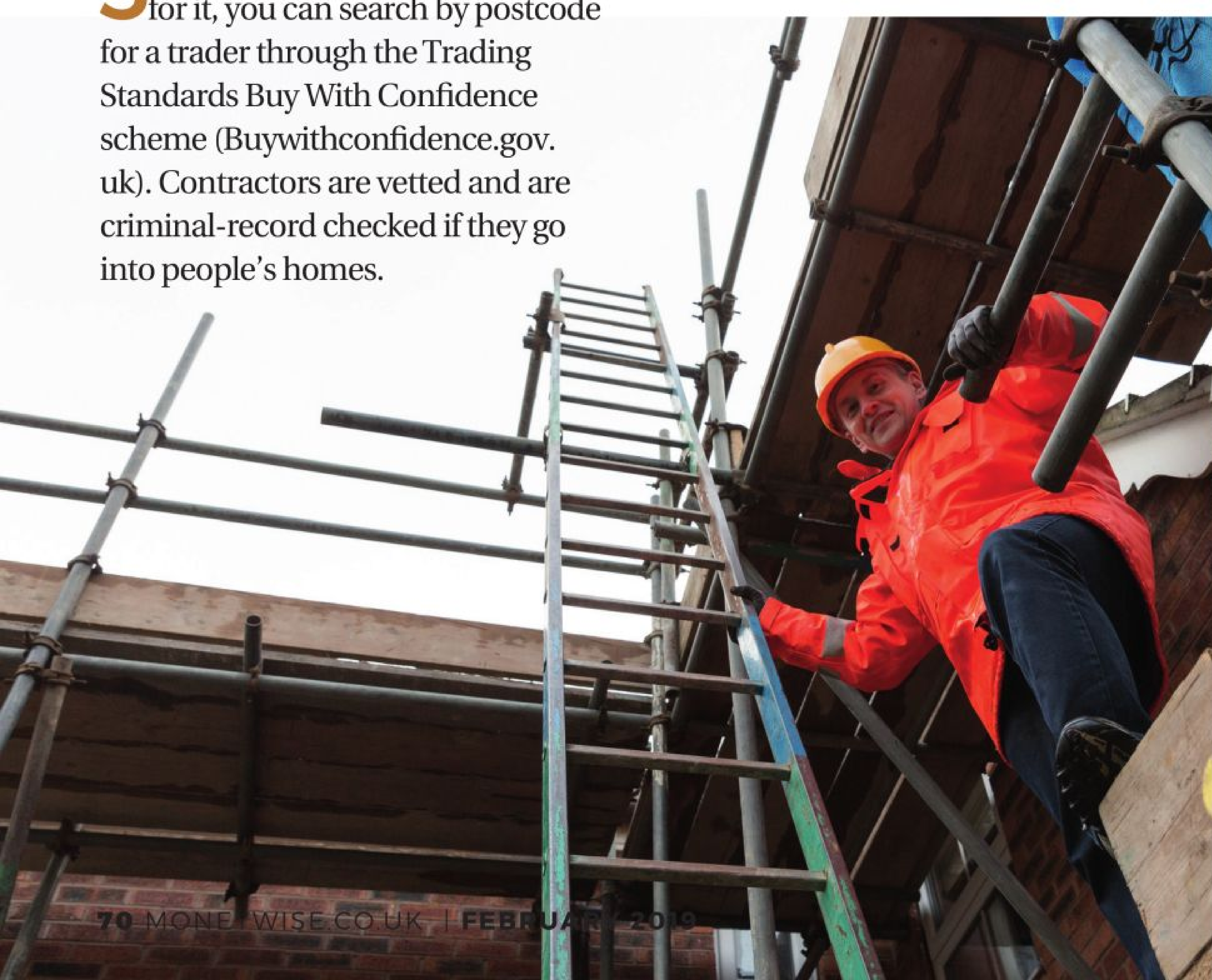
6 You can search for a trader who belongs to a building trade association – try the Federation of Master Builders' find-a-builder tool (Fmb.org.uk). Alternatively, consumer group the HomeOwners Alliance offers a search tool to find local tradespeople (Hoa.org.uk/services/find-your-tradesman).

> Get at least three firm quotes in writing – not just rough estimates

7 *Which?* operates its Trusted Traders scheme (Trustedtraders.which.co.uk). Members have to sign up to the *Which?* comprehensive code of conduct and to using a dispute resolution scheme.

8 Be wary of any builder who can start straight away. The Federation of Master Builders (FMB) says: "Builders' workloads have been rising steadily over the past two years, particularly with home renovations. As more than 40% of builders need at least four months' notice from consumers, it's important to note that if a builder is free to start work tomorrow, alarm bells should ring."

9 Check to see if the builder has public liability or employer's insurance. Consider a building



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warranty that either they or you can take out to help give you further peace of mind.

10 If the tradesperson hasn't been personally recommended to you, ask them for contact details of their former customers who are willing to show you their completed building projects and vouch for their work. Don't just rely on online reviews – particularly the ones on the builder's own website.

> "Payment terms vary, so it's up to the builder and client to agree terms"

A contract should include the following:

- Total price inclusive/exclusive of VAT
- Timescales
- Start and end dates, to include delays and disruptions
- Payment stages
- Specifications of materials and who is buying them
- Insurance and responsibilities for loss/damage
- Liabilities
- How unexpected work will be dealt with
- Health and safety
- Termination/cancellation rights
- Subcontracting
- Dispute resolution

Signing a contract

All professional builders should willingly agree to a contract that includes an agreed staged payment plan. In addition, continuous communication throughout the project is the best way to avoid problems arising.

Brian Berry, chief executive of the FMB, advises always using a written contract and agreeing payment terms.

"Payment terms vary from project to project and it's ultimately down to what the builder and their client agree between themselves," he says.

However, the FMB generally recommends that the maximum deposit paid to a builder should be 10% of the contract price.

Although it may be time-consuming to prepare a contract, it is invaluable to be able to refer to it while the job is being carried out. It also forms part of your evidence should problems arise – along with photographs you should take as the job progresses.

For peace of mind, you can buy contracts that are pre-prepared with what you need to cover. The Royal Institute of British Architects (RIBA) has produced its RIBA Domestic Building Contract, designed for homeowners and builders. You can fill it out online for £35 or buy a paper version for £25 (excluding VAT). For more details, visit Architecture.com/ribacontracts.

Your rights when things go wrong

Under the Consumer Rights Act 2015 you are entitled to goods of satisfactory quality that last a reasonable length of time, and services carried out with reasonable skill and care.

If something goes wrong, you should be able to get it fixed, or some of your money returned.

You should first try to work out the issue with the trader who arranged the work, even if some or all of it was subcontracted.

Keep evidence of what went wrong, including paperwork, emails, photos and notes, including dates and times.

If you're not happy with the job done, you are entitled to ask them to fix it. They should remedy the problem in a reasonable amount of time. If they can't or won't finish the job as agreed, you can ask for a refund in line with how bad the problem is.

If you agree to a refund, it will only be on the part of the work that is not up to scratch. You wouldn't get a full refund on a Rolls-Royce because the iPod dock didn't work: similarly, you won't get a full refund when only part of the kitchen is messed up.

Your rights are the same even if you don't have a written contract. When you told the builder to go ahead, you technically formed a contract at that moment. However, it is much easier to solve disputes if you do have a written contract in place.

If you can't come to a resolution with the trader and they are a member of a trade association or of one of the schemes mentioned above, contact the association or scheme to see if there is an alternative dispute resolution scheme that could resolve the problem without having to take legal action.

Citizens Advice may also be able to help, or you can phone Trading Standards to make a complaint (03454 04 05 06). It may investigate, educate the trader about the law or take legal action to stop them trading.

Finally, going to the small claims court is an option. However, it can take considerable time, money and stress so it is worth trying all other avenues first to find an amicable resolution. mw

HELEN DEWDNEY is a freelance journalist writing for the *Financial Times* and *Which?*, and is the author of *How to Complain*.

Check out the fees to find your Sipp platform

Self-invested personal pensions (Sipps) have become popular since the 2015 pension freedoms. We help you to get to grips with the fees platforms charge, so you can find the best home for your pension

BY JEFF SALWAY

Cost is an important issue for investors managing their investments through a Sipp, a market that has grown dramatically since drawdown has become the retirement income vehicle of choice.

The subject of costs and charges also featured prominently when the City regulator published the outcome of its year-long study of the platform market in 2018. The Financial Conduct Authority (FCA) found that charges and range of investments were the most important factors for DIY investors, while lower charges were identified as the main motivation for switching platforms.

So how can investors ensure they are getting the best deal for their retirement pot? As it stands, too few are shopping around. The FCA's research found that large numbers of non-advised investors simply settled for the first platform they looked at.

There are compelling reasons to compare the different options available, particularly when it comes to drawdown and the charges you pay. After all, if your Sipp will be funding 20 or even 30 years of retirement, high charges will take a big chunk out of your savings and, in some cases, increase the risk of running out of money before you die.

To help you through the maze, we asked The Lang Cat, a financial services consultancy, to produce comparison tables that make it easier to assess the costs at different levels of investment.

The tables on pages 75 and 75 show Sipp charging data for 11 leading direct-to-consumer (D2C) platforms, with a 'heat map' that makes it easier to identify the lowest- and highest-charging platforms. The figures in green are the least expensive, with the shade becoming redder as the pounds add up. The colours are based on comparison with the other platforms in the table, not with the wider market.

Most investors will have at least £50,000 in their pot, so we've used that as our starting point.

We look first at the basic Sipp platform charges and then at the charges when drawdown costs are factored in (with the latter shown in separate tables both in percentage terms and as pounds).

These tables include the initial and ongoing fees charged for drawdown, where applied, in a separate column. In some cases, there will also be additional charges for certain drawdown functions such as set-up and transferring out, which we'll return to later. What they don't include are the fees applied on fund switches, as they are a less significant feature in drawdown investing.

SIPP PLATFORM CHARGES

We will start by looking at the main administration charges on Sipps. Before we go into the detail, there is an important caveat to highlight. These figures were put together in December 2018, so they are a snapshot of the market as it was then – things can change quickly.

The last year has been relatively quiet on that front, in the direct platforms market at least. A notable exception was the acquisition of TD Direct Investing by *Moneywise*'s parent company, interactive investor, creating the UK's second biggest direct platform (after Hargreaves Lansdown). interactive investor is also in the process of buying Alliance Trust Savings, though the sale is still subject to regulatory approval.

Turning to the figures, one feature that jumps out is the margin of

Combined Sipp and drawdown charges (portfolio size as a %)

Provider	Drawdown charges	£50,000	£100,000	£250,000	£500,000	£1million
AJ Bell Youinvest	£25+VAT one off income payment + £100+VAT a year regular income payment	0.55	0.4	0.31	0.21	0.15
Alliance Trust Savings	£23.75+VAT a month (increasing from £17.50+VAT while you are still saving)	0.68	0.34	0.14	0.07	0.03
Bestinvest	For portfolios <£100,000 -£100+VAT initial calculation fee + £100+VAT annual charge for income £100,000-£90+VAT initial calculation fee only	0.78	0.41	0.34	0.27	0.24
Charles Stanley Direct	£150+VAT. Each benefit crystallisation event+ £50+VAT annual payroll fee	0.83	0.59	0.45	0.32	0.24
Fidelity Personal Investing	No additional charges for drawdown	0.35	0.35	0.2	0.2	0.2
Halifax Share Dealing	£180+VAT a year	0.54	0.36	0.14	0.07	0.04
Hargreaves Lansdown	No additional charges for drawdown	0.45	0.45	0.45	0.35	0.3
interactive investor	£100+VAT a year	0.66	0.33	0.13	0.07	0.03
iWeb	£180+VAT a year	0.54	0.36	0.14	0.07	0.04
The Share Centre	£195+VAT a year Set up for the first event is free, £225+VAT for additional flexi-access drawdown set-ups	0.81	0.5	0.2	0.1	0.05
Willis Owen	£0	0.6	0.5	0.35	0.25	0.2

Notes: Includes initial and ongoing drawdown charges.Assumes investments in funds with no purchases or sales. Source: The Lang Cat, December 2018

difference between the cheapest and most expensive Sipp charges. At the £50,000 level, we go from 0.18 % (£90 a year) with Halifax Share Dealing (and iWeb, which it runs), up to 0.66% (£332) with Willis Owen.

Flat fee structures put Alliance Trust Savings and interactive investor in the 'relatively affluent' category too. Flat fees mean you pay a fixed amount, regardless of the size of the investment or the level of growth, whereas most platforms still charge a percentage of the invested amount.

So while Alliance Trust Savings tends to be more expensive for those with modest pots, it becomes increasingly cost-effective from around the £100,000 mark upwards, as our tables show. The same goes for interactive investor. The quarterly platform fee has risen from £20 to £22.50, adding £10 to the annual charge. This puts it at the more costly end for small pots but makes it great value for average and large portfolios.

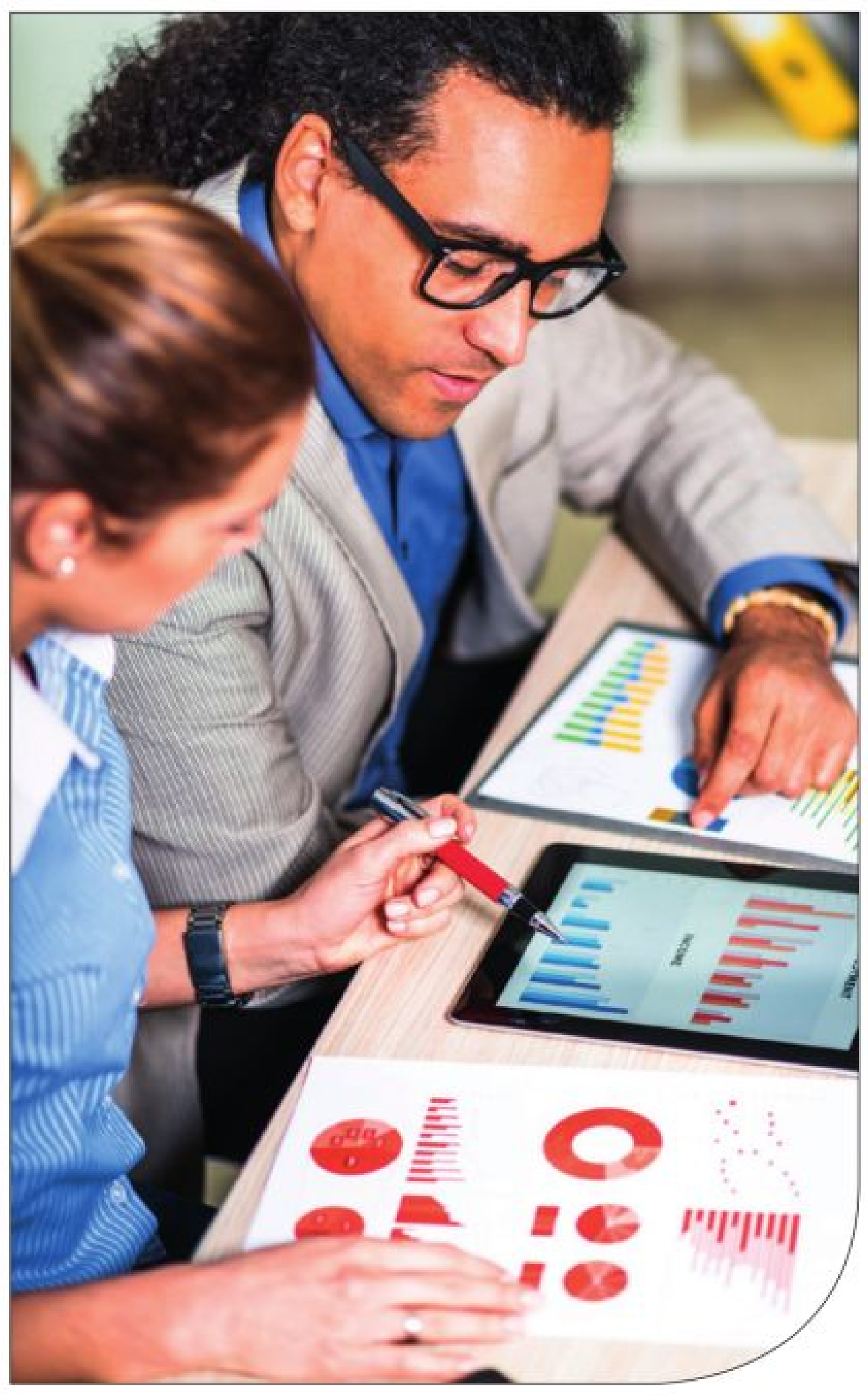
The priciest platforms at the £50,000 level are among the cheapest at the £1 million end. There are exceptions, however. Hargreaves Lansdown remains a high charger across all pot sizes, although it becomes more cost-effective when drawdown functions are considered.

Remember that we are looking purely at the Sipp admin charges. The full fees you pay will be influenced by the functions you use and the charge that each platform levies for them, which we will move on to now.

KEY TO TABLES

Figures in green are best value, with yellow and orange figures less competitive. Figures in red are the worst rated for value.

Several platforms charge for one-offs such as taking a tax-free lump sum



SIPPS AND DRAWDOWN

The FCA's review revealed that there are up to 44 charges on drawdown products and that six in 10 non-advised drawdown consumers don't know, or are unsure, where their money is invested.

A glance at the tables shows how drawdown charges are factored into the costs paid by Sipp investors. This reflects the various events for which several platforms charge extra.

AJ Bell, for example, has a £25 fee for one-off events such as payments of income, tax-free lump sums or uncrystallised funds pension lump sums. So while it remains mid-range in relation to its peers, the extra charges will add considerably to the overall cost for some drawdown investors.

Similarly, at Charles Stanley Direct the £150 fee for each 'benefit crystallisation event' (taking money out of your pension) and the £50 annual payroll fee takes it from low-to-medium, in terms of pure Sipp costs, to the more expensive end of the scale for drawdown investors.

The same goes for Bestinvest. It is comfortably mid-range in terms of Sipp admin costs. However, for pots of £100,000 or below, it has a £100 initial calculation fee and a £100 annual charge for income, which see it jump to the more costly end of the scale for Sipp drawdown. At £100,000 and above, there is no annual income charge but there is a £90 initial calculation fee. Bestinvest also charges £25 both for ad hoc income payments and alterations of payment amounts or frequency (regardless of pot size).

Elsewhere, the £150 a year drawdown charge imposed by Charles Stanley Direct cements its status as one of the most expensive Sipp options across all pot sizes. But while interactive investor also levies drawdown charges (£100 a year), its flat fee structure ensures they are the cheapest options for Sipp drawdown investors investing £500,000 or more.

The impact of charges depends to some extent on the size of the pot. At the £50,000 point, there is a case for looking at platforms that don't charge Sipp drawdown fees, such as Hargreaves Lansdown and Fidelity. At £100,000 and upwards, a flat fee operator comes into play.

The pounds table, on the right, underlines the difference in fees and therefore the potential impact on returns. Costs could reach a point where they will affect the level of income that can be drawn down and so threaten the very sustainability of the pot. That highlights the importance of reviewing what you want from drawdown, why you are with a certain platform and what you might gain from shopping around.

Sipp drawdown charges vary widely. For instance, if you have £50,000 in Sipp drawdown with Fidelity you won't pay extra drawdown charges, just a £175 platform fee, but after offering one free withdrawal, The Share Centre would deduct £407 in fees.

At the £250,000 level, someone who chose Interactive Investor is paying £795 less in charges each year than someone using Hargreaves Lansdown. If you have £1 million or more in your Sipp and you are drawing down from it, Hargreaves Lansdown will charge you £2,670 a year more than interactive investor.

While in cost terms Hargreaves Lansdown is expensive for higher-end investors, its all-inclusive structure favours those making full use of the various drawdown functions. For example, if you are likely to chop and change funds, you will appreciate the likes of Bestinvest, Hargreaves Lansdown and Fidelity, which don't charge for fund dealing.

There are hefty charges for taking your drawdown plan early or transferring platforms. Most platforms impose an exit penalty when you move. The size of that penalty could come as a shock if you don't check beforehand, says Justin Modray, director at Candid Financial Advice.

"Some platforms, notably Fidelity, make no charge. Others can become very expensive. Hargreaves Lansdown charges £30 to close a Sipp account plus a further £25 to transfer cash and £25 per investment transferred *in specie* (where your money stays invested). So if you transfer an account of 20 funds *in specie,* it will cost you £530," Mr Modray explains.

interactive investor decided to scrap all its exit fees at the end of 2018.

As The Lang Cat's figures show, there are still only a few providers that offer drawdown functionality within the overall platform fee.

"Investors putting money in a Sipp should think about any additional drawdown costs if they are likely to withdraw their funds at some point in the near future," says Steve Nelson, The Lang Cat's head of research.

Our analysis of charges makes a strong case for shopping around, and that is before considering quality of service, the ability to adjust the amount of income taken and to make ad hoc withdrawals.

This feature first appeared in our sister publication, Money Observer.

JEFF SALWAY is a freelance journalist who writes for publications including *Which? Money* and *The New Statesman*

Combined Sipp and drawdown charges (portfolio size in pounds)

Provider	Drawdown charges	£50,000	£100,000	£250,000	£500,000	£1 million
AJ Bell Youinvest	£25+VAT one off income payment + £100+VAT pa regular income payment	£275	£400	£775	£1,025	£1,525
Alliance Trust Savings	£23.75+VAT per month (increasing from £17.50+VAT while you are still saving)	£342	£342	£342	£342	£342
Bestinvest	For portfolios <£100,000 -£100+VAT initial calculation fee + £100+VAT annual charge for income £100,000-£90+VAT initial calculation fee only	£390	£408	£858	£1,358	£2,358
Charles Stanley Direct	£150+VAT each benefit crystallisation event+ £50+VAT annual payroll fee	£415	£590	£1,115	£1,615	£2,365
Fidelity Personal Investing	No additional charges for drawdown	£175	£350	£500	£1,000	£2,000
Halifax Share Dealing	£180+VAT a year	£270	£360	£360	£360	£360
Hargreaves Lansdown	No additional charges for drawdown	£225	£450	£1,125	£1,750	£3,000
interactive investor	£100+VAT a year	£330	£330	£330	£330	£330
iWeb	£180+VAT a year	£270	£360	£360	£360	£360
The Share Centre	£195+VAT a year Set-up for the first event is free, £225+VAT for additional flexi-access drawdown set-ups	£407	£503	£503	£503	£503
Willis Owen	£0	£300	£500	£875	£1,250	£2,000

Notes: Includes initial and ongoing drawdown charges. Assumes investments in funds with no purchases or sales. Source: The Lang Cat, December 2018

Most platforms impose an exit penalty, so check this out to avoid a shock

Sipp administration charges (%)

Provider	£50,000	£100,000	£250,000	£500,000	£1 million
AJ Bell Youinvest	0.25	0.25	0.25	0.18	0.14
Alliance Trust Savings	0.5	0.25	0.1	0.05	0.03
Bestinvest	0.3	0.3	0.3	0.25	0.23
Charles Stanley Direct	0.35	0.35	0.35	0.27	0.21
Fidelity Personal Investing	0.35	0.35	0.2	0.20	0.2
Halifax Share Dealing	0.18	0.18	0.07	0.04	0.02
Hargreaves Lansdown	0.45	0.45	0.45	0.35	0.3
interactive investor	0.42	0.21	0.08	0.04	0.02
iWeb	0.18	0.18	0.07	0.04	0.02
The Share Centre	0.35	0.27	0.11	0.05	0.03
Willis Owen	0.6	0.5	0.35	0.25	0.20

Note: Heat transfer shows admin costs relative to the group. See key opposite. Source: The Lang Cat, December 2018

moneywise BEST BUYS

Stephen Little has hunted through the mass of financial products and data to bring you this month's best deals on savings, Cash Isas, current accounts and regular savings accounts. For more best buys, updated weekly, go to **Moneywise.co.uk/best-buys**

Savers could see rates nudge up

When the Bank of England slashed interest rates during the financial crisis, savings rates plummeted leaving people who rely on their savings for income struggling.

Rates for Isas, bonds and easy-access accounts have all stayed at rock-bottom levels for years.

However, there might be some light at the end of the tunnel. Many experts are predicting a rise in interest rates this year that could see savings rates nudge up.

With interest rates going up to 0.75% in August, the Bank of England has said that further rises may be on the cards.

However, much will depend on the Brexit deal secured by the government and the impact that this has on the economy.

Andrew Hagger, personal finance expert at Moneycomms, says: "We might see another base rate increase this year, maybe another quarter per cent, making it the third rise in the past three years."

Marcus moves the market

Last year, Goldman Sachs launched its market-moving Marcus 1.5% easy-access savings account. In response, rates have risen across the board. Both Virgin Money and the West Bromwich Building Society have now matched it.

Mr Hagger says: "The competition in savings products certainly picked up in the latter part of 2018, and I expect that to continue this year.

"Marcus has given the other providers an impetus to up their game, so I think things are looking quite good for savers."

However, these accounts do come with a catch. Both Virgin and West Bromwich limit you to two withdrawals a year, while the Marcus rate includes a 0.15% bonus for the first year you hold the account.

FEATURED PRODUCT

Marcus by Goldman Sachs

Marcus offers an easy-access savings account with an interest rate of 1.5% for the first 12 months.

However, this includes a 0.15% bonus for the first 12 months, meaning that after a year the saving rate will drop to 1.35%. Savers can withdraw their money as many times as they like, with no fees or charges.

"Savings in a high street bank could earn you next to nothing"

Don't dismiss unfamiliar products

Fixed-rate bonds also rose over the past year, going up on average from 1.31% to 1.51%.

The current top one-year deal is from Gatehouse Bank at 2.10%, better than best rate on offer this time last year, which was 1.85% from Al-Rayan Bank. Both offer an 'expected profit rate' (EPR) instead of traditional interest.

Mr Hagger says: "Consumers should not discount a provider just because they are not familiar with the name.

"A lot of smaller, less well-known brands are offering the better rates rather than the high street banks and most of them are back by the Financial Services Compensation Scheme, so your money is safe up to £85,000."

It was also a good year for Isas. Average rates for fixed rate Isas went up from 1.16% to 1.42%, while the average for variable rate Isas went up from 0.70% to 0.86%.

Protect your savings from uncertainty

Anna Bowes, co-founder of savings advice site Savings Champion, says that it is impossible to predict what impact Brexit might have on savings rates.

She suggests savers looking to shelter themselves against a downturn should consider putting money into a fixed-rate bond to ensure a guaranteed return, instead of sitting in a low-paying, high street savings account. Ms Bowes says: "The good news is that fixed rates are at a higher level than they have been for some time.

"If your money is languishing in a high street bank, it could earn next to nothing unless you move it somewhere else."

moneywise BEST BUYS SAVINGS: Moneywise.co.uk/best-savings-rates

Product and provider	Type	Headline rate	Minimum and maximum balance	Open account	Notes	Change
Marcus by Goldman Sachs Online Saver	Easy Access	1.5%	£1 to £250,000	Online only		=
Gatehouse Bank 95 Day Notice Account	Notice account	1.85%	£1,000 to £1 million	Online only	95 days' notice required	=
Al Rayan Bank One Year Fixed Term Deposit	One-year fixed rate	2.22%	£1,000 upwards	Branch, online, phone, post	Offers EPR, not interest	=
Al Rayan Bank Two Year Fixed Term Deposit	Two-year fixed rate	2.32%	£1,000 upwards	Branch, online, phone, post	Offers EPR, not interest	=
Al Rayan Bank Three Year Fixed Term Deposit	Three-year fixed rate	2.42%	£1,000 upwards	Branch, online, phone, post	Offers EPR, not interest	=
Atom Bank Five Year Fixed Saver	Five-year fixed rate	2.7%	£10,000 to £1 million	Online only		=
First Direct Regular Saver	Regular Saver	5%	Up to £300 a month	Online only	Open to current account holders only	=
Halifax Kids' Regular Saver	Children's Savings	4.5%	£10 to £100 a month	Branch only	Maximum age 15, no early access	=

Note: Rates correct as of 9 January 2019

FEATURED PRODUCT
Savings
Atom Bank Five Year Fixed Saver. You have to open this via the app but it offers the best rate out there at 2.7%. The minimum deposit is £50.

moneywise BEST BUYS CASH ISAS: Moneywise.co.uk/best-cash-isa-rates

Product and provider	Type	Headline rate	Minimum and maximum balance	Open account	Notes	Change
Virgin Money Double Take Cash E-Isa Issue 5	Easy Access	1.45%	£1 upwards	Online only	Accepts transfers	=
Charter Savings Bank 95 Day Notice Cash Isa Issue 4	Notice account	1.45%	£1,000 upwards	Online only	95 days' notice required	=
Aldermore One Year Fixed Rate Cash Isa	One-year fixed rate	1.65%	£1,000 upwards	Online only	Transfers accepted at opening stage only	=
Aldermore Two Year Fixed Rate Cash Isa	Two-year fixed rate	1.85%	£1,000 upwards	Online only	Transfers accepted at opening stage only	=
Aldermore Three Year Fixed Rate Cash Isa	Three-year fixed rate	2.0%	£1,000 upwards	Online only	Transfers accepted at opening stage only	↑
Charter Savings Bank Five Year Fixed Rate Cash Isa	Five-year fixed rate	2.26%	£1,000 upwards	Online only	Accepts transfers within 30 days of account opening	=
Coventry Building Society Junior Isa	Junior Isa	3.6%	£1 upwards	Branch, online, phone or post	Yearly Junior Isa limit of £4,128, must be under 18	=
Newcastle Building Society Cash Lifetime Isa	Lifetime Isa	1.1%	Up to £4,000 a year	Online only	Must be saving for a first home or retirement and aged 18 to 39	=
Barclays Help to Buy Isa	Help to Buy Isa	2.58%	Deposit up to £1,000 and make regular savings of up to £200 a month	Branch, online or phone	Open to first-time buyers only	=

Note: Rates correct as of 9 January 2019

FEATURED PRODUCT
Cash Isa
Virgin Money Double Take Cash E-Isa Issue 5. Open this account online for a rate of 1.45%. Note that this account is limited to two withdrawals a year.

More about our Moneywise savings and Cash Isa Best Buys

We prioritise products that are widely and easily available. We aim to pick products that are available until the publication of our next issue, 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.

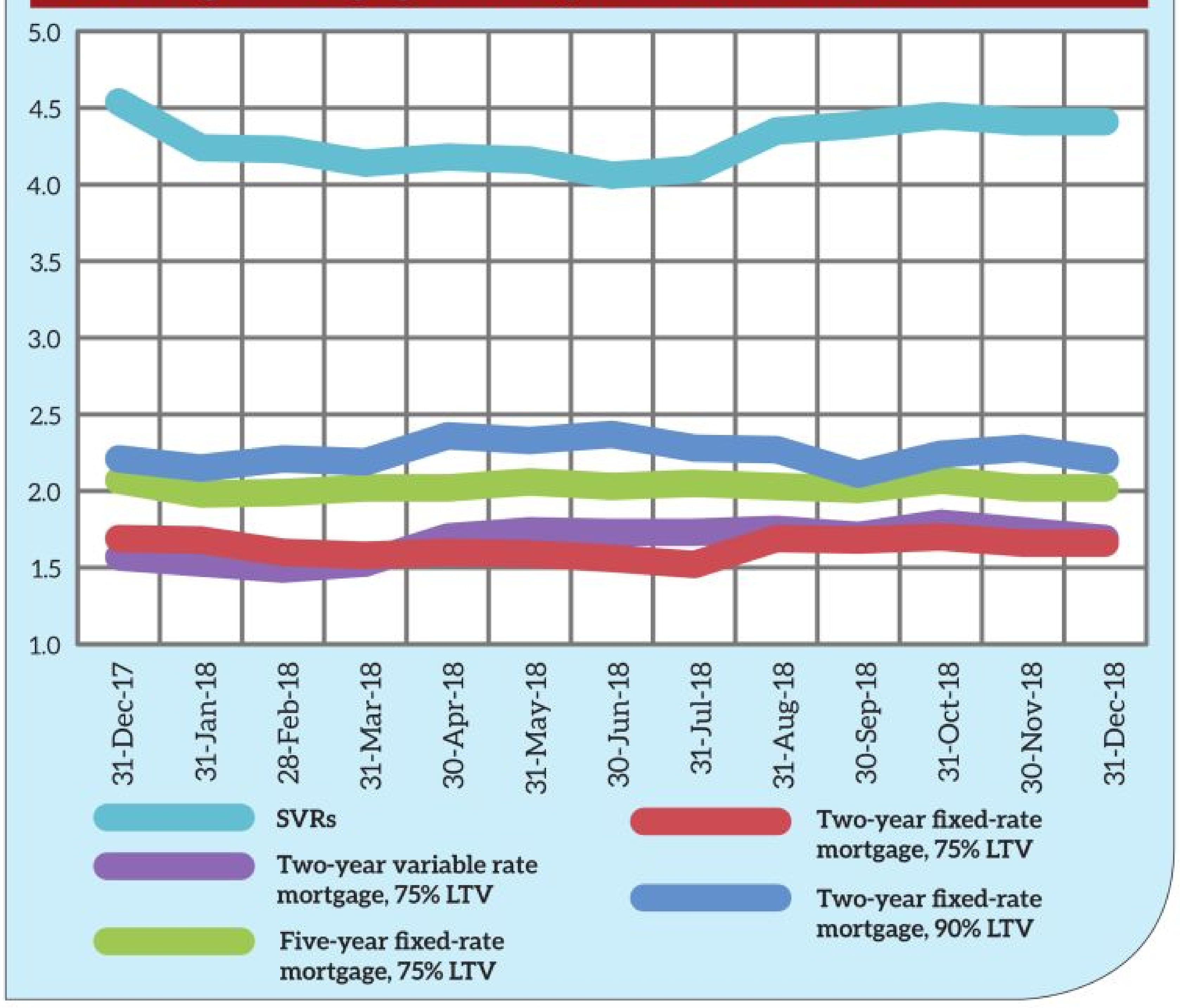
If you're an additional-rate taxpayer, then you do not receive a personal allowance and you should consider a Cash Isa. All the interest earned in these accounts is tax free and you can save up to £20,000 in the 2018/19 tax year.

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.

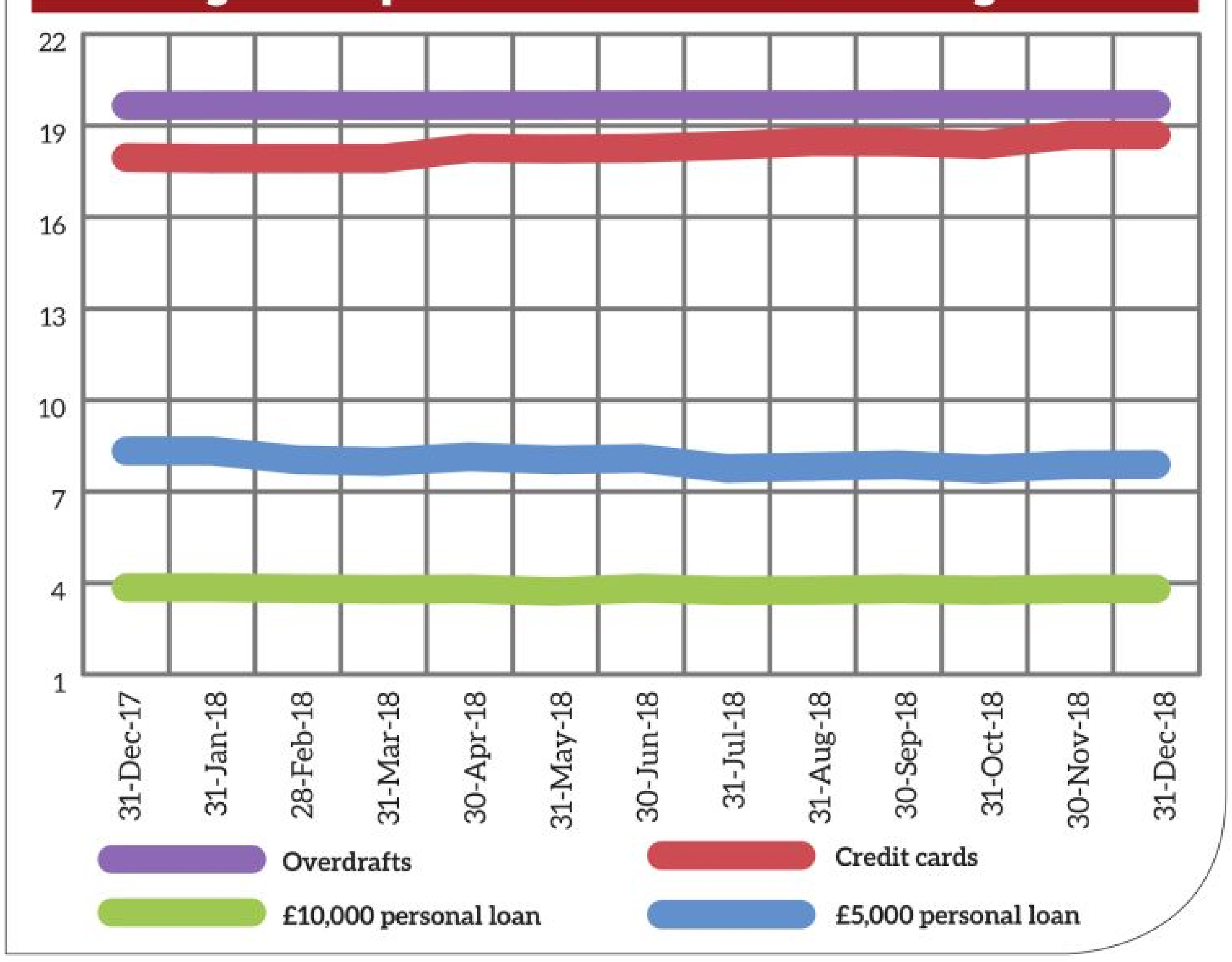
We update our Best Buys every week online and you can find the best deals at **Moneywise.co.uk/best-buys**.

Use these charts to compare your rates against the rest of the market

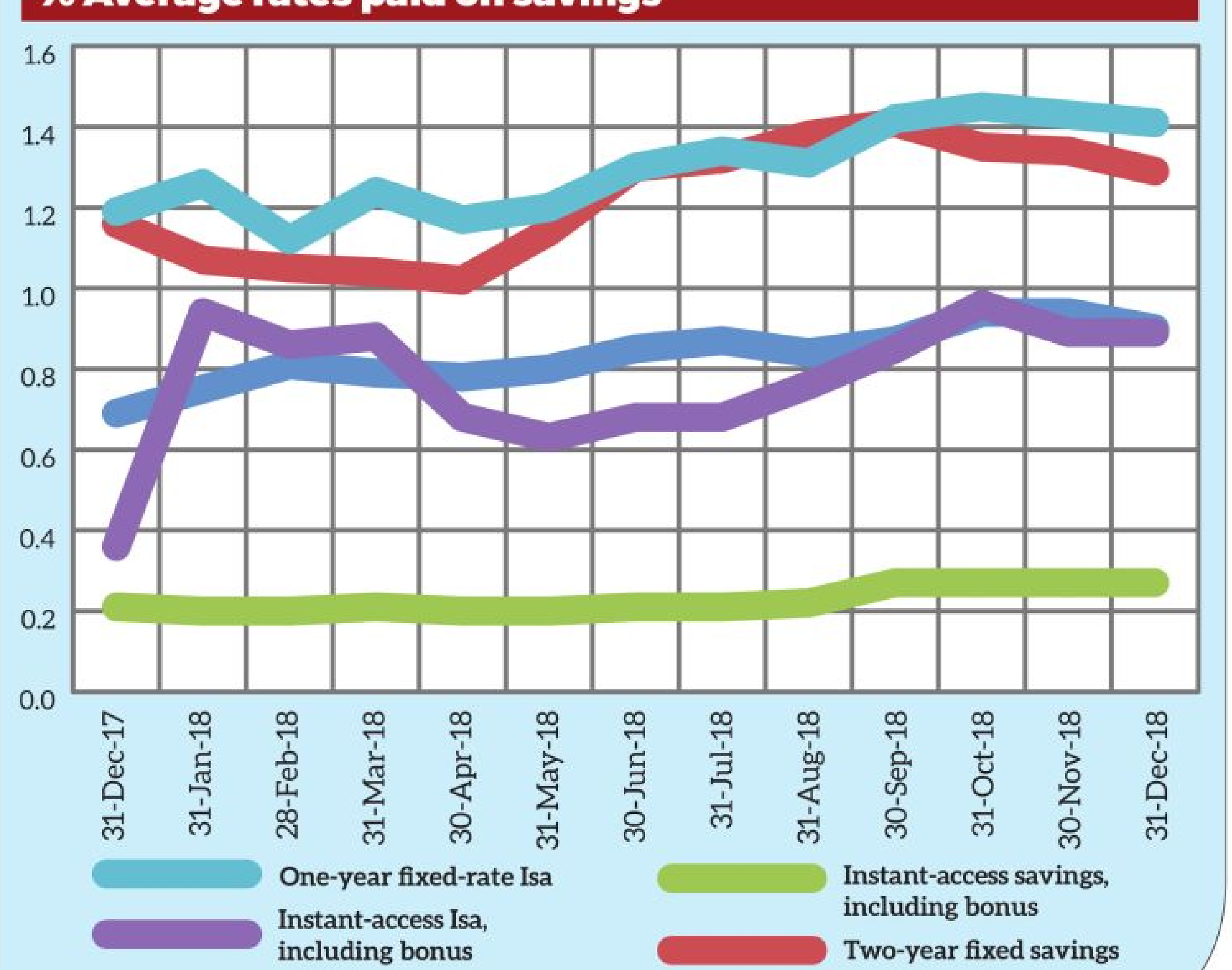
% Average mortgage rates quoted to households



% Average rates quoted for unsecured borrowing



% Average rates paid on savings



Source: Bank of England

BEST BUY CURRENT ACCOUNTS

Several current accounts offer a rate of interest superior to those on the best savings accounts. However, they require you to make a minimum payment into the accounts every month.

While they don't include a fee to use them, you also won't get any perks of note.

The best high interest current account out there is the Nationwide FlexDirect, which pays 5% interest on balances up to £2,500 for the first year, but this then drops to 1% after 12 months. There are no monthly fees, but you must pay in a minimum of £1,000 a month. Assuming you pay to maintain the maximum amount over the initial period, you can earn £125 in interest.

The next best buy is the TSB Classic Plus, which offers 5% interest on balances up to £1,500, provided you pay in £500 a month. You must also register for internet banking, opt-in for online bank statements and paperless correspondence to get this headline rate.

However, unlike the Nationwide account, the rate does not disappear after 12 months.

The Tesco Bank Current Account offers an attractive interest rate of 3% on balances up to £3,000 and this rate is guaranteed until 1 April 2019.

It also rewards debit card spending with Clubcard points. You earn one point for every £1 spent in Tesco, plus one point for every £8 spent elsewhere. For new customers, this account also has a £750 minimum pay-in and requires three direct debits to be set up.

Each customer can have a maximum of two Tesco Bank Current Accounts, which also includes joint accounts. So you could get up to 3% on £6,000, which you can double to £12,000 if you are a couple.

BEST BUY REGULAR SAVINGS ACCOUNTS

Offering some of the best rates on the market, regular savings accounts are ideal for someone looking to start saving. However, many of the top-paying regular savings accounts require you to hold a current account with the same provider, while all the accounts listed below only offer the headline rate for a year.

Unlike conventional savings accounts, these require you to put something away each month. Usually you can pay between £10 and £250 every month over a year. You will be penalised if you fail to make a monthly payment, so make sure you have regular money going in.

The Nationwide Flexclusive Regular Saver, First Direct Regular Saver, the HSBC Regular Saver, and the M&S Bank Monthly Saver all pay 5% interest, but require a current account to open.

The First Direct Regular Saver has the highest monthly pay-in limit at £300, allowing you to save a maximum of £3,600 a year.

If you want a regular savings account, but don't want a current account from one of these providers, your options are more limited.

The Virgin Money Regular Saver pays 3% a month, but you can only open the account in branch. You can save between £1 to £250 each month and withdraw your money whenever you want.

Alternatively, you could try your local building society. The Kent Reliance One Year Savings Account pays 3%, while the Yorkshire Building Society Monthly Saver pays 2.5%. Both accounts can only be opened in branch. mw

Our best buy selection criteria:
We prioritise products that are widely and easily available. We aim to pick products that are available until the publication of our next issue, but this is subject to factors outside our control. Our latest recommendations, updated every week, are available at **Moneywise.co.uk/best-buys**. If you find something better, contact us at editorial@moneywise.co.uk.

moneywise FIRST 50 FUNDS

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.

Find out more at Moneywise.co.uk/first-50-funds

TRACKERS (ranked in order of three-year returns, as at 14 January 2019)

	ISIN Acc	ISIN Inc	Ongoing charges %	Yield %	One-year return %	Quartile	Three years %	Quartile	Five years %	Quartile
Fidelity Index Emerging Markets P Acc	GB00BHZK8D21	GB00BP8RYT47	0.2	1.88	-9.73	2	66.95	2	N/A	N/A
HSBC American Index C Acc	GB00B80QG615	N/A	0.06	1.49	1.41	2	61.71	2	97.82	1
Vanguard US Equity Index A Acc	GB00B5B71Q71	N/A	0.1	1.43	0.72	2	59.85	2	92.07	2
L&G International Index Trust I Acc	GB00B2Q6HW61	GB00B2Q6HX78	0.13	1.8	-2.69	2	55.71	1	70.81	1
Vanguard Global Small-Cap Index Acc	IE00B3X1NT05	IE00B3X1LS57	0.38	1.61	-5.53	3	54.5	1	61.97	2
Fidelity Index World P Acc	GB00BJS8SJ34	GB00BP8RYB62	0.12	1.82	-2.28	2	52.89	2	69.2	2
Vanguard LifeStrategy 100% Equity A Acc	GB00B41XG308	GB00B545NX97	0.22	1.82	-4.28	2	47.56	2	57.88	2
HSBC Japan Index C Acc	GB00B80QGN87	GB00B80QGM70	0.21	1.54	-8.61	1	39.26	2	59.58	2
Vanguard FTSE Developed Europe ex-UK Equity Index A	GB00B5B71H80	GB00B5B74N55	0.12	2.57	-9.29	2	37.2	2	35.54	2
iShares 100 UK Equity Index (UK) D Acc	GB00B7W4GQ69	N/A	0.07	3.76	-7.11	2	33.64	1	24.39	2
LSE ETFs iShares Physical Gold ETC	IE00B4ND3602	N/A	N/A	N/A	3.12	N/A	32.77	N/A	31.31	N/A
L&G UK Index Trust I Acc (i)	GB00B0CNGN12	GB00B0CNGM05	0.1	3.73	-7.2	2	32.46	1	25.9	2
Vanguard LifeStrategy 60% Equity A Acc	GB00B3TYHH97	GB00B4R2F348	0.22	1.48	-2.29	1	30.63	1	41.86	1
iShares Overseas Corporate Bond Index (UK) D Acc	GB00B58YKH53	GB00BNB74B95	0.16	2.67	3.28	2	22.8	2	37.38	1
HSBC FTSE 250 Index C Acc	GB00B80QG052	GB00B80QFZ35	0.18	2.46	-8.99	3	21.73	3	28.95	2
Vanguard FTSE UK Equity Income Index A	GB00B59G4H82	N/A	0.22	5.16	-9.78	3	19.73	2	16.12	4
Vanguard LifeStrategy 20% Equity A Gross Acc	GB00B4NXY349	GB00B4620290	0.22	1.42	-0.35	1	15.19	1	26.19	1
Vanguard UK Government Bond Index Acc	IE00B1S75374	IE00B1S75820	0.15	1.31	1.42	2	11.08	1	28.75	1
L&G Short Dated Sterling Corporate Bond Index I Acc	GB00BKGR3H21	GB00BKGR3G14	0.14	2.07	-0.13	1	6.61	4	N/A	N/A
Vanguard Global Bond Index Hedged Acc	IE00B50W2R13	IE00B2RHVP93	0.15	1.8	0.36	3	5.06	4	14.71	3

ACTIVES (ranked in order of three-year returns, as at 14 January 2019)

	ISIN Acc	ISIN Inc	Ongoing charges %	Yield %	One-year return %	Quartile	Three years %	Quartile	Five years %	Quartile
Lindsell Train Global Equity B Inc	IE00B3NS4D25	N/A	0.74	0.86	13.63	1	86.97	1	135.92	1
Fundsmith Equity I Acc	GB00B41YBW71	GB00B4MR8G82	0.95	0.51	3.84	1	71.31	1	138.65	1
Baillie Gifford Japanese B Acc (i)	GB0006011133	GB0006010945	0.63	0.83	-13.25	3	61.97	1	72.31	1
Stewart Investors Asia Pacific Leaders B Acc	GB0033874768	GB00B57S0V20	0.89	1.19	3.88	1	50.48	2	76.63	1
Marlborough UK Micro Cap Growth P Acc	GB00B8F8YX59	N/A	0.79	0.54	-8.28	2	49.32	1	62.49	1
Fidelity American Special Situations W Acc	GB00B89ST706	N/A	0.92	0.59	0.53	2	46.35	4	92.32	2
Fidelity Emerging Markets W Acc	GB00B9SMK778	LU1499161997	0.96	1.04	-14.72	4	46.3	4	45.23	2
Royal London Sustainable World Trust C Acc	GB00B882H241	GB00B8GG6326	0.77	0.93	-0.15	1	45.44	1	66.37	1

ACTIVES (continued)

	ISIN Acc	ISIN Inc	Ongoing charges %	Yield %	One-year return %	Quartile	Three years %	Quartile	Five years %	Quartile
TB Evenlode Income B Acc	GB00BD0B7C49	GB00BD0B7D55	0.9	3.11	1.19	1	44.34	1	61.82	1
Liontrust Special Situations I Inc	N/A	GB00B57H4F11	0.87	1.8	-0.12	1	43.47	1	56.42	1
Man GLG Continental European Growth C Professional Acc	GB00B0119487	N/A	0.9	0.61	-7.59	1	33.44	2	80.38	1
Artemis Global Income I Acc	GB00B5ZX1M70	GB00B5N99561	0.8	2.84	-12.66	4	31.38	4	49.34	3
Merian UK Mid Cap R Acc	GB00B1XG9482	GB00B8FC6L92	0.85	1.33	-14.96	4	26.75	2	55.05	1
MI Chelverton UK Equity Income B Acc (i)	GB00B1Y9J570	GB00B1FD6467	0.86	4.57	-11.57	4	21.09	2	34.37	1
Marlborough Global Bond P Acc	GB00B6ZDFJ91	GB00B8H7D001	0.44	3.17	0.37	3	19.44	3	33.81	2
Rathbone Ethical Bond Inst Acc	GB00B77DQT14	GB00B7FQJT36	0.67	4.07	-3.21	4	14.07	1	27.59	1
TwentyFour Dynamic Bond I Gr Acc	GB00B5VNH238	GB00B57GX403	0.77	4.61	-2.54	3	13.54	1	23.35	1
Jupiter Strategic Bond I Acc	GB00B4T6SD53	GB00B544HM32	0.73	3.88	-0.65	1	10.47	3	16.66	2
Fidelity Moneybuilder Income Y Acc	GB00BBGBFM09	GB00B3Z9PT62	0.56	3.26	-2.08	3	9.97	3	22.04	3
Kames Property Income B Gr Acc	GB00BK6MJB36	GB00BK6MJC43	0.87	4.99	-2.31	4	9.1	3	N/A	N/A

INVESTMENT TRUSTS (ranked in order of three-year returns, as at 14 January 2019)

	Discount/ Premium %	Gearing %	Ongoing charges %	Yield %	One-year return %	Quartile	Three years %	Quartile	Five years %	Quartile
Scottish Mortgage Investment Trust (SMT)	0.87	9	0.37	0.63	3.11	1	95.17	1	134.1	1
Murray International Trust (MYI)	-4.31	12	0.64	4.6	-2.63	1	73.18	1	49.91	3
Finsbury Growth & Income Trust (FGT)	-0.94	3	0.67	1.93	3.32	1	46.64	1	63.83	1
Witan Investment Trust (WTAN)	-2.47	10	0.76	2.22	-6.92	3	44.29	3	65.5	2
BMO Global Smaller Companies (BGSC)	-1.51	5	0.83	1.23	-6.82	3	41.95	4	56.2	3
Picton Property Income (PCTN)	-11.68	37 (ii)	1.2	4.22	4.73	N/A	38.5	N/A	90.46	N/A
Jupiter European Opportunities (JEO)	-1.5	4	0.91	0.88	-4.66	2	33.78	2	76.11	1
Henderson Smaller Companies (HSL)	-11.56	6	0.42	2.35	-6.9	2	32.38	2	57.67	1
The City of London Investment Trust (CTY)	1.3	12	0.41	4.64	-7.55	3	19.94	2	26.19	2
F&C Commercial Property (FCPT)	-6.77	21 (iii)	1.2	4.64	-4.27	3	10.57	2	29.06	4

Historic yield figures will only be provided for funds with at least 12 months of performance history. (i) The history of this unit/share class has been extended, at FE's discretion, to give a sense of a longer track record of the fund as a whole. (ii) Source: Morningstar, 14 January 2019. (iii) Source: AIC, 14 January 2019. Source: All other information, FE, 14 January 2019

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 2 January 2019)

Data supplied by JLT Pension Decision

CONVENTIONAL ANNUITIES (GROSS ANNUAL INCOME)

Age	Level		RPI-linked	
60	£2,497	Legal & General	£1,332	Legal & General
	£2,339	Canada Life	£1,239	Aviva
	£2,338	JUST	£1,223	JUST
65	£2,866	Legal & General	£1,721	Legal & General
	£2,730	JUST	£1,597	JUST
	£2,667	Canada Life	£1,590	Aviva
70	£3,291	Legal & General	£2,118	Legal & General
	£3,156	JUST	£2,025	JUST
	£3,031	Aviva	£1,990	Aviva
75	£3,871	Legal & General	£2,638	Legal & General
	£3,682	JUST	£2,590	Aviva
	£3,644	Aviva	£2,566	JUST

ENHANCED ANNUITIES (GROSS ANNUAL INCOME)

Age	Level		RPI-linked	
60	£2,549	Legal & General	£1,361.16	Legal & General
	£2,504	JUST	£1,359.48	Aviva
	£2,368	Aviva	£1,354.92	JUST
65	£2,980	Legal & General	£1,798.44	Legal & General
	£2,969	JUST	£1,795.32	JUST
	£2,787	Aviva	£1,744.44	Aviva
70	£3,510	Legal & General	£2,283.24	Legal & General
	£3,356	JUST	£2,197.08	JUST
	£3,194	Aviva	£2,144.88	Aviva
75	£4,324	Legal & General	£3,003.84	Legal & General
	£3,995	JUST	£2,838.72	JUST
	£3,878	Scottish Widows	£2,655.60	Scottish Widows

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 Pension Decision.

Walk away from those bad boys

You have a friend who constantly complains about her man. She is in tears because of his latest misdemeanour. She goes on. You listen. She sobs. You're compassionate. She asks for advice. You tell her to leave. She ignores it.

These situations can be so annoying. I've stopped offering advice. I just listen. But can any of us point the finger at her when we are penalised daily for our own loyalty in our dysfunctional relationships with banks, insurance companies, utilities and communication companies? After all, they don't even send us flowers afterwards.

The Competition and Markets Authority (CMA) says that we're being overcharged around £4 billion for 'sticking to the wreck' of our bad relationships with these companies. Not only that, but their findings are hardly earth-shattering. Anyone who has ever tried, for example, to leave their broadband provider will know it's like telling your incredulous partner that you've finally had enough. It goes a bit like this:

[Telephone rings]

Salesman: Hello, telephone sales. This is Brett. How may I help you?

You: I don't want sales. I want to cancel my line.

Salesman: You want to leave? But you can't!

You: What do you mean "can't". I can leave when I want.

Salesman: But I really want you to stay.

You: Ha! Do you realise how many times I've tried to get help on the phone? How long I've been kept on hold? How many times have I waited in vain for your engineers to come round?

Salesman: I'm sorry but I've just been really up against it recently.

You: At least you should have shown some interest. I've given you so many chances, but now that's it. I'm leaving.

Salesman: Don't go. Look, if you stay I'll make things better. It'll be different, you'll see.

You: It's too late.

Salesman: Don't say that. It can't be too late. Look, if you stay you'll be able to get our new 40-channel TV offer.

You: Really?

Salesman: … and I'll call. I promise faithfully I will. And, believe me, I'm not spending extra time with any other customer.

You: What? No one else?

Salesman: There's no one else who's getting better service than you.

You: Well, I'll give you a month's trial… but if you screw up that's it, do you hear me? Now when does the trial start?

Salesman: Right, great…the, er, what? Trial? Er, Monday… No, the Thursday after. No, hold on… soon-ish… certainly this month, this year at any rate, at some point – I'll call ya.

[click]

Like a cracked record, I find myself telling readers, viewers and listeners to spend 'just a couple of hours' switching their savings accounts, insurances, utilities and so on, in order to save themselves at least £1,000 a year (it is do-able). But still half of us don't.

Actually, this month is a pretty good time to go through your various bills and see if you've been victim of 'stealth price rises' just because you've been loyal to the various ungrateful companies who have been taking your money all these years. Switching really doesn't take much time (it takes about 15 minutes for gas and electricity). Even mortgages can be moved quickly now that lenders are feeling the Brexit slump.

"I've given you so many chances. But that's it… I'm leaving"

And while you're at it, see if you've inadvertently agreed to automatically renewing some services.

The CMA is to publish a "comprehensive consumer white paper" soon which should address issues such as expensive exit fees, automatic renewal of contracts (a particular bugbear of mine) and keeping people on unnecessarily expensive contracts (a speciality of the delightful telecoms industry).

It will help, but in the meantime vote with your feet. If a company is treating you like yesterday's chip paper, then leave 'em, because they're just not worth it! mw

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SCOTTISH MORTGAGE INVESTMENT TRUST
SCOTTISH MORTGAGE ENTERED THE FTSE 100 INDEX IN MARCH 2017.