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CHANGE CAREERS AND DO SOMETHING YOU LOVE

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interactive investor

WELCOME TO *January*

Happy new year! Want to boost your wealth in 2020? We are here to help you do it.

Top career coaches and negotiators share their tips to help you achieve a bumper pay rise this year (page 7).

If you are not looking forward to returning to work after the Christmas break, why not be inspired by our feature on page 52 about four people who have changed careers to do something they love? They include a firefighter-turned-musician and NHS worker-turned photographer – and all share their tips on how to make a change.

Meanwhile, if you want to get your finances in shape, read our feature on page 34 on money coaches and how they can help you get your finances into shape. They include 10 top tips to get started.

And if you would like to reduce the carbon footprint of your home and cut your energy bills, our feature on page 71 is an essential read.

On page 62, we reveal the winners of the *Moneywise* Children's Savings Awards 2020. We pick through the best accounts to find the best options to help you give your children a head start.

We also catch up with the winners of last year's Personal Finance Teacher of the Year Awards to find out their winning formulas for teaching children about money – and how they are spending their £5,000 prize money (page 43).

As we enter a new decade, Darius McDermott looks forward to the five mega trends he believes will shape the next 20 years of this century – and how you can invest to benefit from them.

Plus, we have a great competition for you on page 22 – a city break for two in Edinburgh.

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ONE THING I LEARNT THIS MONTH IS...

"I found a great way to cut the cost of audiobooks. I was spending £7.99 a month on an Audible subscription. So,I signed up to the Kindle Daily Deal newsletter, which usually has a book I would like to read for 99p. Then I check my Amazon account to see which Kindle books I own are available on Audible. Many offer the option to buy the audiobook at a heavy discount if you already own the book. This way, I get a new audiobook for just £3."

Mat Megens, founder of HyperJar

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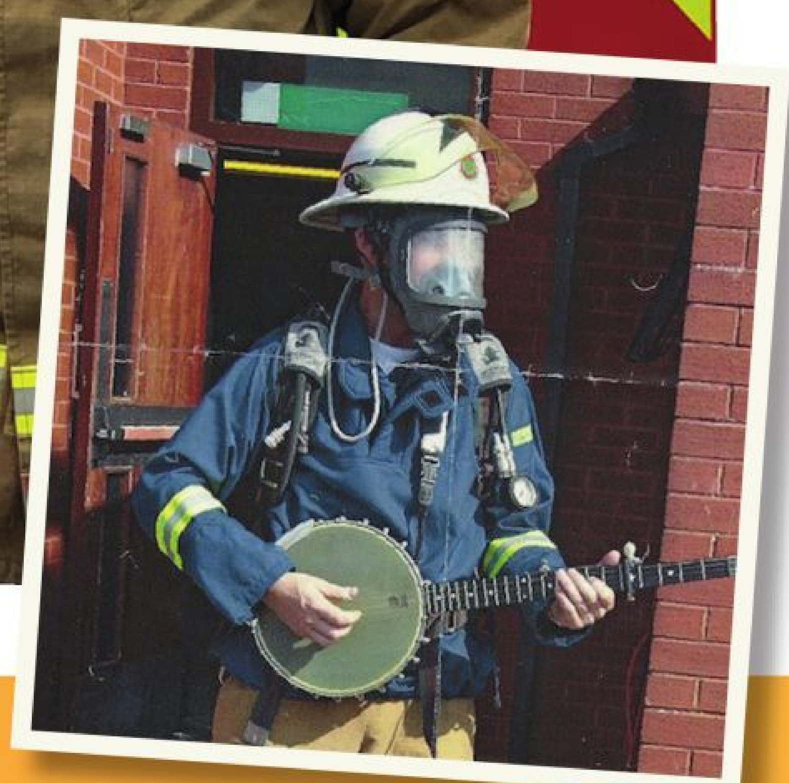

Sections

All my books, clothes and toys were secondhand

Regulars

HOW TO GET A PAY RISE IN 2020

Are you underpaid for the experience and skills you bring to work? Then now is the time to do something about it. Check out our tips from career coaches and negotiation experts – if you don't ask, you don't get

BY MARINA GERNER

Brits are not keen on talking about money, so it is not surprising that many people might balk at asking for a pay rise. The average worker believes they deserve £5,321 on top of their salary, according to a OnePoll survey of 2,000 full-time employees. And yet most people do not feel comfortable asking for more money.

But feeling undervalued is hugely demotivating in the long run. If you have consistently worked above and beyond your role, why shouldn't you be paid accordingly?

We spoke to a range of career coaches and negotiation experts to reveal the strategies that work – as well as the ones that don't.

'I did my homework and got a 37% pay rise'

A few years ago, Heather Docherty, 31, who lives in South West London, felt it was time for her career to move to the next level. So she decided to take stock.

"I always understood the advantage of having a mentor or a coach, and while the business didn't provide one for me formally, I built my own network of mentors," she says. "So first I went to them to sound out if it is appropriate to be asking for a promotion. Should I be doing this?"

She knew she was "overperforming from a target perspective" in her HR consulting sales role. She had been growing the number of accounts and her target revenue. But she also found out what the going rate was if she moved elsewhere.

"If something gets suggested to you that you are not sure about, thank the person for the offer and ask if you can have 24 hours to consider it"

Avoid rash requests for pay rises, says career coach Hannah Salton

"I went to a few recruiters in the market and found out what I could expect if I went to another firm. Would I go in at the same level or would I be able to get to the next level," she explains.

One of her mentors pointed out that she should prepare to not only talk about her successes with clients, but also her reputation and leadership skills within the company.

"When you are junior, you wouldn't necessarily think about that." As a result, she says: "I went in well-prepared and I was able to justify why I feel I deserve to take the next step. I could show them my achievements, how I work with a team, and I had examples of where I have not just hit every metric but gone above and beyond."

What was the result of the conversation? She got the promotion and her base salary went up by an impressive 37%.

What advice would she give to others?

"If you don't ask you don't get. Your manager isn't a mind reader. And take the emotion and personal aspect out of it. It's great when you really got on with your manager, but that can make these conversations harder – so look at it as business conversation."

Don't compare pay with others, says podcaster Rob Moore

What to avoid when asking for a pay rise

1 Don't mention your personal needs

"Support your request without mentioning your personal needs. You may want a pay rise to get a bigger flat, take a nice holiday or pay for your child's music lessons, but you shouldn't state these reasons when speaking to your boss. Rather than justifying your request with your wants and needs, focus on discussing how you have contributed to the organisation, how your role has evolved since your last pay adjustment and what your research unearthed about the current market rate for your job," says Amanda Augustine, careers expert at TopCV, a CV-writing service.

2 Avoid ultimatums

"Sometimes it's tempting to lay down your ground rules in a 'take it or leave it' way. This isn't conducive to collaborative negotiation and may cause your employer to shut down the conversation quickly. Try to avoid any kind of rash request in the heat of the moment. If something gets suggested to you that you are not sure about, thank the person for the offer and ask if you can have 24 hours to consider it," says Hannah Salton, a career coach and consultant.

3 Don't threaten to leave unless you are prepared to do it

"People get themselves into a frenzy, but don't threaten to leave if you wouldn't act on it. Implicit threats are more powerful than explicit ones – so rather than saying, 'if you don't give me 15% more, I'm out of here,' say 'I'm being paid below the market rate and with that to consider I have to think about what's next for me," says negotiation expert Steve Jones.

Negotiation expert Steve Jones says: "Don't threaten to leave"

4 Don't hurt your manager's ego

"You often work with somebody who is not the decision-maker, so figure out what the process is. I used to ask: 'Do you make the decision?' But that's actually an ego question. So they might say yes, even though they don't. Instead, ask what the process is for getting a pay rise and always allow them to save face," adds Jones.

5 Don't point to a colleague's pay rise

Don't ask for a pay rise because you heard that a colleague got a pay rise.

"It never works, at least not for me. It's none of anyone else's business what others are paid. Why would anyone increase someone's salary just because they increased their colleague's salary? That's not sound logic or financially smart," says Rob Moore, host of business and lifestyle podcast The Disruptive Entrepreneur.

6 Don't burn your bridges

"If the answer is no then work to turn that into a maybe. Walk away with dignity, resolution and a plan. You may be disappointed but rise above it. Be determined to succeed and never burn your bridges," says career coach Chris Chapman.

7 Don't just ask for job opportunities

"Never ask for job opportunities, they will come – ask for advice instead. Set the stage and make it easy for the right people to spend time with you. The more time you spend with others who may know more than you do, the more likely you are to encounter great opportunities," says Liz Sebag-Montefiore, coach and director of 10Eighty, a strengths-based HR consultancy.

"Never ask for job opportunities: they will come. Ask for advice instead"

Hang out with those who know more, says Liz Sebag-Montefiore

Know your worth

Whenever you plan to ask for a pay rise, it is important to know why you deserve one. What are your skills? What have you achieved? It is good to do some research and establish the market value of your job by looking at salary comparison sites such as Glassdoor or PayScale.

Some industries are more transparent than others.

"Put your network to work to get a sense of what people out there are earning," says Sally Helgesen, author of *How Women Rise*. She says you could look at what competitors or companies of a similar size pay for positions that require your skill set.

Even though unequal pay between men and women for doing the same work has been illegal in the UK for 50 years, since the Equal Pay Act was passed in 1970 – it still happens. Business cultures are changing slowly, but we are still far from parity.

"What is helpful for women, especially – or for anybody who doesn't necessarily have a great gift of the gab or feels a little reluctant about bragging – is to keep a list. This is one of the most powerful practices," she says.

Helgesen recommends writing down your successes and achievements so that you can refer to them when you negotiate a pay rise or promotion.

"You don't have to spell out the value of what you've done, in terms of the bottom line or the dollar value," Helgesen says, "but you do have to make clear that you recognise that a financial advantage was gained through your contribution."

The day you ask for a pay rise

It is best to ask for a pay rise in person. Ask for a meeting or a performance review and say that you would like to discuss pay. Timing is important, as companies make budget decisions at certain times of the financial year. The rhythm of your work is important too, so avoid extremely busy times, such as Monday mornings or Friday evenings.

"Explain what new skills you've learnt to justify a pay rise"

"Put yourself in the shoes of your employer," says Dessy Ohanians, managing director of the London School of Business and Finance

In addition to that, Professor Christine Naschberger of Audencia Business School has an unusual piece of advice: "Postpone your negotiating meeting if you feel that you are not in the right mood, or that your boss isn't," she says. "It is not a good basis for negotiation if you are not feeling positive about it or if your boss is angry or feeling resentful."

Dessy Ohanians, managing director of Certificate and Corporate Programmes at the London School of Business and Finance, recommends putting yourself into the shoes of your employer and figuring out whether you have demonstrated contributions "in line or above expectations which would make your manager willing to fight your corner".

Christine Naschberger of Audencia Business School says postpone if you are not in the right mood

Verónica Moreno, career coach at Seven Coaching, says that those who have been in a role for a while, "should explain what they have learnt, how they have become more skilled and what else they can do to justify the pay rise."

Consider alternatives

And finally, if you can't get a monetary pay rise, consider alternatives to money. You could negotiate shorter hours, extra holiday days, more flexible working, development opportunities or a more senior job title.

Remember that one of the best opportunities to negotiate a good salary is before you start a job.

"Don't think that once you start, you can improve a bad deal," says negotiation expert Steve Jones. "You have the most leverage, before you are on the payroll." mw

MARINA GERNER writes for publications including *The Financial Times, The i*, *Money Oberserver* and *StandPoint*

Why cutting out take-out coffees may not be the best budgeting advice

Every January, the humble cup of take-out coffee comes in for yet another drubbing. At this time of year, many of us are looking for ways to cut back our spending.

New Year's resolutions give us determination to maintain this frugality.

To meet this seasonal interest, articles on budgeting tips abound with experts sharing ideas on how we can do it.

And so once again coffee comes under siege.

Rare is the article on budgeting that doesn't mention cutting back on cups of coffee-shop coffee. Many come with magnificent calculations pointing out that if we just gave up our daily habit, we would transform our retirement outlook from one of penny counting to one of grocery shopping at M&S.

Perhaps that's an exaggeration, but I did see one that claimed you could boost your pension pot by £131,000 if instead of spending £10 a week on coffee you invested it.

It is true that making small changes can make a big difference. We get into habits which, if you add up the cost over many years, can make for uncomfortable reading.

But I don't think laying into shop-bought coffee is the answer – not least because it doesn't address what those of us who don't buy it are supposed to do.

If you want to cut your spending, the easiest way is to look for things you can give up that you won't miss.

Go through your direct debits and check for subscriptions you are not getting good use of. Cut interest and overcharge fees by switching banks and credit cards. Shop around to cut your energy bills, phone providers and mortgage costs.

You can do all that in an afternoon, and none of it requires self-restraint or picking up your pace every time you pass your favourite coffee shop.

Then once you have cut back things that you won't even notice, scrutinise those you will.

However, in many cases just cutting something out and relying on self-restraint to do so is not sustainable.

Behavioural economist Sarah Newcomb points out that people's daily coffee-shop habit is often rarely about the coffee – if it was just that, you would be just as content with a cup drunk at home or work for a fraction of the price.

"Making small changes can make big savings"

For some people, the allure may be the excuse to break up your day and get outside for a bit. For others, it's maybe just habit. Some may like the coffee-shop ritual, in which case perhaps a cheaper coffee might do just as well.

The key, believes Sarah, is to identify what need it is filling and find a cheaper alternative, such as going for a walk or bringing a flask of coffee from home to drink on the go.

Some people may just really like having a cup of take-out coffee – it's one of the highlights of their day. In which case – is this really the spending habit they should sacrifice?

Kristy Shen, co-author of this issue's book of the month *Quit Like A Millionaire*, would argue that it isn't.

Kristy retired with a million dollars at the age of 31, through cutting back her spending and being savvy with money. I think her views deserve some attention.

She writes: "While I don't doubt the math [of boosting your retirement by giving up daily coffees], universal advice like that is idiotic. Some people don't care about coffee (like me) But other people love it – it truly makes their day better. I am from Sichuan Province, in China, where all our food is covered in chili oil. If someone told me that not eating spicy foods would extend my life expectancy, I'd respond:'Why would I want to live a longer life without my favourite food?'

"The secret to budgeting is not to imitate some template but to find the budget that works for you."

I've been thinking about how I can use this advice to help cut my own costs.

While I don't buy coffee, more often than not I (shock, horror!) buy lunch out. However, giving up this habit would take some serious self-discipline because I so enjoy the ritual.

When I bring in a packed lunch, I find I absent-mindedly eat it at around 11am and then it gets to the end of the day and I find I haven't left my desk. Hunger at lunch time is what forces me out to get some fresh air and clear my head.

So using Sarah and Kristy's advice, perhaps I'm better targeting a different costly habit, or make targeting this one more realistic. Perhaps, for example, I could at least bring fruit from home, so I am not spending an extravagant 50p on an apple from the place where I buy my sandwich, just out of convenience. I could try to seek out cheaper lunch options.

Will that make me a millionaire by retirement? I think I've more work to do. I'd love to hear your budgeting tips and changes you plan to make to your spending this year. Please get in touch: editor@moneywise.co.uk.

One thing to do this month

Four tips to restore your finances after a festive hangover

BY EDMUND GREAVES

Christmas, the most profligate time of the year, is over. And now you may well have a money hangover, along with that extra weight you've gained. Here are four tips to aid your recovery.

1 Find a regular spending habit that you could cut back on. Could you make packed lunches or buy cheaper lunches out? The savings will add up.

2 Quit the bad habits – 'Dry January' has become very popular in recent years. Not only is it a good detox after a boozy festive period, but it can be excellent for your wallet to quit alcohol for a month too. This also extends to smoking. Could you make this the year you quit and save a small fortune?

3 Rustle up your jumble – this can be an effective way to make some extra cash. Doing the proverbial 'Marie Kondo' on your clutter can be a nice little earner, using websites such as Facebook Marketplace, Gumtree and eBay to flog your clobber for cash. It also works for ditching any unwanted Christmas gifts.

4 Review your bills – Moneywise comes back to this tip time and again, but it can save you hundreds of pounds a year on your household bills. Check whether your energy bill is the best rate possible. Balance-transfer a costly credit card debt to a 0% card. Review your TV packages or gym memberships to make sure you are using them enough – if not, ditch them. mw

WARNING
SCAM WATCH

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

Customers slam Morrisons over vanishing loyalty card points

BY STEPHEN LITTLE

Shoppers have been left fuming after saving up their points from Morrisons all year, only to see them disappear from their loyalty cards.

Frustrated by the online glitch, some customers have threatened to boycott the supermarket.

One customer wrote on Twitter: "I am very disappointed and angered at the way your customer services dealt with my complaint. I have been a victim of fraud and £50 [in] points has been taken out of my account."

Customers have complained about the security of the supermarket's More reward scheme and the lack of customer support.

Why has this happened?

Morrisons says that it has not suffered a data breach and that the problem has occurred when customers use the same usernames and passwords across different websites.

Morrisons has not said how many customers have been affected or what you can do to get your points refunded.

A Morrisons spokesperson says: "Online hackers target people who use the same username and password across multiple sites.

"We regularly remind our customers about the importance of using a unique password. We take online security very seriously and our customer data has not been breached."

What can you do?

Change the passwords on all your accounts. Use a strong password that contains letters, numbers and symbols.

You can contact Morrisons on 0345 322 0000 or email fresh@morrisons.com.

You can check if your email has been compromised on Haveibeenpwned.com.

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200,000 parents face smaller state pension due to child benefit mix-up

BY STEPHEN LITTLE

Thousands of parents could see their state pension reduced in retirement because their claim for child benefit is in the name of their partner.

A Freedom of Information (FoI) request by Royal London to HM Revenue and Customs has revealed that around 200,000 couples are making the wrong choice about who claims child benefit, potentially costing them thousands of pounds in retirement.

The state pension credit will only go to one parent, usually the lower earner or the one who is not working. This is because the higher earner will most likely be in paid work and therefore already paying National Insurance Contributions (NICs), so does not need the credit.

But the FOI shows that around 200,000 couples has a non-earner or very low earner who could benefit from a credit but is not doing so because the child benefit is in the name of their spouse.

To qualify for the full state pension, you need a total of 35 qualifying years of NICs.

Parents with children under the age of 12 claiming child benefit will get NICs. As a result, in the years they are not employed and looking after their children their state pension record will not suffer.

A year of NICs builds up the same amount of state pension as a year in paid work paying NI contributions. Given that 35 years of contributions are needed for a full state pension, just one year of credits can be worth 1/35 of a pension – this is roughly £250 a year on the pension at retirement or £5,000 over a typical 20-year retirement.

The problem can be easily fixed by completing a form, even if you want to backdate the claim.

You can download the CF411a form at Gov.uk/government/publications/national-insurance-credits-for-parents-and-carers-cf411a.

Women on low wages 'don't save enough for their pensions'

BY STEPHEN LITTLE

Most women earning less than £20,000 are not saving enough for retirement, Scottish Widows reports.

The average savings among women have gone up 4.6% since 2007/08, which could equate to an additional £5,900 in retirement income each year, according to the 15th annual Scottish Widows Women and Retirement Report.

The report shows that over the past 15 years, the number of women contributing something to a pension pot has risen by 14.6%. However, men are still saving more overall, benefiting from an additional £78,000 on average in their pension at retirement.

The pension provider found that lower middle female earners have seen the smallest improvements in savings rates over the past decade, with just 47% of women earning between £10,000 and £20,000 saving enough for their retirement. This compares to 65% of women earning £40,000 or more.

Is 70 the new 65?

BY STEPHEN LITTLE

As people are living longer, we need to rethink the retirement age, a new report from the Office for National Statistics (ONS) suggests.

The marker for the start of older age in the UK has traditionally been 65, most likely because it was the official retirement age for men and when they could draw their state pension.

However, the ONS says that because of improving health and life expectancy this is looking increasingly "out of date".

"There is no longer an official retirement age, state pension age is rising, and increasing numbers of people work past the age of 65 years," the report says.

Now that people are living longer and healthier lives, the report suggests it is time rethink old age and asks whether 70 is the new 65.

The number of people aged over 65 has grown from 5.3 million people, or 10.8% of the population, in 1950, to 11.9 million, or 18% of the total population, in 2018. By 2050, there are projected to be 17.7 million people aged 65 years and over, or 24.8% of the population.

The ONS says that as people are living longer, they can continue to contribute more to society through retiring later, volunteering, and providing care for family members. mw

HSBC and Santander to refund millions to customers

BY STEPHEN LITTLE

HSBC and Santander have agreed to refund hundreds of thousands of customers after they broke bank overdraft rules.

The competition regulator, the Competition and Markets Authority (CMA), says that both banks broke a legal order that requires them to send text alerts to customers before they go into unauthorised overdrafts.

Since 2018, banks have been required to send text messages to customers when they go overdrawn to help them avoid paying unnecessary charges.

HSBC broke the rules twice and is refunding £8 million to 115,000 customers.

> Banks must send a text warning about an overdraft

Santander, which broke the order six times, has agreed to issue a refund but it has not yet worked out how many customers were affected or how much they will be paid.

The CMA says the breaches first occurred in February 2018. The refunds will cover all fees incurred by customers who went into unarranged overdrafts and did not receive a text alert.

HSBC says it will be contacting customers who incurred overdraft charges to refund them.

An HSBC spokesperson says: "We apologise to those customers who for different reasons did not receive an alert. We will continue contacting customers who incurred overdraft charges as a result of these issues to apologise and provide a refund."

Santander says it is "working to identify and refund all affected customers as quickly as possible".

A spokesperson from Santander says: "We are very sorry that some customers in certain circumstances were not sent the required overdraft alerts. The introduction of these alerts is a move we welcomed and believe is a real support to customers."

The CMA is also directing HSBC and Santander to do an independent check of their compliance with the order between February 2018 and December 2019.

Earlier this year, Nationwide Building Society agreed to refund £6 million to its customers after it failed to send text warnings.

M&S Bank slashes regular savings account interest

BY STEPHEN LITTLE

M&S Bank has become the latest bank to slash its regular savings rate. It has cut the rate on its fixed-term regular savings account from 5% to 2.75%. It comes after HSBC and First Direct cut the rates on their regular savings accounts in October.

It seems that 2019 was a tough year for savers, with lenders cutting rates and withdrawing products.

Average interest rates on regular savings accounts dropped from 2.64% to 2.24% in 2019, based on a balance of £1,000, according to comparison site Moneyfacts.

Other options for regular savers

While M&S Bank, HSBC and First Direct all offer higher rates than other regular savings accounts, you must be a current account holder with them to get a regular savings account.

If you are looking for a no-strings-attached deal, Principality Building Society pays the top rate of 2.7%, which matures after one year. However, you can only save up to £125 a month.

Coventry Building Society also has a regular savings account at a rate of 2.5%. You can put away a maximum of £500 a month and after a year it matures into an easy-access saver, which pays an interest rate of 1.05%.

Savers who still wish to earn 5% on their savings will have to take out a Nationwide FlexDirect account. The 5% interest rate is an introductory 12-month offer – when it ends the rate drops to just 1%. Agreed overdrafts are free for the first year, but you will need to pay in at least £1,000 a month.

NatWest launches new digital bank Bó, but is it any good?

BY STEPHEN LITTLE

NatWest has launched a new digital bank to rival the likes of Monzo and Starling.

Bó is a digital, cloud-based bank that comes with a bright yellow debit card and a mobile app that tracks debit card spending.

The new breed of app-based banks, such as Monzo and Starling, offers a host of features that appeal to younger customers, in particular, such as budgeting tools or fee-free spending abroad.

In response, traditional high street banks such as Lloyds, Barclays and HSBC have been adding similar features to their apps.

Mark Bailie, chief executive of Bó, says: "As we are part of NatWest, people can rely on Bó to keep their money safe. But as a digital bank, built entirely on a separate cloud-based technology, Bó is also able to harness new technology and develop rapidly in line with our customers' needs and expectations.

"With Bó, we have an opportunity to help address a genuine societal need and to be a positive force in our customers' lives. Our aim is to transform the nation's attitudes and behaviour around money and I'm hugely excited to see what we can achieve."

Currently, you can only open a personal account by downloading the app to your smartphone, adding money to your account by bank transfer from another account using the Faster Payments scheme. This means you cannot pay your salary into your Bó account or use it for direct debits. Money can only be transferred using the Faster Payments scheme.

The account allows you to keep tabs on spending with instant alerts whenever you use your card and everything you buy listed by retailer, category and location.

> Some of Bó's features are currently limited

You can also create a spending budget to help save towards your goals and there is a piggy bank feature too. To open an account, you must be 18 or over and a UK tax resident.

How does it compare?

While the Bó account has been launched to rival Monzo and Starling, some of its features are currently limited. You cannot use it for bills and direct debits, for instance. In contrast, Monzo and Starling allow direct debits and your salary to be paid in.

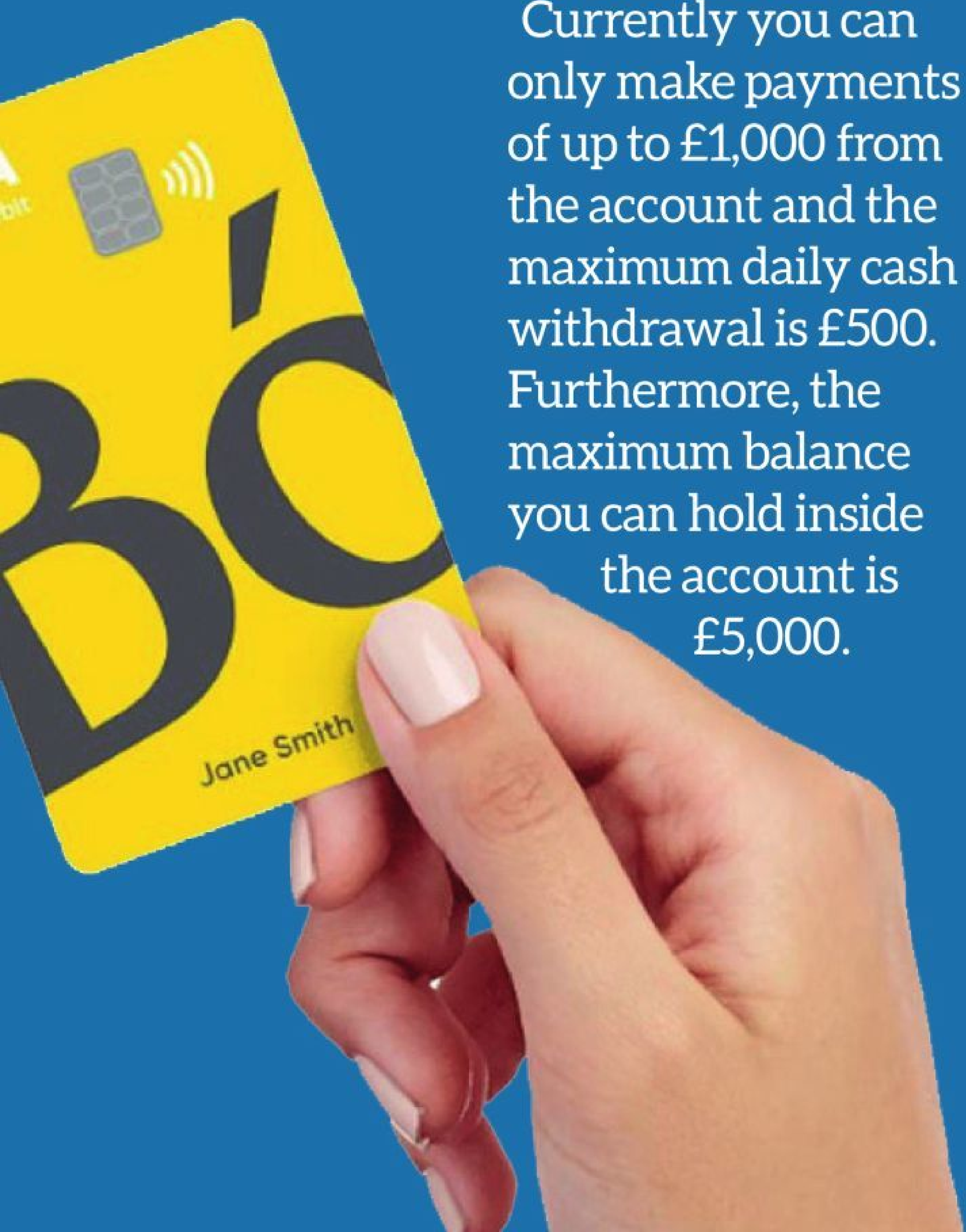
Just like Monzo and Starling, Bó comes with a debit card which you can freeze. Bó also has similar features such as fee-free spending abroad, instant notifications and tools to help keep your eye on spending.

Monzo and Starling both offer overdrafts and interest on your savings, whereas Bó does not.

Starling pays a 0.5% annual rate of interest to account balances below £2,000, and 0.25% to those less than £85,000. With Monzo, you can also create a savings pot with a partnered bank, earning up to 1.4% in interest.

Bó only allows you to make one piggy bank account, whereas Monzo allows you to set up multiple ones to separate your money.

While Starling and Bó do not charge you fees for using your card abroad, Monzo charges you 3% mw



BALANCES

Currently you can only make payments of up to £1,000 from the account and the maximum daily cash withdrawal is £500. Furthermore, the maximum balance you can hold inside the account is £5,000.

FEES

Cash withdrawals from all ATMs are free, but you may be charged by the cash machine's operator.

If your card is lost or damaged, it will be replaced for free the first two times, after which you will be charged a £5 fee.

FSCS PROTECTION

As the company is part of NatWes,t your money is covered by the Financial Services Compensation scheme up to £85,000. If you hold a NatWest account as well, a total of £85,000 will be protected across both accounts.

WHERE CAN YOU USE THE DEBIT CARD?

You can use the debit card anywhere in the world that Visa is accepted.

FCA bans ads to small investors for high-risk mini-bonds

BY STEPHEN LITTLE

The financial regulator is banning the mass marketing of mini-bonds to retail customers following the collapse of a number of companies.

The Financial Conduct Authority (FCA) says it is intervening to protect inexperienced investors ahead of the ISA season.

The FCA says that it has significant concerns about the widespread marketing of mini-bonds and warns there is growing evidence of fraud. The watchdog says the ban will restrict the promotion of mini-bonds to 'sophisticated' or high-net-worth investors.

Firms will also have to include risk warnings and disclose any costs or payments to third parties on marketing materials.

The FCA is investigating more than 80 cases of regulated activities potentially without having the right FCA authorisation and more than 200 cases of financial promotions that appear not to have complied with its rules.

The ban comes into force on 1 January and last for 12 months while the FCA consults on making permanent rules.

Training teachers in financial education will help pupils spot fraudsters

BY RACHEL LACEY

Training teachers to provide financial education has a long-term positive impact on their pupils, research from Young Money and the University of Edinburgh Business School has found.

Giving teachers the skills to teach their students about money could be key to stemming rising incidences of fraud amongst young adults, the research suggests.

By increasing teachers' confidence, their pupils' confidence will also improve and they will be better able to spot fraudulent communications.

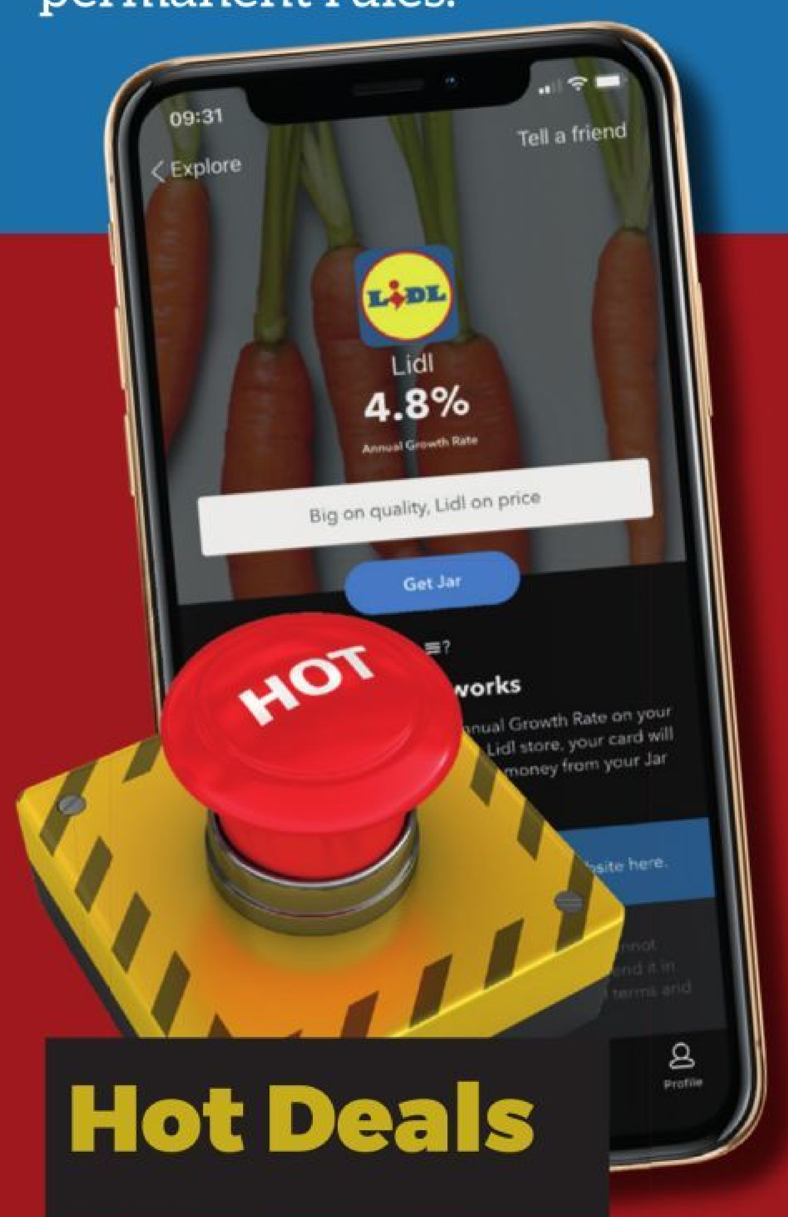
Nearly two-thirds (64%) of students whose teachers received training were confident that they understood where victims of fraud could go for help, while 84% said they could recognise fraudulent communications. This compares to just 49% and 66% respectively where teachers had not been given specialist training.

In terms of their ability to choose financial products, those students whose teachers had received training felt confident using advice to make the right selection, compared to only 44% of untrained teachers' students.

Professor Tina Harrison from the University of Edinburgh Business School says: "As students move on from school into further study, training or employment, it is vital they are equipped to make considered financial decisions and know where to go for financial advice.

"There are also six million young people with government-issued child trust funds, the first wave of which are due to mature in September 2020. These young people will need to be confident seeking advice and making decisions about what to do with this, in many cases, quite significant windfall. This project clearly shows the impact of high-quality financial education on the ability of young people to manage their money and make effective financial decisions."

Read about 2019's Personal Finance Teachers of the Year winners on page 43.



Hot deal: Get 4.8% off your Lidl shopping

BY EDMUND GREAVES

Get 4.8% interest on your shopping when you pay for it in advance using the free HyperJar app.

What is the deal?

HyperJar is a prepaid card digital banking app that has partnered with several retailers to get users money off their shopping.

Through the app, you can split your money into a series of 'jars', which act like mini savings accounts. If you put money into a jar with a specific retailer, you will earn an 'annual growth rate' of 4.8% on that sum to use on your shopping.

HyperJar currently partners with 16 retailers, including Lidl, Shell, Dyson and Bloom & Wild.

The app works well if you know in advance that you will be shopping at one of the named retailers. For example, if you do your weekly food shop at Lidl and know how much you typically spend, you could put it in advance into a Lidl 'jar'. If you put £400 a month into the jar and spend £100 a week, after a year it would have earned £11.18 in annual growth.

Why should I care?

Savings rates are low – 4.8% on your committed shopping money compares favourably.

What do I need to know?

This is not an alternative to a savings account: it is a way to earn on cash you would spend anyway.

Once you pick a retailer to deposit your spending money with, it is locked in and non-transferable except for a £1,000 annual refund allowance.

Your money is not protected by the FSCS but by FCA e-money regulations. So if HyperJar were to go bust, your money will be safe in a third-party account. If a retailer were to go bust, your cash would also be safe because HyperJar holds it in 'escrow.'

What other options do I have?

You can get cashback at some retailers at sites such as TopCashback or Quidco.

Another alternative is a rewards credit card, such as the M&S Bank Reward Plus, which offers an effective 2% cashback rate.

Where can I find out more?

Hyperjar.com. The app can be downloaded on the App Store or Google Play. mw

Edmund Greaves passes on a few tips he's picked up over the past two years

Nine things I've learnt about personal finance in my time at Moneywise

And so dear reader, the time has come for me to bid you farewell. This shall be my last column for *Moneywise*, as of January 2020 I will be embarking upon a new career. So I've reflected on all that I've learnt from the world of money in my two-and-a-half years.

Be scrupulous in your research

It's so easy to see a deal on an advertising board and take it at face value. But often the companies with the biggest marketing budgets aren't the ones that will give you a good deal.

If you see a product that seems like a good idea, compare it. We are blessed with an array of comparison sites and financial publications that will dissect every deal. Use them.

Beware the 'introductory offer'

A product or service with a fancy introductory offer should always be treated with a healthy dose of scepticism. If they are offering you something for free, be it cashback or a free gift, it is because you are worth a lot more to the company than whatever the free thing will cost them.

Take care juggling money

Overconfidence with how money works is not good. I learnt that the hard way with balance transfer credit cards. I tried to play balance-transfer pass the parcel, but instead of decreasing my debt it just fuelled my spending. I've since reined it in.

The government is well-meaning but often incompetent

I have written about too many well-intentioned government schemes, such as the state pension top up and Help to Save.

Such programmes can make a real difference to lives. But often they are poorly advertised, explained or executed, leading to low uptakes of what could otherwise be of significant relief to many.

Brexit isn't everything

I've had the dubious honour of never having been a financial journalist in a time when there wasn't Brexit on the horizon. I started at *Moneywise* in May 2017, after the EU Referendum.

But the nice thing about writing about personal finance is that it doesn't really matter all that much (as long as the economy chugs along slowly).

The only noticeable place where I've seen an impact is the long list of government legislation and papers that have been canned, such as the long-term care white paper.

The sooner the whole issue is put to bed, the quicker we can all move on with our lives.

Financial companies can be dangerously shark-like

I've worked with financial companies that have done wonderful things for customers and witnessed other firms that have behaved with rapacious profiteering. The lesson is that you should never implicitly trust a company that provides you a service. Always be vigilant of rising prices, reduced rates and careless service and never give any loyalty away. After all, it's just business.

Pensions are important

I love to talk about pensions to the extent of wonkishness. My friends do not. But no one seems to take pensions seriously enough.

> "No one seems to take pensions seriously enough – my friends don't"

The only other financial product that you are likely to have any kind of as long-term a relationship with compared to a pension is maybe a mortgage. And even then, you are likely to switch mortgages much more frequently. Pensions matter. Make sure you are putting enough in yours.

Average figures don't matter

We report on the latest inflation and wages figures. But average figures can be unhelpful for understanding what an individual is experiencing. Inflation sometimes goes down, thanks to cheaper computer game prices or it can rise because children's clothes are more expensive. This can make the average number extremely relative. What matters is what is in front of you and how you respond individually to that.

People hate inheritance tax

Finally, people really hate IHT. I mean, really. hate it. And I agree that it is a shoddy tax. But then, I don't really like any taxes and think life would be simpler if we only had income tax (or maybe land value tax, tee hee). But that's just me.

Farewell all. mw

‘Broken’ council tax collection pushes households further into debt

BY STEPHEN LITTLE

The ‘broken’ system of council tax collection is pushing people further into debt, Citizens Advice warns.

It says that the outdated system of using bailiffs by local councils to collect council tax is making it harder for people to get their finances on track and is in urgent need of reform.

Currently, when people miss a single council tax payment they become liable for the full year’s bill, while the rules also push councils to use the court process to collect arrears, the charity says.

A Freedom of Information request by the charity shows that last year, for every £1 referred to bailiffs for collection, councils received just 27p in return. It also found that bailiffs cost 53p for every £1 they recovered, with most of these costs paid by people in financial difficulty.

Citizens Advice says that this is money that could otherwise be used to pay back arrears.

The research also revealed that bailiffs failed to collect an average of £2.5 million per council last year. While over the past five years, on average, bailiffs only collected 30% of the arrears they were sent.

How to reduce your debt

A good way to get control of your finances is by setting a budget. Once you know how much you have coming in every month and what you need to spend, you can work out how to deal with your debt.

Make sure you prioritise the most important debts first such as mortgage payments as you could lose your home. The interest rate on credit cards can be expensive, so it is also a good idea to pay this off as quickly as possible.

Council tax is another important bill to keep on top of. You could be sent to prison for up to three months if you fail to pay it.

Balance transfer cards allow you to consolidate all your debt in one manageable payment. Transferring over to a credit card that offers 0% interest on purchases can make debt repayments easier.

Some of the best deals will allow you to borrow for more than two years, giving you extra breathing space to pay off your debt.

If you are worried about debt, you should seek help from a debt advice charity such as Citizens Advice, StepChange or National Debtline.

Bailiffs cost 53p for every £1 they recover

Banks fail to agree on refund for fraud victims

BY STEPHEN LITTLE

The UK’s banks and building societies have rejected a 2.9p transaction fee that would have been used to compensate fraud victims.

Pay.UK, which operates the UK’s money transfer system, has concluded there is “no industry consensus” to finance a central fund to reimburse innocent victims of Authorised Push Payment (APP) fraud.

APP fraud is when the customer is tricked into authorising a payment to another account, often by a criminal posing as someone who has been employed by the victim, such as a builder or solicitor.

A new industry voluntary code offering consumers protection against APP fraud was introduced in May 2019. Customers of banks that have signed up to the code will be reimbursed for their losses provided they have taken reasonable care.

Banks that have signed up to the code include Barclays, HSBC, Lloyds Banking Group, Metro Bank, Nationwide, Royal Bank of Scotland, NatWest and Santander.

Seven banks and building societies put forward a proposal to introduce a rule requiring banks to pay into a shared central fund, which would be used to reimburse innocent victims of APP fraud in cases of ‘no blame’. This charge would have been 2.9p and transferred on sums of money above £30.

But, according to Pay.UK, several banks and building societies have rejected this proposal. Concerns included the impact on investment fraud prevention and whether could be effectively implemented or enforced.

Pay.UK is now calling on industry and regulators to work together to find a solution. mw

"My money lessons" What I would do with a £12,833 'Waspi' payout

Many women born in the 1950s have been fighting for compensation because they lost out when the state pension age rose from 60. Moneywise's Hannah Nemeth says money should be for the women who are hardest hit and looks at what she would do with a payout

Politicians have been under pressure for some time to offer compensation to women born in the 1950s who have missed out on their state pension because the state pension age rose from 60 to 66, without being given sufficient warning of the change.

And last month, I took advantage of Labour's pension compensation calculator to see how much I would be entitled to if its pledge to offer compensation ever got on to the statute books – and it was a not-to-be-sneezed at £12,833 over five years.

I was soon dreaming about how I would spend this pension payout – paying off credit card bills, helping my two kids with deposits for their first homes or just helping to clear their debts, going on a few holidays or splurging on a trip to Ikea or John Lewis.

But I've been thinking that my potential windfall would be better spent elsewhere – on improving the ailing NHS.

Born at the tail-end of the 50s, for the first 15 years of my working life I expected to receive my state pension at 60. And this did affect my retirement planning – I took out a personal pension plan in my mid-20s and I factored into my pension forecast that I would receive my state pension at 60.

I recall receiving a letter explaining that my state pension age would rise from 60 to 65 and feeling angry.

Hannah Nemeth, Moneywise's chief sub-editor

Do you have a lesson you've learnt about money you'd like to share? Please email **editor@moneywise.co.uk**

"I wasn't earning enough to pay more into my pension"

When the 1995 Pensions Act was introduced, I was self-employed with two young children and wasn't earning enough to plough extra cash into my pension to make up for a shortfall in around 20 years' time.

In 2011, I accepted the change to my state pension age from 65 to 66 with greater equanimity because it didn't seem such a big leap and it is fair that men and women's state pension age will finally be the same – this will be the case by October 2020.

While I have lost out on six years of state pension, to some extent I have had time to play catch-up – however, not all women have been so lucky.

I am a 'Waspi' – one of the Women Against State Pension Inequality – but only out of support for those who are most adversely affected, such as women born from 6 April 1953 to 5 April 1955, who had their retirement plans snatched away from them.

I have friends in this age group who have found it hard to see other women who celebrated their birthday just a few months before them accessing their state pension months or years earlier.

The other women that I believe should be compensated are workers on low incomes struggling to make ends meet and unable to make up the shortfall, along with the self-employed who can't fall back on a company pension plan or afford to pay more into a private pension.

And while I am not in favour of means-testing, I do feel there should be a cap on compensation for the wealthiest women in our society.

Much has been made of the fact that Theresa May would receive £22,000 according to Labour's compensation calculator – she earns £79,468 a year as an MP.

But there are even higher earners that could be entitled to a payout. Take ITV breakfast host Lorraine Kelly, born in November 1959, who would be entitled to £2,191, and is said to be worth more than £4 million. Or actor Emma Thompson, born in April 1959 and said to be worth around £34 million, who would be entitled to a payout of £5,966.

Let's keep the compensation for those who really need it or those who were most adversely affected by being at the cusp of when these changes started to take place.

And if money can be found in the government's coffers for this – and that's a big if – let some of it go to our beleaguered NHS. This way, both men and women can benefit, getting the best treatment possible as quickly as possible – something more of us will need as we head towards retirement. mw

WIN a two-night break in Edinburgh

ONE LUCKY READER and their guest can enjoy a two-night stay in the Scottish capital plus a gin distillery tour and dinner in a Mexican restaurant

HOW TO WIN

To enter the competition, simply answer the following question:

HOW LONG HAS CASTLE ROCK IN EDINBURGH BEEN INHABITED?

A) Since the 1960s

B) Since Roman times

C) Since the Iron Age

For your chance to win, send your answer on the reader reply card at the front of the magazine to arrive by 22 January 2020 or enter your answer online at Moneywise.co.uk/competitions by the same date.

The winner and their guest will enjoy a two-night stay at Point A Edinburgh Haymarket Hotel, from where they can experience the best the Scottish capital has to offer.

Situated just 10 to 15 minutes' walk from Edinburgh Castle, Point A Edinburgh Haymarket's rooms offer luxury Hypnos beds, smart TVs and mood lighting. with breakfast on both mornings.

The winner and their guest will be treated to a tour of the Edinburgh Gin Distillery. This small-batch distillery has been making gin since 2010 and prides itself on its world-class gins and liqueurs. The prize also includes dinner at El Cartel Mexicana, feasting on freshly made Mexican street food, such as tacos, plus a cocktail each.

Castle Rock, upon which Edinburgh Castle sits, has been inhabited since the Iron Age and has been home to a castle for more than 800 years. It is a recognisable symbol of Scotland and the traditional seat of Scottish kings, dating back to the time of King David I in the 12th century.

Edinburgh offers a wide array of cultural attractions from the National Museum of Scotland to The Writers' Museum and Scottish National Gallery.

The city is home to a whole host of festivals from arts and science to jazz, books and international films and storytelling.

Visitors can also enjoy shopping for luxuries along Princes Street, Edinburgh's most famous thoroughfare.

Point A Hotels is a group of affordable boutique hotels, designed to deliver hospitality and comfort for at affordable prices. To find out more, visit Pointahotels.com. mw

TERMS & CONDITIONS: Two nights' accommodation in a 'comfy' double or 'comfy' twin room with view, based on two people sharing. Offer includes breakfast on both mornings, a tour of Edinburgh Gin Distillery and dinner for two with a cocktail each at El Cartel Mexicana restaurant. The dates are subject to availability at the hotel and the following dates are not available: 7-8 February, 14 February and 7-8 March 2020. The prize must be redeemed by 31 July 2020. 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 information on the winner to Point A Hotels. We may also wish to tell entrants about other products and services.

COLUMNIST JEFF PRESTRIDGE

New Year resolutions I'm planning to keep

I enjoy this time of the year. A period to plan for the future and be positive. To think about summer holidays, maybe plan a few home improvements, and to assess whether your work-life balance can be adjusted slightly in favour of more pleasure.

I am already looking forward to resurrecting the cruise trip I was going on with mother before breast cancer got in the ugly way. Although Mum won't admit it, she has made a remarkable recovery from her operation and is as feisty as she has ever been. A bit of early summer sun will do her the world of good. Valletta, Athens and Santorini, here we come. Deckchairs, calm seas and the occasional glass of bubbles.

I am also keen to up the ante on the running front. I met a remarkable man the other day who has lost a couple of stone by running every day. I hadn't seen him for a while and was blown away by how lean and mean he has become. I am determined to follow in his footsteps. No more excuses for not going for a gentle jog in between work deadlines. I will get outside and clear my head. Work hard, play hard.

I will also take time out to think about money issues and ask myself: "Am I doing all the right personal finance things in my life or could I be improving my money strategy?" The respective answers I know already – no and yes.

On a positive note, I have just fixed the payment rate on my Santander home loan for the next two years – a step that buys me short-term payment certainty. I have also been making small, regular overpayments by popping into my local Santander branch whenever I am nearby. The odd £100 here, the occasional £150 there. By the time the end of 2021 arrives, I want to be in a position to be shot of the mortgage. It would feel as if a yoke had been removed from my neck.

I've also been adopting the same approach towards my Cash ISA. Although savings rates remain painfully unattractive, I still like the financial comfort that it brings. So whenever I'm near a Metro Bank branch, I think about depositing another £50 – or £100 if I feel flush (which is not often). Indeed, I've got to know the staff at one branch quite well. They know what I am going to do before I hand over my cash.

I see my Cash ISA as an emergency fund – a financial tank to draw water from if a tax bill needs to be paid, odd teeth need to be filled, or I tread on my spectacles and need a new pair. It is flexible and money that I can access on demand. It is also the closest I will get in terms of creating my own mini tax haven – a fund that no Chancellor of the Exchequer can get their greedy hands on.

If I could just be a little more committed on the mortgage overpayment and Cash ISA topping up fronts – for example, never walking past Santander and Metro branches without going in – I would feel a lot happier financially.

The same goes for my Investment ISA. For a while, I haven't been making regular monthly payments into it – for all kinds of reasons: political uncertainty, other financial priorities and the fact that every time I try to reinstate my direct debit payment with the platform provider I have my ISA with, it hasn't kicked into action. Maybe I should have ironed out the problem earlier, but I will put my Investment ISA back on track.

> I like the financial comfort and the flexibility that my Cash ISA brings

Nothing too sexy, nothing too adventurous. Just regular monthly contributions into a spread of global investment trusts renowned for their ability to increase their dividend payments every year by investing in an international spread of companies. For choice, I won't look beyond the 'dividend heroes' list that the investment trust trade organisation – the Association of Investment Companies – publishes on its website (Theaic.co.uk). These are trusts that all have delivered at least 20 years of consecutive annual increases in dividend payments to investors.

There are other financial bits and pieces I am determined to tidy up in the weeks ahead. I have clung on to the supplier of my home electricity (British Gas) for far too long on the basis of convenience when logic tells me I should shop around for a cheaper provider. Loyalty never pays – an argument that also applies to motor and home insurance.

I will be reviewing all my direct debit payments to ensure I really need them. Last year's direct debit audit resulted in the culling of a subscription for a gym that I rarely used. A monthly saving of £100. No doubt, there will be something I can cull this time around too. mw

JEFF PRESTRIDGE is the personal finance editor of *The Mail on Sunday*. Email him at **columnists@moneywise.co.uk**.

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 to answer every query personally.

'Manic' spending leaves two readers short of cash

OUTCOME: £500 a month phone bill waived

There have been two complaints in *Moneywise*'s mailbag about readers finding themselves out of pocket due to a bipolar condition.

In our first case, a reader writes that during a manic period, her husband opened nine phone connections with Vodafone – five in his name and four in hers. She says that Vodafone insists she pays £500 a month in phone contracts until the contract ends in almost two years.

> "I have asked Vodafone if the tariff can be reduced"

"Due to his condition, my husband has also lost his job and there is no way we can pay so much on one wage," she says.

"I have asked Vodafone if the tariff can be reduced as these phone contracts won't be used, but there seems to be little understanding of the issues faced by bipolar sufferers."

This turned out to be a tricky case, with Vodafone dragging its heels in investigating her complaint.

I was surprised that anyone can sign up for several phone contracts in one go. But Vodafone says this is because these contracts were taken out online over a six-month period.

A spokesperson from Vodafone explains: "All additional connections on the customer's account were taken out via webchat, and data protection checks were passed."

But is passing data checks enough? When I asked Vodafone for

more details, it said that one-time authorisation codes were sent during the web chat to our reader, and her husband must have had access to her phone.

When I contacted Ofcom about the guidance for providers on treating vulnerable customers fairly, Jane Rumble, director of consumer policy at Ofcom explained: "Our rules make clear that people in vulnerable circumstances, including those with mental health problems, must be given the right help and support they need by phone and broadband providers. We will be raising this with Vodafone."

In its defence, Vodafone says that it was unaware that our reader's husband had a bipolar diagnosis until June 2019 – several months after these contracts were taken out.

Once *Moneywise* got involved, Vodafone offered to cancel the extra connections on both the reader's and her husband's accounts free of charge and to waive any balances on these extra connections – if the handsets were returned in good working order.

This is where things took an unexpected turn. Our reader said that her husband no longer had the handsets. She added that she has never had a Vodafone phone and that her husband was now on a pay-as-you-go mobile to try to prevent any issues in the future.

"Having spoken to many mental health workers over time, they are clear that someone in a manic state cannot remember what they have done," she says.

"My husband could have sold some [handsets] to clear debts; he could have thrown them away to hide them from me; or even given them away. I don't know – and he doesn't either," she explains.

But when Vodafone looked into this further, it found that some of the handsets were being used.

A spokesperson says: "We have looked into the charges relating to the customer's account and the account of her husband. We can see that five of the handsets originally sent to the home address or picked up in store are still being used by an unknown person or people.

"We have taken the decision to blacklist these phones and the other ones on the accounts.

"We have also waived the entire outstanding amount on both accounts and closed them down. We have explained the situation to your reader."

Our reader, however, was not happy about this. She says: "Vodafone has blacklisted these handsets against my wishes. I've said I am not claiming the phones as lost or stolen – just not in my possession. I just hoped it would reduce the tariffs. Vodafone doesn't get mental health at all."

But Vodafone disagrees, saying: "We ensure fairness for the most vulnerable customers, and our policies and guidelines are designed to support our employees in helping them."

Our second case involves a reader who has been the victim of an online dating scam.

In May 2019, she visited her local branch of Nationwide and transferred £1,500 to a man who she had met online.

Two days later, she visited the branch again to make a payment of £12,500 but it was declined as she did not have any ID. However, she was advised that she could make the payment online. Unfortunately, she went home and did this, confirming that the payment was to a "friend or relative", when again she was shown a scam warning.

> "The team offered to call the police, which she declined'"

moneywise fights foryour rights

When she went into her branch a few days later, the branch raised concerns that she was being scammed. At that point she told the manager that she was bipolar.

A member of staff called the financial crime team, which blocked her debit card and advised her to report the scam to the police, which she did.

Nationwide was able to recover £1,100 of the £1,500 from the bank that the transfers were made to but it was unable to recover any of the £12,500 payment.

Our reader asked *Moneywise* to see whether she could claim the money back through a voluntary code where people tricked by fraudsters could be reimbursed by the banks or building societies that have signed up to it.

The new code came into effect on 28 May 2019, just three weeks after our reader was scammed, but it does not apply retrospectively. What is more, if adequate warnings are given – as they were in this case – the bank or building society is not obliged to refund the money.

A spokesperson for Nationwide says: "We are sympathetic to the situation our member finds themselves in, but as she authorised the payments and was given adequate warnings, we are not liable for her loss.

"With each of the two payments she made, she was given a warning about scams. She decided to proceed. When she visited the branch to make the third payment, the team advised her they thought she was being scammed and offered to call the police, which she declined.

"The branch staff reported this situation to our financial crime team, which confirmed she was the victim of a scam. It immediately contacted the receiving bank and managed to recover some of the money.

"Once she alerted us to her bipolar diagnosis, we arranged for our specialist support team to discuss with her the help we can put in place."

Could a member of staff have picked up on the fact that our reader was vulnerable? Without prior knowledge of her diagnosis, there is little that a bank can do if a customer would like to transfer their own money.

Three tips to avoid a spending spree

Listed below are ideas to help people with mental health problems and their friends and family manage their finances.

Shop around when choosing your bank

Some banks offer tools to help people budget and manage their spending, like the option to block certain types of spending (for example on gambling or retail), or 'jam jar' tools to help you set money aside for particular things. It is worth asking your bank whether it offers these kinds of tools or any other support for budgeting and planning spending.

Consider using tools to block online spending

The ease of online shopping can make it harder for people to restrain their spending. This is particularly true when people are feeling isolated or struggling to sleep. Online tools such as StayFocusd or Cold Turkey can help people block spending on particular websites or during periods of time when they might be more vulnerable. For more details, visit Moneyandmentalhealth.org.

Stick to cash – and leave your card at home

Some people find it easier to manage spending by taking out a specific amount of cash that they want to limit their spending to, leaving their card at home when they are out and about.

Source: Moneyandmentalhealth.org

But Helen Undy, chief executive of charity Money and Mental Health Policy Institute, believes that businesses could do more.

"Common symptoms of mental health problems such as low mood, reduced memory or difficulties processing information can make it harder to keep on top of our finances, pay bills, and stick to a budget – and increased impulsivity can result in people spending more money than they can afford.

"All of this can leave people stuck with unwanted purchases, facing mounting debts or unable to access essential services such as banking, energy and broadband altogether," she explains.

"We would like to see firms help people with mental health problems get a fairer deal in consumer markets. That means taking steps to make their services as accessible as possible. Things like offering people a range of options by which they can get in touch with service providers, ensuring that staff have the right training and tools to support customers with mental health problems, and helping people to engage with their accounts on an ongoing basis would all make a big difference."

> "We'd like to see firms help people with mental health problems"

Simon Kitchen, chief executive of charity Bipolar UK, agrees: "There are 1.3 million people living with bipolar in the UK. Overspending is a recognised symptom of the condition, especially when people are manic. This can result in crippling debts, shame and guilt. This is particularly difficult for those who haven't yet been diagnosed."

INFOGRAPHIC

PIGGY BANKS ARE NO LONGER THE WHOLE HOG AS POCKET MONEY STARTS MOVING ONLINE

Children across the UK are slowly turning to alternatives to the humble piggy bank, according to new research by Halifax

72% of kids still use a piggy bank, down from **80%** two years ago

32% **of girls** and **29%** **of boys** aged 12 to 15 receive a portion of their pocket money straight into an account

Despite these findings, it is not the end for snouted sentinels, as **89%** of younger kids – those aged between eight and 11 – still receive some of their pocket money in cash, with the figure only dropping to **81%**, for children aged between 12 and 15.

In line with this drop in porcine penny gate-keepers, the number of children receiving some of their pocket money in a bank account has slowly increased over the same period, from **19%** to **23%**, while the number of children with bank accounts has held steady at **35%**. A further **4%** of children now ask their parents to pay their cash into specific pocket-money apps.

The difference in how children are receiving their pocket money could account for kids' differing abilities to recognise cash. While **82%** of eight-year-olds were able to identify a 1p coin, just **69%** of 15-year-olds, were able to do the same.

Only **59%** of kids could recognise a cheque

Boys are more likely to go online to manage their accounts, with nearly a third (**29%**) of 12- to 15-year-olds, choosing this option. In comparison, a fifth (**21%**) of girls use internet or mobile banking to keep an eye on their pocket money.

Source: This study for Halifax was conducted in Great Britain via Kidsbus, an Internet Omnibus survey. A sample of 1,066 GB children aged between eight and 15 were interviewed. Interviewing was conducted by online self-completion from 7/7/19 to 22/7/19. The sample has been weighted to represent the kids population of GB aged eight to 15.

YOUR SHOUT

THIS MONTH'S STAR LETTER

MY SMART METER IS RUBBISH

Being ripped off with the energy company I was with for four years, I decided to switch providers.

I went to a comparison site and found a good deal with British Gas, though I had to book a smart meter installation within three months of starting the contract.

We had the smart meter fitted, no problem. In the first month, I received a bill and paid it. But in the second month the monitor on the smart meter started playing up – it would display the electricity used but not the gas reading. It just kept saying the same reading.

After many attempts to get in touch with British Gas, I eventually was told it had problems with the meters, which it was sorting out. Smart meters are rubbish. Don't go down that road. And this meter is the second generation.

GL VIA/COMMENTS

"My smart meter won't display the gas reading"

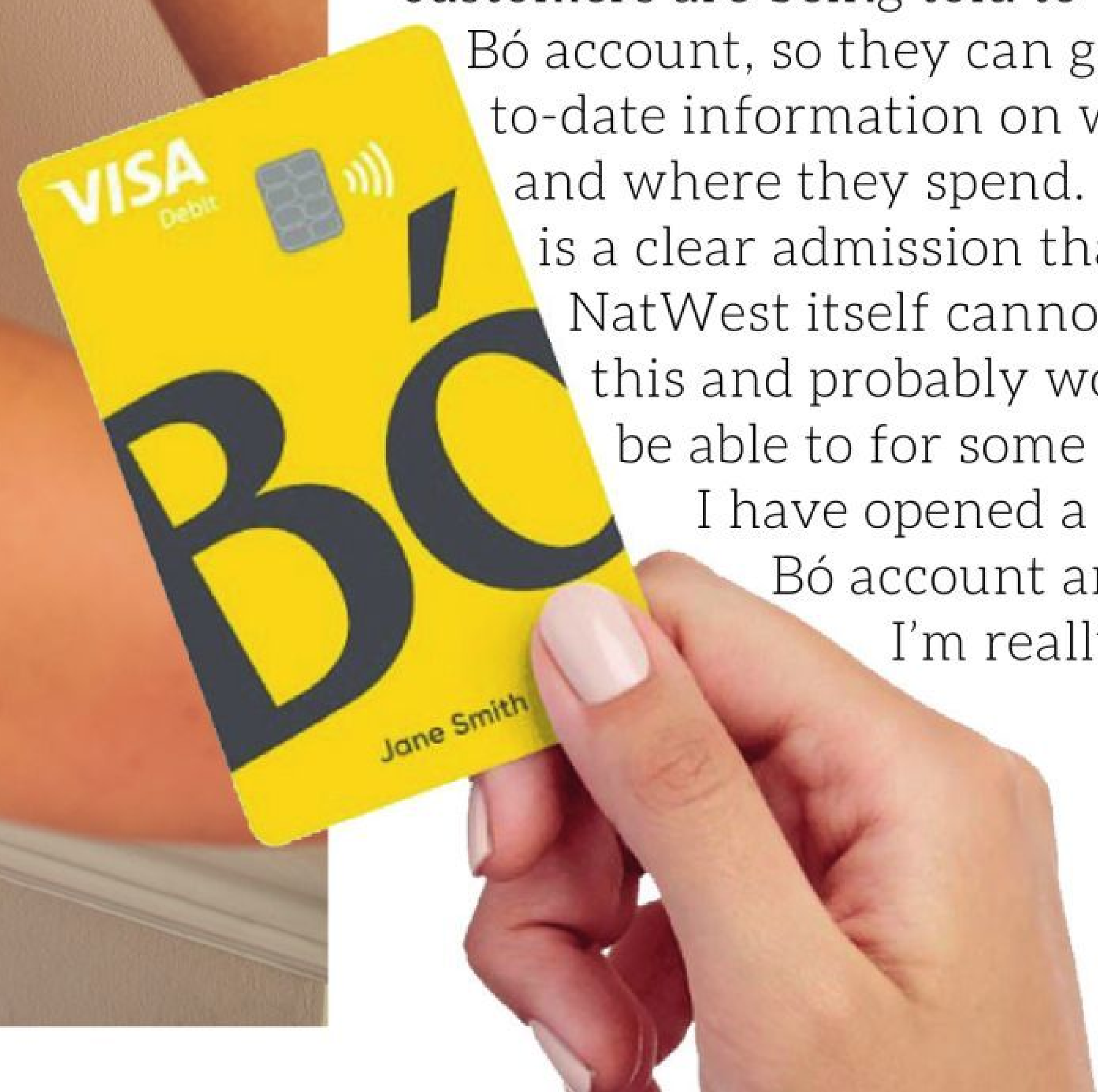
NATWEST'S BÓ IS 'MYSTIFYING'

In December 2019, NatWest launched a new digital-only brand called Bó (see page 17). One reader was quick to write that he finds the whole concept puzzling.

The maximum amount allowable in a Bó account is £5,000, and you cannot make payments of more than £1,000 to it. I should also point out that the debit card is flimsier than an old paper library card.

What is interesting is that customers are being told to use a Bó account, so they can get up-to-date information on what and where they spend. This is a clear admission that NatWest itself cannot do this and probably won't be able to for some time.

I have opened a Bó account and I'm really



Blog of the month: Five factors that could make credit more affordable

BY DIDIER BACLIN

From credit cards to loans to mortgages, there is a huge number of products and providers for you to choose from, but there is also a variety of factors that lenders will look at when they are considering whether to lend to you and at what rate.

By knowing the different things that lenders look at to determine your credit health and personalised rate, plus acknowledging where you can make improvements, you could save yourself a significant amount of money next time you want to apply for a credit product.

Caution on credit scores

Banks and lenders must look at a whole range of 'affordability indicators' to determine your ability to keep up repayments on a specific loan. For example, at Zopa, we would never lend to someone if we were not convinced they could repay their loan without compromising on necessary spending or if we thought they might struggle to make repayments in the future.

That being said, there are a few things you can do to improve your score.

1. Register to vote

Make sure you are on the electoral roll. Lenders use this alongside additional information to confirm your identity, check that you are who you say you are and as a proof point of stability.

It is also worth noting that you are less likely to be accepted for a loan if your address on your credit history, or the address where you are applying for a loan, does not match the address where you are registered to vote.

2. Get on top of your debt

Being in lots of unmanageable debt, using payday loans or failing to pay bills on time can damage your credit score. Any missed payments stay on your record for up to six years.

If you use credit cards, you need to keep an eye on your credit use. If you have a credit card that has a limit of £1,000 and you spend the full £1,000 each month, your credit utilisation on that card would be 100% – the ideal amount is between 25% and 30%.

3. Bulk out a 'thin file'

There is such a thing as not having enough debt. This is known as having a 'thin file'. It's a bit of a chicken-and-egg situation: lenders want to see that you can handle debt well, but they can't if you have never had any credit products before. Typically, this affects people who have recently moved to the country or don't have a utility bill in their name.

Taking out a credit card, using it sensibly and repaying more than the minimum payment each

WRITE TO US

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

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For all the latest news and updates from the Moneywise team, follow us on Twitter: @moneywiseonline Find us on Facebook at facebook.com/moneywiseonline

struggling to understand what it is for.

JJ VIA/COMMENTS

WASPI DEBATE LEAVE READERS WASPISH

Letters in December 2019 were dominated by comments on the Labour Party's proposals for state pension ages changes affecting women born in the 1950s – so-called Waspi women. Some shared their own stories.

Why have we accepted this? French men would barricade ports; Hong Kong students would take over streets; and suffragettes would die beneath horses. Are we less or more?

Gradual change was understandable, instant victimisation was wrong.

They are undervaluing the mothers of a generation. Will women of the future trust enough to ensure the future of this system?

LH VIA/COMMENTS

"I started work at 16 and will work 51 years before I get my pension"

Women born in 1960 also have been robbed of six years pension as is someone born in 1970. Having started work at 16, I will work 51 years to receive a [state] pension, yet over half of today's kç0s. No wonder we have to work longer. Where is the fairness in that?

JP VIA/COMMENTS

I was born in the 1950s. Most of my family, friends and acquaintances of all talents and abilities left school, or college after vocational training, at 18.

When I had my family in the 1980s, there was plenty of childcare. Maybe not fancy Ofsted-rated nurseries like today, but childminders (women who worked from home while caring for their own families). I was fully aware of the pension age changes since they were first announced 24 years ago in 1995, because I listen to the news and read the papers.

There was so much debate a few years ago on how unaffordable the system was due to the ageing population, it was impossible to miss. Twenty-four years is plenty of time to plan financially. I don't expect to be told, I find things out for myself.

I believe in equality – with men for pension age, and between generations for pensioner life expectancy. I do not want compensation, or my pension backdated to 60, because the younger generations (who have higher mountains to climb in just providing a home or any pension than we ever did) should not be penalised through higher taxes to benefit women who just assumed [their pension would start at 60].

SN VIA/COMMENTS

Should it not be the case that all men should receive a backdated pension award for all the years women have retired earlier than men under the equality legislation and human rights?

SP VIA/COMMENTS

See My Money Lessons on page 21 to read the experience of Waspi woman Hannah Nemeth. mw

month or setting up a direct debit for a utility bill will help boost your credit health.

4. Check your disposable income

There is usually that period between paying all your bills and waiting for pay day where you have the least disposable income. If you don't have a lot of money left during this period, lenders will be considering whether you can afford the loan or credit card repayments.

If you can adjust the sum you want to borrow or make any changes to your other monthly outgoings so you have a higher disposable income each month, this will help you paint a better picture of your affordability.

5. Don't apply for too many products

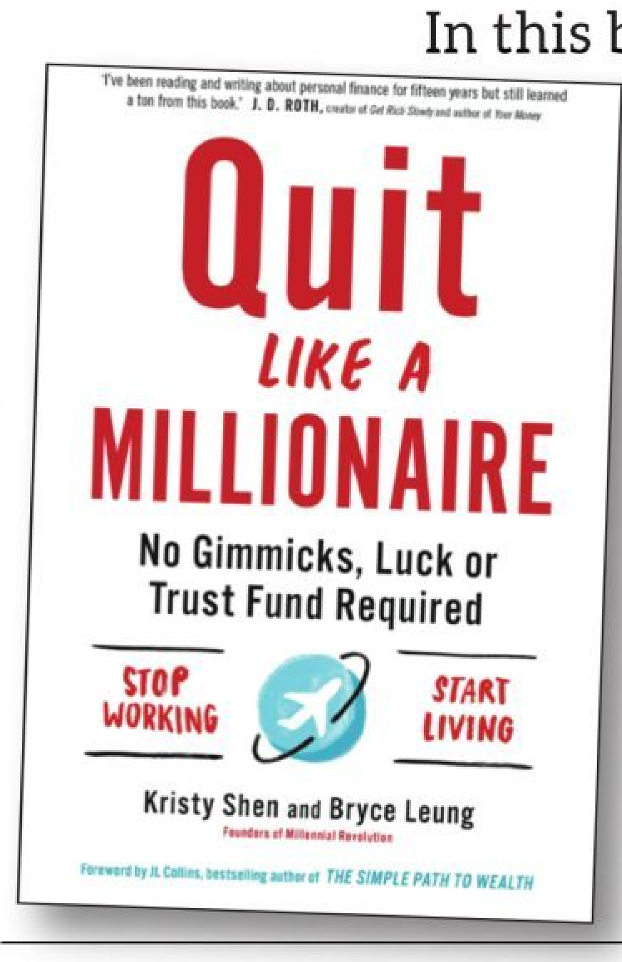
Be careful about applying for too many financial products in a short space of time. Lenders may think twice if you have applied for lots of different loans and have 'hard' searches on your credit file – it may give the impression that you are not great at managing your money.

If you are shopping around, you should check to make sure that a provider only makes a 'soft' search initially. If your score is not in great shape, then avoid hard searches altogether by holding off on making any new credit applications until your credit score improves.

Didier Baclin is chief product officer at Zopa.

Book of the month

Quit Like A Millionaire
By Kristy Shen and Bryce Leung
Quercus, £12.99, paperback



Author Kristy Shen retired at the age of 31 – and with $1 million in the bank. She did it without tricks, lucky investments or becoming an entrepreneur.

Instead, she learnt how to cut down her spending without decreasing her quality of life and other simple, replicable strategies.

In this book she and co-author Bryce Leung show you how you can do the same and gain financial independence.

To win one of 10 copies, go to Moneywise.co.uk/competitions and enter your name and address by 22 January 2020.

Ask the experts

Illustration: Paul Reid

THIS MONTH'S STAR QUESTION

Where can I get travel cover for pre-existing medical conditions?

Q I have been trying to find travel insurance for an 11-month stay in Italy while I take a career break. However, every company I have contacted for 'backpacker' travel insurance will not cover me because of my pre-existing medical conditions.

I have also looked at single trip cover, but many of the big insurance companies will not provide cover for more than 120 days. While some newer, less well-known companies do provide annual cover with my pre-existing medical conditions, the costs range from £750 to £2,000.

Do you have any ideas or recommendations on how much travel insurance should cost for longer periods of time?

SN/Bristol

SALLY JAQUES
from GoCompare Travel Insurance

A As with any kind of insurance, some travel insurers will be more competitive than others for certain risks, so it is very important to compare quotes from plenty of providers.

Arranging travel insurance when you have a pre-existing medical condition (PEMC) can be more difficult, but there is a surprising number of insurers that offer it. Each application will be individually underwritten based on the condition or conditions declared, so premiums offered will vary. For example, The Idol, GoCompare's provider, works with an organisation called Verisk Risk Ratings. It provides medical screening questions for customers who declare conditions during the online travel insurance application on GoCompare's website. It currently has 40 providers on its panel, all of which quote for customers with PEMCs.

More than 99% of all quotes going through this process will get at least one result. The remaining less than 1% of customers who do not receive an online quote are signposted to two companies, Free Spirit and Fit2Travel, which specialise in higher-rated conditions, so even then customers may still be able to find the cover they need.

Because you are looking for cover over a longer duration than standard and have multiple conditions to consider, I would recommend contacting Free Spirit or Fit2Travel to discuss your requirements in greater detail.

Don't let medical issues put you off your travels

How much cash can I give away tax-free?

Q How much money am I allowed to give my family in any tax year? I do not want to go over the inheritance tax threshold.

TM/via email

RAY BLACK
Independent financial adviser at Money Minder

A When it comes to inheritance tax (IHT) how much you can give away without attracting IHT depends on your marital status and the value of your estate.

If you are single and have an

Do you have a question for our experts? Write to: Moneywise, 8 Devonshire Square, Office 03W112, London EC2M 4PL or drop us an email at advice@moneywise.co.uk (please include your address)

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

estate valued at less than the IHT nil-rate band – £325,000 in the current tax year – you can give whatever money and gifts you wish to anybody you want.

If you are married or in a civil partnership, the allowance is doubled to £650,000 in the 2019/2020 tax year because you can combine your nil-rate bands. With an estate value that is under the IHT nil-rate band, there are no IHT consequences for either the person gifting the asset or the person receiving it. However, do bear in mind that the value of your estate includes all of your assets minus your liabilities. This will include savings, investments and any property or other valuables you may own.

If you own your home, there is a further £150,000 main residence nil-rate band available to offset any IHT liability, as long as your home is passed on to 'direct descendants', which means children or grandchildren but also stepchildren, adopted and foster children. Once again, this allowance is doubled for married couples and those in civil partnerships. This allowance will rise to £175,000 in April and will mean a married couple with property could have an effective IHT allowance of £1 million.

If after adding everything up, you find your estate is worth more than the nil-rate band allowances available, you can give £3,000 a year to an individual or a trust and this will be treated as exempt from tax. If you did not make such a gift in the last tax year, you are able to carry one year forward and increase the gift to £6,000.

Are there drawbacks to switching banks?

Q I have recently switched my current account to Lloyds Bank. Does switching your current account affect your credit rating? Are there any negatives to switching?
KR/London

ANDREW HAGGAR
Founder of personal finance website Moneycomms.co.uk

A As part of the switching process, your new bank will carry out a search on your credit record. Although this search will show up on your credit record, it should not have any major impact on your credit rating.

If there are several searches carried out within a short timescale, that is when you may see a dip in your credit score. Frequent searches could be viewed as a sign you have financial issues and are constantly looking for more credit.

Switching should not cause you any problems, except perhaps a little inconvenience – new bank details to give to your employer, new cards, PINs and online banking to get used to – but nothing to worry about, especially if it means you get a bank account that is more suitable for your needs.

"I didn't know selling fees had been factored into my divorce"

Have I lost out in my divorce settlement?

Q I feel as if I have been unfairly treated in my divorce settlement.

Following my divorce and dividing of the assets, I learnt that a principle called 'notional costs of sale' had been applied to my share, despite the fact that the matrimonial home was not being sold.

What concerned me further was that I was not told in advance that it was being applied. I was not given a breakdown of the final figure and it only came to light after it was all too late. A figure of 3% was used on the value of the property. I was informed these

Best current accounts

Best account for...	Account	Benefit	Notes
Switching perks	HSBC Advance	Get £175 if you switch and open a linked 2.75% regular savings account	You must pay in £1,750 a month
Interest	Nationwide FlexDirect	5% interest on up to £2,500 for the first 12 months	Must pay in £1,000 a month
Overdraft	First Direct	Interest-free £250 overdraft	
Cashback	NatWest Reward	2% cashback on bills and £150 switching reward	£2 monthly fees and must pay in £1,500 a month

Source: Moneywise.co.uk, 05/12/19

Ask the experts

costs are 'always' applied yet I now learn they are not mandatory and are open to negotiation. How can this be fair?
VB/via email

JANE KEIR
Family law and divorce partner at Kingsley Napley LLP

A The practice of deducting notional sale expenses from the matrimonial home can seem confusing and unfair. It comes from the requirement that both parties to the divorce must give full, frank and clear disclosure of all their financial and other relevant circumstances. As the ultimate objective is for the parties to negotiate a full financial settlement of their respective claims and have it approved by a judge, the financial disclosure they make of their assets and income must be net of all liabilities, charges and tax.

In the vast majority of cases, the matrimonial home will be subject to a mortgage, the value of which has to be deducted from the overall gross value of the property and so do the sale expenses, such as legal and conveyancing costs. Sale expenses have been calculated until very recently on a figure of 3% of the sale value of the property, but as the property market has cooled, it is possible to argue down this figure to 2.5% or 2%.

Where it can feel unfair is when one spouse has to either buy a new home (including the payment of stamp duty and legal costs) or rent one, while the other spouse remains in the matrimonial home and appears to have none of this expense.

It is very likely, however, that the spouse who stays in the house will sell it at some point when they, too, will have to pay the entire sale expenses or their estate will have to do so if they die while still owning the property. After an appreciable period of time has elapsed, these expenses are likely to be much greater, so there is a consequence for the spouse who resides in the former marital home, even if they remain there for a long period.

In my experience, the application of notional cost of sale is common practice in divorce settlements. I suspect that had you tried to argue the unfairness at the time it would have been pointed out to you that in the future a sale of that property would be inevitable.

An ex-spouse will incur fees when they do sell up

Can I reclaim tax to boost my pension?

Q **My salary varies slightly from year to year (primarily due to bonus payments). Two years ago, I had one of my largest bonus payments, plus two sets of share options. This meant I earned £125,000 rather than my usual £80,000 in a tax year.**

When I put in my self-assessment tax form, HMRC said I owed an additional £11,000 because I had gone over the £100,000 threshold and I had to repay my tax-free allowance. This was a huge shock, but I dipped into my savings and paid it.

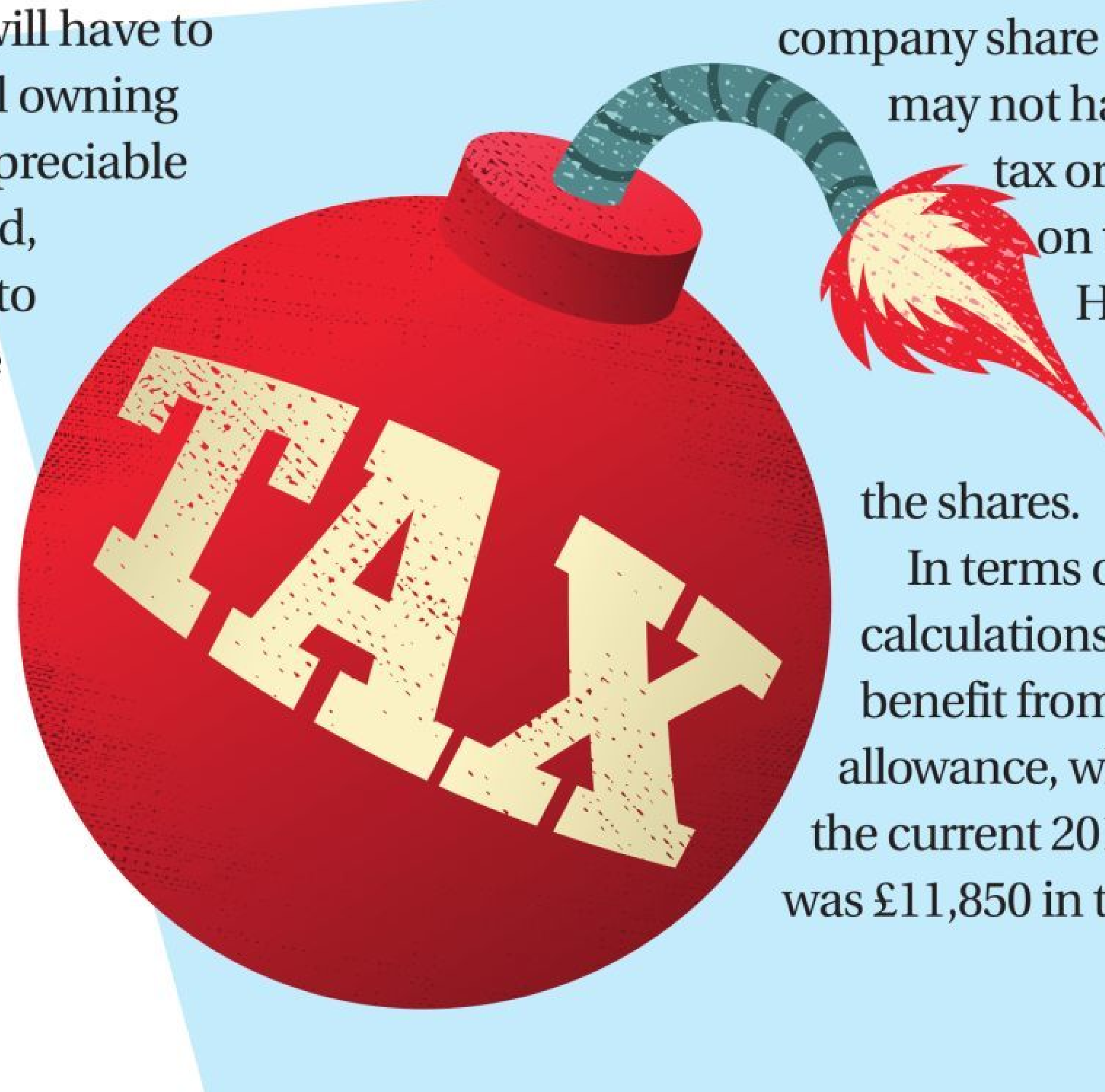
I wonder if I should have put these bonuses into a pension? And is it too late? Can I retrospectively go back to HMRC and say I would like to put that extra £25,000 (over the threshold) into a pension and can I have my £11,000 back?
FM/Dundee

PATRICK CONNOLY
Certified financial planner at Chase de Vere

A You should check the tax status of your share options. With share schemes such as 'share incentive plans', 'Save As You Earn' and company share option plans, you may not have to pay income tax or national insurance on their value.

However, you may be liable to capital gains tax if you sell the shares.

In terms of income tax calculations, most people benefit from a personal allowance, which is £12,500 in the current 2019/20 tax year and was £11,850 in the previous tax



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What are share schemes?

Some companies offer their employees tax-efficient savings options, such as Save As You Earn (SAYE) or Share Incentive Plans (SIPs).

If your company offers SAYE, you can save up to £500 a month for however long the scheme lasts (usually three or five years). At the end of that period, you will receive a tax-free bonus added to your savings and the choice to take your nest egg or use it to buy shares in the company. SIPs give you the chance to buy or receive shares in the company you work for.

With shares bought via SAYE, you don't pay income tax or national insurance contributions (NICs) on the profit you make – that is the difference between the price you pay for the shares, which was set at the beginning of the scheme and what they are actually worth when you buy them. But you could be liable for capital gains tax (CGT) when you sell. With SIP shares, you don't pay income tax or NICs on them when you take them out of the plan – as long as they were in the scheme for five years. You also won't pay CGT if you sell them while they are still in the SIP, but you might if you take them out of the SIP and then sell them.

What happens to the inheritance tax allowance of couples when one spouse dies? Is it cut in half?

Q I read in *Moneywise* that the amount that couples can pass on tax free is double that of individuals. But what if one spouse has died? Would their children still be able to claim this when the second parent dies?

CJ/Orpington

PATRICK CONNOLY
Certified financial planner at Chase de Vere

A Inheritance tax can be payable if the value of somebody's estate, on their death, is more than £325,000. This is because individuals will typically benefit from a nil-rate band amount of £325,000, which means that the value of their estate up to this amount is exempt from tax.

UK-domiciled married couples and registered civil partners are allowed to pass assets to each other during their lifetime or when they die without having to pay inheritance tax, no matter how much they pass on. This is known as spouse or civil partner exemption.

In addition, the survivor of a marriage or civil partnership can claim the proportion of their partner's nil-rate band which wasn't used on their death in addition to their own entitlement. This means that if the deceased partner did not use any of their nil-rate band, perhaps because they left everything to the surviving partner, then the surviving spouse can benefit from a nil-rate band allowance of up to £650,000. So the answer to your question is yes.

The transferable allowance benefit also applies to the residence nil-rate band, which was introduced in phases from April 2017. This allowance is available for individuals who pass on a residence to direct descendants such as children or grandchildren, but also stepchildren, adopted and foster children. The residence nil-rate ban allowance is currently £150,000 a person, although it will rise to £175,000 per person from April 2020. These amounts are capped subject to the value of the property.

If unused by the first partner, the allowance can be transferred to their spouse or civil partner on death, meaning a couple could have a combined nil-rate band allowance of £1 million from April 2020.

year. This is the amount of income they can receive before they become liable to pay income tax.

However, the personal allowance is reduced by £1 for every £2 that a person's adjusted net income exceeds £100,000. This means that, in the current tax year, those with income of £125,000 or more will lose all of their personal allowance.

Your adjusted net income is the total income you receive minus deductions for loss relief and interest payments and minus the gross amount of pension contributions and gift aid donations that you make. Therefore, you can reduce your adjusted net income by making additional pension contributions.

> You cannot backdate how much you pay into a pension

In terms of pension contributions, you will be entitled to an annual allowance each year, with the standard rate currently being £40,000. This is the maximum amount that you can invest into pensions, subject to you having sufficient earnings, and benefit from tax relief on all of your contributions. You are also able to carry forward any unused annual allowances in the previous three tax years to increase the amount you can pay into a pension tax efficiently.

However, while you can carry forward unused pension allowances, you cannot backdate pension contributions to offset your tax bill from previous years. This is a shame because you could have avoided a large tax bill had you acted sooner.

That said, the tax bill you have paid of £11,000 seems too high if it is simply based on you having annual earnings of £125,000. Maybe this additional bill is because of the share options, but you need to understand what is happening to ensure you have not paid too much tax now and that you don't pay too much tax in the future. mw

GET YOUR FINANCES IN SHAPE WITH A MONEY COACH

You might hire a personal trainer to help you get physically fit, so why not adopt the same approach to your financial wellbeing? If your relationship with money needs fixing, then a money coach could be the answer

BY JO THORNHILL

Are your finances always in a mess? Are you constantly shifting money between your bank accounts to stop going into the red, or have you blown your budget at Christmas and found yourself strapped for cash for the umpteenth New Year in a row?

If you are stuck in a financial rut and don't know how to break your bad habits a money coach might be able to change your attitude to money.

A money coach is different to a financial adviser – they won't try to sell you products or advise on the best investment strategy. Instead they provide more of a mentoring service, helping you to get a better understanding of your relationship with money – with the aim of guiding you towards better control and management of your cash.

Money coach Emma Maslin writes on the website The Money Whisperer, which she runs: "Think of a money coach as like having a personal trainer alongside you… but for your financial health rather than your physical health."

"Money coaching is about really trying to understand – at a deeper level – why you deal with money in the way you do," says Maslin, who worked for 17 years in financial services, including as a chartered accountant, before training as a money coach.

"Many of our bad habits with money have their roots deep in our subconscious. We may have picked up these habits in childhood from our parents. Other people

Left: Simonne Gnessen was one of the first money coaches

TEN WAYS TO BE IN CONTROL OF YOUR FINANCES

1 Be clear in your mind about why you need to change and why you want more control of your finances.

2 Look at your income and outgoings and create a realistic spending plan.

3 Leave your credit cards at home.

4 Put money into your savings after pay day – don't wait until the end of the month or there won't be anything left.

5 If you don't know where your money goes, track it for a month and then rate those transactions in terms of happiness and whether it was 'worth it'.

6 Aim for a no-spend day once a week.

7 When making an online purchase, put something in the basket and come back to it 24 hours later – you may well change your mind.

8 Set up direct debits to pay your credit card each month by a set amount above the minimum payment.

9 Sweep any spare cash into a savings or investment account each month.

10 Set up a standing order into an 'occasional spending' account to save towards holidays or car repairs.

might be emotional or impulsive spenders. What I can do is help people develop a greater awareness of what they are doing, then work on strategies to break the negative behaviour."

Simonne Gnessen was one of the first money coaches, setting up her Wise Monkey Financial Coaching business in 2002 after working for 10 years as an independent financial adviser. She now helps hundreds of people every year and trains others.

"As a coach I'm looking to help people build a better relationship with money and feel calmer and more in control," says Gnessen.

"I get my clients to fill in a form before we meet so I can understand all the issues. Then in the first session I will aim to get to the bottom of what is blocking a person from changing their bad money habits. We then work together on a plan with definite goals – meeting monthly for example, or whatever time scales work for the individual. What many people are looking for is having someone to hold them to account and keep them on track as they make positive changes."

She cites the example of a recent client, Kate*, who came to her recently for help. Kate is in her 30s with a professional job and high income but did not feel very 'grown up' in her attitude to money.

"She didn't feel in control," says Gnessen. "Although she earned a high salary, she had debts and was not achieving her goals, such as getting on the property ladder."

Above: Cat Plummer, in East Sussex, says debt is often why people first come to her

After meeting her money coach, Kate came to a better understanding of what was holding her back and causing her destructive cycle of borrowing and spending. She was quickly able to turn things around and within a year had bought a house and was also pursuing her dream of becoming self-employed.

"It is so rewarding to see these sorts of changes – and their impact – in someone's life," says Gnessen. "Having a money coach enables people to break the destructive or negative habits – for good – and move forward in a more positive way."

Money coaches are not financial advisers and are not regulated to give financial advice. But a good money coach will have a recognised certificate in coaching, and often they have a background in financial services, like both Gnessen and Maslin. Some financial coaches also have qualifications in neuro-linguistic programming, the study of the connection between language and behaviour or psychology.

"Ask potential coaches what training they have," says Maslin. "Those who have life experience that you find inspiring may fall into the camp of being a good money mentor, for example. A good money coach will ensure you develop a meaningful understanding of your own 'money personality' and behaviours and help you go on to take action to make positive change."

"There is still a lot of shame talking about money"

Simonne Gnessen says: "It can often be helpful to work with couples as usually they will have shared money goals

"Ask potential coaches what training they have"

"I'VE PAID OFF A LOT OF MY DEBT AND I'M SAVING NOW"

Advertising executive Dee Miller, 39, says she has worried about money since she was 18, but since seeking the help of a money coach two years ago she has transformed her outlook.

Dee, who lives with her partner in Hackney, north London, says her anxiety around money started when she was a student and had to take out sizeable loans.

"I was always worrying about my loans and debts so I took a few credit cards out as a student," says Dee. "I was fearful of not having enough money – just to cover the basics – so the credit was a sort of safety net. But over time the problems escalated and I just found myself in deeper debt."

Dee had built a successful career and earns a good salary but felt she needed to tackle her bad habits when it came to money – she had savings but was also servicing big debts.

She says: "I'd used a personal trainer for my physical fitness and wellbeing and had built my confidence in that area, so I thought there must be someone who can help me get a better grip on my money management.'

Dee started seeing a money coach and says that within weeks she had some 'light bulb moments' about her relationship with money and what was holding her back. She worked on her budgeting skills and learnt to be more honest with herself about her impulse spending and triggers for spending. She has been able to streamline her numerous savings and credit card accounts, so she can see her whole financial picture more clearly.

"I used to be checking my accounts 10, 20 times a day," says Dee. "That's all stopped now. I've paid off a lot of the debt; I am saving now; and I am motivated to save more – all thanks to the coaching. I have set myself goals and the coach has helped me achieve them. I know I would never have done it on my own.

"I never thought I'd be debt free," adds Dee. "but now that end is in clear sight, it is so liberating."

Dee also says she has grown in confidence as a result of her money coach. After 13 years in the same job, two years ago she changed jobs and negotiated a great financial package.

Most money coaches tend to charge an hourly rate and the cost varies depending where you are based in the country, with London and the South East likely to see higher charges. Charges typically range from £100 to £120 an hour and slightly more for couples coaching. How frequently you want to see your coach will depend on your needs and the plan you devise with your coach, but typically monthly sessions are recommended.

Gnessen says: "It can often be helpful to work with couples as usually they will have shared money goals – although their attitudes to money and issues to tackle may be different. I often start working with an individual and then their partner will decide to come along further down the line, often once they have seen the benefits of coaching in action."

Cat Plummer, based in East Sussex, who has been a money coach for two-and-a-half years, says there are many reasons why someone might seek the help of a money coach. But she says debt is often a starting point – where problems with money are starting to cause stress or anxiety.

"It is a very common problem that someone has debts or they are spending money instead of saving and they just don't know how to stop," she says.

"There is still a lot of shame associated with talking about money problems. Many people don't feel they have anywhere to turn. I work with people to help them change their behaviours and understand their emotions around money."

For some people, money coaching will lead on to a need for financial planning and advice from an adviser regulated by the Financial Conduct Authority. Often this is because once you have better control over your finances and spending you may realise there is a gap, for example with income, life or illness protection policies, or with long-term savings and pensions.

Chris Budd, chairman and founder of Ovation Finance, a regulated financial planning firm based in Bristol, favours a "coaching, planning, then advice" model and believes the stages are complementary.

He says: "We help people to work out what makes them happy – and this requires financial wellbeing and coaching skills. Following this, we create a financial plan and plot a path. We can then provide advice to enable people to get there as efficiently as possible."

Budd, along with others in the industry, has recently set up the Institute of Financial Wellbeing as a way of sharing research and ideas in the field – helping clients become happier and more in control of their money, rather than just wealthier. Growing numbers of financial advisers are looking at this model as a way of enhancing their planning and advice offering. mw

**Name has been changed.*

JO THORNHILL is a freelance personal finance journalist who writes for *The Guardian*, *The Daily Mail* and This is Money

Where next for the US stock market?

The US market continues to confound many sceptics. It has pushed ahead of other global stock markets, even as valuations of US companies have appeared high compared to their peers. As the global economy cools, can the US stock market sustain its growth path, asks Tony DeSpirito, co-manager of the BlackRock North American Income Trust plc

As US managers, we understand many of the arguments. "It's all about FAANG" (Facebook, Amazon, Apple, Netflix, Google), for example, is something we hear a lot. Certainly, the FAANG stocks have performed well and led the market higher. However, the US market is the broadest and most diverse in the world and has far more to offer investors than just a handful of large technology companies.

The FAANGs don't pay dividends so are not part of our universe. However, we retain an overweight position in technology, finding plenty of companies that fit our high-quality and dividend growth criteria. A rising number of companies in the sector have added dividend payments to shareholders as a viable use of their high cash balances, rejecting the notion that IT firms can only add value to their investors via share price growth.

We want firms with good prospects where dividends can grow

Equally, it is important not to think that technology is the only show in town for growth. There are plenty of areas locked in to long-term structural change that do not command some of the giddy valuations of parts of the technology sector. For example, the portfolio holds an overweight position in healthcare, where the ageing population continues to drive demand.

This is a long-term demographic shift and an important support for healthcare companies. We particularly like innovative companies focused on improving efficiencies because rising costs are a challenge for the healthcare sector. Innovation and strong cost control can work hand in hand to improve efficiency, and companies that can help have a natural tailwind. We are also looking at investing in pharmaceutical companies that have increased their research and development capabilities.

"It's expensive" is another familiar cry about the US market. Yes, the valuations of certain high-growth companies are high, which skews the overall picture for the US market. The market has also been prone to some exuberance in the value it assigns to new companies coming to market. These companies are undoubtedly disruptive but may never make profits.

However, this is not the majority of the market and not where we choose to focus our attention. We still find plenty of high-quality businesses that are making good returns for shareholders and paying attractive, growing dividends.

There is also the perception that it is difficult to beat the index. The US is an efficient market, but it doesn't mean that active investment managers can't provide a differentiated return. For many investors, a growing income is a far greater priority than capital growth. To our mind, in the US market, investors need a manager who is genuinely active and providing something different to the index. In this way, the BlackRock North American Income Trust can sit comfortably alongside index exposure.

Finally, more recently, investors have started to worry about the US market's long period of outperformance. Can it last? Is the economic and market cycle turning? We believe there is more room for this cycle to run: household finances look to be in good shape, while inflation is moderate and government spending is increasing. Certainly, the ongoing trade tensions are a source of concern, but we believe we can navigate these problems in the portfolio.

It is worth adding that if the cycle does turn, a passive option may not be protective and will simply track the index lower. Holding an active manager who can make strategic shifts could prove important in this environment.

Our approach on the trust is to look for high-quality businesses – both in terms of their management, but also their franchises and their balance sheet strength. We want to find those businesses that have shown a disciplined approach to paying dividends, but which in our view offer significant prospects of dividend growth in years to come.

For more information on this trust and how to access the potential opportunities presented by North American markets, please visit Blackrock.com/uk/brna.

BlackRock®

RISK WARNINGS

Capital at risk

The value of investments and the income from them can fall as well as rise and are not guaranteed. You may not get back the amount originally invested.

Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy.

BlackRock has not considered the suitability of this investment against your individual needs and risk tolerance. To ensure you understand whether this product is suitable, please read the Key Investor Document (KID) and the current Annual and Half Yearly Financial Reports, which are available on Blackrock.com/uk/brna and which provide more information about the risk profile of the investment. If after reading this you have any questions or would like any additional information, please contact your financial adviser or speak to BlackRock's investor services team.

Trust-specific risks

Exchange rate risk: The return of your investment may increase or decrease as a result of currency fluctuations.

Risk to capital through derivative use: The fund may use derivatives to aim to generate more income. This may reduce the potential for capital growth.

Capital growth/Income variation: Investors in this fund should understand that capital growth is not a priority and values may fluctuate and the level of income may vary from time to time and is not guaranteed.

Derivative risk: The fund uses derivatives as part of its investment strategy. Compared to a fund which only invests in traditional instruments such as stocks and bonds, derivatives are potentially subject to a higher level of risk.

Gearing risk: Investment strategies, such as borrowing, used by the trust can result in even larger losses suffered when the value of the underlying investments fall.

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HOW TO BE A FINANCIALLY SAVVY SINGLETON

Whether you are 'self-partnered' through choice or due to a break-up or bereavement, you may feel under pressure because of higher living costs. We look at ways to go it alone – and not lose out financially

BY EMMA LUNN

If you live alone, you are part of one of the fastest-growing demographics in the world. There are nearly eight million one-person households in the UK, while the number of people living alone has increased by a fifth over the past 20 years, according to the Office for National Statistics.

Investment company Hargreaves Lansdown recently studied the financial impact of living alone and concluded it was "eye-wateringly expensive". It found only half of people living alone have money left at the end of the month, while two-thirds of child-free couples do.

Sarah Coles, personal finance analyst at Hargreaves Lansdown, says: "The sheer cost of living alone means basics such as the bills and rent or mortgage swallow a huge chunk of your income – leaving you little or nothing by the end of the month."

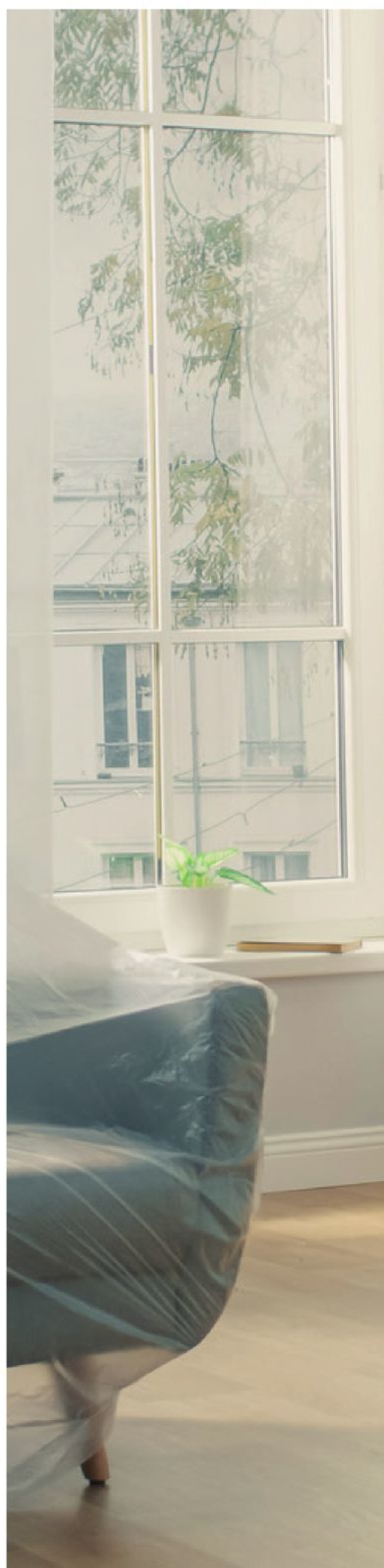
However, being single does not have to mean being skint – there are ways to cut costs whether you are buying a property or saving for your retirement.

Buy a property

Saving a deposit is one of the biggest barriers single people face when trying to get on the property ladder. Couples have the edge over singletons because sharing rent and everyday household costs, plus the fact they have two incomes, means they can typically save the same amount in less than half the time it would take a single buyer.

If you are aged 18 to 39, opening a Lifetime Isa can help you save faster – either towards your first home or retirement. You can contribute up to £4,000 each year, until you are 50. The government will add a 25% bonus to your savings, up to a maximum of £1,000 a year.

Shared ownership is another option. With this scheme, you buy between 25% and 75% of a property and pay a subsidised rent on the remaining share, which is owned by a housing association or charity. You will need a deposit of between 5% and 10% of the share you are buying – not the entire purchase price.



If you are already on the property ladder and have a spare room, you can earn up to £7,500 a year in rent tax-free under the government's Rent a Room scheme. Alternatively, sites such as Airbnb and Homestay enable you to let your spare room on a nightly basis or your whole home while you are on holiday. You can also rent out a room Monday to Friday on sites such as Fivenights.com or SpareRoom.com, so you can enjoy the privacy of your own home at weekends.

"You can earn up to £7,500 a year tax-free on renting a room"

Cut household bills

Household bills are one of the biggest expenses of living alone. However, single occupants are eligible for a 25% discount on their council tax bill – so make sure you claim it.

You may be able to save money by arranging for a water meter to be installed, especially if you are economical with your water use. If a meter cannot be installed, you can ask to be put on your water company's 'assessed household charge' single occupier tariff. This will be cheaper than a bill based on the number of bedrooms in your home.

Everyone, single or not, should regularly check they are on the cheapest energy tariff. One advantage of living alone is that you can take full control of the energy you use. A smart thermostat, such as Hive or Nest, can help you do this wherever you are. For example,

you can turn your heating off when you go out and switch it on again, via your phone, when you are on your way back home.

Find cheap holidays

Got incurable wanderlust? Being single is the perfect opportunity to see the world without having to plan your itinerary around someone else (see case study on page 42).

Jack Sheldon, founder of flight-deal website Jack's Flight Club, says being flexible on destinations and dates can save you a lot of money.

"The biggest advice is to be ready to pull the trigger on a deal when it comes, as they don't often last very long. Single travellers often have an advantage here as they can make up their mind without having to consult others," he explains.

Package holidays and mainstream hotels tend to be geared up for couples and families, so single travellers need to think outside the box to cut accommodation costs. Hostels often have affordable single rooms, as well as bargain beds in shared dorms. Other options include lodges and single rooms in short-stay rentals, such as Airbnb.

If you prefer company, small group tours are perfect for solo travellers and usually combine transport, accommodation and some activities. Companies such as G Adventures, Intrepid Travel and Much Better Adventures pair up single travellers of the same gender to share a room.

Use car-hire sites

If you own a car but don't use it often, you can rent it out by the hour or day on car-sharing platforms, such as Drivy. How

THE FINANCIAL UPSIDE OF BEING SINGLE

While being single or living alone might seem more expensive than life as half a couple, it has its advantages. Your money and how you spend it is totally within your control and you don't have to clear spending decisions with a partner.

Claire Walsh, personal finance director at Schroders, says: "Money worries are regularly cited as one of the main reasons for relationship breakdown and divorce. While being single can cost more, one of the main benefits is that you are completely in control when it comes to your finances and you can take decisions which are in your best interest.

"Whether it's clearing debts, deciding where to invest or how much to put into your pension, you don't have to check in with anyone and there is no danger of a partner's poor financial behaviour jeopardising your plans."

"I SHARED A ROOM IN AN AIRBNB FOR £5 A NIGHT"

After the Brexit vote in 2016, Lucien Jack (pictured, right, during his EU tour), a 30-year-old comedian from Northamptonshire, decided to visit every EU country he had not previously been to and perform Brexit-themed stand-up comedy there.

Lucien says: "I used Skyscanner, Kayak and Holiday Pirates to find cheap flights and used budget airlines such as Wizz Air, Ryanair and easyJet. Some of the cheapest flights I took include a £15 return to Portugal and a £10 flight to Bulgaria."

Despite destinations such as Bulgaria being good value for travellers, Lucien avoided hotels and stayed in either an Airbnb or youth hostel.

He says: "A bed in a dorm in a youth hostel can be just €8 to €10 (£6.83 to £8.53) a night. However, I shared a room with a student in an Airbnb in Plovdiv in Bulgaria for just £5 a night including a mini-bar and snacks. It was on the outskirts of town, so I walked to my comedy performance."

In 2017, Lucien spent eight days travelling from Split in Croatia to Timisoara in Romania, via Sarajevo in Bosnia and Belgrade in Serbia, using either public buses or shared minivans.

"It's easy to meet other travellers if you stay in hostels and the more people you get together to share a mini-van, the cheaper it gets. It's also great for swapping travel stories," he says.

You can follow Lucien on Twitter @luciencomedy.

much rent you will receive will depend on its make, model and age, but the average is about £30 a day.

For example, Drivy takes 21% of each booking as a service fee, plus a £3 flat fee. Every booking is covered by Allianz insurance, so if your vehicle is damaged during a rental period, repair costs will be covered.

Another option is to register your upcoming journeys with a car-sharing service such as BlaBlaCar and split the costs with passengers.

Joining a car club may be more cost effective than buying one, especially if you do not drive very often. Bluecity, for example, runs an all-electric fleet. An annual subscription costs £5 a month, plus 19p a minute to rent a car, with a minimum journey time of 20 minutes. This works out at £5.70 for 30 minutes.

> "Check your credit record is not linked to an ex-partner"

Check your credit record

If you have previously lived with a partner and had a joint account or both your names on household bills, it is possible you still have a "financial association' with them on your credit record. This can have implications when you next come to apply for a mortgage, credit card or other credit agreement.

Lisa Hardstaff, credit information expert at Equifax, says: "If a couple has applied to take out a joint financial agreement, their credit information will be linked on each other's credit files.

"Once a couple splits, a lender may look at both individuals' credit history for future applications, even if they are no longer a couple and the account has been settled and closed.

"Anyone going through a relationship break-up should make sure all accounts are settled and closed down. In addition, they should place a 'notice of disassociation' on their credit report. This lets lenders know that an individual is no longer financially associated with someone."

Batch-cook to save

A decent-sized freezer can be a great help if you live by yourself. Supermarkets typically target families and couples with multi-buy offers. Being able to freeze food means you can take advantage of these deals.

Batch-cook and freeze sauces, and casseroles, including chilli con carne, bolognaise, curry, soup, and lasagne. Visit Cookingonabootstrap.com or US site Budgetbytes.com for more tips. mw

EMMA LUNN is a freelance journalist who writes for *The Daily Telegraph, The Guardian, The Times* and This is Money

Money lesson: Sian Bentley, deputy head of Queensmead Primary Academy and one of the two personal finance teacher of the year winners

Inside the classrooms of the UK's best money teachers

Moneywise editor **Rachel Rickard Straus** visits the winners of Moneywise's annual awards, who each received £5,000 to spend in their school, coming up with even more ways to get young people interested in managing their money

Winner: Helen Westwood (right) of Caroline Chisholm School

In a classroom in Leicester, 20 hands bolt into the air. I have just asked the class of 10- and 11-year-olds why they think it is important to learn about money. Every pupil has an answer – and many look fit to burst so eager are they to share their ideas.

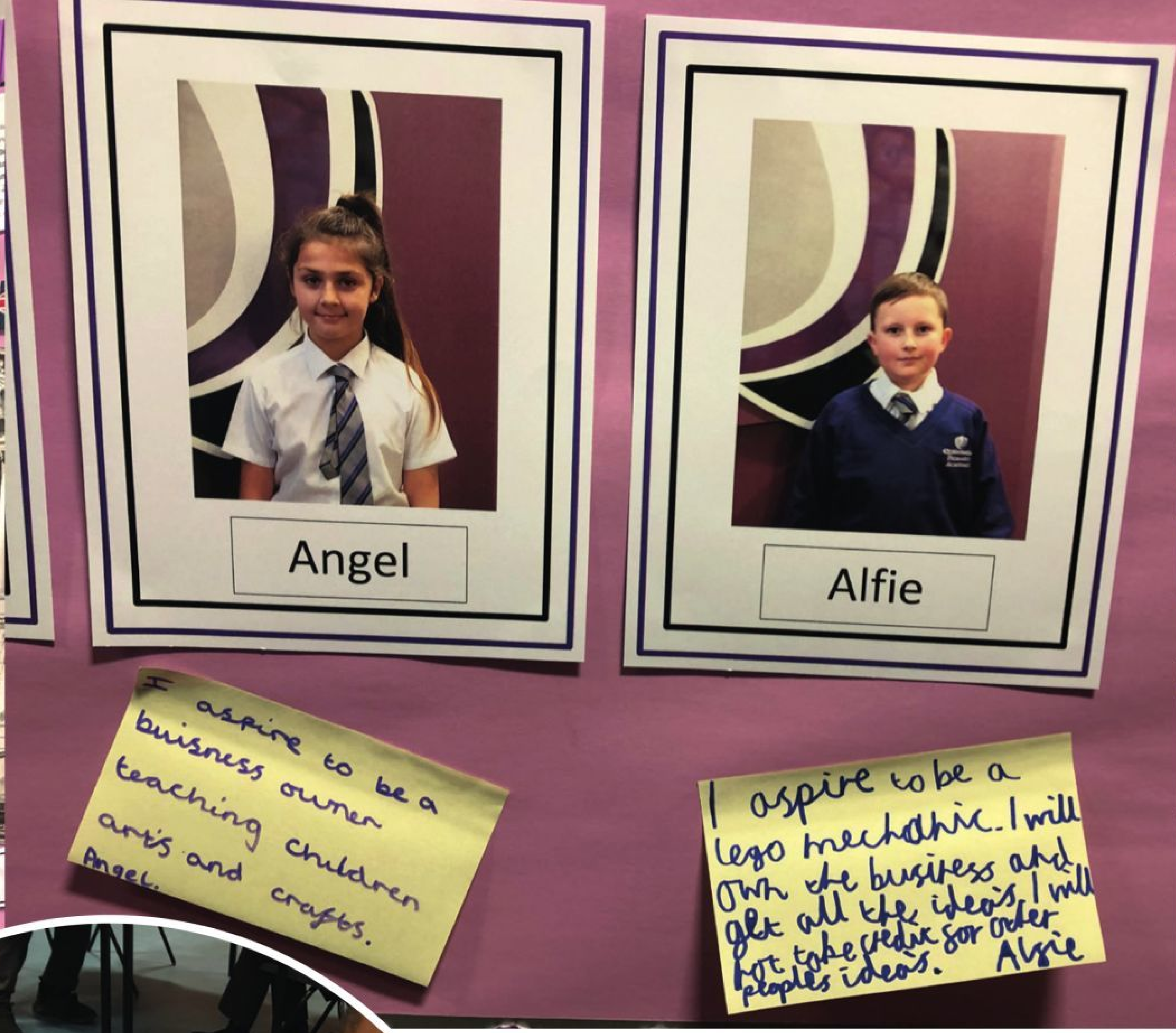
Ellis, 10, answers: "You should learn now so that in the future you spend wisely."

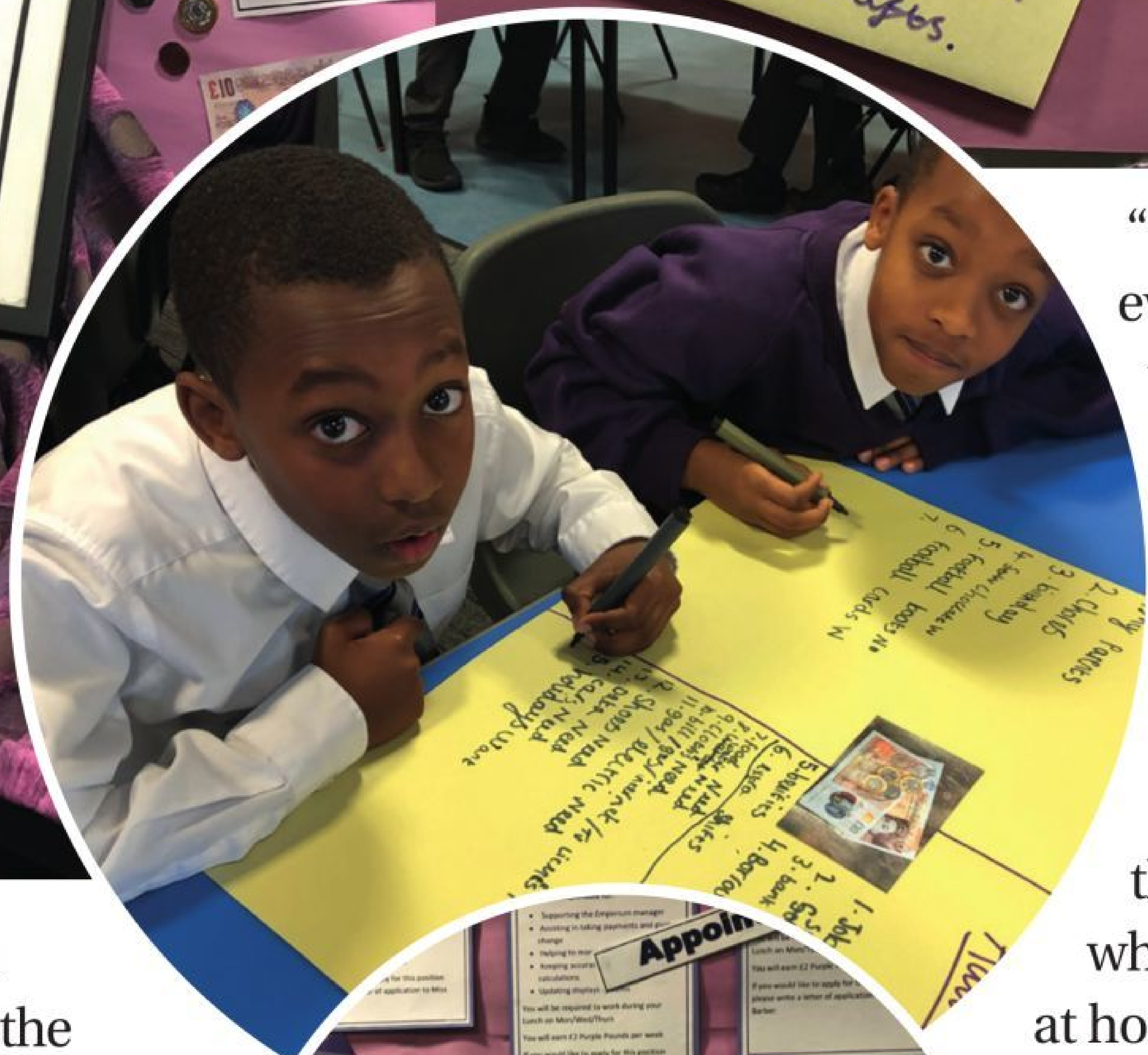
Malcolm, 10, adds: "So that you know the difference between credit cards and debit cards. With credit cards, you can spend lower than zero and then you might have to pay interest and you could get into debt."

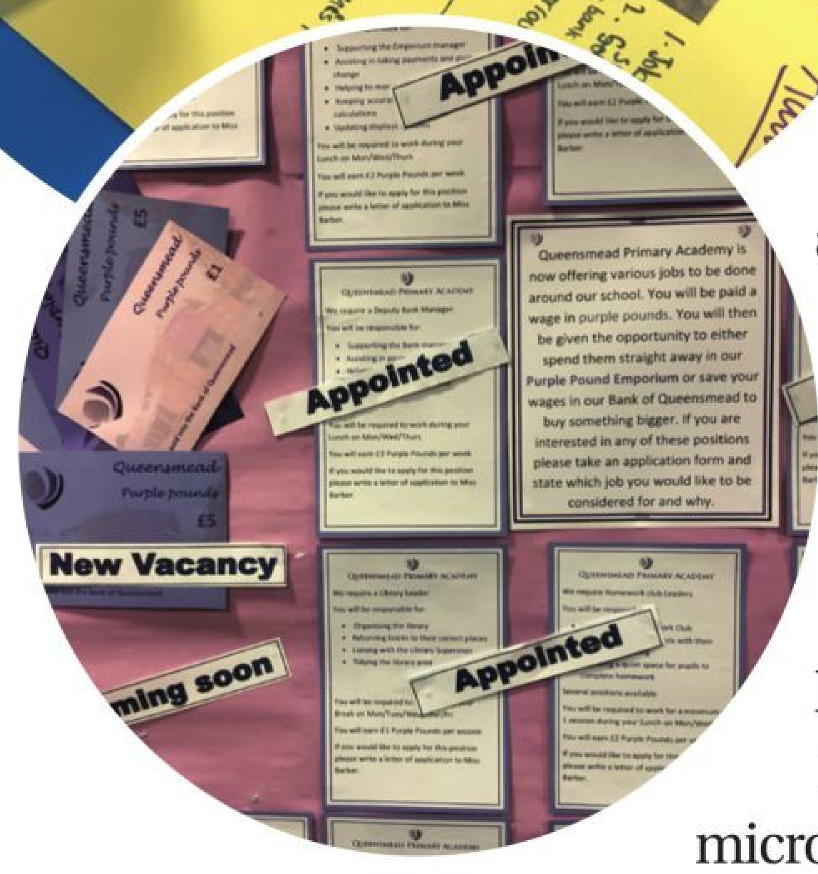
Ashan adds: "Then I can tell my mum: 'Don't do this with your money'. I asked if she had ever gone into the red and she said 'no'."

Rajvir says: "When you are older, you will know about money because you learnt it in school."

The level of understanding about money is seriously impressive here at Queensmead Primary Academy. But perhaps that's not surprising. After all, their teacher is Sian Bentley, deputy head and winner of the *Moneywise* Personal Finance Teacher of the Year Awards 2019.







Moneywise holds these awards every year to find and celebrate the best personal finance teachers in the country.

Shortlisted teachers are invited to attend a black-tie dinner in central London, where the winners are presented with a large £5,000 cheque for their school from award sponsor interactive investor (*Moneywise*'s parent company).

I went to visit last year's winning primary and secondary school teachers to see how they are working their magic and how they are spending their prize money.

The day I visit Queensmead, the excitement is palpable as the highlight of the school week draws nearer. It is time to meet their bank manager.

Children, aged 10 and 11, queue boisterously to proudly present their timesheets to bank manager Rajvir, aged 10, and cash in their earnings. They have been working diligently to earn Purple Pounds – the school currency. Purple Pounds can be spent on items at the school's 'emporium' or for tickets to school events.

"I've been working as a translator, says 10-year-old Kornel. "I earn two purple pounds per session and now I have enough to buy slime."

"I'm a FAB mentor," adds Ashan, age 10. "That means Friends Against Bullies. When I help, I earn Purple Pounds. I'm saving mine."

Since launching the school currency, Queensmead has mobilised a workforce of 60 children from year six who all chip in to arrange school events, such as last year's very successful Halloween disco, and also help younger children with their homework. Some pupils, such as Kornel, who speaks Polish, and Rajvir, who speaks Punjabi and Hindi, translate for parents who don't speak English as their first language during meetings with teachers, but the main purpose of Purple Pounds is to teach children about money.

Above left: Liz Latham and Sian Bentley next to a *Moneywise* display board

Top, inset: pupils at Queensmead learn about wants and needs

Bottom, inset: pupils can earn 'purple pounds' if they get a job at Queensmead

"Talking about money runs through everything we do," explains Liz Latham, the principal of Queensmead, which is part of the Greenwood Academies Trust. "We see it as a moral duty. The school is in the top 10% of most deprived areas nationally and many of the children will come from families who are second or third generation unemployed and where there are difficulties with money at home. We teach them about careers, aspiration and money."

Next term, the school plans to start taxing Purple Pounds, taking a cut of everyone's earnings to spend on something everyone can decide on together and enjoy, such as skateboarding lessons or playground equipment.

Deputy Sian Bentley adds: "We create a microcosm of normal society, so when they go out to work the children realise you have to pay tax and understand why."

Sadly, many schools don't teach about money at all.

Personal finance is compulsory in secondary schools, but that does not apply to academies or free schools.

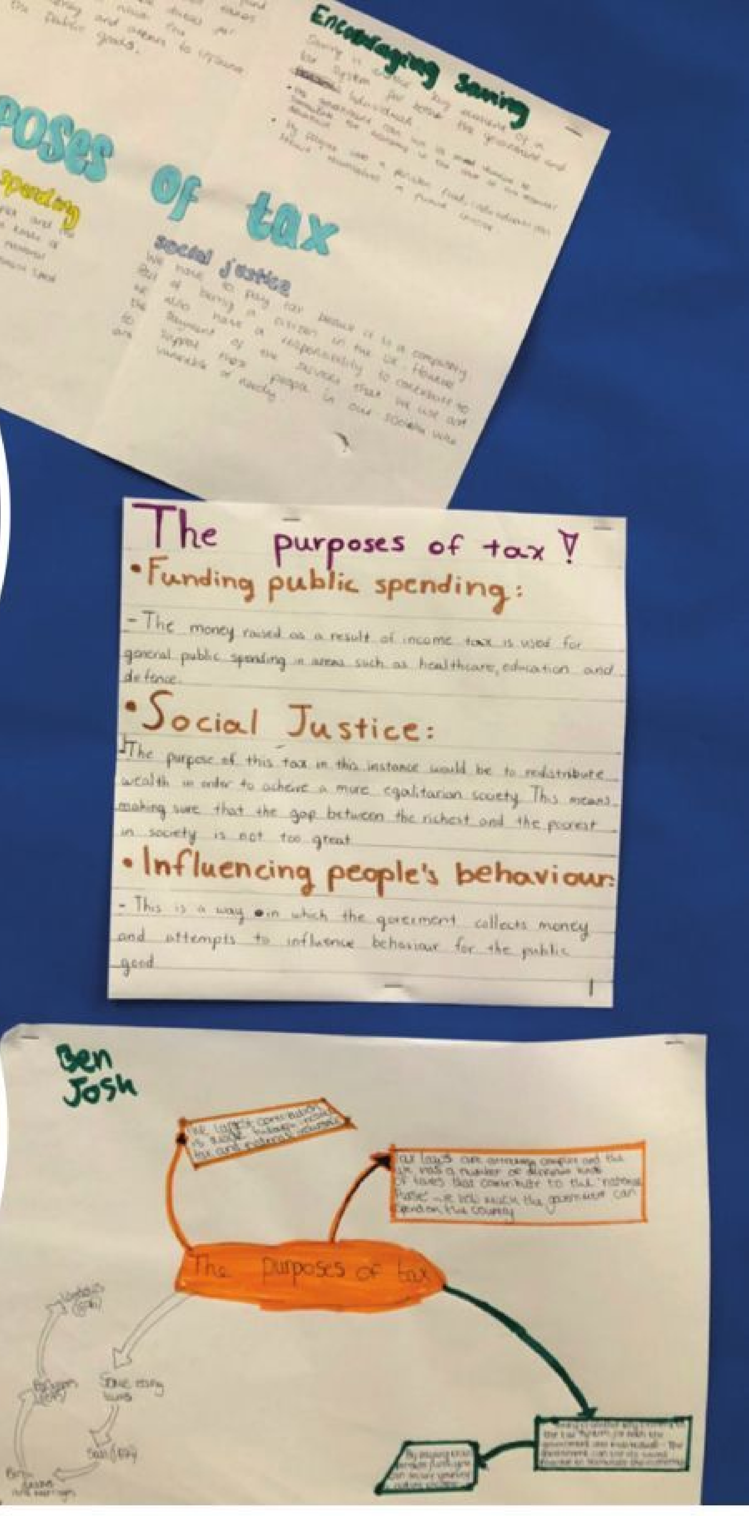
Schools that do teach it often do so as part of citizenship lessons, where it jostles for space with other personal, social and health lessons. Some schools crowbar it into maths lessons.

At Caroline Chisholm School in Northamptonshire, Helen Westwood, winner of the secondary teacher category, is attracting growing numbers of pupils to her standalone financial studies lessons.

Helen received her award for her lessons in which she gets students talking about money by opening up about her own experiences, sharing everything from the budget for her wedding to her own payslips.

"In a maths lesson, you can learn how to calculate a tax bill, but it won't teach you why you are paying that tax; the difference between wants and needs; or how to work out if you can afford something. And by lumping financial studies with maths, many people who are not confident with maths may confuse that with thinking they are not good with money, so are put off learning how to manage it."

Helen believes the important of financial studies goes



well beyond pounds and pence.

"There is a link between managing money and mental health, relationships and wellbeing," she says. "Money is one of the most common reasons for relationship breakdown."

Helen does an exercise with her students in which she asks them to draw their life line and add on to it three aspirations they would like to achieve. "Most say they would like to buy a house, some to go to university, some want to buy a car," she says.

Then for each aspiration, she asks students to think about how they will achieve it, how much it will cost, and what financial products they may need to get there.

In the year 12 lesson that I join, students are learning how to calculate tax bills, factoring in the tax-free allowance and national insurance costs.

Once they have cracked the numbers, they go on to talk about why people pay income tax, and if the current bands are fair.

"If you earn a lot you've probably worked really hard," says Connie. "I think it's fair that you should get to keep more than half."

Bobbi adds: "If you are paying that much tax, you are funding useful things. Say if you earn £150,000, your tax could pay for a police officer."

Both winning teachers have been able to step up the money lessons at their schools another gear, thanks to the prize money they were awarded.

"The money will allow us to take every child in the school on a school trip," says Liz. "These will be centred on money, aspiration and careers. Because of the level of deprivation, we struggle to get money for school trips and can't fund them out of the school budget. We will be able to make these trips free for everyone."

Pupils from year six will visit the university; year fives have just been to the National Justice Museum in Nottingham; and year fours will visit an Amazon depot.

Above, left: Helen Westwood with *Moneywise* display board

Inset, top: Matt, 15, from Caroline Chisholm School

Inset, bottom: Bobbi, a year 12 pupil at Caroline Chisholm School

Far right: a display board at the school explains the thinking behind taxation

"Now we can take every pupil on a school trip"

The school has also used the money to set up a finance and careers library.

Helen has been spending the money on new classroom resources and plans to use it to benefit pupils across the school.

So if your children are not receiving award-winning personal finance lessons at school, what can you do?

"When you're looking at prospective schools, ask what they teach about personal finance," says Helen. "If nothing else, it will add pressure and get them thinking about what they offer."

She adds: "At home, give children the opportunity to make decisions about money and feel the consequences of buyers' remorse. I gave my daughter a £10 budget on holiday, and she wanted to buy a horrid plastic toy I knew she'd quickly lose interest in. I wanted to stop her buying it, but I thought, 'I have to let her learn'."

She says parents need to "be mindful" of the differences children today face in dealing with money in comparison to their own experiences growing up.

"Today, you can spend with a tap of a plastic card and it is all virtual, so you need to put in extra effort to think about how to monitor a bank balance."

Sian recommends not shying away from talking to children about money.

"The temptation is to wait until the children are in bed to have an 'adult conversation' about whether you can afford a new car, or if you'll have a family holiday. But try to involve children in this and in understanding what things cost and that if you buy one thing you may not be able to afford another.

"It's win-win because it stops children pestering for the latest toy when they understand that money doesn't just come from the hole in the wall, but has to be earned and put there first and budgeted."

The lessons have hit home for Malcolm, 10, at Queensmead.

"I'm saving up my Purple Pounds and budgeting to buy my family Christmas presents," he says. "It's the first time I have bought them Christmas presents."

Meanwhile, at Caroline Chisholm School, Matt, 15, explains: "Learning financial studies is about the skills, rather than a just a qualification. It sets us up for life." mw

Murray International Investment Trust

Bruce Stout

Bruce Stout, the manager of Murray International investment trust, talks to **Edmund Greaves** about the trust's objectives and his tips for beginner investors

What is Murray International Trust?

Murray International is an investment trust that has been around since 1907. It is a truly global trust that seeks to gain capital and income growth.

The trust is totally unconstrained in what it can invest in. We aim to deliver a dividend that is sustainable and grow it every year.

Why should people invest in your trust?

Twenty years ago, if you wanted above average yield and a dividend, you had to have a disproportionate amount of your money in the UK. Even though it was called Murray International, 20 years ago the trust had 45% in the UK.

Over the past 20 years, we have been able to fully diversify and become a much more global trust. And that is because we can achieve 4% yield and good dividend growth in Asia. We can get good dividend growth in European businesses, in Latin America, and even one or two in North America.

Global diversification matters too: it will give investors better returns with lower risk. In the past 35 years, out of the big six geographic investment regions (Asia, Europe, Japan, Latin America, UK, US), the UK has been the best performing region for just two years.

What gets you out of bed in the morning?

Every single day in investment is different. Over the short period of time that I have been involved, I have seen everything from the

Murray International Trust

Launch: 18/12/1907

Fund size: £1,512.99 million

Charge (OCF): 0.5%

Yield: 4.23%

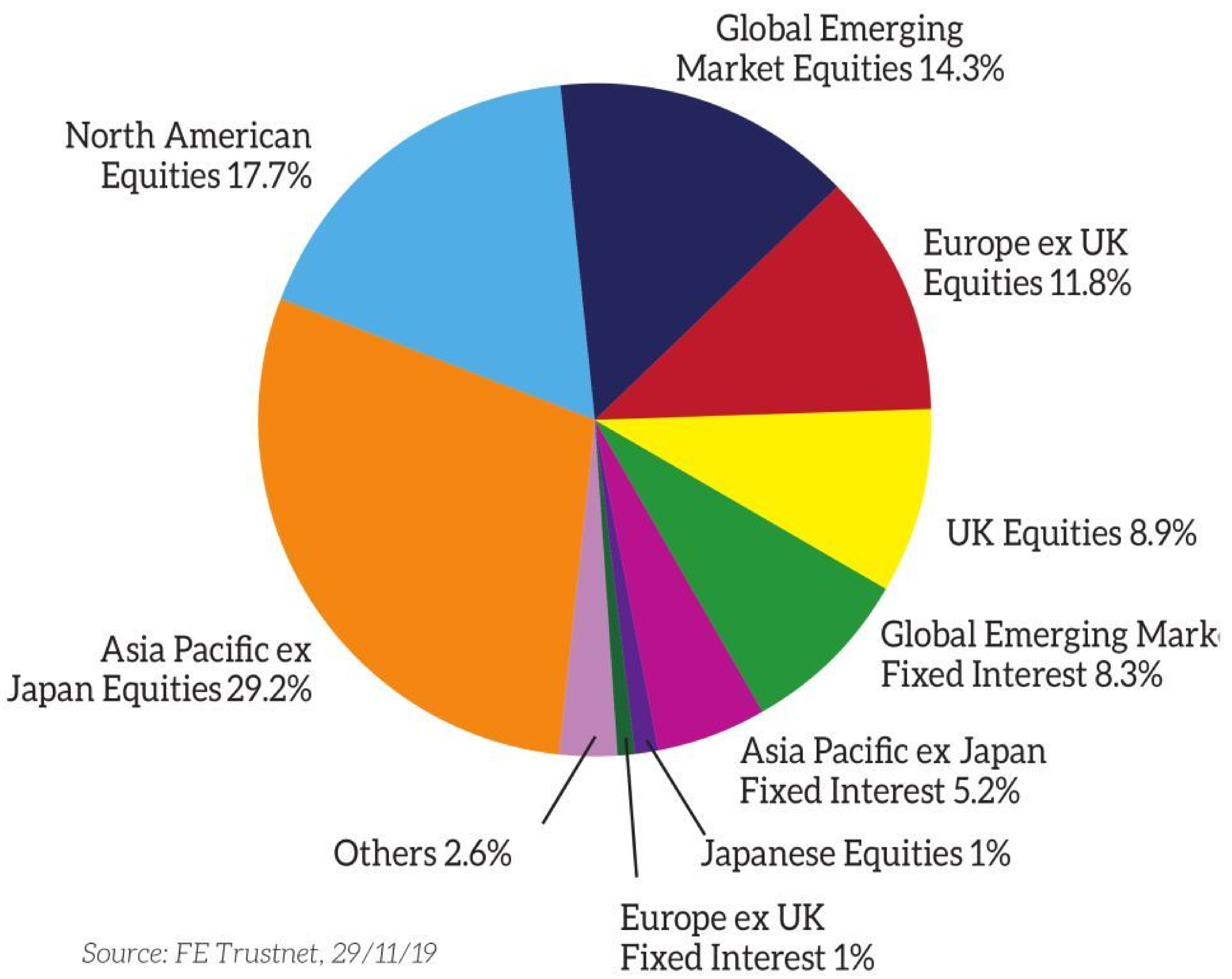
Source: FE Trustnet, 11/11/19

The manager behind the fund

Bruce Stout is a senior investment manager on the global equities team at Aberdeen Standard Investments. Bruce joined Aberdeen in 1987 via the acquisition of Murray Johnstone.

Bruce graduated with a BA in Economics from the University of Strathclyde and completed a graduate training course with General Electric Company UK.

Regional breakdown



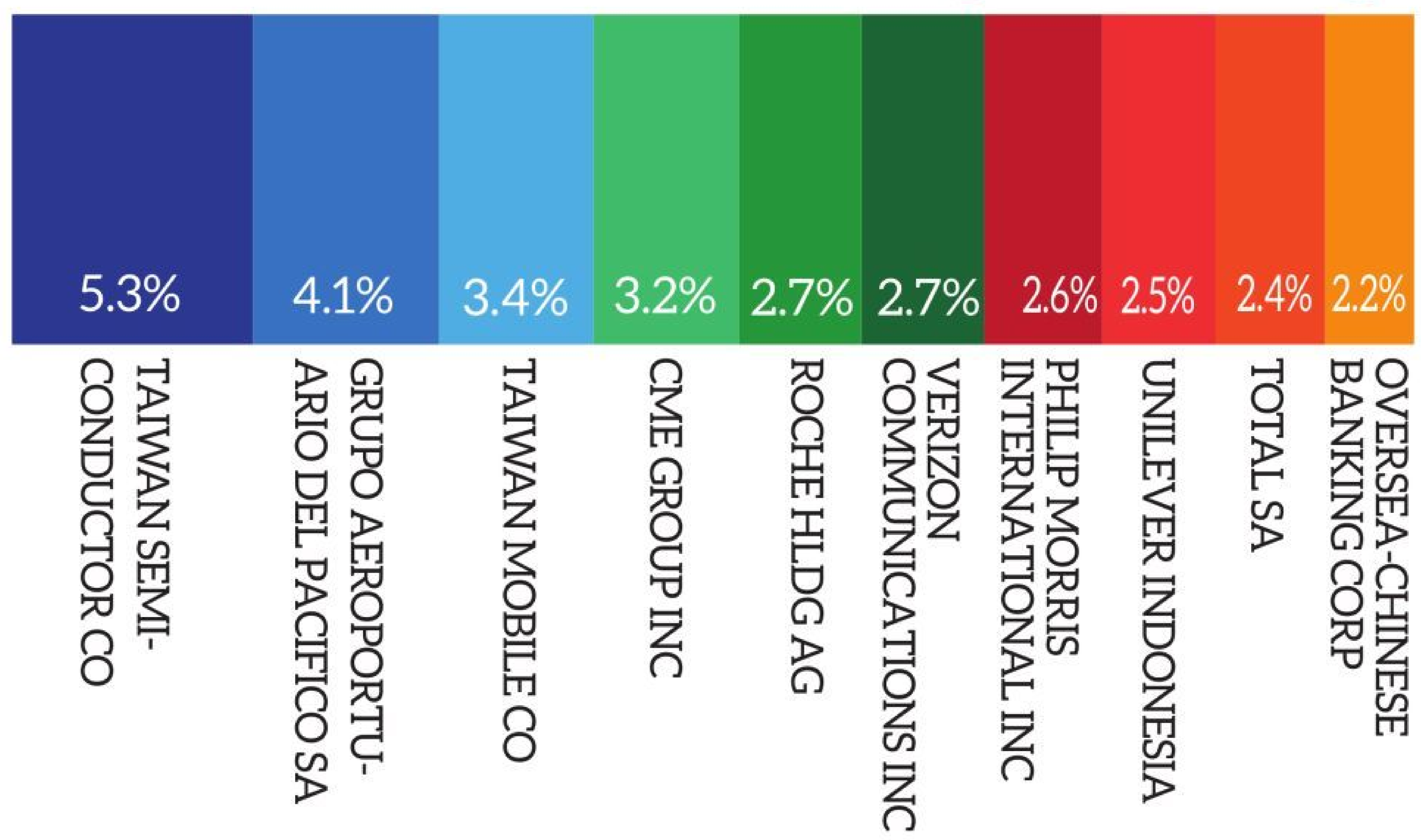
Source: FE Trustnet, 29/11/19

Discrete performance of the fund over five years (%)

Period	0-12 m	12-24 m	24-36 m	36-48 m	48-60 m
Murray International Trust	16.7	-10	17.1	41.3	-18.9
IT Global Equity Income	15.9	-3.6	21.6	20.2	1.4
NAV	9.1	-5.1	16.6	35.6	-11.7

Source: FE Trustnet, 29/11/19

Top 10 holdings



Source: FE Trustnet, 29/11/19

Berlin Wall coming down to stock-market crashes, to interest rates at 15% to negative bond yields.

Having studied economics, the most interesting thing is that all the relationships and parameters of economics have been stood on their head in my 35 years investing.

The Phillips curve [a theory that connects inflation with unemployment] does not work anymore. Investors buy bonds when they have got negative yields. Don't ask me how to understand that because I can't.

What's the first thing you invested in?

On a personal basis, the first stock I invested in was GEC, where I was a graduate trainee. In 1985, GEC was the largest manufacturing company in the UK and employed 340,000 people. It was involved in telecommunications, power systems, jet electronics for aircraft – everything. Where is it now? It is bust.

Why is it bust? Because it was mismanaged dreadfully in the late 1990s during the tech boom. The company always had a strong balance sheet, lots of cash, but it was spending money on businesses in America and it did not know what it was buying.

The big lesson about this is that nothing, no business, anywhere, is too big to fail. I had buttons in it, because I was just a graduate trainee who put some salary every month into a savings scheme. But there were many people I know 10 years after I left who still did that.

> "Don't invest in a company simply because it is blue-chip"

A large proportion of their personal wealth was in GEC stocks because they had saved and saved into the scheme. When the company went bust, they lost the lot because they had no diversification. They were investing in something that they worked for and they just thought it was a good company, but every company can go down.

What have been your best and worst investment decisions for the trust?

Anything you do in life needs a bit of luck. Before the financial crisis we were very concerned about stock market valuations, so we sold a lot and bought bonds which were showing, for example, a 5.5% yield on a 10-year gilt. We didn't see the global financial crisis coming, but we did make the right decision at the right time to protect our capital.

I think the worst decision is when you invest in a company that goes wrong, but you don't cut it. You don't accept the fact that it is not evolving according to the investment case.

What one tip would you give to a beginner investor?

Try to know what you are investing in. Look for transparency.

If you are investing in a trust, then look at what is in the trust, get the publication on the monthly basis of the portfolio. If it says it does something, make sure that does do that. It could be geography, timescale, income or capital – you cannot make that decision without information.

What you cannot do is just invest in something because it is a 'blue chip' or has a reputation. How many blue-chip companies in the UK have gone? ICI was a blue chip. GEC was a blue chip. Marks & Spencer is a blue chip. Two of them are gone and one is really struggling. You have to be informed. Don't take anything at face value. mw

INDUSTRY INSIDER DARIUS McDERMOTT

Five investment mega trends you'll see in the next 20 years

Mega trends are powerful forces that can change economies and even society. They are long term in nature and have irreversible consequences for the world around us.

Think the discovery of electricity, the invention of cars and aeroplanes… the internet. All of these things have transformed the way we live our lives and therefore have an impact on our investments.

Recent research from the likes of PriceWaterhouseCoopers (PwC) and BlackRock/iShares has highlighted five key mega trends that are expected to shape our lives in the next 20 years or so: rapid urbanisation; climate change and resource scarcity; shifts in global economic power; demographic and social change; and technological breakthroughs. Here, I take a closer look at each.

Rapid urbanisation

More than half of the world's population lives in urban areas and 1.5 million people are added to the global urban population every week – most of which are in emerging markets. This level of urban migration will place huge demands on infrastructure, services, job creation, the climate and the environment.

One way to invest in this mega trend would be via a fund such as First State Global Listed Infrastructure. It invests in global-listed infrastructure assets including toll roads, airports, railroads, utilities and wireless towers. Growing urbanisation is likely to underpin long-term demand for its holdings, many of which provide essential services to some of the most densely populated regions in the world.

Climate change and resource scarcity

With increasing numbers of floods, cyclones and wild fires, if we need any further proof that we have a climate change problem that must be tackled, it comes in the fact that 16 of the 17 warmest years on record have occurred since 2001.

At the same time, managing the increasing need for food, water and energy by a growing global population, is becoming a huge challenge. According to the Food and Agriculture Organization of the United Nations, the global population will surpass 9.1 billion by 2050, at which point it predicts the world's agricultural systems will not be able to supply enough food for everyone. The UN says that demand for fresh water will exceed supply by 40% in some cities.

A fund I like that invests with these issues in mind is Pictet Global Environmental Opportunities fund. All companies within the portfolio must operate 'within a safe operating space' for each of nine environmental challenges identified, and also actively contribute to solving these challenges.

Demand for fresh water will exceed supply in some cities by 2050

Shifts in global economic power

Emerging economies now account for nearly 80% of global economic growth, and 85% of global consumption – more than double their share in the 1990s. China is at the centre of this change. Having been a tenth of the size of the US less than 15 years ago, it is set to replace the US as the largest global economy in the late 2020s.

To tap into China's future growth potential, investors could consider a fund such as the Invesco China Equity fund. It has increased the amount it is allowed to invest in China A Shares – the shares of domestic-listed Chinese companies, which have recently been opened up to more foreign investors.

Demographic and social change

Changes in global demographics will bring major challenges and opportunities. For example, the iShares mega trends report found one in five Western Europeans is older than 65, with this expected to rise to one in four in the next decade.

Healthcare is one example of how we can invest in this trend. As we all live longer, we are likely to need more healthcare provision. Polar Capital Global Healthcare investment trust works well with this mega trend. It invests predominantly in companies from pharmaceuticals, biotechnology, medical technology and healthcare services.

Technological breakthroughs

Finally, new technology is essential for all other mega trends to succeed, so it has become a mega trend in its own right.

Investors may consider the likes of Smith & Williamson Artificial Intelligence or AXA Framlington Global Technology fund as a potential route to tap into this trend. The latter is a fund that touches almost every aspect of our lives, from our mobile phones to our online weekly shop. mw

Past performance is not a reliable guide to future returns. You may not get back the amount originally invested, and tax rules can change over time. Darius's views and those of the investment professionals quoted are their own and do not constitute financial advice.

DARIUS McDERMOTT is managing director at Chelsea Financial Services and FundCalibre

IS A SIPP MY BEST INVESTMENT OPTION?

At age 36, our reader asks if he should invest directly in Vanguard funds or continue to do so via his SIPP

BY JEFF SALWAY

I'm 36 years old, self-employed and have opened a SIPP with Hargreaves Lansdown. I've mostly been buying Vanguard Global ETF index funds and global bonds. Through this pension, I get the 25% top-up from tax relief on pension contributions as well.

But would I be better owning the funds direct with Vanguard? Vanguard's fees are very low and every time I buy with Hargreaves there is a charge, as well as other fees I may not be aware of.

Does the tax relief benefit outweigh the fees that Hargreaves charges?

I am also wondering whether I should keep a smaller amount of these funds direct with Vanguard, so I can access them if I want an earlier retirement. What would you suggest?

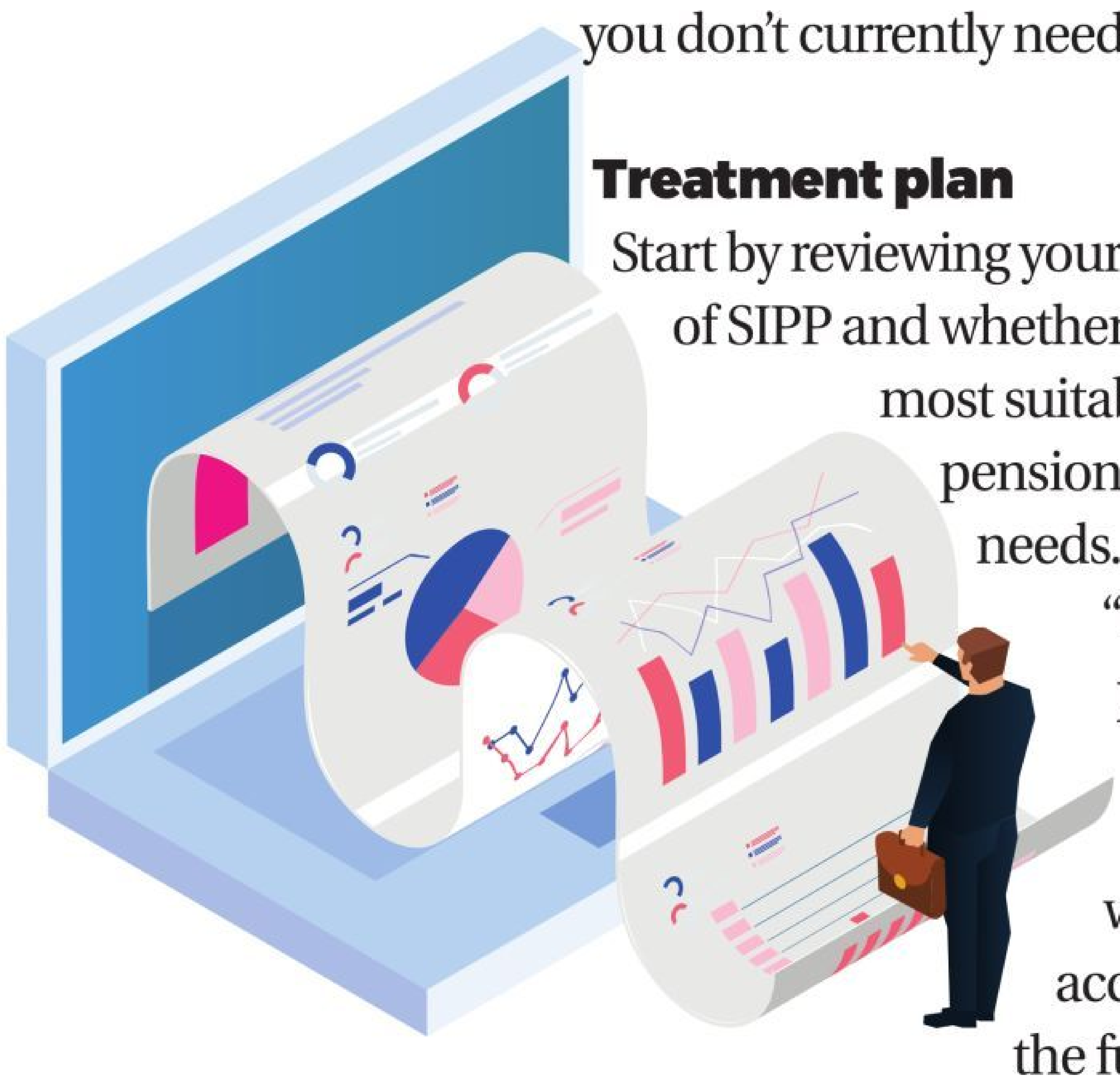
Initial diagnosis

The good news is that you have made an excellent start on your savings journey by taking advantage of the benefits offered by pensions, says Craig Palfrey, certified financial planner at Penguin, a Cardiff-based wealth management firm.

"The 25% return you are getting on the pension contribution - the equivalent of 67% if you become a higher-rate taxpayer in the future – is certainly worth taking advantage of and, in theory, should outweigh any charges that are incurred."

But he suggests if you are concerned about the charges you pay, that could be a reason to review how you are currently investing and potentially consider a change of provider.

He also raises the question of whether a SIPP is appropriate at this point in your savings journey, as you may be paying for additional features you don't currently need.



Treatment plan

Start by reviewing your choice of SIPP and whether it is the most suitable type of pension for your needs.

"For most people, a personal pension will provide access to all the funds they could need," says Palfrey. "A SIPP is really only for those who are using their pensions to buy direct shares in companies or buying commercial property."

However, not all SIPPs charge more despite offering greater options, so you may not end up paying more for features you are not using at this stage.

Also, if you were to buy funds direct from Vanguard you would lose the advantages of saving through a pension, warns Mike Barrett, consulting director at Edinburgh-based the lang cat.

"Vanguard has been planning to launch a SIPP as part of its direct offering in the UK, but this is yet to happen," he points out. "As a result, if you invest with it now you'll be forgoing the tax relief available for your SIPP contributions."

Alternatively, you could buy the funds through an ISA, using an investment platform.

"You would not get the 25% tax-free cash if you did that, but you would have access to the money should you need it," says Palfrey. "You could also add it to a pension later down the line, subject to your allowances."

You could buy the funds through an ISA, using an online platform

Do you have a question for the Investment Doctor? Email **editor@moneywise.co.uk**

If you invest through a platform, there are ways you can keep costs down. But it would mean working out the total cost of investing and knowing the amount you are investing and how often you will be trading.

"Over the long term, these charges can have a huge impact on your overall returns, so it's important to make sure your costs are as low as possible," Barrett observes.

"Ask the platforms themselves to explain their charges to you and how much it will cost to invest."

It is also worth paying attention to whether your investments are well diversified. In other words, that you don't have all your eggs in one basket.

"It's great that you have looked to spread the risk, but I'm not sure if it is diversified enough and you could maybe make a change there," suggests Palfrey. "It might be that having fixed-interest investments in your portfolio isn't necessarily right for you at this point, for example, given your young age and time to retirement."

The exact balance of your portfolio depends on factors such as your appetite for risk, and Palfrey believes it is worth paying for professional advice to discuss your investment goals and what you want from your pension. He recommends that if you don't seek advice, you should try to rebalance your funds at least once a year.

"Over time, your investments will become bent out of shape because the underlying performance will mean that if you have bought 50% in each of the funds you mention then at the end of year one there could be 60% in one and 40% in the other," he explains.

"Rebalancing would take you back to your original 50/50 holding. Over the long term, this will add real value to your total returns." mw

JEFF SALWAY is a financial writer for publications including *Money Observer*

Fund briefing

GLOBAL FUNDS

Diversifying your portfolio is always sensible, but never more so than in uncertain economic and political times. We look at how global funds can offer investors exposure to a wide range of countries, sectors and markets

Is exposure to global funds right for me?

Consider investing if...

- You want a broad spread of investments.
- You don't want to pick individual country exposures.
- You are a new investor wanting a one-stop-shop approach.

BY ROB GRIFFIN

We are living in uncertain times, with numerous economic and political stories playing out around the world. In such a climate, it makes sense to dilute your risk by having a broad spread of investments in your portfolio.

This can be achieved by choosing a fund in the IA Global sector, according to Patrick Connolly, a chartered financial planner with Chase de Vere. Such funds can provide a high level of diversification, making them particularly useful for those investors who do not have huge sums to invest.

"If you are just investing in the UK, then your whole portfolio will be subject to the vagaries of UK markets and the UK economy," he explains. "This is a very risky approach, especially as we still don't know what the fallout from Brexit will be."

A global fund, meanwhile, can give you exposure to a variety of countries, sectors and markets. This can be particularly attractive for those who do not have enough money to diversify sufficiently through buying individual regional or more specialist funds.

They are also appealing to beginner investors who crave diversification but do not want the added hassle of researching and buying different funds. Mr Connolly says such portfolios can serve as effective 'buy and hold' products for pretty much everyone.

"This makes them suitable for long-term investments such as pensions, savings for children, or for investors who don't want to be actively involved in monitoring their investments on a regular basis," he explains.

It is a message that is being heard by UK investors. IA Global is the second most popular sector behind IA UK All Companies and currently boasts £125.8 billion under management. A whopping £6.6 billion been invested by retail investors in the past year alone.

IA Global was also the best-selling sector in the first two quarters of the year – as well as in five of the first eight months of the year, according to data compiled by the Investment Association.

There is also plenty of choice, with more than 300 funds in this sector and active and passive options available.

However, not all will offer the instant diversification that some investors will seek. This means it is vital investors do not make assumptions about their chosen fund and find out exactly how and where it invests.

> "Going global often means focusing on larger businesses"

While many will have a broad-based outlook other portfolios will focus on specific geographical regions. You will also find sector-specific funds, according to Adrian Lowcock, head of personal investing at Willis Owen.

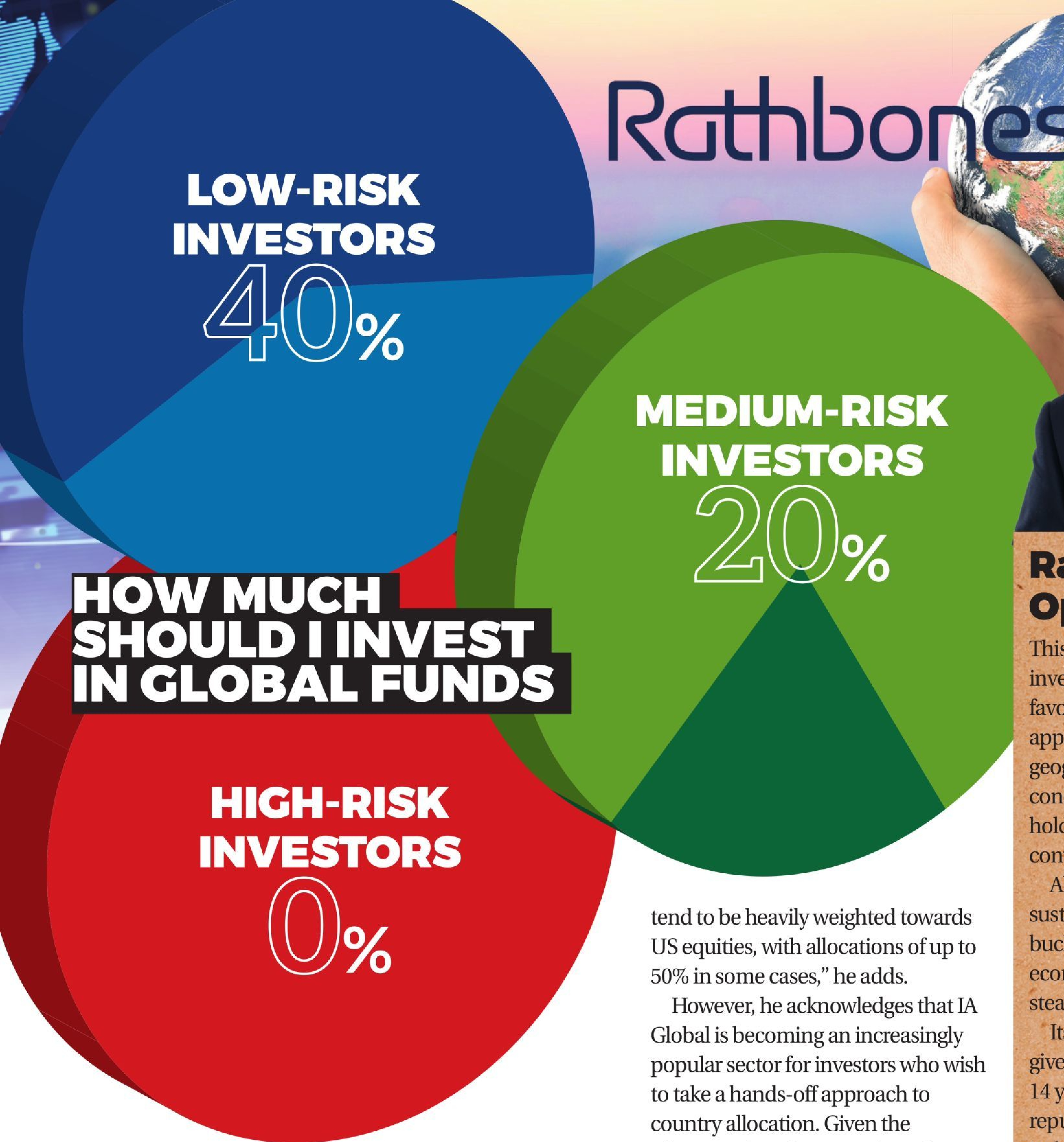
"It is a diverse bunch of funds and some of these are suitable as core investments while others would be niche positions or satellite holdings," he says.

Global funds can be used in a number of ways. For example, they can act as a core equity holding from which to build a larger portfolio, as well as enabling investors to tap into particular international trends.

On the downside, taking a global approach means you may be affected by more international issues. For example, the poor economic data coming out of China and Germany, as well increased Middle East tensions and the ongoing Brexit saga.

The different investment philosophies adopted by the funds can also mean performance can vary enormously.

It is very hard to monitor every company, so managers often have processes that filter out the majority of stocks and enable them to focus on companies meeting their particular criteria, according to Lowcock. As a result, some gems may go under the radar.



HOW MUCH SHOULD I INVEST IN GLOBAL FUNDS

"Going global frequently means focusing on large or very large businesses at the expense of smaller companies as global managers often do not have the resource or local knowledge to analyse the best small companies around the world," he explains.

It is a point echoed by Martin Bamford, a chartered financial planner at Informed Choice, who warns that investors can miss out on the growth opportunities offered by fast-developing smaller ventures, as well those in the emerging markets.

"While some advisers will be quick to label the stocks covered by the IA Global sector as 'the greatest companies in the world', they might also be described as 'the most expensive companies in the world'," he points out.

Bamford also urges people to pay attention to any biases within different portfolios.

"While funds in this sector offer some geographic diversification, they tend to be heavily weighted towards US equities, with allocations of up to 50% in some cases," he adds.

However, he acknowledges that IA Global is becoming an increasingly popular sector for investors who wish to take a hands-off approach to country allocation. Given the aforementioned economic and political backdrop, this is easy to understand.

"An investor, who makes asset allocation decisions for UK equities, bonds and property, might decide to allocate the balance of their portfolio to a fund or funds within the IA Global sector," he says. "This is often easier than making individual country allocation decisions." mw

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

RATHBONES GLOBAL OPPORTUNITIES

Value of £100 invested in the fund over five years

Year	2014	2015	2016	2017	2018
Fund movement in year (%)	9.56	15.6	16.79	20.07	-0.52
Value of £100*	109.56	126.65	147.91	177.59	176.66

** The £100 was invested on 01/01/14. Source: Moneywise.co.uk*

Manager	James Thomson
Launch date	9 May 2001
Fund size	£1.76 billion
Minimum initial investment	£1,000
Minimum additional investment	£500
Initial charge/Ongoing charges	0%/0.78%
Performance fee	None
Annual management charge	0.75%
Contact details for retail investors	Rutm@rathbones.com

James Thomson

Rathbone Global Opportunities

This is a global stock-picking fund that invests in under-the-radar and out-of-favour growth companies. It has a flexible approach to company size, sector and geography. The portfolio takes a concentrated approach with 40 to 60 holdings that represent the highest conviction, best ideas.

Alongside innovative, scalable and sustainable growth companies sit a bucket of defensive names that are less economically sensitive, with slower and steadier growth prospects.

Its manager, James Thomson, was given sole responsibility for the portfolio 14 years ago and enjoys a good reputation in the fund management industry.

FundCalibre, which provides independent research for investors, praises his willingness to admit his weaknesses and past errors, which it brands a 'refreshingly honest' approach.

"This fund is a truly active, unconstrained growth funds, run by an experienced manager," it added. "James' high-conviction, contrarian strategy has proven itself over many years."

Technology, financials, consumer goods and consumer services currently have the largest sector exposures in the portfolio.

The fund's 10 largest holdings, meanwhile, include international giants such as Amazon, Adobe Systems, MasterCard, PayPal and Intuit.

The fund's main themes are currently the US, mid-caps, consumer-based stocks and the internet, according to Patrick Connolly at Chase de Vere.

"The fund dramatically reduced its weighting to UK stocks following the EU referendum result and is wary of investing too much in the UK while so much uncertainty persists," he adds.

NEW YEAR, NEW JOB

Stuck in a rut at work and feeling unfulfilled? From firefighter to musician through to NHS workers-turned-photographers, four people who have successfully changed careers share their stories. Plus read our tips on how to get started

BY REBECCA GOODMAN

We are expected to know from an early age what career we would like, but what happens if you decide you no longer want to do the job you have?

We spend an average of 3,507 hours working in our lifetimes, according to a study by the Association of Accounting Technicians, which is a lot of time if you are stuck in a job you hate.

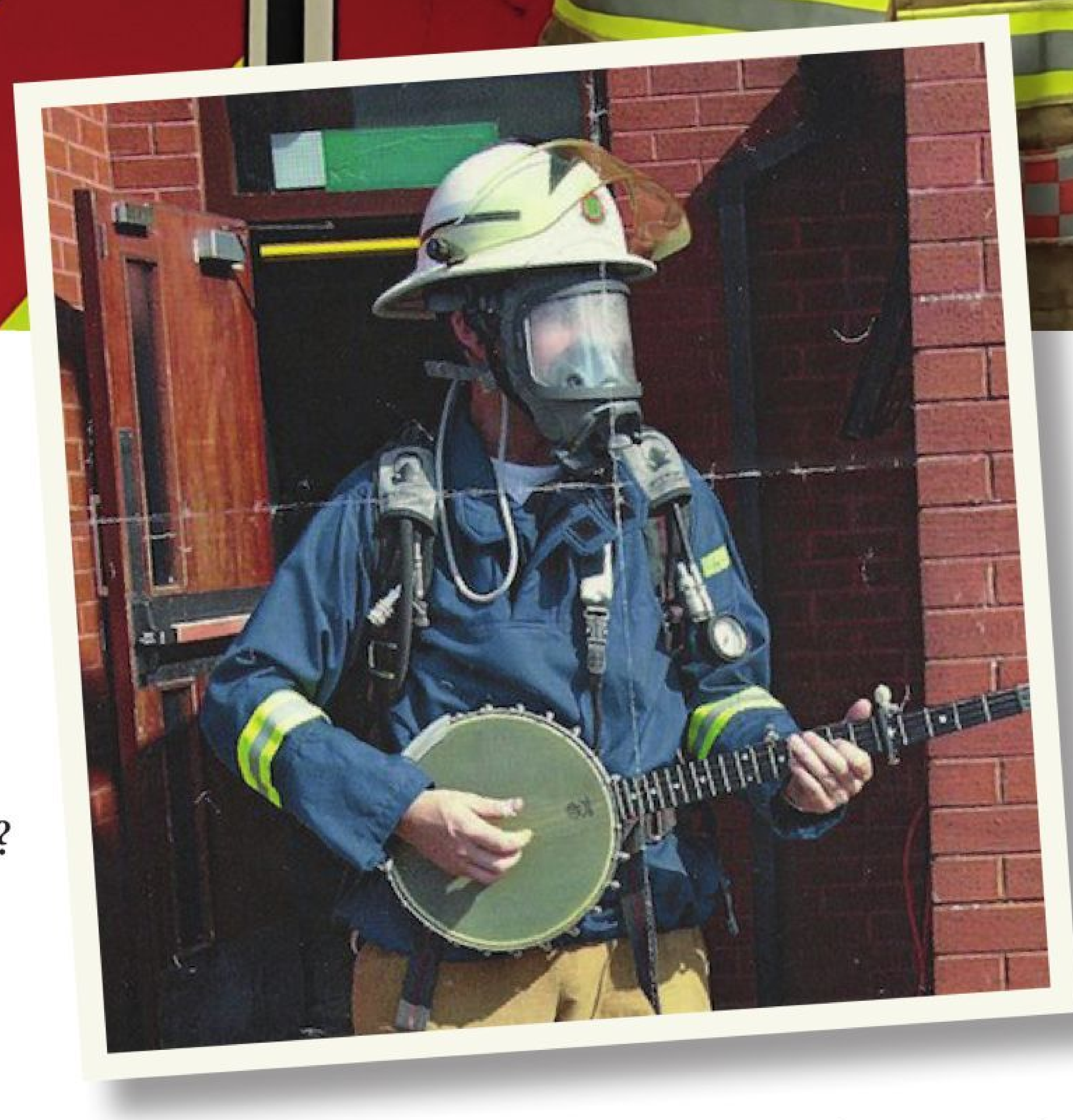
Here, four workers share their stories on how they changed job, the difference it made, and their advice for others wanting to do the same.

FIREFIGHTER TO FREELANCE MUSICIAN

"I dreamt of being a session musician"

Tobias Wilson, 51, who lives in Staffordshire, is due to leave the fire service in February after 25 years, forgoing his firefighter's pension to become a freelance musician.

In his 20s, his dream was to be a musician, but he could not earn enough money from it. Instead of giving up his banjo, he worked on his music on a part-time basis. He now earns around £4,500 a month taking on music projects for businesses around the world.



Work and play: Tobias Wilson (above) is leaving the fire service to work as a musician

"I have had an amazing career in the fire service, but I have also played music since I was four and this has always been my first love," he says.

"I dreamt of being a session musician, but I wasn't able to earn a viable income through it. Instead, I signed up to the freelancing website, Fiverr, which has meant I've been able to work for businesses around the world and this has made changing my career possible."

TRY AN INTERNSHIP

One way to try something new without fully committing is to try an internship.

Jo Cresswell, careers expert at jobs website Glassdoor, says: "As career-pivoting becomes common, it is no longer seen negatively to start again from the bottom, and older workers are embracing this," she says.

Tobias has freelanced for a few years and has found most of his jobs on the website. There are several similar sites that match up freelancers with potential employers for short-term opportunities. These can be useful to give you an idea of what life would be like working full-time in a new career.

Tobias says it is always worth researching a new job market to find out what people are looking for, what you can offer them, and how much they are likely to pay you.

"I am lucky that I have been able to build up the freelancing income while also having a full-time job, so I have been able to prove that I have a sufficient and sustainable freelancing income before making the leap of faith," he adds.

MARKETEER TO BLOGGER

"There is a lot you can do before you quit"

Steph Douglas, 38, quit her job in brand and marketing for the Government and London 2012, after her blog on motherhood became popular and she realised there was a potential to make money from it.

"I started the blog before the business because I wanted to connect with people and see if I would be able to start a business myself," she says.

Steph, who has three children Buster, eight, Mabel, six, and Frank, two, lives in Richmond, South West London. After her blog became popular, she then launched her online gift package business called Don't Buy Her Flowers.

The website sells a wide range of gift packages from those for new parents and pregnant mothers to gifts for those who are ill or just people in need of a pick-me-up.

Steph says you need to have a realistic expectation of what will happen if you change careers including your finances and if your earnings will change.

"There is a lot you can do ahead of leaving your job to hold on to that security a bit longer – starting the blog grew my network and people were already engaging with what we were doing before we launched Don't Buy Her Flowers.

"I spent my evenings and weekends researching products and competitors and writing a business plan. A lot of people start their business as a side project initially, while working. If you have a plan as to when to make that switch, it does add a layer of safety," she adds.

Money-spinner: Steph Douglas (below) turned her blog into a gift packaging business

Gap in the market: Himani Sharma (above) left IT behind to create her own vegan marketplace

IT ACCOUNT MANAGER TO FOUNDER OF VEGAN MARKETPLACE

"Having several jobs allows you to pick up new skills"

There are no rules on when you change careers, whether this is early or later in life, and Himani Sharma, 27, from London is proof

FOUR TIPS TO HELP YOU CHANGE CAREERS

1 Make a list of the job you'd like to do and decide what you want, why you want it, and what qualifies you.

2 Build a skills-based CV highlighting transferable skills, which will be relevant to jobs you are applying for.

It is not what you know, it is who you know. Reach out to your network for advice, mentoring and introductions.

3 Do you research: before you quit your current job, make sure you know exactly what a new job will bring. Do you have the right skills for it and, if not, is there a course you can take to get you there? There are lots of free (and discounted) courses online, or your new employer may agree to pay.

4 Depending on your situation, you may need to dip into your savings if your new role does not pay as highly as your previous job. Before handing in your notice, look at how your income will change, and for how long that will be the case. An emergency buffer can help as you don't want to fall into debt if your income takes a dip.

Source: Glassdoor.co.uk

Spontaneous: Lincoln Roth and Perrin Read (above) left the NHS to teach photography

HOW TO BOOST YOUR CV

- Choose your keywords deliberately: many employers will use computer software to scan CVs before they make their way to human eyes.
- Be specific: when you list your accomplishments on your CV, be sure to include the context, action and result of your actions.
- If you have a blog, website or more useful information on a social media profile, link to this on your CV.
- Depending on what industry you are applying to, a non-traditional CV might help you stand out. Creative industries or creative roles lend themselves more naturally to visual, dynamic and interactive CVs.

of this. She was previously an IT account manager and now runs her own vegan marketplace, CARMA.

"I was able to earn and save money in my previous job as an IT account manager and I've used this to invest in something I really believe in.

"When it comes to food, it has never been easier to eat vegan but shopping for cruelty-free fashion, beauty, and lifestyle products is still difficult," she says.

Himani saw a gap in the market to create a shop where people could go to without having to worry about where the products had been sourced from.

"Working in different industries and having several jobs is important as it allows people to absorb as much knowledge as possible and to pick up new skills. This also allows you to see the achievements and pitfalls of decisions being made and you can take the ones that work for you," she says.

Himani adds: "If you genuinely want a change in your job, ask yourself what is stopping you. Eliminate or solve those issues now and then think about what change you want to make with your career."

Changing jobs is not just for younger people either. Stuart Lewis, founder of the job and advice website for over-50s, Rest Less, says: "Today's over-50s are fundamentally healthier and more active than previous generations, which has led to a significant increase in those taking on a new challenge, retraining or simply switching careers in later life.

"With potentially 20 years of active employment left, many are using this time as an opportunity to think about what they really want to do, rather than continuing the career they fell into in their 20s."

"We love not having to stick to the nine-to-five routine"

NHS WORKERS TO PHOTOGRAPHY TEACHERS

"There will always be challenges and learning curves"

Lincoln Roth, 56, and Perrin Read, 54 launched a business together in 2016 teaching photography classes, and quit their previous jobs in 2018.

"Both our fathers passed away within a year of each other and clearing their belongings brought home to us just how short life is.

"We'd seen other people deciding to change their lives and said to each other, 'why isn't that us?,'" Perrin says.

Before making the change, they both worked in different areas of the NHS. The couple from Leeds offer their photography skills to private and business clients for anything from headshots and business profiles to bespoke portraits.

"We love the fact our lives are spontaneous and not governed by the nine-to-five routine. We may be working all day Sunday but then we can sit in a quiet cinema on a Wednesday afternoon," Perrin explains.

I asked Perrin her best piece of advice for others wanting to change careers.

She says: "Ask yourself why do you want to change careers at this age? If you have the answer to that question, then the 'how' part of it doesn't matter. There will be challenges and learning curves, just focus on 'why'." mw

REBECCA GOODMAN is a freelance journalist who writes for Mirror Money, The Sun Online, *The Guardian* and *Telegraph*

HANDLING OVERSEAS PAYMENTS?

Why banks are not best

Using a traditional bank to send and receive money overseas might seem like the easiest and safest option. But there are other ways to make international payments... without the huge fees

BY LILY CANTER

Earlier this year I received my first payment from a Hong Kong media organisation I had written for. Since it was able to pay me in sterling, I thought nothing of my fee being paid directly into my current account.

So I was surprised when my payment arrived with £26.59 missing, which accounted for 10% of my invoice. When I looked online, I noticed a special statement that indicated that £11.59 had been taken as an administrative fee. But where was the other £15?

After a lengthy conversation with my bank, it transpired that the money had been transferred via HSBC, which had added the transparent charge and an additional hidden one. When I asked HSBC why the whole fee was not on my statement and how it was calculated, it simply directed me to a 21-page commercial tariffs guide and a 19-page bank tariff guide, neither of which appeared to answer my query.

> "I was charged £20 to receive money into my account"

I realised there must be a better way to do things and asked the media organisation if there was an alternative way I could be paid. Since then, I have been paid via PayPal and incurred no fees at all.

Don't put your bank first

International transactions should not necessarily be processed through your bank not only because of the lack of transparency over what the fees are and what the currency rate is but also because these transactions can be slow, sometimes taking up to a week to arrive.

Emma Maslin, money coach and founder of Themoneywhisper.co.uk (see page 34), says consumers default to the easiest option, which is the bank, but this is actually "the worst" way to send and receive money overseas.

"We do what we know. The natural way to think is to do it through the bank. I used to live in Australia and I would send money to the UK through the bank. I got hit by fees – they were just made up. I didn't know what rate I was getting and, at the other end, there was a £20 fee to receive money into the bank."

The lack of transparency is an issue that has been pursued by the European Union, which is bringing in a new regulation from April 2020 that requires online and card providers to show the total cost of sending money within the EU including any extra fees or mark-up of the exchange rate. But this will only affect money being sent to EU countries. Guidance from the European Commission states that in the event of a 'no deal' Brexit, EU1 rules on consumer rights will no longer apply to the UK from the withdrawal date.

Consequently, many consumers are now switching to alternative money services, with UK- based money transfer site TransferWise

"YOU DON'T KNOW HOW MUCH YOU'LL GET WITH BANK TRANSFERS"

Using the bank to receive international payments has always been too complex for calligrapher Zoe Lacey (left).

Her company, The Golden Letter, produces luxury wedding stationery, and around 30% of its clients are in Australia, America and across mainland Europe.

"International clients find it really complicated using bank transfers. I would get emails from them saying they didn't know what information to give the bank. And I can never work out what I will get due to the bank charges and the exchange rate."

Within six months of starting her London-based business, she began using PayPal instead.

"Everyone already knows and trusts it. Most people have a PayPal account or can do a payment via credit card on it and it is completely international. I have never had any issues with people using it."

The ease of PayPal means the currency conversion is automatic and it is clear how much money the person invoicing will receive, plus the fees are relatively low compared to the bank, she says.

"A small percentage of around 5% to 7% goes to PayPal, but the bank charges more and is far more complicated. Plus it is instant with PayPal and doesn't take several days like the bank."

becoming Europe's biggest fintech company, worth an estimated $3.5 billion.

Maslin says what makes TransferWise so attractive is that you know how much money will arrive at the other end.

"You know exactly how much you will be charged. You are not paying unjustified, inflated bank charges. It gives a mid-market exchange rate and fixed fees whatever you send," she says.

Consultant and entrepreneur Brandon Relph used PayPal and then TransferWise when he ran goCreative across 13 countries. The company project-managed advertising campaigns targeted at young people on platforms such as Minecraft. He says he feels there is no point using banks unless there is no other option.

"There was never a situation where we thought we would use the banks because the fees are always expensive. And for smaller transactions, the banks are completely cost-ineffective. In the next few years, the banks will have to drop their rates for international transactions as people will stop using them," Relph says.

Make security checks

When using a money transfer service, take precautions to make sure it is being sent or received securely.

Attila Tomaschek, digital privacy expert at Proprivacy.com, advises using reputable licensed services that offer a secure means of transferring funds.

"Well-known services, such as PayPal and its subsidiary, Venmo, offer secure, encrypted money transfer options and provide certain protections for both the sender and recipient. Other international money transfer services are regulated by official financial entities and backed by larger financial institutions," he says.

"For instance, TransferWise is regulated by the United States Financial Crimes Enforcement Network and is backed by Barclays in the UK and Wells Fargo in the US."

Privacy features should also be considered and security options such as two-factor authentication, fingerprint authentication, notifications of new activity or devices added to your account, and the ability to remotely disable functionality of the service on a device if it gets lost or stolen.

"It is always a good idea to scour the service's privacy policy to see exactly what the company does to protect you and your financial transactions. Also do some research online and read customer

"For smaller transactions, banks are cost-ineffective" reviews about the service to get a better idea of what users are saying about it from first-hand experience," says Tomaschek.

Switch to a reliable payment system

PayPal is the world's biggest online payment system, operating in 25 currencies. Customers pay no fees, except where there is currency conversion. Merchandisers may incur costs for transactions, accepting payments from abroad and currency conversion.

TransferWise is becoming incredibly popular in the UK because it bypasses expensive international payments by using two local transfers. If customers want to convert their pounds into euros, they send the money in pounds to the UK-based acccount of TransferWise. The equivalent amount of money is then sent from TransferWise's euro account to the recipient using the mid-market exchange rate. Doing this conversion means the money never moves across borders and banking fees can be avoided.

It claims to be around eight times cheaper than high street banks. It gives a mid-market currency rate but has low and transparent transaction fees. It is also possible to set up accounts in different currencies. However, it currently only has access to around 30 countries compared to PayPal's 200.

MoneyGram is an American transfer service that deals in dollars but you may have to go to a Post Office to collect the funds.

Meanwhile, Western Union transfers money to more than 200 countries and territories with different fees for credit or debit card payments, bank transfer and cash payments ranging from 1.5% to 5%. The receiver may have to collect the money from a local agent.

Canadian transfer service XE charges no fees to send or receive money and does not apply transfer fees. However, charges can still be applied by a third-party bank when transferring the funds to XE or before the funds arrive in the recipient account. Currently the service is limited to North America, Europe and Australasia. mw

"I HAVE WASTED A LOT OF MONEY ON BANK FEES"

Salon coach Phil Jackson (right) switched to TransferWise when he got stung by bank charges while buying a house in Spain.

He paid the deposit through his bank, losing hundreds of pounds in the process.

"The solicitor said there was a better way to do it. We used ECFX (Excel Currencies) and saved around £700 on the purchase price."

Learning from the experience, he was happy to use TransferWise when his virtual assistants in The Philippines suggested it as a payment method.

" I use TransferWise for everything. It is very easy to send small amounts of money, it has small fees and is very quick.

"It scales the fee on what you are sending and pays real-time rates. The fees tend to be low even on small amounts like £10 to £15."

Phil, from Pewsey in Wiltshire, who helps salons across the world to grow their businesses, also uses online payment platform Stripe because it has lower fees than PayPal.

"My advice to others is to shop around and don't just buy into one solution. I wish I had given myself more time to do this but when I have needed to move money fast I have tended to use the bank. I have probably wasted a lot of money."

MoneyGram bringing you closer

TransferWise

Take precautions to make sure your money is being sent and received securely

LILY CANTER is a freelance journalist who writes for *The Guardian*, *The Sun*, *The Telegraph*, *The Times* and This is Money

BUSTING THE MYTH OF BEING BAD WITH MONEY

Some of us have an easy relationship with money – having enough and managing it well – while others struggle to make ends meet. Here, we look at removing the stigma of being in debt and the belief that it is your fault

BY DAISY BUCHANAN

When I am feeling especially worried or anxious, I dream about cashpoints. The details are hazy, but the feelings are horribly sharp. My card is aggressively sucked from my fingers by a machine that flashes the word 'Declined' over and over, or it tells me that I am overdrawn by tens of thousands of pounds. The nightmare produces physical symptoms – nausea and chest pains that wake me in the night.

Despite the nightmares, I think I am relatively responsible with my cash. I have three savings accounts, no credit card debt and I check my bank balance every single day. Deep down, however, part of me has bought into the idea that I am bad with money.

In my 20s, I did not earn enough to save money. Everything was swallowed by my gaping hole of an overdraft or my maxed-out credit card. I was trapped, frightened and powerless. But perhaps most destructively, I felt ashamed of myself, convinced that the problem was that I was bad with money.

When people struggle with debt, max out credit cards, use payday loans or are unable to save for the future, it is very easy to judge them.

What is more, those of us who find ourselves in that position can be quick to judge ourselves, to accept this myth that we are worse with money than those who are doing OK. But what I have learnt over the years as my finances improved is that it has little to do with my attitude to money. I am no better now – I just have more of it. Yet I still struggle to shake off that label.

When I google 'ashamed', the first autocomplete suggestion is 'of my debt'. Culturally, we foster the idea that we should be ashamed of not having enough money, and those who are struggling are often made to feel as though they only have themselves to blame.

Perhaps the problem can be compared with the scare stories surrounding the UK obesity crisis. As many as one in four adults is obese, and overweight people are made to feel bad about their bodies.

Saying "eat less cake" or "spend less money" isn't working. When we are struggling, others think that we are too stupid to understand the maths or that budgeting is as simple as making sure our outgoings are lower than our incomes.

But these stories we tell ourselves about money can be highly destructive.

Financial anxiety has even been shown to have a detrimental effect on cognitive function, according to

researchers at Miami University. Meanwhile, a study from Barclays found that almost half of 22- to 36-year-olds have lost sleep over money worries.

These destructive stories and labels can make it harder to dig ourselves out of debt in the first place, and can warp our spending decisions for a lifetime.

My friend Maria*, a 39-year-old secondary school teacher, told me that she has become more responsible with money, but she still feels fear and anxiety whenever she thinks about her finances.

"On paper, it all looks quite good. I always pay my mortgage and my bills on time, I have a savings account and a pension, and I pay off my credit card when I use it. But I still think I'm bad with money.

"In my 20s, I went travelling, spent more than I meant to and struggled to find work when I came back. My parents are very cautious savers, and I didn't feel as though I could ask them for help at the time, because I had been so 'irresponsible'. I felt so ashamed that I had not been able to anticipate hard times ahead while I'd been enjoying myself. I would love to go travelling again, but I rarely go on holiday for more than a week now because I still feel so anxious about what happened years ago."

"My friends earned more than me and I felt broke and ashamed"

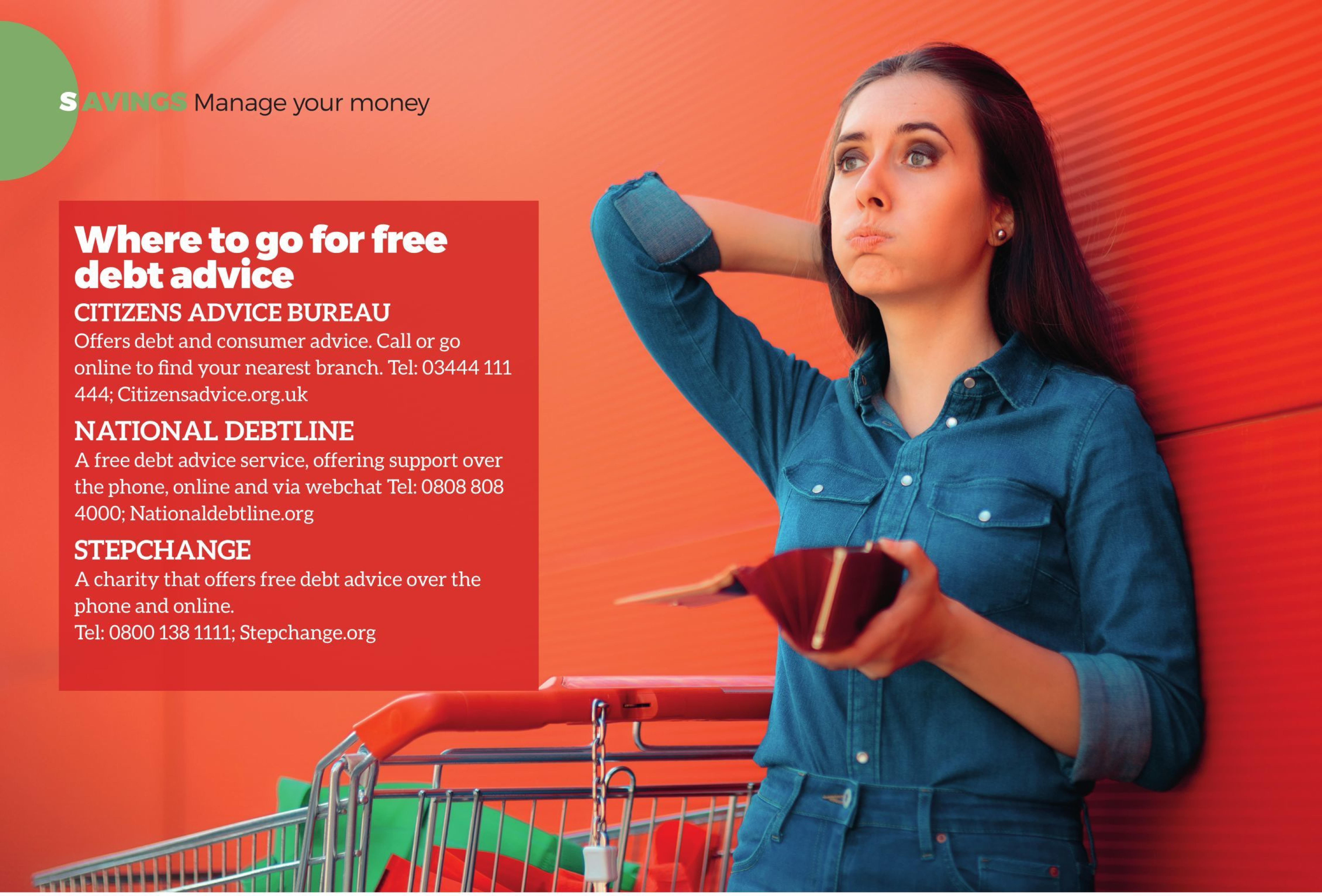
Natalie* a 35-year-old TV producer, also says that shame is the strongest emotion she experiences when she thinks about money.

"At the beginning of my career, I was doing a lot of work for little or no pay – work experience, being a runner, very short research jobs. There was a point in my mid-20s when my friends suddenly all seemed to be earning more than me, and I constantly felt broke and embarrassed.

"I was always either lying about not being able to go out or spending on a credit card because I'd cancelled my friends once too often. I thought about the situation in a black and white way.

"My friends were 'good' with money and I was 'bad', and I believed that I was failing because I clearly wasn't cutting back enough to afford what they could afford. It never occurred to me that our circumstances were entirely different, and that didn't make them better people."

Dr Brad Klontz, a psychologist and campaigner, works to raise awareness of the links between financial health and financial psychology, and is one of the founders of the Financial Psychology Institute in the US. He believes that our behaviour about money goes right back to our childhood.



Where to go for free debt advice

CITIZENS ADVICE BUREAU

Offers debt and consumer advice. Call or go online to find your nearest branch. Tel: 03444 111 444; Citizensadvice.org.uk

NATIONAL DEBTLINE

A free debt advice service, offering support over the phone, online and via webchat Tel: 0808 808 4000; Nationaldebtline.org

STEPCHANGE

A charity that offers free debt advice over the phone and online.
Tel: 0800 138 1111; Stepchange.org

"One of the biggest misconceptions we have is that money is not an emotional topic, when the opposite is true," he explains. "It is interwoven in nearly every aspect of our lives. Much of my research has been around money 'scripts', which are the typically subconscious beliefs we have about money that we learnt in childhood and which drive all of our behaviours."

Klontz says there are no bad scripts, but it is helpful to know that the emotions we feel around our finances, and our subsequent behaviour, are all connected with the thousands of messages we have absorbed throughout our lives, even when they contradict each other.

If we do not understand our script, we do not understand the negative emotions we experience around money. It is natural to avoid those emotions by not addressing our financial issues at all, but this has a detrimental impact on our mental health in the long run.

"A stress-filled relationship with money affects most people, but this can be hard to believe because it is a taboo topic. We are often struggling in a vacuum and feel quite alone," says Klontz.

There are new sources of support for indebtedness and managing a budget. For example, budgeting apps and banking apps will let you track your spending in real time and see where your money is going so you can see where you might be able to cut back.

But, in addition to that, we need to help lift the stigma of debt.

Like Natalie, I started working in an industry I loved for a low wage and my financial anxieties soon escalated. I believed I didn't have enough money because I was bad with it, and I bought into the myth.

> "We often struggle in a vacuum and feel quite alone"

None of my financial decisions felt controlled or empowering. I could only afford groceries if I put them on a credit card and I started to put other purchases on that card too.

I was constantly anxious and depressed, so shopping became the cure and the cause of my anxiety. I was so overwhelmed, ashamed and fearful that I did not check my bank balance or use an ATM for three years.

I could only change my behaviour when my circumstances changed. I was very lucky. I went freelance, which meant earning more money and saving on an expensive commute. I fell in love, which meant moving in with my new boyfriend and halving my rent.

Slowly, my bank account went from red to black and I started to pay back as much of my credit card as I could afford. I surprised myself. And when I had money, I was relatively responsible with it.

Until we understand that money affects every single one of us emotionally, we will never be able to lift the stigma that surrounds it.

We can only get better at managing it if we make it clear that struggling with our finances is nothing to be ashamed of.

** Names have been changed.*

DAISY BUCHANAN is a feminist, writer and host of chart-topping podcast *You're Booked*

Find out how a money coach could improve your relationship with money with our feature on page 34.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Over £20bn assets managed worldwide.
interactive investor
The value of investments can fall as well as rise so you could get back less than you invest. Interactive Investor Services Limited is authorised and regulated by the Financial Conduct Authority.
REPLY NUMBER 2150

Why not give your kids a boost this year by encouraging them to save? Check out our pick of the best cash and stocks & shares accounts

BY RACHEL LACEY

Children love nothing more than a trip to town to spend their birthday or Christmas money and relish the opportunity to blow their pocket money on sweets or magazines at the local newsagent.

Just like many adults, they feel a sense of anticipation on being able to spend their own money and enjoy the heady rush when they hand it over in exchange for anything from a pack of Pokémon cards to the latest Xbox game.

However, encourage your children to squirrel away some of that cash and you will be teaching them important lessons in budgeting and saving, and that the buzz of delayed gratification is often more long-lasting than the short-lived hit of impulse spending.

Similarly, by helping them build their own nest egg and prepare for the major expenses that adult life often brings, you will alleviate pressures on your own finances at that time too.

To get your child saving, you will need the right savings account. The *Moneywise* Children's Savings Awards will help you pick out the right deals whether they want to stockpile cash for the biggest Lego sets and never-ending wardrobe updates or you want to help them with buying that first car or paying for university.

BEST EASY-ACCESS ACCOUNTS

An instant-access savings account is a brilliant way to get kids hooked on saving. You can encourage them to squirrel away any money that comes their way, safe in the knowledge that they can get their hands on it when they need it. It is also an opportunity to teach them about interest – the more money they pay in, the more they will earn.

Accounts in this category need to pay a competitive rate of interest and offer young savers hassle-free access to their cash. They should have a low opening balance and be open to children across the UK.

Our winner takes the accolade for the fourth impressive year. Penrith Building Society's Junior Saver Shares pays a rate of 2.5%, including a 1.25% bonus on the child's birthday.

Tom Adams, head of research at Savings Champion, says it is a good, traditional savings account that has consistently paid a competitive rate of interest.

"A particularly nice feature is the 'birthday bonus', which not only takes the rate up to a level that will be looked on in envy by adults but

BEST EASY-ACCESS ACCOUNT

WINNER:

Penrith Building Society - Junior Saver Shares

CURRENT RATE: 2.5% gross/AER. Rate includes a 1.25% bonus, paid on the child's birthday
AGE RANGE: Under 18
INTEREST PAID: Annually on 31 December
MINIMUM DEPOSIT: £1
MAXIMUM: £10,000
ACCESS: Easy Access Open and manage in branch or by post
WEBSITE: Penrithbs.co.uk

HIGHLY COMMENDED:
Santander 123 Mini Account

BEST YOUTH ACCOUNT (11+)

WINNER:

HSBC - MySavings

CURRENT RATE: 2.96% gross up to £3,000, 0.75% thereafter
AGE RANGE: Seven to 17
MINIMUM DEPOSIT: £10
MAXIMUM BALANCE THAT EARNS THE HEADLINE INTEREST RATE: £3,000
ACCESS: Easy Access, open in branch, manage in branch or by phone also mobile app and online (if you have a MyAccount – see below)
OTHER FEATURES: Comes with a cashbook. HSBC will also open a current account (MyAccount) which comes with a Visa debit card for those aged 11-plus
Website: Hsbc.co.uk

HIGHLY COMMENDED:
123 Santander Mini Current Account

could be a great incentive to keep saving," he says. "Not only that, but associating a boost to their interest with other birthday gifts is bound to engender positive feelings that will carry on right through to adulthood."

Coming a very close second is Santander's 123 Mini Account. It pays 1% on balances over £100, 2% over £200 and 3% on balances between £300 and £2,000.

Adams says: "Although this account is effectively a current account, it does offer one of the highest interest rates available to a child. The account only misses out on the top spot because that headline rate is only available on balances between £300 and £2,000 – so will not suit everyone.

"The fact that it is a current account does mean that there are some good features included and you can access the money through a variety of channels – all great practice for later on."

As Santander has branches across the UK (unlike Penrith) and can be managed online, it may also be easier for children to engage with.

BEST YOUTH ACCOUNT – FROM AGE 11 UPWARDS

In addition to easy access and competitive interest rates, accounts in this category also need the added zing that will make them popular with older children who will be making more withdrawals and quite possibly be starting to earn their own cash.

Once again, our winner and runner-up are the same as last year. HSBC's MySavings is top of the pack.

> "A birthday bonus is a nice feature of Penrith's account"

"One of only two accounts for this age range that pays the top available rate, HSBC takes the prize by virtue of having a larger maximum interest-bearing balance," explains Adams.

"What is nice about this account is that it forms part of a package, with a current account – along with the all-important debit card – available for those over 11.

"It is a convenient solution and an answer to the age-old issue of keeping your savings separate from your current account."

123 Santander Mini Current Account comes in a close second.

Adams says: "Just missing out on the top spot, nevertheless, this is still a good option to consider as it offers a top savings rate and current account features all rolled into one.

"A great first current account for young people, with all the features you would expect to help them manage their finances effectively and multiple-access channels to suit different situations."

He adds: "To top it all, it offers a great interest rate with different tiers that can help young people to get into the savings habit and see for themselves the virtue of saving more for a higher return.

"It's an account that gives the opportunity to practise managing finances, which a young person can then use throughout their lifetime."

JUNIOR CASH ISA

Every child should have an instant-access account for everyday use, but for longer-term saving, it makes sense to have a Junior ISA, or JISA, too. Each year, children, parents and other family members can pay in £4,368 a year and no tax will be payable on that money. It won't be accessible until the child turns 18, however.

This makes these accounts an ideal way of saving for all those expenses that come with early adulthood, whether it be a first car, university tuition or a house deposit. As an added incentive

"The JISA from Coventry offers the best rate on the market"

BEST JUNIOR CASH ISA

WINNER:

Coventry Building Society – Junior Cash ISA (1)

CURRENT RATE: 3.6% tax free/AER

MINIMUM DEPOSIT: £1

WEBSITE: Coventrybuilding society.co.uk

HIGHLY COMMENDED:

Darlington Building Society Junior Cash ISA

interest rates are usually higher than those paid on instant-access accounts – as the rates paid by our winner and runner-up show.

At the top of the pile – for the seventh consecutive year – is the Coventry Building Society Junior ISA, which pays a whopping 3.6%.

Adams says it was an easy choice: "It is hard to look beyond this Junior Cash ISA – it offers the best rate on the market by a significant margin and has been consistently high-paying throughout its lifetime.

"Already paying a competitive rate, the account saw the rate increased following the base rate rises in both November 2017 and August 2018, with no rate cuts since it was launched. Well ahead of the pack, simply put, this is the best Junior Cash ISA around."

Once again, our highly commended is also the same as last year. The Darlington Junior Cash ISA pays 3.25%.

"Around since day one of the Junior ISA and with no rate cuts during that period, this account is one of the next best options available," Adams says.

"It just edges its rivals by offering a postal application channel for convenience, rather than just branch access. The bottom line is that it is the best of the rest."

BEST JUNIOR STOCKS AND SHARES ISA

WINNER:

Hargreaves Lansdown Junior ISA

MINIMUM INVESTMENT: £25 a month

CHARGES: Platform fee 0.45% (no dealing charges)

INVESTMENTS: 2500-plus funds, as well as investment trusts, shares and ETFs

Contact: Hl.co.uk

JUNIOR STOCKS AND SHARES ISA

A Cash ISA provides a safe home for your child's nest egg, but if you have ambitious savings targets and a lengthy savings horizon you should get better returns with an ISA invested in stocks and shares.

Take the example of £50 invested every month into a Junior ISA paying 3%. After 10 years it will be worth £6,989, according to Hargreaves Lansdown. That is certainly not to be sniffed at, but had that money been invested into an equity-based fund with an annual return of 6% a year, it would be worth an impressive £8,163.

The judges in this category were looking for platforms that offered a wide fund selection, competitive fees and low monthly contributions to make it accessible to more families.

Our winner for the second consecutive year is Hargreaves Lansdown. Judge Patrick Connolly, chartered financial planner at IFA Chase De Vere, says it's not the cheapest option but is transparent and easy to use.

"This is probably the most expensive product. However, as most Junior ISA investments are likely to be relatively small, the pounds and pence differential in charges between this and other products should also be small," he says.

Five tips to get your kids saving

1 Children feel as if they are losing control of their money when they pay it into the bank. Encouraging them use it to save for things they want and letting them make the odd withdrawal here and there will remind them it is still their money and accessible when they need it.

2 Telling your child they need to save £100 in a year to earn £3 in interest won't be a massive incentive to squirrel their cash away. Instead, motivate them to save more of their money by offering your own top-ups, say £1 or £2 for every £10 they save. That way, they will see their balance grow much faster and understand the benefits of paying money into the bank.

3 Make a visit to the bank a regular part of trips to town. Discuss how much of their money they should pay in and go to the bank before they visit the shops – where spending may get the better of them.

4 Fancy holidays, new cars – even our retirements – motivate us to save, and children are no different. Encourage them to set easily achievable savings goals and they will soon learn the benefits.

5 All parents question their children's spending decisions from time to time. Letting them make a few dud choices along the way can be useful in teaching them the perils of frittering their money away, especially if it means they miss out on something they really want as a result. Don't automatically bail them out and use it as an opportunity to discuss the need to save.

Martin Bamford fellow judge and chartered financial planner at Informed Choice, takes a similar view.

"While Hargreaves Lansdown has the highest annual fee of shortlisted providers, it offers consistently good service to customers . There is strong disclosure around their fund ideas and in-house funds on offer."

Our runner-up this year is AJ Bell You Invest.

Justin Modray, judge and founder of Candid Financial Advice and Comparefundplatforms.co.uk, says: "A close second, only held off the top spot by monthly fund dealing charges. Otherwise, it's a very competitive service with good research and suggested portfolios, along with the option to hold shares."

Hargreaves Lansdown and AJ Bell were the only shortlisted platforms,to offer to pay in just £25 a month, compared to the usual £50. mw

Invest in a Stocks & Shares JISA for a chance of higher returns

Methodology

The winners and runner-ups of our cash categories were selected by Tom Adams, head of research at Savings Champion. His decisions were based on three years of historical savings rate data and all accounts needed to be accessible throughout the UK and have no strings attached.

The Stocks and Shares Junior ISA category was judged by Martin Bamford, chartered financial planner at Informed Choice, Patrick Connolly, chartered financial planner at IFA Chase De Vere and Justin Modray, founder of Candid Money and Comparefundplatforms.co.uk. The shortlist was compiled by Comparefundplatforms.co.uk. This was based on charges and minimum monthly contributions.

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ARE YOU A LEASEHOLDER WHO'S BEING FLEECED?

The laws surrounding leasehold property are antiquated and complex. We investigate the key financial issues facing leaseholders and find out what can be done to fight back when costs escalate

BY LILY CANTER

Around a fifth of all dwellings in England are leasehold properties, made up of 2.9 million flats and 1.4 million houses.

Around one quarter (24%) of residential property transactions in England and Wales were leasehold in 2018 (230,000 transactions).

But while most leasehold owners do not face difficulties with their freeholder, when they do the costs can be dear.

The laws governing the relationship between leaseholders and freeholders are composed of multiple housing acts, which have been amended time and again.

Campaigners believe the rules are now weighted in favour of freeholders and that greater protection is needed for leaseholders.

Leaseholders in some instances are incurring fees and charges from their freeholders so high they are crippling their finances and making it impossible to sell their homes.

Leasehold reform campaigner Louie Burns says the law currently favours freeholders who have the ability to "extort money left, right and centre".

"You have more legal protection in this country if you buy a £10 kettle from Argos than if you buy a multimillion-pound home," he adds.

Campaigners argue that since housing laws were introduced to support aristocratic landowners, they are not fit for purpose in the 21st century. And the growth of freehold purchase and property management as a profitable industry means leaseholders are being treated as consumers rather than tenants.

While England and Wales share the same leasehold law, in Scotland and Northern Ireland the law has been updated.

Service charges and insurance

While leasehold homeowners own and are responsible for their own property, the communal areas are maintained by a third party. In the past, councils would have taken responsibility for or employed a company to oversee these areas, including streets and open spaces. But, recently, some developers have held on to this role and contracted a management company to operate the site.

Where a good management company is put in place, this needn't be problematic. However, the Housing, Communities and Local Government Commons Select Committee has already raised concerns over reports of leaseholders being "overcharged, paying for services they are not receiving, and high commission fees for freeholders and managing agents".

It is not uncommon for freeholders to take a commission on leasehold flats of between 40% and 60% for arranging buildings insurance, according to Wade Barker, a specialist consultant at Bamptons Management, which manages properties on behalf of leaseholders.

Barker says: "In a recent case, a freeholder was charging £8,000 a year for building insurance. We got it down to £3,000, which shows how high its commission was."

Leaseholders also have to split the cost of any major building costs. While this work may be essential, individuals may not have a say on when or how the work is carried out, which can leave them with costly bills whether or not they can afford them.

"MY FREEHOLDER HAS DISAPPEARED AND THERE IS NOTHING I CAN DO"

Clinical Psychologist Ilona Singer (right) has spent thousands of pounds maintaining the building she lives in, despite not owning the freehold.

She bought the three-bedroom flat in Manchester 12 years ago and quickly realised that it was not being maintained.

"I didn't pay the maintenance fees because no maintenance was being done. I wrote to the freeholder and said I was happy to pay the fees if they did some maintenance but they never responded."

She has spent £3,000 fixing the roof and thousands more on other jobs that are not her responsibility.

"It's a rare month when I don't have something broken on the property," she says.

The company which owned the original freehold was dissolved several years ago and yet Ilona cannot dissolve the arrangement.

She has sought legal advice several times and been told her only course of action is to sue the freeholder for breach of contract.

"I'm not entitled to legal aid and it would cost me £5,000 to £10,000 to sue the freeholder. Even if I won they could ignore me and I would have to go back to court. I'm a single mum and I just can't afford this."

Doubling ground rent

Many leasehold properties have a ground rent, which is a fee set by the freeholder that is meant to reflect the value of occupying the land. In the past, it was set at zero or a nominal fee and was largely used for flats.

More recently, clauses have been added to leases that allow the freeholder to review ground rent periodically, for example, every five, 10 or 25 years. Typically, the clause allows the freeholder to increase the rent – in some cases by 100%.

Ground rent rises do not have to reflect a commensurate – or indeed any – increase in the level of maintenance or quality or service provided to leaseholders, which has been recognised by the housing select committee.

The government has said that it will introduce legislation to ban new-build leaseholds and force freeholders to reduce ground rent to zero but it is not clear when this will happen. As a result, some developers such as Taylor Wimpey, have stopped building houses on a leasehold basis.

Permission fees

Permission fees are charged to owners of new-builds who want to make changes to their property. This could be as much as £2,500 for an extension. Fees could also be charged for remortgaging, erecting fences and painting doors.

In 2018 , a Which? report found that some leaseholders were being charged £252 to own a pet and £60 to fit a doorbell, on top of a fee of up to £108 to file a request for the changes.

"Developers have switched from leasehold to 'fleecehold'. They have removed the ground rent requirement but all the fee-paying covenants are still there which is what we were originally concerned about," says Cath Williams, co-founder of the National Leasehold Campaign.

Buying the freehold

Leaseholders have a legal right to buy the freehold after two years of ownership. However, when they come to buy they may find the original price they were quoted has been doubled or even tripled. This is because in some cases the freehold has been sold on to an investment company, which then sets its own fees.

Leaseholders will often have to negotiate a fair price, taking time and incurring additional legal fees. When leaseholders enfranchise (purchase the

> The freeholder may be able to increase ground rent by 100%

"BUYING THIS HOUSE WAS THE WORST DECISION OF MY LIFE"

Excessive permission fees and rising freehold purchase costs have left Ian Rice caught in a "leasehold trap".

The builder bought his new-build house in Liverpool two years ago.

"It was the worst decision of my life," he says. "I have to pay £50 to find out that the permission fee to paint my front door is £90 or that there is a £2,000 permission fee to build a conservatory."

Ian says it will now cost him £20,000 to buy the freehold and pay legal fees to escape all the restrictions on his £270,000 home.

"When we initially bought the house, we were told the freehold would be £7,500 and we had the finances in place for this. Three weeks before I was about to buy the freehold, I received letter from an offshore company saying they owned the freehold. I had to pay £50 for them to issue a freehold purchase price, which was £15,900 plus their fees."

Ian, who lives in the house with his wife and daughter, says the stress is affecting his health.

"I will have to remortgage and use my life savings to buy the freehold now. I feel so stupid but I know I've been duped. I thought the issue would be shoddy work, which I could sort, but not this."

freehold), they need to watch out that permission fees are removed from their titles as part of the negotiations as this not necessarily automatically happen.

Extending leases

Leases for houses tend to be 999 years but are usually shorter for flats, sometimes just 120 years.

Freeholders need to renew or extend well ahead of their lease expiring. Technically, if they don't, the freeholder can take possession of the property at this point.

Williams says extending can be preferable to renewing. The price of extending or renewing can be considerable. This is because a

Are you a leaseholder or freeholder and have you been affected by these issues? We'd love to hear your views and experiences. Email editor@moneywise.co.uk

Caught in a leasehold trap: Ian Rice (left)

"Our freeholder gave us nothing, and we were responsible for repairs" renewal is likely to come with new terms attached and increased ground rent. It is far better to negotiate a lease extension with ground rent reduced to zero, although leaseholders still need to watch out for any permission fees that may remain.

But Stephanie Kleyman, consultant at Express Conveyancing, says extending a lease is an expensive process without a lot of alternatives.

"You have to negotiate with the freeholder or go to tribunal which is lengthy, time consuming and expensive. The freeholder holds all the cards."

How can leaseholder control costs?

In the UK, the Commonhold and Leasehold Reform Act 2002 provides a right for flat leaseholders to take over the management of their building by setting up a special Right to Manage company. A range of conditions must be met to qualify for Right to Manage and at least 50% of leaseholders in the block must be willing to become members. There is no Right to Manage for houses.

If leaseholders want to challenge charges or other leasehold management issues, they can take the freeholder to a first-tier tribunal.

If leaseholders lose their case they can appeal to a higher tribunal at an additional cost, but even if they win it is legal for the freeholder to offset their costs by raising the leaseholder's management fees.

What is changing?

The government has run several consultations on leasehold, and the housing select committee has urged the government to ensure commonhold becomes the primary means of ownership of flats in England and Wales, as it is in many other countries. It also recommended the government prohibits use of financial incentives to persuade customers to use particular solicitors.

The Competition and Markets Authority also launched an investigation in June 2019 to examine whether consumers had been mis-sold leasehold properties and are being given unfair contract terms.

Meanwhile, the Law Commission has conducted its own consultation on enfranchisement, which gives leaseholders the right to extend their lease, acquire the freehold of their house or collectively acquire the freehold of their block of flats.

However, uncertainty surrounding Brexit, and the revolving door of housing ministers, is hampering progress, says Williams.

In the meantime, leaseholders, or those thinking of buying a leasehold property, need to educate themselves and seek advice from a specialist agent who only works with leaseholders.

"More needs to be done to educate people about what it is to be a leaseholder. I don't think people have enough information about what the risks are," adds Kleyman.

"It is a lengthy and expensive process to extend a lease"

LILY CANTER writes for publications including *The Guardian*, *Metro*, *The Sun*, *The Times* and *The Telegraph*

MORE INFORMATION FOR LEASEHOLDERS

National Leasehold Campaign:
Nationalleaseholdcampaign.org

Leasehold Knowledge Partnership:
Leaseholdknowledge.com

Leasehold Solutions: Leaseholdsolutions.com

"I WAS SO INCENSED, I CREATED A SOCIAL BUSINESS TO WORK FOR LEASEHOLDERS"

When Linz Darlington began researching enfranchisement for his London flat he discovered there was a whole industry around the process but none of it was impartial.

"What is truly outrageous is that most enfranchisement advisers are quite happy to work for a leaseholder or a freeholder – how can they negotiate firmly for the leaseholder if they receive repeat business from the freeholder?"

Mr Darlington, who lives with his wife Laura, bought the property knowing he would have to extend the lease because it only had 71 years left. His neighbour also wanted to extend their lease so the pair decided to opt for collective enfranchisement so they could jointly own the freehold.

"Our freeholder was a phantom menace. They gave absolutely no benefit to us but charged us for things like remortgaging. We had a self-maintaining lease, so we were responsible for doing anything like painting the outside of the house or roof repairs" says Mr Darlington who runs social enterprise Benefacto.

The process of enfranchisement took more than a year and cost Mr Darlington £27,500 for the lease extension, share of the freehold and legal costs - including £1,440 for the freeholder's valuation fees. The two flat owners also had to set up a company in order to jointly own the freehold.

Once the process was complete, they were able to get their own buildings insurance which was £700 cheaper than the original freeholder had been charging them. This was due to the large commission the freeholder was taking.

"I was so incensed by the process, I created a project management company, Homehold, to support leaseholders. By only working for leaseholders we can fight for the lowest premiums, and by proactively communicating to our clients we hope to take the stress out of the process too."

Should you join the green home revolution?

With the growing awareness of the impact of climate change, more people are looking at ways to make their homes energy-efficient. Not only will this help the environment, it can also save money

BY STEPHEN LITTLE

The UK has some of the oldest and least efficient housing stock in Europe, so improving the quality of UK homes to help reduce greenhouse gas emissions is vitally important.

UK emissions targets will not be met without the elimination of greenhouse gases from buildings, according to a recent report from the Committee on Climate Change.

It found that emissions reductions from the UK's 29 million homes have stalled, while energy use in homes – which accounts for 14% of total UK emissions – increased between 2016 and 2017.

Caterina Brandmayr, senior policy analyst at the independent think tank Green Alliance, says: "Homes provide about a fifth of the total greenhouse gas emissions of the country. If we want to hit climate change targets, it's critical that we address those emissions and bring them down."

Upgrading your home

There are plenty of straightforward upgrades you can make if you want your home to be more eco-friendly.

Lighting accounts for 15% of a typical household's energy bill, so switching to energy-efficient lightbulbs is a good start. Other simple measures include draughtproofing windows or arranging to have a smart meter installed.

If you are more adventurous, you might want to look at overhauling the heating system or installing solar panels.

Jenny Holland, public affairs and policy specialist at membership body the UK Green Building Council, says: "Upgrading your home will not only help the environment and save you money on bills but also make it warmer, more comfortable and healthier to live in.

"It makes sense to do the simple things first, like draught-proofing your windows and doors or getting a hot water cylinder jacket.

"If you insulate your loft or cavity walls, this can pay off quite quickly, but if you have a solid wall it tends to be a bit more expensive."

Deep retrofit

A deep retrofit could significantly upgrade the energy efficiency of a property all in one step, instead of making a series of improvements over time.

This means making a number of upgrades to your home all at once, such as adding solar panels, underfloor heating and external insulation.

As it could mean changes to the structure of your home, careful planning is required, says Chayley Collis of Green Building Store.

She says: "For successful and effective deep retrofits, it is important that walls, floors, roofs, lofts and windows are insulated to maximise energy efficiency.

"To work best, insulation needs to work in a continuous 'blanket' around the house, minimising any gaps.

"Airtightness – or reduction of draughts – is also often an overlooked aspect of energy efficiency, which can make a huge impact on the warmth and comfort of a home."

'Passivhaus' is a low-energy construction standard developed in Germany that far exceeds current building regulations. The design ensures buildings use around 90% less energy for heating than the average house.

Passivhaus homes use a heat recovery system that ensures extracted air warms up fresh air that comes in and draughts are eliminated.

Common features include massive insulation up to 300mm thick, triple glazing and high levels of airtightness.

While building to the Passivhaus standard can be about 10% more expensive, the move could save you around £900 a year on energy bills as well as reducing carbon emissions to zero.

Not just for new-builds, it is also possible to retrofit you home to meet the standard, though you will most likely need planning permission to make the required changes.

Daniel Capstick, Ecology Building Society's mortgage manager, says anyone setting out to build a comfortable low-energy home should consider a Passivhaus.

He says: "Homes meeting the Passivhaus standard typically achieve a 75% reduction in space-heating requirements compared to standard practice for UK new-builds.

"They are built to a rigorous voluntary standard, with superinsulation, low-volume heat recovery ventilation systems and tightly controlled airtightness, which combine to make sure the building's carbon footprint is as small as possible."

It's easy to overlook reducing draughts when improving energy efficiency

Chris Copeman and his retro-fitted house now meets passivhaus standards

"OUR HOME IS WARM ALL YEAR ROUND"

Chris Copeman (right), 48, and his wife Alex, 40, decided to retrofit their home in Kingsley, Cheshire, to reduce their carbon footprint and improve their standard of living.

He says: "We chose to retrofit the house to the passivhaus standard as it's the most energy-efficient system in the world and provides the heathiest possible building for the occupants.

"It is warm all the year round and once you have lived in a passivhaus you don't really want to live in any other sort of house. I am really pleased how it has turned out."

The retrofit of the three-bedroom home includes a loft conversion, external wall insulation and triple-glazed windows. The house was made airtight and a ventilation system was added, which provides fresh filtered air into a building while retaining most of the energy that has already been used in heating the building.

It took a year to upgrade their home and cost around £60,000, which includes a loft conversion and a new conservatory.

The airtightness and design of the property has slashed their energy bills to about £100 a year.

He says: "We have solar panels and an energy feeding tariff, as well so we are making about £1,000 profit a year on our energy bills."

HOW TO MAKE YOUR HOME GREENER

Smart meters

Smart meters track how much gas and electricity you are using and send automatic meter readings to your supplier. It replaces your old meter and, as you can see what you are spending, it can help you manage your energy usage. The meter and set-up are typically free.

Insulation

Insulating walls and the loft will help slow down the rate at which heat escapes, so less energy is required to heat your home.

The type of insulation you use will depend on the construction of your home. Modern houses will have a cavity wall made of two layers with a gap in between them. Older homes with solid walls can be insulated from the inside or the outside.

A typical cavity wall installation for a detached house would cost around £725 but could save you over £220 a year.

Double glazing

Properties can quickly lose heat through their windows, so an easy way to save energy is to replace single-glazed windows with double glazing. Doing this could help you save over £100 a year. The cost will vary depending on the size of your windows but can be around £500 per window frame.

Solar panels

Solar panels absorb sunlight and convert the energy into electricity. While the energy cannot be stored, it can be exported to the grid, earning you cash from your supplier.

Panels are typically positioned where they can best capture the sun's energy. The cost of installing solar panels is usually around £6,200.

The Smart Export Guarantee (SEG) comes into force from 1 January 2020 and replaces the feed-in tariff. It pays people who generate electricity from renewable sources such as solar panels. However, it is unlikely you will get as much money from your energy company for the energy created as the feed-in tariff as the rates are expected to be lower.

Change your boiler

With heating accounting for more than half of energy bills, it makes sense to have an efficient boiler.

New A-rated condensing boilers are 90% more efficient than older models. Replacing an old boiler costs around £2,300 to install and could save you in the region of £200 a year.

Heat pumps

Heat pumps use a compressor to extract heat from the outside air, which can then be transferred to radiators, underfloor heating or the water supply.

Installation usually costs between £6,000 and £8,000, and can help you save up to £650 if you are replacing an old gas boiler.

** Figures supplied by the Energy Saving Trust* mw

Although they were initially expensive, Michael Graham believes his solar panels are saving him £250 a year

"SOLAR PANELS PAID FOR THEMSELVES IN SIX YEARS"

Michael Graham, (above) 67, from Leeds in Yorkshire, has installed solar panels and a smart meter in his home to save money and help the environment.

He had solar panels fitted in 2010 and, as well as saving money, he gets paid for generating his own electricity.

He says: "The panels cost about £12,000, but they are a lot cheaper now. I get paid for whatever I generate but if we are in during the day we can use the energy for free, which reduces the energy bill.

"It is saving me £250 a year, but with the feed-in tariff I make around £2,000. It paid for itself after six years and is probably the best investment I have ever made."

Mr Graham also says that getting a smart meter allows him to save money as he can closely monitor how much energy he is using.

He says: "I know what I am on track for this month and I can go back to last year and see what I used then.

"Keeping an eye on how much energy you are using means you don't get surprised by any big bills.

"I was a bit sceptical about climate change a few years ago, but now I realise we are emitting too much carbon, which is not great for the environment.

"Going green has definitely been good for my finances and has helped reduce my bills."

moneywise CUSTOMER SERVICE AWARDS 2020

PICK THE WINNER OF THE MONEYWISE CUSTOMER SERVICE AWARDS 2020

It is time to have your say about the financial firms that have gone that extra mile for you and to name and shame those that have let you down

BY RACHEL LACEY

Have your say about the financial firms that have gone that extra mile for you and to name and shame those that have let you down.

Poor customer service sticks with us for a long time – whatever the product is – damaging our trust in the brand.

And yet poor service is still rife: the insurer that takes for ever to settle a claim, rude bank staff, or the Cash ISA provider that fails to deposit your money in the right tax year.

It is all too easy to get our heads turned by cheap quotes and competitive rates, but finding a good deal on financial products is not just about the cost.

From choosing a mortgage or savings account to switching current accounts and claiming on pet insurance, first-class customer service is equally important.

With that in mind, we want to hear your views about the customer service you've been getting over the past year from your bank and other financial providers – in branch, over the telephone and via email. Which provider has gone the extra mile to make your life easier? Which products and services couldn't you be without? And which firm has kept you waiting on the phone?

Last year, 32,000 of you voted in our online survey that forms the basis of the *Moneywise* Customer Service Awards. We would like to reach even more of you this year, so please spread the word. We want to know which companies you think offer service with a smile and which have let you down.

Now in its 12th year, the survey asks you to vote for the financial providers you rate most highly, based on the customer service experience you have received. The aim of the survey is simple – we want to identify Britain's most trusted companies so that *Moneywise* readers can get the very best out of the financial products and services they rely on.

Staff from First Direct (with TV presenter Konnie Huq, left, and *Moneywise* editor Rachel Rickard Straus, right) picked up the award for most trusted financial provider in 2019. The Co-operative Bank (inset) was another big winner

We want to identify Britain's most trusted financial companies – but we need your help

2019's big winners

Last year, you voted First Direct your most trusted financial provider. The bank continues to wow customers with top-notch customer service: not only is it efficient and reliable with security nailed down, it's friendly too. It also took awards for Best Banking App, Best Current Account Provider for Call Centre Service, Best Provider for Regular Savers, Most Trusted Current Account Provider, Most Trusted Loans Provider and Most Trusted Mortgage Provider.

Another big winner on the night was Santander, which won Most Trusted Buy-to-let Mortgage Provider, Most Trusted Small Business Banking Provider and Most Trusted Credit Card Provider.

The Co-operative Bank also scooped three awards for its branch service, call centre service and for being the most trust current account provider.

However, we also name and shame firms that consistently let their customers down. In 2019, the wooden spoon for least trusted provider went to Royal Bank of Scotland – the seventh time it has received it in the past eight years. mw

YOUR CHANCE TO WIN £1,000 AND OTHER PRIZES

We want you to take part in our 2019 survey – whether you have shared your views before or you are getting involved for the first time. This year, we are offering a £1,000 cash prize to one lucky reader who completes the survey. And five more readers will each win £100 in Amazon, John Lewis or Marks & Spencer vouchers.

To be in with a chance of getting your hands on the prizes, just visit **Moneywise.co.uk/consumersurvey** to cast your vote. The survey will be live from 1 January 2020, so why not get started and encourage your friends to do the same?

Please spread the word. You can use Twitter to tell your followers about our online survey by tweeting the link using the hashtag #companiesitrust. Also, why not post the link on your Facebook page, using the same hashtag?

moneywise BEST BUYS

Stephen Little has hunted through the mass of financial products and data to bring you this month's best savings accounts, mortgage deals for first-time buyers and 0% purchase cards. For more best buys, updated weekly, go to **Moneywise.co.uk/best-buys**

Savers face an uphill battle for decent rates in the year ahead

For many savers 2019 was a tough year, with lenders slashing rates across the board.

Top-rated regular savings accounts at 5% look as if they are on their way to becoming a thing of the past. In November, M&S Bank cut the rate on its savings account from 5% to 2.75%.

It followed similar cuts by HSBC and First Direct, which also reduced their regular savings rates to 2.75%.

Now that regular saver rates have fallen, savers wishing to put away a lump sum could find themselves earning more interest elsewhere. This is because regular savings accounts calculate interest only on what you have in your account each month.

For example, the First Direct Regular Saver allows you to put away £300 each month – a total of £3,600 a year – which at an interest rate of 2.75% gives you £3,654 after one year.

However, if you have a lump sum of £3,600, you can actually earn more interest by putting it all into an account up front. For example, in the Marcus account from Goldman Sachs, you would have £3,699 after one year.

Current account options

Banks have also been cutting back on current account rates and perks. In July, TSB cut the interest rate on its 5% Classic Plus Current Account to 3% on balances up to £1,500.

Since then, NatWest and Royal Bank of Scotland have announced plans to scrap cashback for Reward customers from February 2020. This means customers will no longer be able to get cashback on bills for electricity, gas and council tax.

The Nationwide FlexDirect still offers a generous 5% interest rate on balances up to £2,500. However, after one year the rate drops to 1%. You also have to make sure you pay in at least £1,000 a month.

FEATURED PRODUCT

Nationwide FlexDirect 5%

The 5% interest rate is an introductory 12 month offer – when it ends the rate drops to just 1%. Interest is limited to the first £2,500 of your balance and you will need to pay in at least £1,000 a month. Agreed overdrafts are free for the first year.

Banks have cut back on interest rates and perks

Easy-access accounts

Interest rates have also been falling on easy-access accounts. Goldman Sachs dealt another blow to savers when it cut its market-leading Marcus account rate from 1.5% to 1.45% in September.

Coventry Building Society then claimed the top spot with its 1.46% easy access account, but this was pulled in November, leaving Marcus the top-paying account again.

Bonds and ISAs

Bond and ISA rates are at their lowest since 2017 with average long-term fixed bond rates at 1.54%, according to Moneyfacts. If you can lock your money away for longer, you can earn more than with an easy-access account.

The current highest paying one-year bond is from Ikano Bank at 1.72%. The account can be opened online and requires a minimum deposit of £1,000.

If you are happy to put your money away for longer, Gatehouse Bank has a three-year account at 2%, while Union Bank of India has a five-year fixed account at 2.1%.

The outlook has been equally glum for ISA savers, with rates also falling. The current highest one-year fixed rate cash ISA is from Aldermore at 1.4%, while Paragon has a five-year account at 1.8%.

WITH **STEPHEN LITTLE**

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	Easy access	1.45%	£1 upwards	Online only	Rate includes 0.1% bonus for 12 months	↓
FirstSave 90 Day Notice Issue 25 1.65%	Notice account	1.65%	£100 to £2 million	Online only	90 days' notice required	↓
Axis Bank Fixed deposit Account	One-year fixed rate	1.75%	£1,000 upwards	Branch, online	-	↓
Gatehouse Bank Fixed Term Deposit	Two-year fixed rate	1.9%	£1,000 upwards	Online	Offers EPR, not interest	↓
Gatehouse Bank Fixed Term Deposit	Three-year fixed rate	2%	£1,000 to £1 million	Online only	Offers EPR, not interest	↓
Gatehouse Bank Five Year Fixed Deposit	Five-year fixed rate	2.1%	£1,000 to £1 million	Online only	Offers EPR, not interest	↓
First Direct Regular Saver	Regular saver	2.75%	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	=

NoteS: EPR is the 'Expected Profit Rate', offered by Sharia savings accounts. Rates correct as of 05/12/19

FEATURED PRODUCT
Savings
Marcus by Goldman Sachs Online Saver offering 1.45% for 12 months. Note this rate includes a 0.15% bonus in the first year.

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 E-ISA Issue 11	Easy access	1.45%	£1 upwards	Online only	-	=
Kent Reliance Cash ISA – 60 Day Notice – Issue 18	Notice account	1.2%	£1,000 upwards	Online only	Withdrawals subject to 60 days' loss of interest on amount withdrawn	=
Aldermore 1 Year Fixed Rate Cash ISA	One-year fixed rate	1.4%	£1,000 upwards	Online only	Earlier access on 90 day loss of interest	↓
Aldermore 2 Year Fixed Rate Cash ISA	Two-year fixed rate	1.55%	£1,000 upwards	Online only	Earlier access on 90 day loss of interest	↓
Aldermore 3 Year Fixed Rate Cash ISA	Three-year fixed rate	1.7%	£1,000 upwards	Online only	Earlier access on 90 day loss of interest	↓
Metro Bank Five Year Fixed Rate Cash ISA	Five-year fixed rate	1.85%	£1 upwards	Branch only	Earlier access on closure only on 180 day loss of interest	=
Coventry Building Society Junior ISA	Junior ISA	3.6%	£1 upwards	Branch, online, phone or post	Yearly Junior ISA limit of £4,368, 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 18-39	=

Rates correct as of 05/12/19

FEATURED PRODUCT
Cash ISA
Aldermore Three Year Fixed Rate Cash ISA. Open this account online for a rate of 1.4%

More about our Moneywise savings and Cash ISA Best Buys

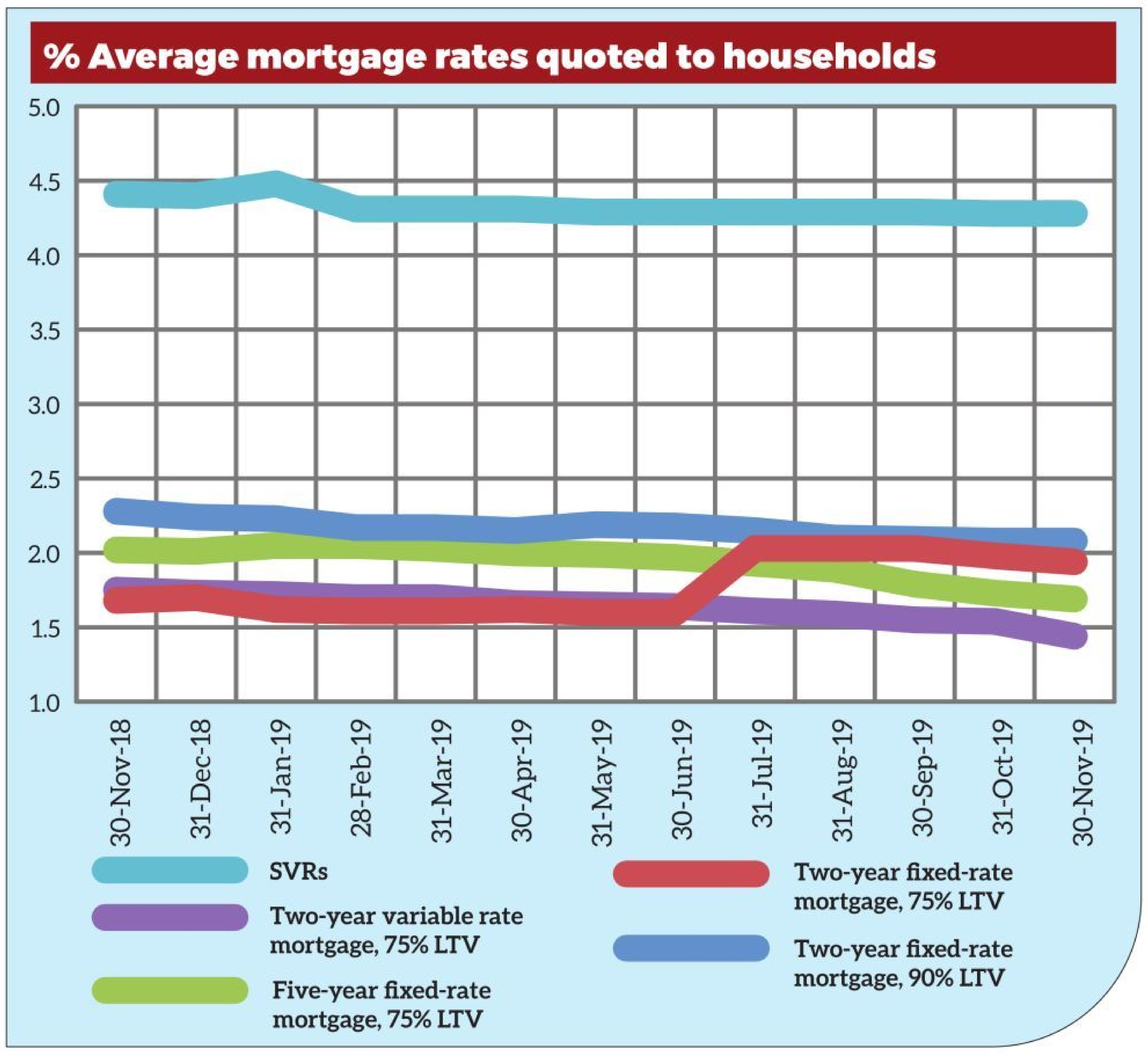
We prioritise products that are widely and easily available. We aim to pick products that are available until the publication of our next issue, but this is subject to factors outside our control.

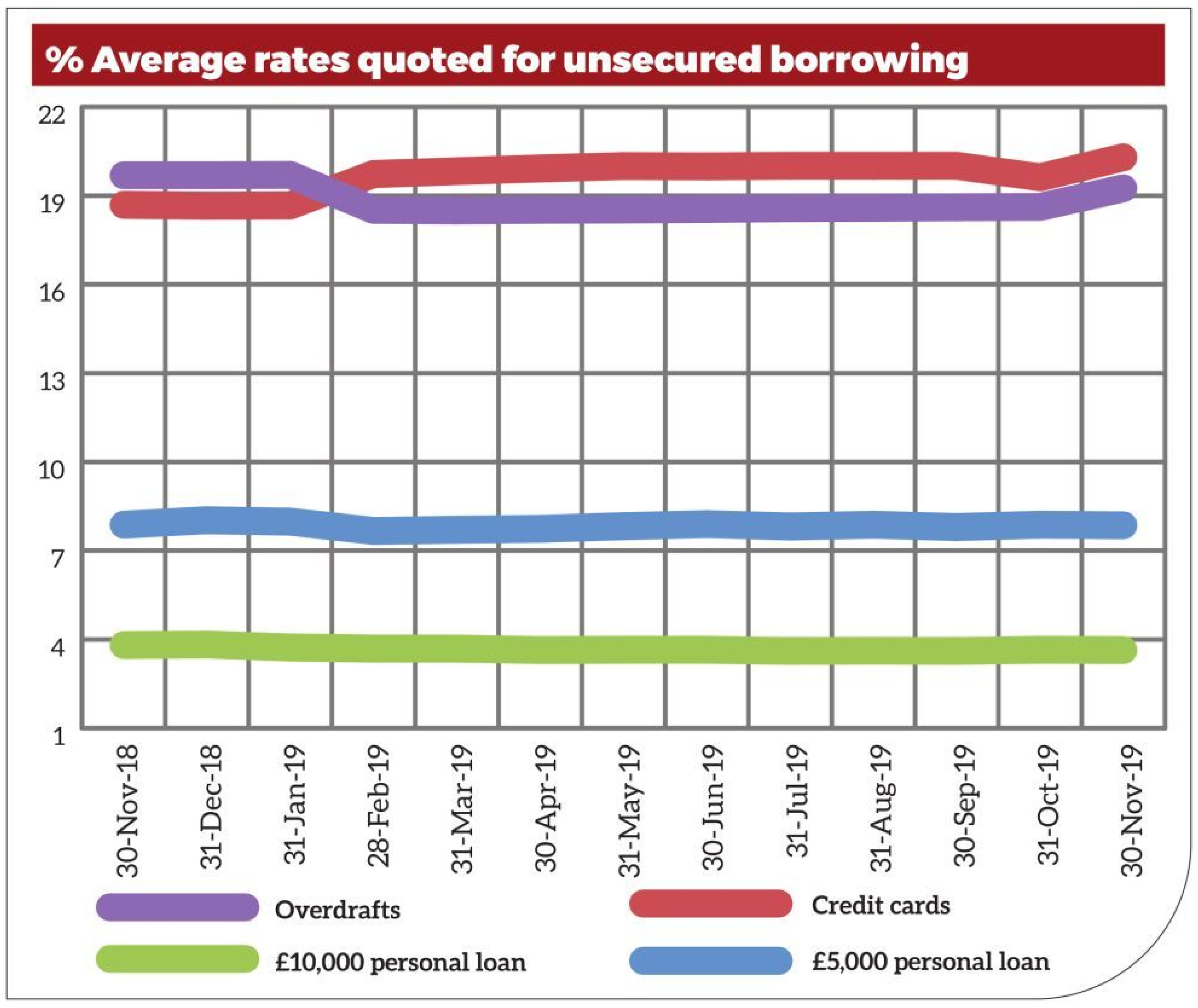
With each of our Best Buy savings accounts, you can earn £1,000 tax-free each year if you're a basic-rate taxpayer or £500 if you pay the higher rate of tax. If you are an additional-rate taxpayer, then you do not get a personal allowance and you should consider a Cash ISA. All the interest earned in these accounts is tax free and you can save up to £20,000 in the 2019/2020 tax year.

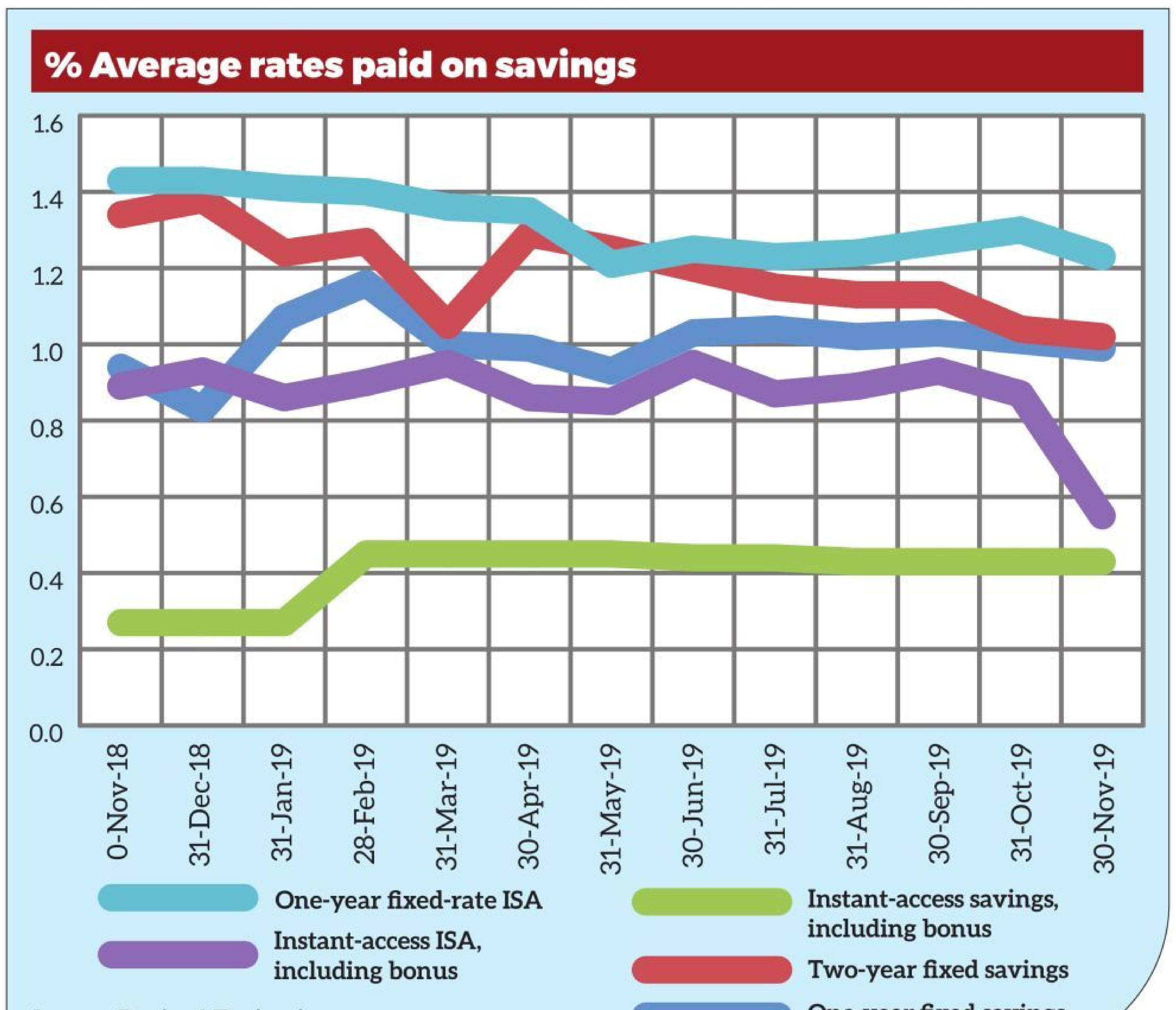
Unless otherwise specified, all these providers are individually licensed by the Financial Conduct Authority, so your savings will be covered by the Financial Services Compensation Scheme (FSCS) up to £85,000. All interest rates are AER – the annual equivalent rate.

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







Source: Bank of England

BEST BUY MORTGAGES FOR FIRST-TIME BUYERS

The number of first-time buyers is increasing as rising numbers take advantage of rock-bottom interest rates.

According to UK Finance, 29,100 new first-time buyer mortgages were completed in September 2019, up 1.6% on the previous month.

This year has seen an intense mortgage price war among lenders, with many offering mortgages with deposits as low as 5% to attract first-time buyers.

Our example first-time buyer has a 10% deposit and is looking to buy a £200,000 property over 25 years. For ease of comparison, we are assuming any bank or building society fees are paid up front. Otherwise interest will be charged on the fees, which will add hundreds of pounds to the overall cost of the loan.

The best two-year fixed rate mortgage for buyers with a 10% deposit is from Leek Building Society at 2%. It is fixed until 28 February 2022 when it then reverts to SVR 5.69%. It comes with £763 in monthly repayments for an annual cost of £9,155 and there are no scheme fees.

If you are after something a bit longer, Post Office Money has a five-year fix for borrowers with 10% deposit.

This mortgage costs £793 a month – £9,517 a year over the fixed period – and comes with no scheme fees.

It is fixed until 31 January 2025, then reverts to the standard variable rate (SVR), which is currently 4.74%.

This mortgage costs £793 a month – £9,517 a year over the fixed period – and comes with no scheme fees.

TSB has a 10-year fix for first-time borrowers at 2.99%. It is fixed until 28 February 2030 and then reverts to an SVR of 4.24%. This mortgage costs £853 a month – £10,225 a year over the fixed period.

BEST BUY 0% PURCHASE CARDS

A 0% purchase card is a type of credit card that allows you to buy items and pay off the amount you have spent without any interest.

These are useful if you want to buy expensive items and spread the cost over a number of months without paying interest. In order to benefit, you must remember to pay back the minimum interest each month. When the interest free period ends, you will start to be charged for the outstanding balance.

Barclaycard offers 0% interest on all spending for 25 months, with a representative 21.9% APR after this is up. You also get a 0% balance transfer rate of 25 months on all new purchases and a 2.7% transfer fee.

The MBNA Purchase Credit Card offers a 0% rate for 26 months on any purchases made within 60 days of opening the account. However, you may be offered fewer interest-free months depending on your credit score. It comes with a representative APR of 20.9%.

The Sainsbury's Bank Dual Credit Card offers 0% interest on spending for 22 months, although you could be offered fewer months depending on your circumstances. It comes with a representative APR of 20.9% variable. It also has a balance transfer fee of 3%.

This card lets you collect Nectar points, so you could earn 750 bonus points each time you spend £35 or more on Sainsbury's shopping. Do this up to 10 times in your first two months for a maximum of 7,500 points. 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 06/12/19)

	ISIN Acc	ISIN Inc	Ongoing charges %	Yield %	One-year return %	Quartile	Three years %	Quartile	Five years %	Quartile
HSBC American Index C Acc	GB00B80QG615	GB00B80QG490	0.06	1.6	13.79	2	44.25	2	94.02	1
Vanguard US Equity Index A Acc	GB00B5B71Q71	GB00B5B74S01	0.1	1.24	13.3	2	40.9	2	90.54	1
Fidelity Index World P Acc	GB00BJS8SJ34	GB00BP8RYB62	0.12	2	12.54	3	37.25	2	74.18	1
L&G International Index Trust I Acc	GB00B2Q6HW61	GB00B2Q6HX78	0.13	1.92	11.55	3	36.6	2	73.15	1
Vanguard FTSE Developed Europe ex-UK Equity Index A	GB00B5B71H80	GB00B5B74N55	0.12	2.27	11.26	3	32.5	2	47.73	2
Vanguard LifeStrategy 100% Equity A Acc	GB00B41XG308	GB00B545NX97	0.22	1.96	10.9	3	32.08	3	61.55	2
LSE ETFs Vanguard FTSE 250 UCITS	IE00BKX55Q28	N/A	0.1%(ii)	1.67	16.62	N/A	28.19	N/A	46.75	N/A
Fidelity Index Emerging Markets P Acc	GB00BHZK8D21	GB00BP8RYT47	0.2	2.28	3.34	4	25.9	2	39.63	1
Vanguard Global Small-Cap Index Acc	IE00B3X1NT05	IE00B3X1LS57	0.29	1.48	9.34	3	25.75	4	70.72	1
HSBC Japan Index C Acc	GB00B80QGN87	GB00B80QGM70	0.18	2.09	7.94	3	25.6	2	68.98	1
Vanguard LifeStrategy 60% Equity A Acc	GB00B3TYHH97	GB00B4R2F348	0.22	1.62	9.84	1	22.99	2	43.59	1
L&G UK Index Trust I Acc	GB00B0CNGN12	GB00BG0QPH16	0.1	4.22	10.13	3	22.41	2	34.8	2
LSE ETFs iShares Physical Gold ETC	IE00B4ND3602	N/A	0.25%(i)	N/A	21.82	N/A	21.66	N/A	4.04	N/A
iShares 100 UK Equity Index (UK) D Acc	GB00B7W4GQ69	N/A	0.07	4.41	8.29	3	20.82	3	30.69	3
Vanguard FTSE UK Equity Income Index A	GB00B59G4H82	GB00B5B74684	0.14	5.18	8.8	3	16.49	3	20.38	4
Vanguard LifeStrategy 20% Equity A Gross Acc	GB00B4NXY349	GB00B4620290	0.22	1.58	8.86	1	14.72	1	26.58	1
iShares Overseas Corporate Bond Index (UK) D Acc	GB00B58YKH53	GB00BNB74B95	0.11	2.58	8.82	2	12.83	2	38.56	1
Vanguard UK Government Bond Index Acc	IE00B1S75374	IE00B1S75820	0.12	1.19	9.17	1	12.46	1	25.86	1
Vanguard Global Bond Index Hedged Acc	IE00B50W2R13	IE00B2RHVP93	0.15	1.84	7.92	2	9.35	3	15.25	2
L&G Short Dated Sterling Corporate Bond Index I Acc	GB00BKGR3H21	GB00BKGR3G14	0.14	2.06	4.83	4	7.47	4	13.54	4

ACTIVES (ranked in order of three-year returns, as at 06/12/19)

	ISIN Acc	ISIN Inc	Ongoing charges %	Yield %	One-year return %	Quartile	Three years %	Quartile	Five years %	Quartile
Lindsell Train Global Equity B Inc	N/A	IE00B3NS4D25	0.65	0.83	13.15	2	72.33	1	138.79	1
Fundsmith Equity I Acc	GB00B41YBW71	GB00B4MR8G82	0.95	0.67	15.28	2	63.95	1	126.39	1
Royal London Sustainable World Trust C Acc	GB00B882H241	GB00B8GG6326	0.77	0.85	20.02	1	52.55	1	81.3	1
Baillie Gifford Emerging Markets	GB0006020647	GB0006020530	0.79	1.11	9.93	2	49.11	1	69.47	1
Man GLG Continental European Growth C Professional Acc	GB00B0119487	N/A	0.9	0.49	18.81	1	41.09	1	103	1
Marlborough UK Micro Cap Growth P Acc	GB00B8F8YX59	N/A	0.78	0.59	7.86	4	39.47	2	85.19	1
Liontrust Special Situations I Inc	GB00B57H4F11	N/A	0.89	1.83	11.41	2	39.32	1	74.57	1
Baillie Gifford Japanese B Acc	GB0006011133	GB0006010945	0.62	1.14	6.83	4	34.69	1	91.94	1
Fidelity Global Property	GB00B7K2NZ09	GB00BJ629381	0.94	1.87	11.93	N/A	29.03	N/A	55.92	N/A

ACTIVES (continued)

	ISIN Acc	ISIN Inc	Ongoing charges %	Yield %	One-year return %	Quartile	Three years %	Quartile	Five years %	Quartile
MI Chelverton UK Equity Income B Acc	GB00B1Y9J570	GB00B1FD6467	0.86	5.09	10.69	2	28.48	1	51.69	1
Franklin UK Rising Dividends	GB00B5MJ5601	GB00BT6STC53	0.55	3.59	12.93	2	28.02	1	47.16	1
Stewart Investors Asia Pacific Leaders B Inc or Acc	GB0033874768	GB00B57S0V20	0.88	1.05	2.01	N/A	26.91	N/A	47.72	N/A
Merian UK Mid Cap R Acc	GB00B1XG9482	GB00B8FC6L92	0.85	1.17	15.52	1	25.89	2	66.36	1
Rathbone Ethical Bond Inst Acc	GB00B77DQT14	GB00B7FQJT36	0.66	3.89	12.17	1	21.45	1	31.4	1
Royal London Global Bond Opportunities	IE00BD0NHJ71	IE00BYTYX230	0.51	5.93(iii)	8.01	3	21.24	N/A	N/A	N/A
BlackRock Corporate Bond	GB00B4QC3311	GB00B4T5JV79	0.57	2.82	9.24	3	16.09	2	27.95	1
Artemis Global Income I Acc	GB00B5ZX1M70	GB00B5N99561	0.83	3.08	3.48	4	15.16	4	41.44	3
Marlborough Global Bond P Acc	GB00B6ZDFJ91	GB00B8H7D001	0.43	2.86	7.59	2	13.74	1	31.59	1
Jupiter Strategic Bond I Acc	GB00B4T6SD53	GB00B544HM32	0.74	3.88	9.72	2	13.49	2	22.45	2
Fidelity American Special Situations W Acc	GB00B89ST706	N/A	0.91	0.7	-1.62	4	12.19	4	58.6	3

INVESTMENT TRUSTS (ranked in order of three-year returns, as at 06/12/19)

	Discount/ Premium %	Gearing %	Ongoing charges %	Yield %	One-year return %	Quartile	Three years %	Quartile	Five years %	Quartile
Scottish Mortgage Investment Trust (SMT)	-1.09	9	0.37	0.6	5.39	4	71.44	1	112.74	1
European Opportunities Trust (JEO)	-6.7	7.09	0.42	4.81	30.54	2	71.25	1	97.58	2
Finsbury Growth & Income Trust (FGT)	0.74	1.3	0.9	0.68	9.75	3	61.43	1	76.57	1
Henderson Smaller Companies (HSL)	-5.91	8.39	0.7	1.86	15.59	1	50.23	1	75.17	1
Picton Property Income (PCTN)	-2.04	35.38	0.57	3.02	15.93	N/A	37.17	N/A	74.4	N/A
Witan Investment Trust (WTAN)	-2.02	10.7	0.39	2.33	7.77	3	34.9	3	58.79	3
The City of London Investment Trust (CTY)	2.31	7.91	0.39	4.46	9.51	3	22.58	2	31.09	3
Murray International Trust (MYI)	5.29	10.6	0.61	4.45	14.41	1	21.49	4	41.9	4
BMO Global Smaller Companies (BGSC)	-4.3	4.56	0.79	1.22	4.68	4	19.97	4	60.42	4
BMO Commercial Property (BCPT)	-11.98	26.8	1.18	5.12	-8.35	3	-3.83	3	8.67	3

**Name and ticker of trust subject to change due to transfer of management. Source: (i) BlackRock, 06/12/19. (ii) Vanguard, 06/12/19. (iii) Morningstar, 06/12/19. (iv) Picton, October 2019. All other data: FE Analytics, 06/12/19.*

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 02/12/19)

Data supplied by JLT Pension Decision

CONVENTIONAL ANNUITIES (GROSS ANNUAL INCOME)

Age	Level		RPI-linked	
60	£2,201	Legal & General	£1,144	Legal & General
	£2,055	Hodge	£1,089	JUST
	£2,047	JUST	£1,082	Scottish Widows
65	£2,551	Legal & General	£1,480	Legal & General
	£2,417	Aviva	£1,456	Scottish Widows
	£2,410	JUST	£1,418	JUST
70	£2,983	Legal & General	£1,913	Scottish Widows
	£2,901	Scottish Widows	£1,851	Legal & General
	£2,812	Aviva	£1,787	Aviva
75	£3,656	Scottish Widows	£2,620	Scottish Widows
	£3,522.	Legal & General	£2,375	Aviva
	£3,427	Aviva	£2,323	Legal & General

ENHANCED ANNUITIES (GROSS ANNUAL INCOME)

Age	Level		RPI-linked	
60	£2,267	Legal & General	£1,239	JUST
	£2,250	JUST	£1,162	Aviva
	£2,126.	Canada Life	£1,156	Legal & General
65	£2,658	JUST	£1,613	JUST
	£2,613	Legal & General	£1,504	Aviva
	£2,516.	Canada Life	£1,488	Legal & General
70	£3,043	Legal & General	£1,940	JUST
	£2,986	JUST	£1,913	Scottish Widows
	£2,957	Canada Life	£1,874	Aviva
75	£3,656	Scottish Widows	£2,620	Scottish Widows
	£3,586	Canada Life	£2,499	JUST
	£3,584	Legal & General	£2,439	Canada Life

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.

Thank you, Greta, for making preloved presents acceptable

Forget the planet - probably the best thing Greta Thunberg has done for all of us is to make it acceptable to buy and, even give, secondhand.

In fact, it is not just acceptable, with some people it is now actively righteous not to buy new. They can come home with vintage clothes, preloved furniture, nearly new books, gently used soft furnishings, and slightly worn accessories, wearing an irritatingly smug face because they know they are doing their bit to save the planet.

Not for them the environment-destroying new goods bought from selfish commercialists on the high street. No. They are recycling, upcycling and generally cycling for the planet.

It is certainly music to my ears. I grew up with secondhand everything: bikes, clothes, piano, furniture, books and… well, I've lost count. I was the living embodiment of Barbra Streisand's song, *Second Hand Rose*, with its lyrics: "I'm wearing secondhand hats, secondhand clothes, That's why they call me Second Hand Rose.

I can honestly say I never felt it was a problem. I still don't. In fact, it now turns out that I have been at the forefront of fashion all this time. I have been an eco-warrior without even realising it. The secondhand lifestyle has crept into the cool side of living.

…Well, nearly. It is still only those in the know who are embracing the recycled lifestyle. I did a report for BBC's *Inside Out* programme earlier in the year about how antiques are going for a song now. Millennials mostly missed out on history lessons so they will dump a Queen Anne chair or Louis XIV table for a Beatles T-shirt that is genuinely 'old' for that cohort.

It is even worse for more pedestrian furniture. With our smaller, lighter living spaces, your gran's solid oak dining table and armoire are now deeply unpopular. If it's brown, it's down.

However, the *cognoscenti* know that this cheap as chips solid brown furniture (oak, teak and the like) can work well in modern flats if mixed and matched with newer stuff. And many of them are whipping out paint brushes to remodel the old stuff to use or sell. Upcycling, beloved of such notables as Anthea Turner (who paints baked bean tins) and Will.i.am (who produces upcycled jeans), has taken Etsy, Pinterest and, of course, eBay by storm.

I am sure anyone would be happy to give a genuine upcycled jean from the king of cool himself, but is it now OK to give someone a preloved product for Valentine's Day, Christmas or their birthday? Has Greta gone that far? Is regifting to the one you love a safe bet? Could we say, hand on heart, that the sainted Anthea might get away with it?

Well, I've certainly had at least one secondhand present in recent memory – a wonderful CD of Pergolesi's *Stabat Mater* from a neighbour who, I knew, was utterly on her uppers. It was a thoughtful present and I still play it. But would I have been as happy if said thoughtful gift had been from my wealthy college friend who has just sold his hedge fund? Even if it had a note telling me, "hey with this gift we're saving the planet"? Possibly not quite so much, thank you.

All my clothes, books, and bikes were hand-me-downs

Mazuma Mobile, which reconditions old phones and sells them in spanking new boxes, says that almost a quarter of us have previously bought a secondhand gift for Christmas. They say that 44% believe they have been given a secondhand gift and that a third of those were fine with it. Maybe this really is the future.

But would your loved one be content with a reconditioned anything as a present? Would they mind a secondhand book for their birthday (not counting a first edition *Harry Potter*)? Or would you just look like the sort of person who, if he'd been at the Last Supper, would have asked to split the bill?

Hmm, it has to depend on who's gifting whom.

One thing I have noticed is that sort of 'helping the planet' doesn't always last long. Do you remember the trend for 'giving a goat for Christmas' through Oxfam a few years ago, with the look of barely disguised disappointment on the faces of recipients trying to be virtuously happy that a poor family was getting a goat instead of them receiving fluffy slippers? Funny, you don't hear about anyone doing it now. MW

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