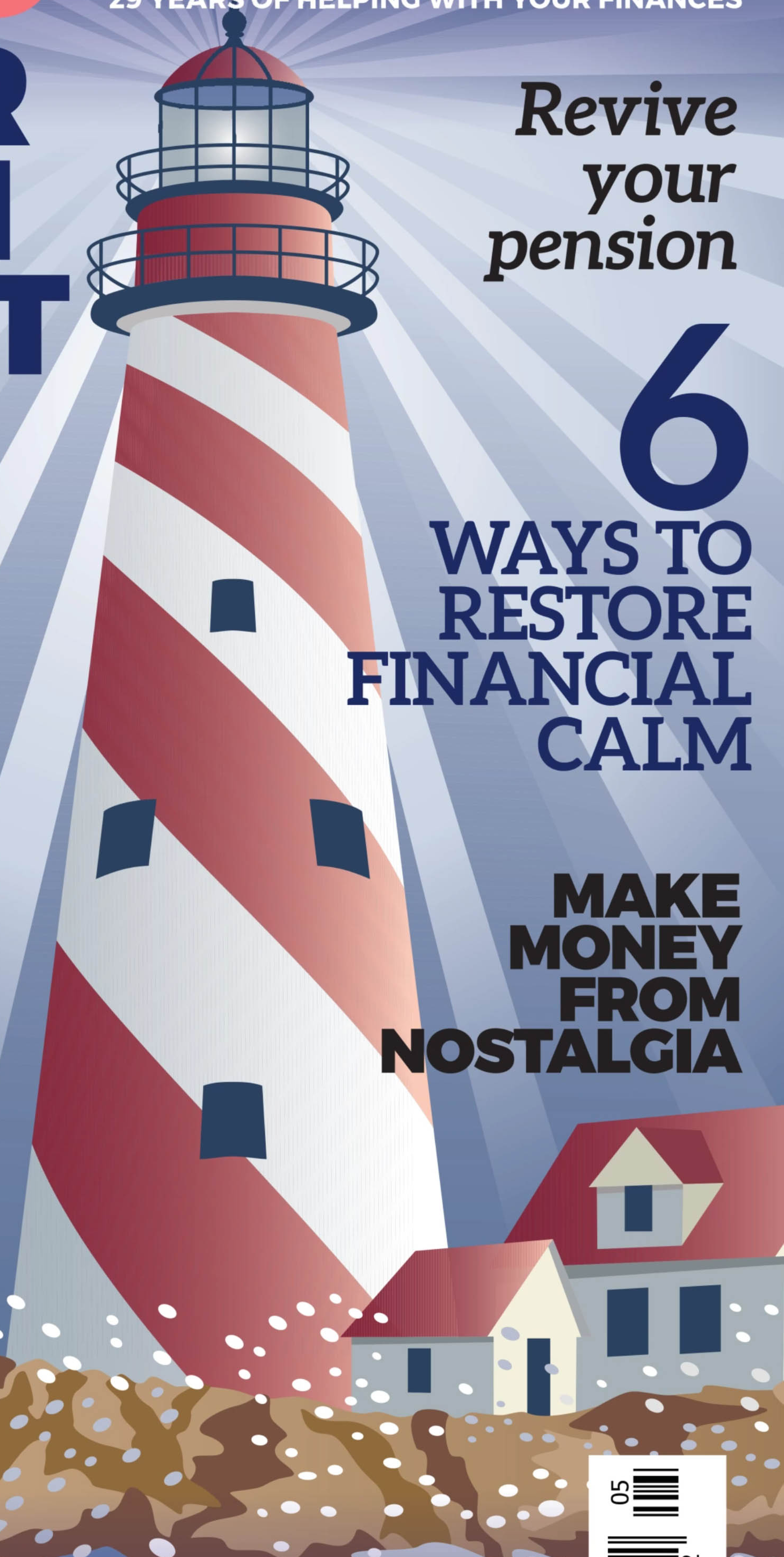
£7,000: HOW TO MAKE IT WHILE SITTING AT HOME

MAY 2020 | £4.95

moneywise

29 YEARS OF HELPING WITH YOUR FINANCES



INVEST FOR SUCCESS IN TURBULENT TIMES

Revive your pension

6 WAYS TO RESTORE FINANCIAL CALM

Make investing plain sailing

Boost your savings

MAKE MONEY FROM NOSTALGIA

"We changed our money habits... and our lives"

9 FUN IDEAS TO TEACH KIDS ABOUT MONEY

+ SPRUCE UP YOUR HOME OFFICE

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PUBLISHED BY interactive investor

WELCOME TO *May*

Welcome to the May issue of *Moneywise,* the first-ever to come from our homes to yours as we all adapt to lockdown. We hope this finds you safe and well.

In this issue special projects editor Rachel Lacey investigates how to invest successfully through volatility (page 64). We also look at what we can learn from previous market crashes and recoveries (page 62), and a great tactic for keeping your investments on track in difficult times (page 68).

Many pensions will have taken a hit in recent weeks – on page 73 we look at how you can give yours a little TLC – and why the impact on your retirement funds may not be as bad as you think.

Recent uncertainty can make it tougher to keep a level head when dealing with finances. Our feature on page 36 explores six practical ways to take control and restore calm.

Meanwhile on page 44, we hear inspirational stories from five people who have turned their money problems around. The results have transformed their lives.

Being stuck at home during lockdown has freed up time for many of us to tackle jobs that often lurk at the bottom of our to-do lists. Our *Moneywise* spring clean on page 7 is packed full of ideas that you can try from home to save money. They could tot up to £7,000 if you have not tackled your financial admin in a while. *Moneywise*'s new deputy editor Sam Barker also investigates how just staying at home could be saving you money (page 48), if you are lucky enough to have held on to your income.

If, like us, you have transitioned from working in an office to setting up a workstation at home, we hope you will find inspiration from Hannah Nemeth's guide on page 42 to cheap ways to spruce up a home office. You can also see how the *Moneywise* team has adapted on page 20 – and we share our lockdown tips.

We also bring you the final instalment of 'Our Big Build' – Rachel Lacey's guide to taking on a big building project. She shares the end result and tips she has learnt along the way.

As always, we love to hear from you – your thoughts, money-saving ideas, feedback, and lockdown experiences.

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**Please note we will not be picking up post during the lockdown'*

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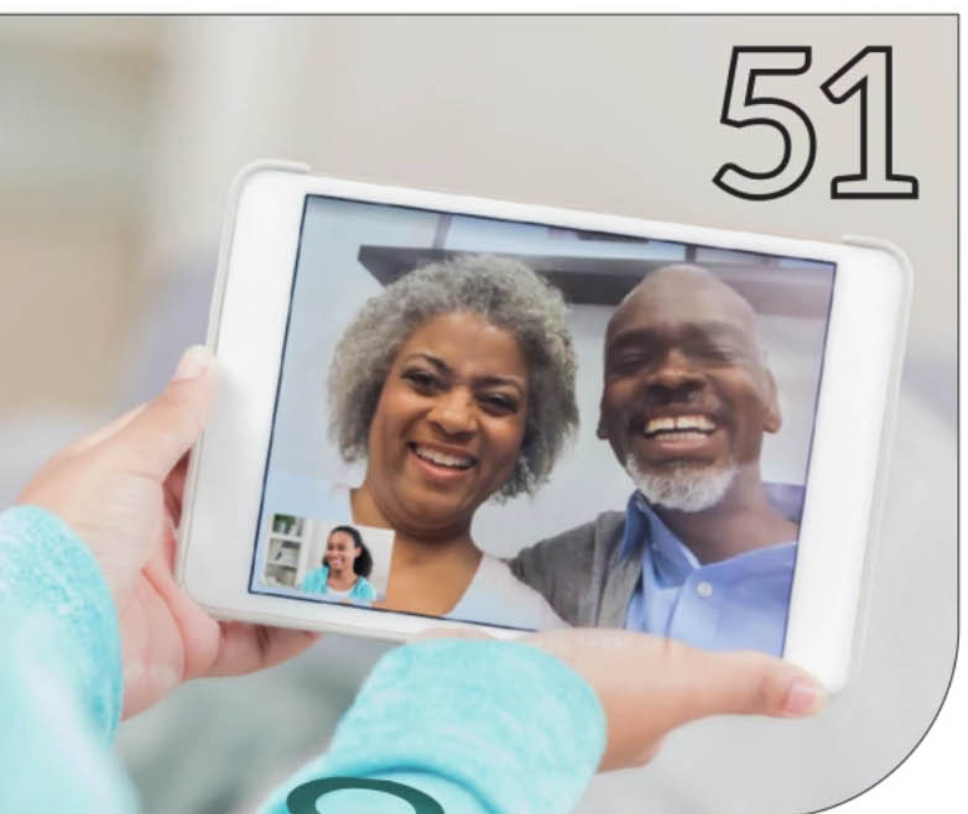
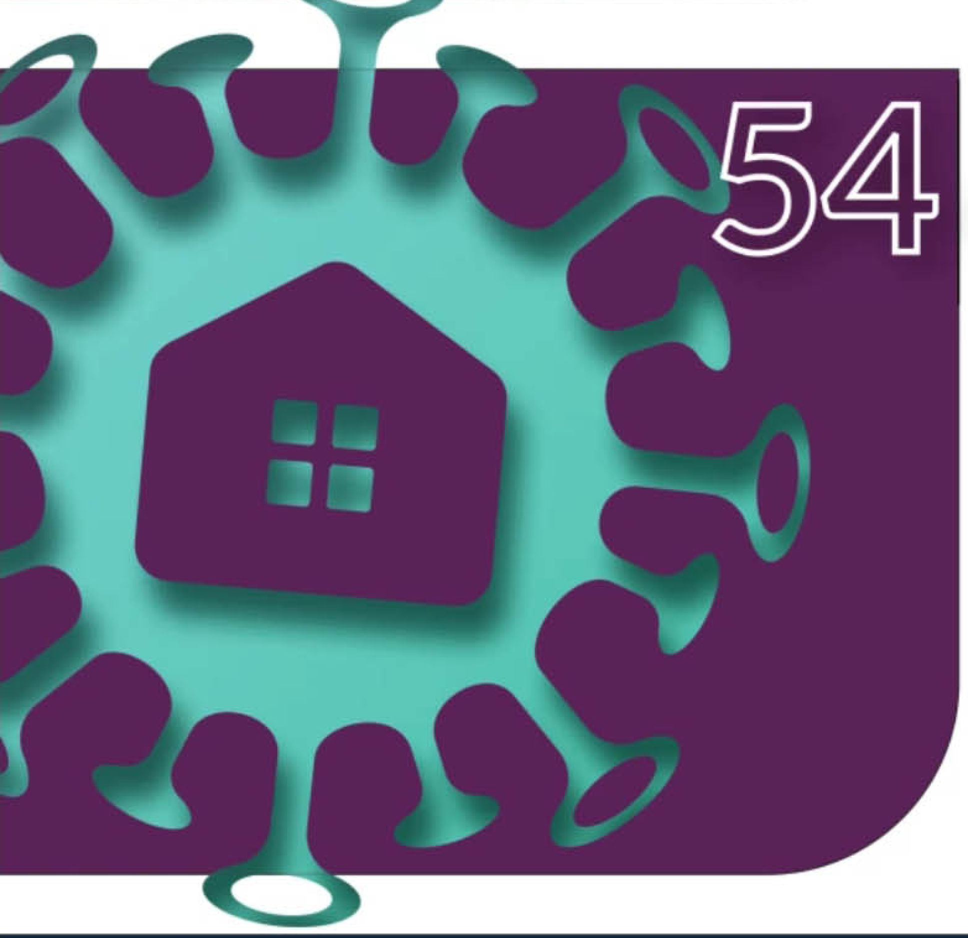
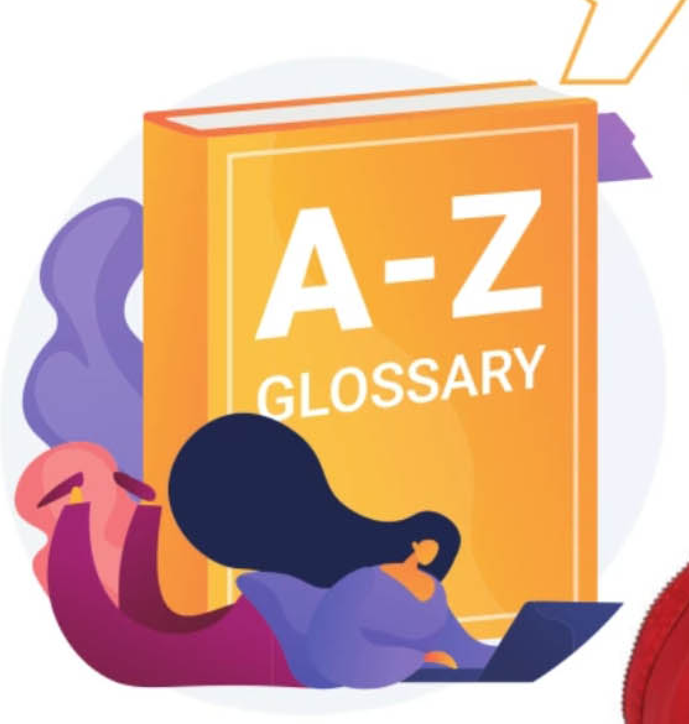
SAVE OVER £7,000 WITH THE GREAT MONEYWISE SPRING CLEAN





Sections

"Stock market? A place to buy Oxo cubes. Or, judging by the news, a place that only ever crashes"



Regulars

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PAST PERFORMANCE

	Feb 15 – Feb 16	Feb 16 – Feb 17	Feb 17 – Feb 18	Feb 18 – Feb 19	Feb 19 – Feb 20
Net Asset Value	**-0.8%**	**45.4%**	**30.8%**	**-11.2%**	**5.2%**
Share Price	**-5.4%**	**52.0%**	**32.5%**	**-8.3%**	**3.1%**
MSCI China Index	**-17.6%**	**46.9%**	**32.5%**	**-8.3%**	**7.6%**

Past performance is not a reliable indicator of future returns.
Source: Morningstar as at 29.02.2020, bid-bid, net income reinvested.
©2020 Morningstar Inc. All rights reserved. The MSCI China Index is a comparative index of the investment trust.

Past performance is not a reliable indicator of future returns. The value of investments can go down as well as up and you may not get back the amount you invested. Overseas investments are subject to currency fluctuations. Investments in emerging markets can be more volatile than other more developed markets. The shares in the investment trust are listed on the London Stock Exchange and their price is affected by supply and demand.

The investment trust can gain additional exposure to the market, known as gearing, potentially increasing volatility. The trust invests more heavily than others in smaller companies, which can carry a higher risk because their share prices may be more volatile than those of larger companies.

To find out more, go to fidelity.co.uk/china or speak to your adviser.

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SAVE OVER £7,000 WITH THE GREAT MONEYWISE SPRING CLEAN

The next few weeks – or months – will see most of us spending extended periods at home. But take some comfort from the fact that you could use this time to give your bank balance a boost

BY EMMA LUNN

We are yet to see the full effects of the pandemic on our finances – and it won't be good. However, a positive impact could be that spending more time at home is the perfect opportunity to give your finances a spring-clean and tackle those money-related tasks you don't normally have time to do.

Getting a grip on your finances will not only boost your savings, it will support your mental health too as it may help you feel in control of something in an uncertain world.

SAVINGS

Switching cash in a low-paying savings account to one offering higher interest is fairly straightforward.

Anna Bowes, co-founder of Savings Champion, says: "Many of the best savings accounts can be applied for online, so you don't need to leave the house to post an application – unless you have to provide ID, and even then you can sometimes supply this online.

"Most accounts will tell you at the end of the application whether you have been accepted. If you have, you can add funds immediately if they will allow money to be sent electronically. And the end result can be really worth it."

If you have money languishing in an account paying 0.10%, a balance of £10,000 would earn just £10 in interest a year, according to Savings Champion. However, the best easy-access account pays 1.31% (Cynergy Bank's Online Easy Access), so your £10,000 would earn £131 in interest.

HOW MUCH CAN YOU SAVE?
Boost your savings by £121, by switching a £10,000 balance from an account paying 0.1% interest to one paying 1.31%.

INVESTMENTS

The stock market has been on a dramatic ride for the past couple of months. You cannot do much about the share prices of the companies you are invested in, but you can check the charges you are paying.

"Recent stock-market falls will be worrying, but people should remain calm and rational, take a long-term

approach and not be panicked into selling out and crystallising their recent losses," says Patrick Connolly, an independent financial adviser at Chase De Vere.

If you invest in a fund through a fund platform or broker, they will levy their own fees in addition to the fund's ongoing charges. By switching to a cheaper platform, you can save on these charges.

HOW MUCH CAN YOU SAVE?
Connolly says that holding the same funds on a cheaper platform would save you about 0.2% of your balance each year – £20 if you have a £10,000 investment.

SUBSCRIPTIONS

Now is the perfect time to go through your subscriptions and direct debits and strip out those you do not really need. Even if you are bingeing on box-sets, you do not need Netflix, Amazon Prime, Hula and Britbox, so pick which one you use the most and ditch the others.

It is also worth assessing whether music-streaming services, gym memberships, paid-for phone apps, and diet clubs are worth continuing to pay for. Ditch the ones you have not been using for a while. However, do not just cancel because you are not using services during the epidemic if you can help it – it can be nice to help out smaller businesses that you still want to be up and running when all of this is over.

HOW MUCH CAN YOU SAVE?
Marcus by Goldman Sachs found Brits each spend £120 a year on unwanted policies, subscriptions, and memberships they forget to cancel.

TELECOMS

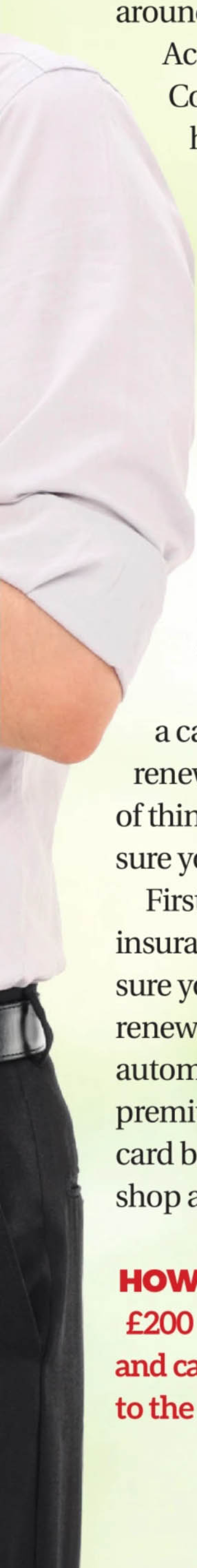
A decent broadband connection and a range of TV channels is money well spent. But you may be spending too much on your telecoms set-up.

"Most people start a broadband/TV contract on an introductory price and over time, the price rises. If it has been a while since you switched or checked your payment, you may be surprised by how much it is now," says Anders Nilsson at GoCompare.

If you are out of contract, you could save a lot by moving to a similar package with a different company or renegotiating your deal with your existing supplier. However, during lockdown, it may be harder to switch, and call centres have limited staff so you may want to put a reminder in your diary to do this later on.

HOW MUCH CAN YOU SAVE?
According to *Which?*, broadband customers who negotiate a new price with their

Stick to the subscriptions you use and ditch the rest



provider or switch suppliers save £120 a year on average.

INSURANCE

Insurance customers may also be unknowingly paying their insurer a 'loyalty penalty' by not shopping around at renewal time.

According to the Financial Conduct Authority, six million home and motor policyholders are being overcharged about £200 a head every year by insurance firms.

In a report published in October 2019, the regulator found that elderly and low-income people were among the worst hit groups, overpaying a combined £1.2 billion in annual premiums because insurers do not reward loyalty.

You will only be able to switch a car or home insurance policy at renewal time, but there are a couple of things you can do any time to make sure you are not paying too much.

First, make a note of when your insurance expires. Second, make sure your policy does not 'auto-renew' – this will stop your insurer automatically taking next year's premium from your credit or debit card before you have had a chance to shop around for a better deal.

HOW MUCH CAN YOU SAVE?

£200 a year between your home and car insurance policies, according to the Financial Conduct Authority.

YOUR MORTGAGE

If you are not tied into your mortgage, check if you are on the most competitive deal and remortgage if necessary. The Bank of England cut the base rate to 0.1% in mid-March, so rates are particularly competitive.

Mark Harris, chief executive of mortgage broker SPF Private Clients, says: "If you would struggle to pay your mortgage if rates were to rise, then a fixed rate makes sense. But if this is not the case, it may be worth looking at a base-rate tracker as these are currently more competitively priced, at least for now."

However, the mortgage market is moving quickly and could be affected by a shortage of staff and restrictions on movement (see our feature on page 54 for more on this).

HOW MUCH CAN YOU SAVE?

If you switched a £100,000 mortgage repayable over 20 years on a standard variable rate of 4% to Barclays' two-year fix at 1.21%, your payments would fall from £606 to £469 a month, saving you £137 a month or £1,644 a year.

BUDGET

It might sound dull but a good long-term plan to stay in control of your finances is to have a budget.

A useful budgeting technique often overlooked is the 'envelope' method of budgeting. This involves taking your monthly income, dividing it into different categories and trying to stick to your limit for each category each month.

Whenever you spend money, it needs to come out of the relevant 'envelope' – and when it's gone, it's gone.

There is no need to use physical envelopes for this exercise – smartphone apps, such as You Need A Budget, and banking apps such as Monzo and Starling, do it all for you.

HOW MUCH CAN YOU SAVE?

New budgeters typically save up to £4,957 in the first year, according to personal budgeting software firm You Need A Budget.

OTHER WAYS TO MAKE MONEY FROM HOME

DECLUTTER AND SELL

Self-isolation is the ideal opportunity to declutter your home and sell anything you do not need online.

Jo Threlfall, 27, is a thrift and budget fashion blogger (Ldmv.co.uk) from Leeds. She has used extra time at home to sell old clothes on eBay and Depop.

Jo says: "I've sold old leather jackets, dresses and shoes that don't fit me or I no longer wear. I made £35 from selling a pair of old-school Vans trainers which I wore once, and £70 on a pair of Dr Martens that were too big for me. I've also earned cash on eBay from selling old Topshop jeans that don't fit me any more, for around £10 to £20. Overall, I have saved £200 and put this cash into a Moneybox account."

If it is not possible to sell and post items in the current environment, you could get them ready to sell later in the year.

Declutter your home and sell anything you do not need online

BECOME A 'COMPER'

Radio stations, magazines, websites and companies run thousands of competitions each year offering prizes and cash. Compers dedicate their time to entering as many of these as possible.

PAID-FOR SURVEYS

If you like voicing your opinions, survey websites such as Panelbase.net, Swagbucks.com, Toluna.com, and Yougov.com will all pay for your thoughts, either with cash or gift vouchers.

BECOME A TIKTOK INFLUENCER

Forget YouTube and Instagram, smart kids are making money on TikTok in 2020. TikTok users upload short videos to the site with the creators of the most popular clips paid by brands to endorse products.

GET COOKING

Used by dieters and fitness experts, 'meal prep' is the art of batch-cooking meals and freezing or refrigerating portions for later. You can keep costs down by cooking from scratch, bulking out recipes with in-season vegetables and tinned food.

Jack Monroe's website Cookingonabootstrap.com has pages of recipes including turkey and

chickpea burgers that work out at 21p each, mushroom rogan josh at 31p a portion, and roasted carrot, chickpea and garlic soup at 20p a bowl.

WORK OUT AT HOME

According to the Money Advice Service, the average gym membership is about £40 a month. Council-run gyms and budget chains can be cheaper but neither option is as cost-effective as working out at home for free.

Try YouTube for HIIT (high-intensity interval training), weight training, cardio and bodyweight workouts. And see Joe Wicks on The Body Coach TV, who guides users through more than 250 workouts that can be done at home, regardless of fitness level.

"DITCHING BT SPORT AND MY GYM SAVES £50 A MONTH"

Tom Bourlet (left), who is 32 and from Brighton, runs the Spaghetti Traveller blog (Spaghettitraveller.com) alongside his job as a marketing consultant.

He has used extra time spent at home to make a few changes to his finances.

Tom says: "I originally had the Sky TV package as well as BT Sport. However, BT Sport certainly seems pointless right now with everything cancelled for the foreseeable future. I only watched the Liverpool matches around once a month, so it certainly wasn't worth the spend. That was a saving of £30, while I reduced the Sky package by £12."

Tom has also frozen his £20-a-month gym membership because he is now working out with weights at home.

He says: "The YouTube videos I'm using are free and are really interesting to try out."

SHORE UP YOUR FINANCES

Extra time on your hands will give you a chance to think about how you will handle any future financial problems.

Most people who have a joint mortgage with their partner, or who have children, should consider life insurance, which pays a lump sum to your beneficiaries if you die during the policy's term. Some policies pay out on the diagnosis of a terminal illness.

It is also a good idea to make a will, especially if you have a partner but you are not married. If you were to die intestate (without a will) while cohabiting, your estate would pass to your blood relatives and your partner would not be entitled to anything.

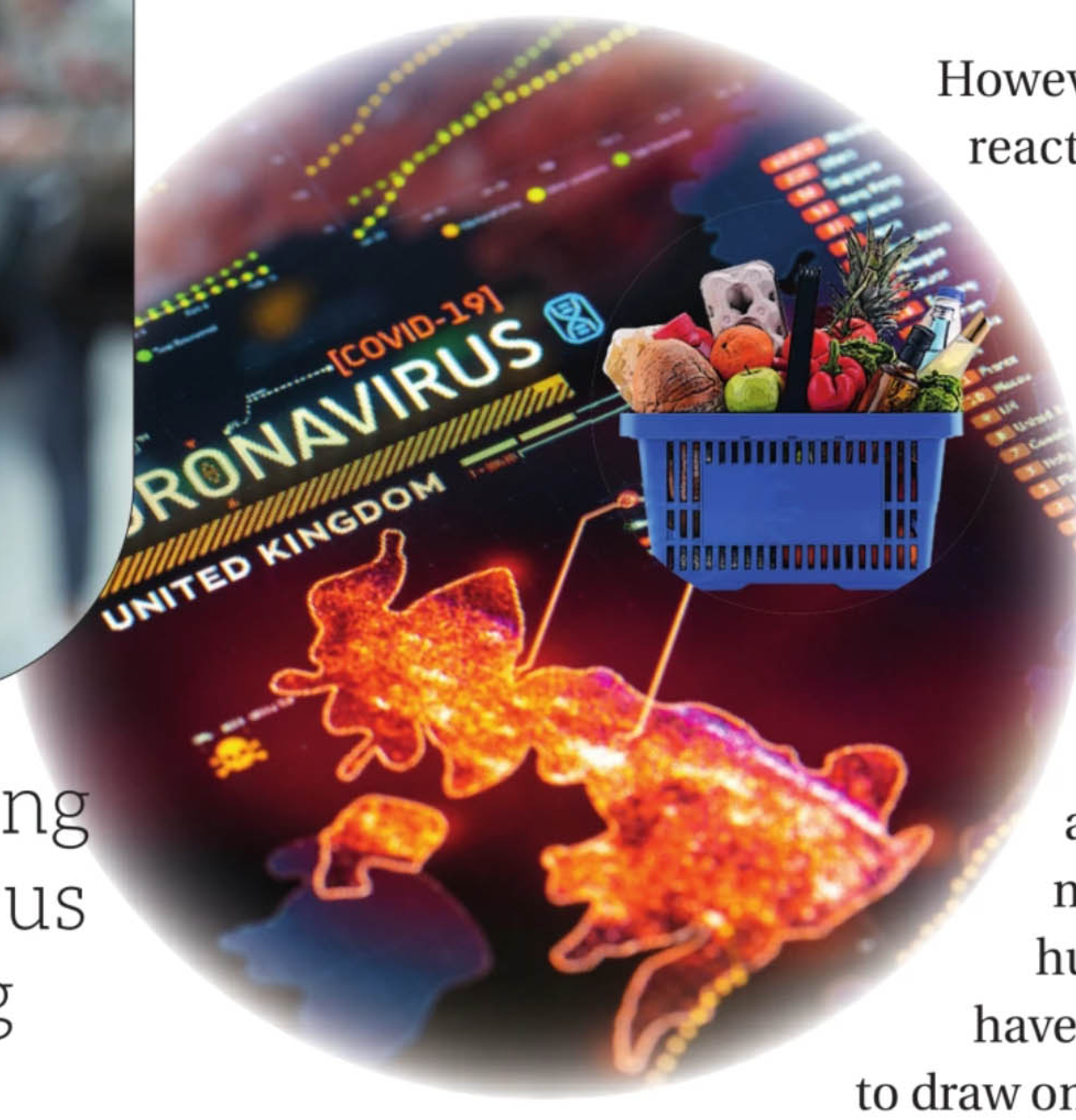
Consider setting up a lasting power of attorney (LPA) too. An LPA gives another person legal authority to look after your financial affairs or health and welfare should you lose the mental capacity to do so. LPAs are not just for the elderly as younger people may also become incapacitated through accident or illness.

Now could also be a good time to check your pension. Are your workplace pension savings on target? Should you increase your contributions? You can also check your state pension at Gov.uk/check-state-pension. mw

EMMA LUNN writes for publications including *The Times, The Mirror, The Telegraph* and *Thisismoney.co.uk*

EDITOR'S LETTER RACHEL RICKARD STRAUS

How's the economy? It's hard to say



How is the coronavirus affecting your finances? I think most of us could have a stab at answering this question.

We could look at how our spending has changed, the balances on pension and investment funds, our incomes and how secure we think they might be.

How is the coronavirus affecting the nation's finances? I think this will be a much trickier question to answer for a long time to come.

In normal times, statisticians collect a lot of data to measure the state of our economy – for example, the rate of inflation, employment levels, wage growth, household debt and house prices.

But in these strange times, it is very difficult to take many of these measurements.

Inflation, for example, is calculated by the Office for National Statistics (ONS) by comparing how the cost of a basket of goods changes from month to month. Statisticians go into shops and look online to find prices for a range of items that represent the nation's spending habits. But during lockdown, we can't buy most things we could just a couple of months ago. The ONS must decide – does it chuck once everyday items such as holidays, fuel and leisure out of the basket or keep them in?

House prices are reported every month by the ONS, Halifax, Nationwide and others. But while no one is buying and selling, prices are frozen in time.

The ONS continues to report unemployment and earnings data. However, the furlough scheme likely masks the true impact of coronavirus as many firms will keep employees on for now that may have to make redundancies later on. Will earnings data factor in changes in wages for those who are furloughed? Statisticians must decide.

The impact of Covid-19 on the economy will depend to a certain extent on how we all react. If collectively we remain confident that we can weather this storm, businesses will continue to invest and hire, households will spend once lockdown has lifted, and the economy will continue to crank around and around. If we become fearful, the economy will contract further as spending and investment dries up.

> What we choose to measure is linked to what we we value

However, it will be tough to predict our reactions.

In normal times, we would look to behavioural economics to help us. It specialises in factoring human nature into economic models. However, its forecasting relies on studies of trends and how people have behaved in the past.

There is no experience remotely comparable to a pandemic in an interconnected world with movement restrictions on half the human population. Of course, there have been recessions and other events to draw on, but it is not hard to see why 'unprecedented' is one of the words most commonly used to describe what we are all living through. Behavioural economists are likely to struggle.

You may ask why data matters. Why is measuring important when we can see the impact on individual lives?

One reason is these numbers are used to determine central bank and government policy – which in turn affect all our lives.

The Bank of England's primary remit is to keep inflation on target, which it does largely by setting the base rate. The base rate affects what savers get on their nest eggs and what borrowers pay on loans. How it measures inflation is crucial.

The Government uses data to keep the economy in optimal health. Data on wages and employment help it calculate what it is likely to bring in in taxes each month – and therefore what it has to spend or will need to borrow. If data is patchy, it makes for less-educated decisions.

While we battle issues with data, it may be a good time to reflect on what we want to measure. After all, what we measure is intrinsically linked with what we value.

Many economists have for some time now pointed out the flaws, for example, in GDP (gross domestic product) – the figure we use to measure economic output. GDP only includes paid work, which means that if children are looked after by their parents rather than others, it will have a negative impact on GDP. I think many parents looking after their children during lockdown would agree that it is work and that excluding it simply because it is unpaid devalues it.

GDP also does not recognise sustainability. Using uncontrolled levels of natural resources looks great in GDP measurements, but terrible in most others.

The virus is forcing us individually to reassess what we value. Our priorities have reset.

It is time to do that collectively too – and crucial to this change will be how and what we measure. mw

Email editor@moneywise.co.uk
Twitter @rachel_spike

WIN £24,000 of prizes for schools with our Personal Finance Teacher of the Year Awards 2020

Has a teacher inspired your kids to be financially savvy? Then nominate them for one of our prestigious awards

At *Moneywise*, we believe it is never too soon for young people to learn about their finances. By mastering money basics early on in life, they can grow up to be the most financially savvy generation yet.

We have teamed up with our parent company, interactive investor, to offer schools with the best personal finance teachers a share of £24,000 to spend on equipment. Teachers at both primary and secondary level in UK schools are eligible for the competition.

We will make separate awards to teachers at primary and secondary school level, splitting the £24,000 between the winners and runners-up in several categories.

Are you a parent, pupil, school governor or teacher? Do you know someone who is teaching personal finance at school? Would you like to nominate someone for this award? We want to know how they make the teaching of personal finance fun, interactive and relevant to their pupils.

To put forward your nominations, please email editor@moneywise.co.uk with the name of the teacher(s) and the name and address of the school(s), plus why you are nominating them.

Teachers can also enter the awards directly. For an entry form, please email editor@moneywise.co.uk.

Moneywise will then contact teachers who have entered the competition, inviting them to submit their entry, including at least one personal finance lesson.

See Moneywise.co.uk/teacher for full terms and conditions.

Above left: Sian Bentley, deputy head of Queensmead Primary Academy and one of the two 2019 personal finance teacher of the year winners.
Above right: 2019 winner Helen Westwood with a *Moneywise* display board
Top: Principal Liz Latham and Sian Bentley next to a *Moneywise* display board

One thing to do this month

Speed up your broadband

BY BREAN HORNE

Many households are struggling with slow broadband as the coronavirus lockdown means people are spending more time online.

The increased strain on internet providers has caused web speeds to slow down for millions, according to analysis from broadbandchoices.co.uk.

Here, we explain your rights if your broadband connection is slower than usual and give simple tips to boost your web connection.

1 Run a broadband speed test

These are free to carry out online. Adelana Carty, broadband expert at uSwitch, says: "A broadband speed test is very useful and can help you work out if you are getting the speed you are paying for."

2 Streamline your computer

Avoid having too many browser tabs and software programmes running that you do not need.

3 Check your wi-fi router

Make sure your wi-fi router is set up properly and is ideally in a central location. Also check all cables are properly connected.

4 Use a wi-fi booster

If you have a large home, or particularly thick walls, getting a wi-fi booster may improve connectivity in places further away from your router.

5 Limit the number of devices connected to wi-fi

Restricting the devices connected to your wi-fi can help boost your broadband speed.

6 Turn off HD streaming

HD streaming uses a lot of bandwidth and could slow down your internet connection.

7 Restart your router

Turn your router off and wait 10 to 20 seconds. If this does not work, try resetting your router.

8 Plug yourself in

Using an ethernet cable to plug your router into the main device you use will increase your internet speed.

9 Go mobile

If you have spare mobile data, try tethering to your phone to ease the use of your broadband. You can do this by going to your phone's settings and selecting the option to set up a mobile hotspot.

10 Switch

Switching to a new provider could even help you get faster internet at a cheaper price.

What are my rights if I am continuously getting a slow internet connection?

You can complain, and even cancel without penalty if the regulator Ofcom agrees your internet speed is particularly bad. The first thing to do is contact your provider to see if they can resolve the issue. If they cannot, you also have the right to switch to a new provider. mw

the moneywise podcast

Tune in to Moneywise podcasts

Listen to our latest podcast online – you can find them at Moneywise.co.uk. Each week the team will be bringing you the latest money news and what it means for you – or ideas about how to invest.

PLASTIC-FREE!

Moneywise is now bagged in compostable film. It's made from potato starch and is 100% biodegradable – please add it to your garden compost or use it to line your food waste caddy.

moneywise
MAY 2020

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UPFRONT

No change to Premium Bond rates

BY STEPHEN LITTLE

National Savings & Investments (NS&I) has reversed plans to slash Premium Bond rates to support savers during the coronavirus pandemic.

Premium Bonds currently pay an average return of 1.4% a year, and this was due to be watered down to 1.3% from 1 May.

NS&I is also not cutting interest on its variable-rate savings deals. It originally planned to trim rates on its Direct Saver account from 1% to 0.7%, its Income Bonds from 1.15% to 0.7% and its Investment Account deals from 0.8% to 0.6%.

The state-backed savings firm is telling customers to ignore any letters or notifications that they have had about rate cuts.

However, 10 fixed-term product interest rate reductions will go ahead as planned from 1 May for new deals.

Guaranteed Growth Bonds and Guaranteed Income Bonds will see cuts of between 0.15 percentage points and 0.40 percentage points.

Two-year Fixed Interest Savings Certificates will drop from 1.3% to 1.15%, while the five-year option will drop from 1.9% to 1.15%.

Customers with these deals that end on or before 1 June 2020 and who automatically renew into a new issue of the same term will receive the previous, higher interest rate.

NS&I is one of the largest savings organisations in the UK and has 25 million customers. There are more than 1.7 million Premium Bond prizes worth over £65 million that are still waiting to be claimed.

Premium Bond prizes worth over £65m are waiting to be claimed

WARNING

SCAM WATCH

Beware fake coronavirus text messages

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

BY STEPHEN LITTLE

Criminals pretending to be Government employees are sending out fake texts in order to trick people out of their money during the coronavirus pandemic.

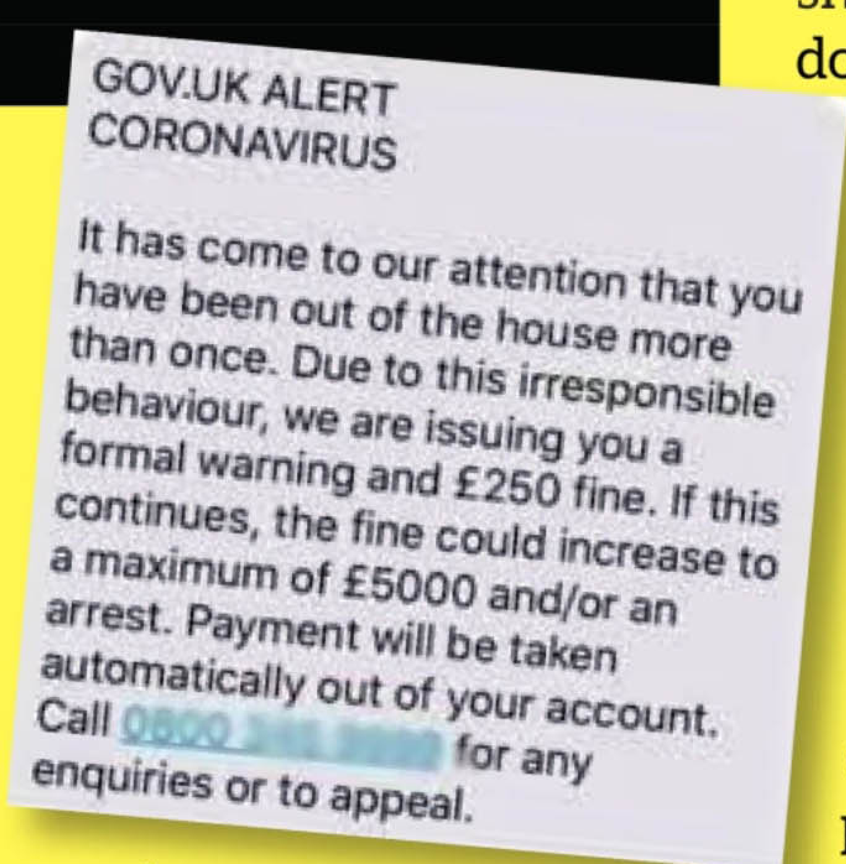
UK Finance, the banking trade body, is warning the public to be on the lookout for so-called 'smishing' text scams, as criminals look to take advantage of the outbreak.

Smishing is when criminals use text messages to impersonate organisations such as the Government or banks to trick people into giving out information or money.

How the scam works

Criminals are sending out text alerts – which look like they have been sent from the Government – telling people they have been fined for leaving the house.

A link in the text takes victims to a fake website that is designed to trick people into giving away their financial and personal information such as bank details, passwords and credit card numbers.



How to protect yourself

The Government is advising people to do the following to avoid being scammed:

- **STOP:** Take a moment to stop and think before parting with your money or information.
- **CHALLENGE:** Could it be fake? Feel free to reject, refuse, or ignore any requests. Only criminals will try to rush or panic you.
- **PROTECT:** Contact your bank immediately if you think you have fallen for a scam and report it to Action Fraud.

Avoid clicking on any links contained within text messages. Customers can report suspected spam text to their mobile network provider by forwarding them to 7726.

Other coronavirus scams

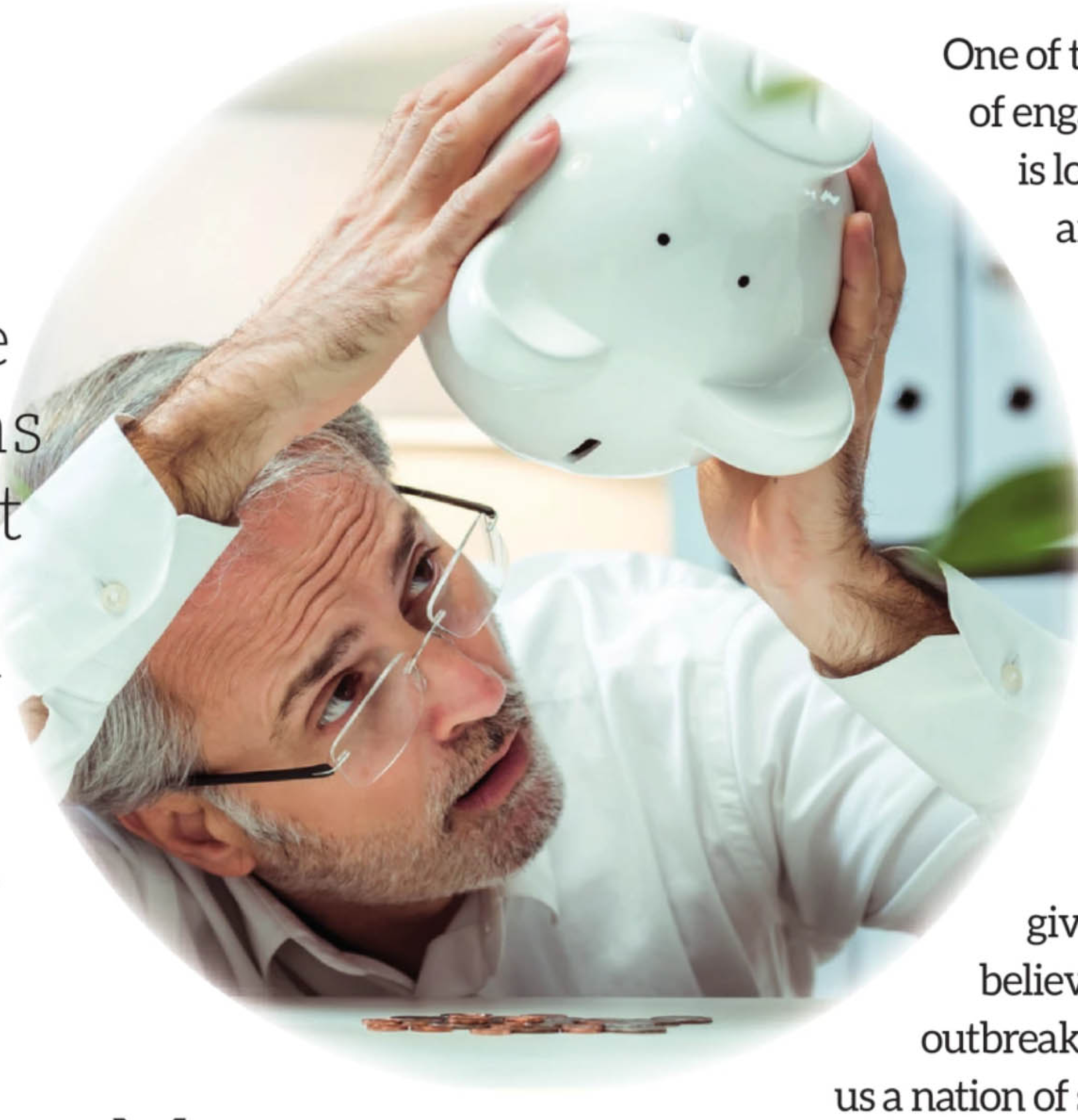
Other scams that are becoming more common include doorstep crime, where criminals turn up at your house and offer to do your shopping, and take your cash but do not return. Doorstep cleansing services have also sprung up, offering to clean drives and doorways to kill bacteria and help prevent the spread of the virus.

Email scams are tricking people into opening malicious attachments, which put them at risk of identity theft. Some of these emails have lured people to click on attachments by offering information about people in the local area who are affected by coronavirus.

As more people self-isolate at home there is an increasing risk that telephone scams will also rise, including criminals claiming to be your bank, mortgage lender or utility company. mw

COLUMNIST SAM BARKER

Saving has never mattered more – but has rarely paid less



Saving is a subject very close to my heart, but for years has been the financial equivalent of watching paint dry. Rates have been dismal, and many savers have understandably become bored and apathetic.

But the true worth of cash saving has never been about good rates. It is about values that many now see as old-fashioned: salting money away and having a safety net should the worst happen.

For years, we overlooked this lesson as a country. Polls over the past five years tend to find around 25% of adults have less than £100 saved up. In some regions that can rise to more than 50%.

The struggles that can be weathered with £100 are few, meaning many have no financial armour against misfortunes such as losing their job or a sudden unexpected bill. That is truly terrifying.

Clearly, many of this group will be unable to save due to low incomes or being unemployed. Some will just have been financially unlucky.

However, far more could save but don't, and there are many reasons for this.

Many people want to spend their cash on things that make them happy today rather than save it for tomorrow.

Saving is also not drummed into us at an early age the way homeownership is, and our financial literacy as a country is still low.

Strangely, this can even apply to people who have managed to build up quite a lot of cash.

I once had a shocking call from an elderly member of the public asking for tips on where to put the £1 million she had sitting in her bank account earning nothing. It was her life savings, and she had never invested or taken out a proper savings deal.

I nearly dropped the phone in shock, then suggested she see a financial adviser at once, or at least considered splitting it across an Isa and a few other deals to take advantage of the Financial Services Compensation Scheme £85,000 limit per firm.

"What's an Isa?" she said.

One of the main reasons for lack of engagement with savings is low rates. Why would anyone get excited about hunting down the best deals when even these regularly do not beat inflation?

Financial companies often do not help us here either with difficult application processes for new savings accounts.

But we have all been given a wake-up call. I believe the coronavirus outbreak, terrible as it is, will make us a nation of savers and remind us again of the real point of saving.

> Many workers will wait weeks to get their wages

Yes, the Government has stepped in to cover 80% of the wages of furloughed staff, but only for three months and up to £2,500 a month.

And for many workers, especially the self-employed, getting hands on that cash has been hard and stressful. Many will wait weeks past their normal payday to get the cash, suffering financial hardship in the meantime.

All of this is a reminder that having a few months' income in a cash savings account paying the best rate available might be boring, but is a good idea.

Sadly, the outlook for savings rates is not good. Many providers have not yet passed on the cut in Bank of England (BoE) base rate to a record low of 0.1% in March. This is built into the rates banks pay savers.

The BoE also gave savers a further wallop in March by unveiling a scheme that lets high street banks and building societies borrow money from it at rock-bottom interest rates for four years.

This disrupts the traditional model of banks, where they pay decent rates to savers in order to get their deposits, then lend that cash out themselves to make money. They will no longer have that incentive, which is likely to drag down rates even further.

But it is not all about good rates. There is always a value in keeping whatever you can in a cash savings account that offers easy access and the best possible interest. There will be few positive lessons from the coronavirus outbreak, but I suspect this is one. mw

WELCOME, SAM!

Sam Barker is *Moneywise*'s new deputy editor. Sam joins us from *The Daily Telegraph*, where he was a personal finance reporter. In almost a decade in personal finance journalism, Sam has also been deputy editor of *Mortgage Strategy*, reporter at *Money Marketing*, and won scoop of the year at last year's Property Press Awards and B2B journalist of the year at the Headline Money Awards 2018.

UPFRONT

Calls for state pension triple lock to be scrapped

BY BREAN HORNE

Retired workers should see their state pension rise at a slower rate, a think tank has suggested. The Social Market Foundation (SMF) wants to water down the triple lock to fund coronavirus costs.

The plan could save £20 billion over five years. The think tank believes the ultimate cost of the Government's coronavirus bill should be shared fairly between retirees and those of working age.

The SMF says any future austerity programme must not favour pension benefits over working-age welfare, as happened after the financial crisis.

But charities warn that scrapping the triple lock could make hundreds of thousands of pensioners worse off.

The charity Age UK estimates that 700,000 more pensioners could fall into poverty by 2050 if the Government removes the triple lock entirely.

What is the state pension triple lock?

The triple lock is a legal guarantee that the basic state pension will rise in line with the highest of average earnings growth, inflation or 2.5%.

It was introduced in 2011 to help ensure that typical pensioner household incomes rise regardless of their economic circumstances.

Should the triple lock be scrapped?

Some experts say that the triple lock creates intergenerational inequality between working-age households who have seen little wage growth over the past decade, and those who are retired.

> Some 700,000 more pensioners could fall into poverty

Replacing the triple lock with a 'double lock' that removed the 2.5% element could save £20 billion over the next five years, the SMF estimates. These savings could help meet the escalating costs arising from the lockdown.

Scott Corfe, research director at the SMF, says: "Quite rightly, society is making sacrifices to protect its elderly right now. There is a clear case for intergenerational reciprocation when it comes to meeting the fiscal costs of the crisis in the years ahead.

"The crisis has emphasised our obligations to other generations, even in the face of personal sacrifice. This spirit must be maintained when the dust settles, with the economic costs of responding to the crisis shared fairly across the generations."

Keeping the triple lock in place may also pressure the Government to increase the state pension age higher than its current forecasts.

Ian Browne, pensions expert at Quilter, says: "If there is no departure from the triple lock, it will only place increasing pressure on this Government to address the state pension age.

"Increasing the state pension age to much later in life is the alternative means of reducing the future cost of retirement benefits but would have greater harm on future generations." MW

WHAT IS THE STATE PENSION WORTH?

The state pension has risen by 3.9% from 6 April. Those who reached state pension age after 6 April 2016 are eligible for the new state pension. This has risen to £175.20 from £168.80.

Retirees who reached state pension age before 6 April 2016 are entitled to the basic state pension. This was £129.20 and is now £134.25.

BBC delays stopping free TV licences for over-75s

BY STEPHEN LITTLE

Over-75s will continue to get free TV licences for a further two months as a result of the coronavirus.

Free licences were originally going to be scrapped on 1 June, but this has now been pushed back until 1 August.

In a joint statement, the BBC and the Government said: "Recognising the exceptional circumstances, the BBC Board has therefore decided to change the start date of the new policy. We will, of course, keep the issue under review as the situation continues to evolve."

From 1 August, over-75s will have to pay the £154.50 a year fee.

Age UK says that while it welcomes the delay, two months is not long enough.

Do you live in the cheapest or most expensive area for energy bills?

BY BREAN HORNE

London is the cheapest area in the UK for utility bills, data from Save on Energy has revealed.

The energy experts analysed more than 18 million energy performance certificates to find the 10 cheapest and most expensive areas for these bills.

Households in the capital pay roughly £775 in total for utilities a year. Dumfries and Galloway is the most expensive area, and residents pay an average of £2,416.

But there are many ways to save money on these bills. First, almost 13 million households in the UK are owed £1.7 billion by their energy suppliers, with the average eligible home due £136, according to uSwitch research.

Almost half of all UK households (46%) are owed such a refund, the price comparison and switching site found. One in 10 energy billpayers is due more than £200.

Customers who pay for their energy by direct debit can often find themselves in credit with their supplier. This is because they pay a fixed amount every month but use varying amounts of energy.

Many energy providers do not automatically issue refunds, meaning this cash can go unclaimed for months.

Sarah Broomfield, energy expert at Uswitch, says: "More than a fifth of households say that the amount of credit or debt they are in has increased in the past year, and we hope that providers will act quickly to make sure that direct debit payments accurately reflect energy use."

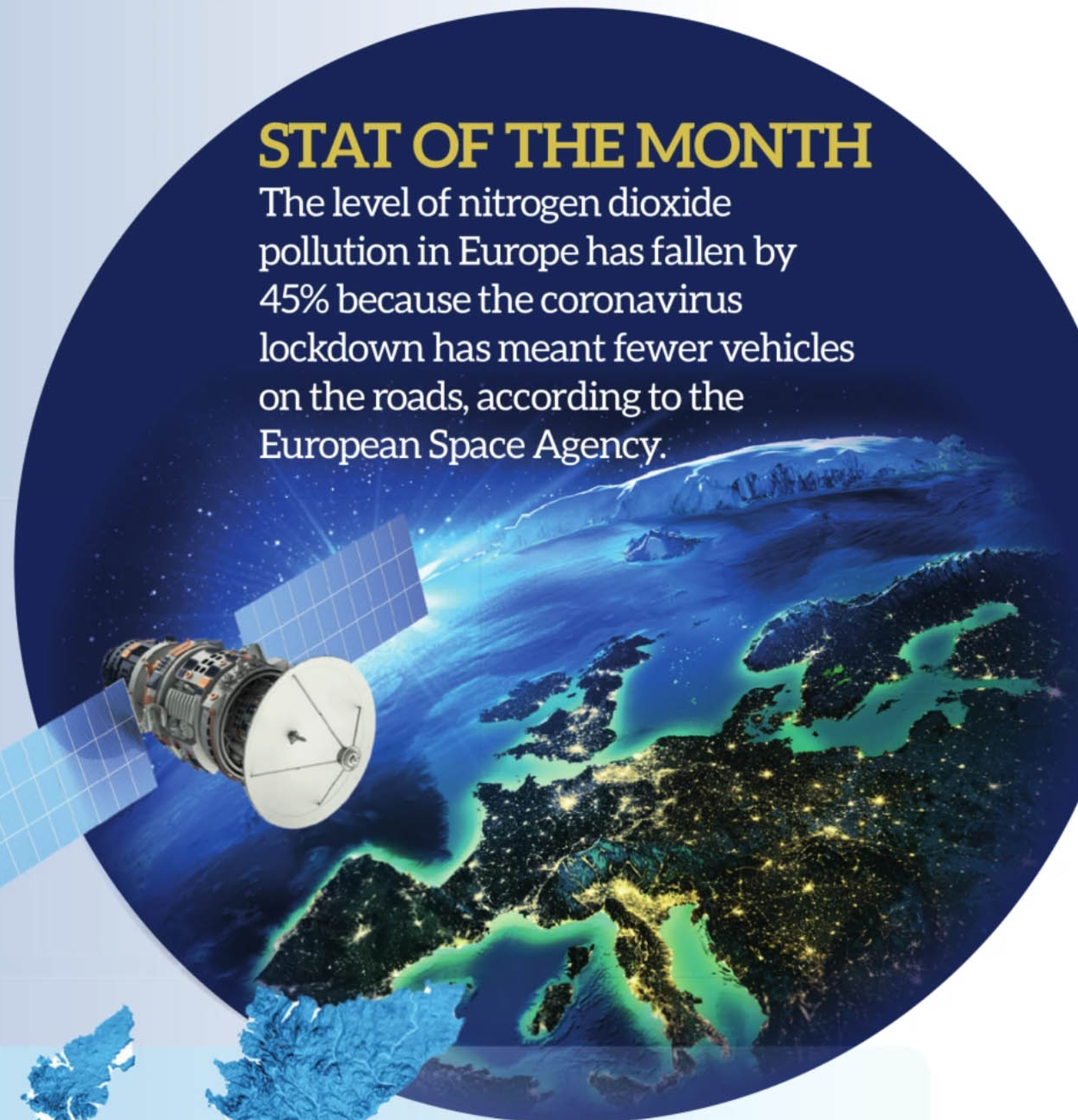
If your energy supplier has not automatically refunded your credit, then you will need to contact them directly.

There are several other ways to save on energy throughout the year.

These include unplugging devices that are not being used, which could save up to £85 a year.

Turning down your thermostat by just 1°C could help you save as much as £75 per year, according to Uswitch.

Switching from regular light bulbs to LED versions will save you money but you will need to do some research as to which is the best bulb; Save On Energy says efficient bulbs use between 20% and 80% less energy per year. mw



STAT OF THE MONTH

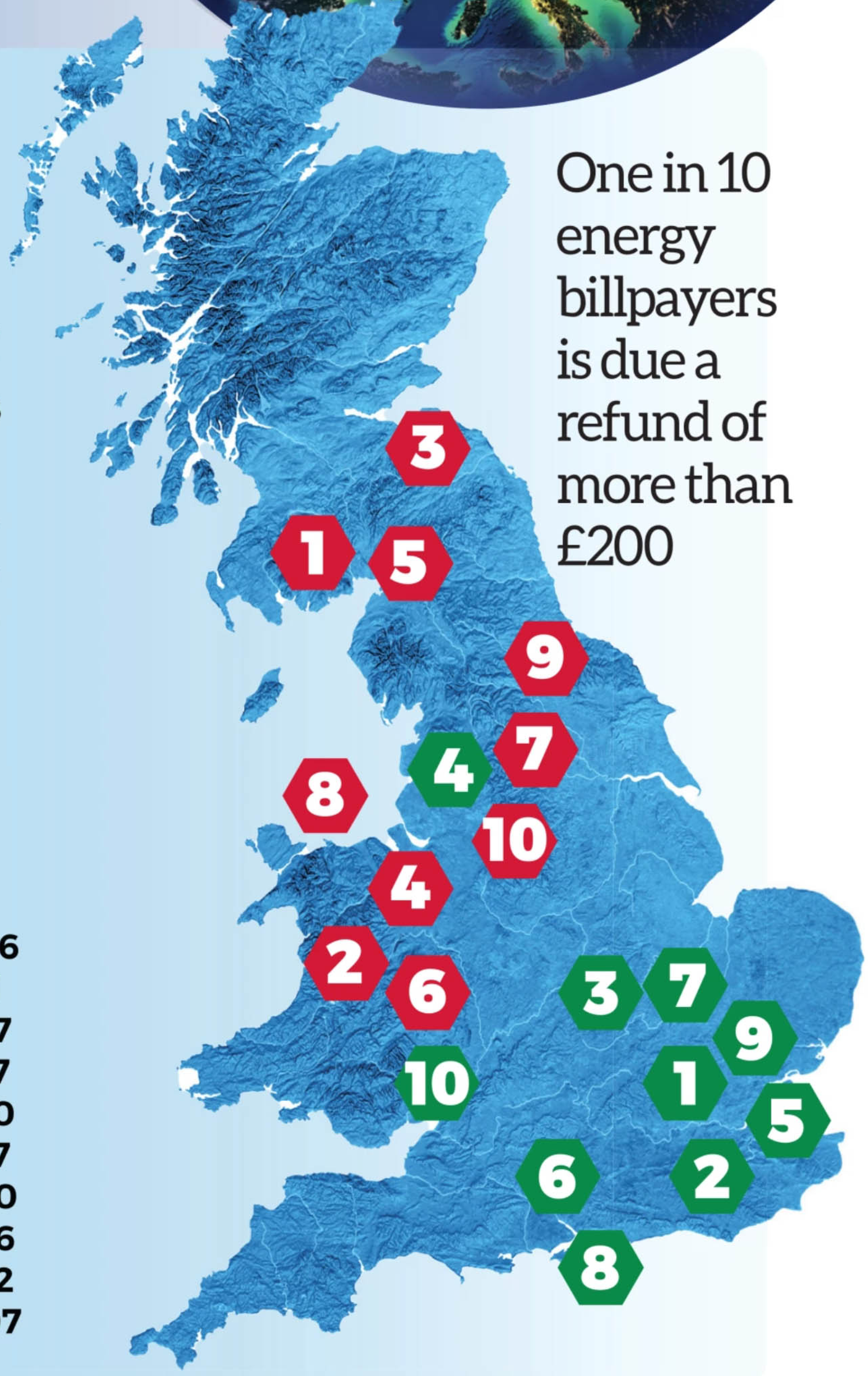
The level of nitrogen dioxide pollution in Europe has fallen by 45% because the coronavirus lockdown has meant fewer vehicles on the roads, according to the European Space Agency.

10 CHEAPEST
AREAS FOR UTILITY BILLS

1	London	£775
2	Dartford	£782
3	Milton Keynes	£784
4	Manchester	£787
5	Rochester	£808
6	Southampton	£812
7	Luton	£818
8	Portsmouth	£827
9	Stevenage	£829
10	Bristol	£836

10 EXPENSIVE
AREAS FOR UTILITY BILLS

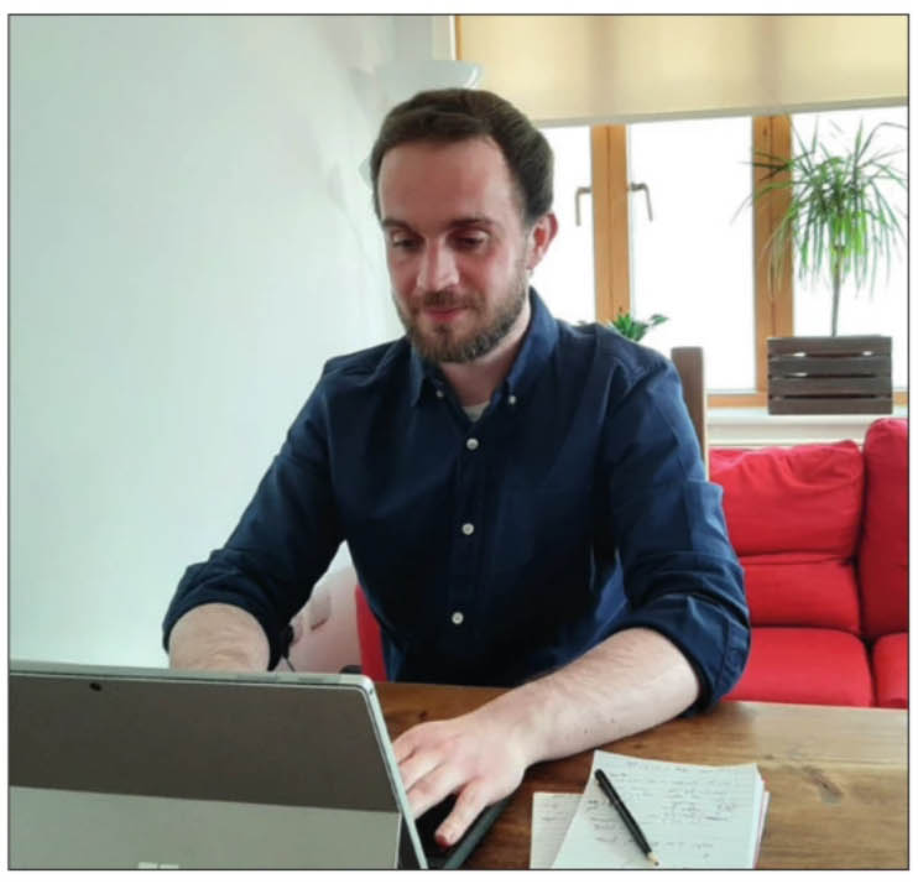
1	Dumfries & Galloway	£2,416
2	Llandrindod Wells	£1,311
3	Galashiels	£1,187
4	Shrewsbury	£1,157
5	Carlisle	£1,140
6	Hereford	£1,127
7	Bradford	£1,100
8	Llandudno	£1,106
9	Harrowgate	£1,102
10	Halifax	£1,097



One in 10 energy billpayers is due a refund of more than £200

Moneywise team share

The Moneywise team is working from home throughout the lockdown. Here are our tips and what we've learnt so far



BY MONEYWISE TEAM

Sam Barker: "Exercise and accordion-playing keep me happy"

Before the coronavirus outbreak I led a very different life. Cycling to work would provide physical exercise, then the workplace would give me mental exercise, socialising and a change of scene.

With our routines disrupted, it is important to actively seek out and do things that keep us happy and healthy.

For me that has meant exercising more, even if I feel lazy, and getting more into home gardening.

I have had time to make three proper meals a day and save money too – no more spending £4 a day on sandwiches.

I also like silly things that offer distraction. I have been learning the accordion, and my neighbours show their appreciation by regularly banging on the wall.

I am also taking advantage of lockdown to grow out my (normally very short) beard. I am seeing how close I can get to looking like Karl Marx in the 1800s before we all go back to the office.

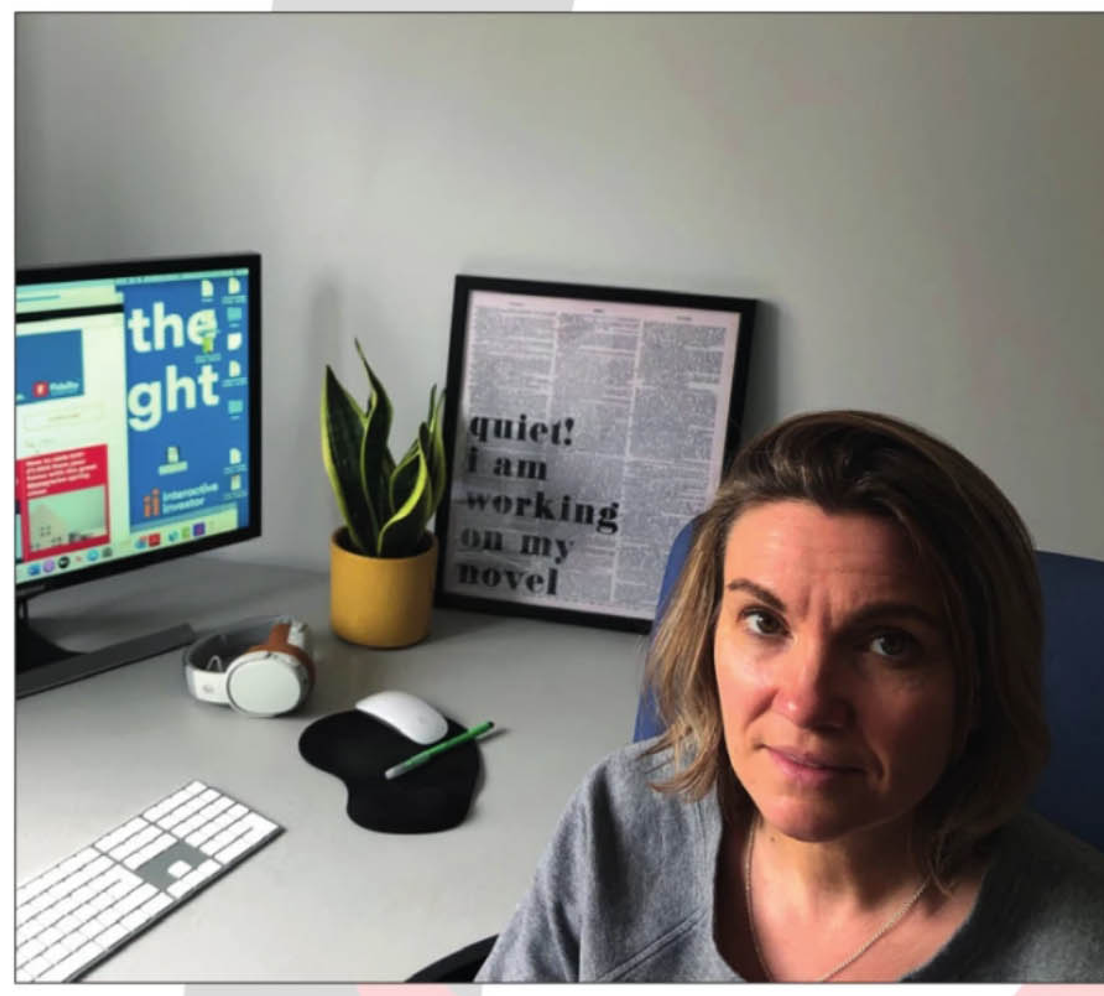
Brean Horne: "Meal planning curbs my spending"

Where possible, try to plan out the meals you would like to eat before going on your essential shop. This will help you create a food budget and curb the temptation to impulse buy and overspend. Have a few back-up meal options in mind so that if the exact items you need are not available, you can grab alternate items. I've found this really helpful during the lockdown to ensure I only buy what I need.

Rachel Lacey: "Learning to let go is crucial"

I am used to working from home and have a finely honed routine. Drop the kids at school, make a coffee and get to it. I also make sure I have a walk at lunchtime to perk me up for the afternoon.

"A daily family walk has been crucial to keep us all sane"



That has, of course, all gone out of the window now.

My husband is working from home too and we have two boys to keep occupied. Like families up and down the UK, we're having to find ways to meet the new demands of juggling work and children.

A daily family walk or bike ride has been crucial in keeping us all sane, but for me, even more important than that has been learning to let go. If we have a bad day of home schooling or the house is a tip, it really doesn't matter. We both have jobs, our family is healthy and the kids aren't killing each other. At the moment that is a lot to be thankful for.

Stephen Little: "I'm sticking to my routine"

Working from home is a new experience for me, but I'm learning to adapt.

The one major bonus is that I

their lockdown tips

don't face a commute into central London every day. So no more sweaty people sticking their armpits in my face on the Tube.

I've learnt that going straight from bed to the laptop is a definite no-no if you want to make sure you are in the right frame of mind for work.

Instead, I get up early, shower, breakfast and then get dressed for the day ahead.

I'm also finding regular breaks are good to help avoid going stir crazy in lockdown. Fortunately, I have a garden so I'm able to get out for some fresh air.

"Going straight from bed to the laptop is a definite no-no"

Hannah Nemeth: "I'm saving around £10 a day on food"

As I worked for seven years at home as a freelancer when my kids were small, the transition to homeworking has been fairly smooth.

I have turned our dining room into my home office. Until now, I have been working in my bedroom, and I had to act quickly or one of my two adult kids might have nabbed it.

Working from home has saved me a fortune on food. From grabbing that bagel for £2.99 for breakfast to a lunchtime soup or sandwich for at least £3.99, along with other snacks during the day, I think I am saving about £10 a day on my trips to Pret or Planet Organic.

Of course, I am spending money on eating at home, but it is considerably cheaper – beans on toast, for example, with half a 25p tin from Asda and a slice of bread comes in at about 25p for lunch.

Rachel Rickard Straus: "Home-cooked meals are saving us a fortune"

When someone cooks a nice meal in my home, we have got into the habit of saying what we think it would have cost in a restaurant.

"Wow, delicious... £10.50," one will exclaim appreciatively. "But in central London on the evening menu – £12!" another will respond.

It all started because for a while we were trying to recreate our favourite restaurant meals at home. Now we price up any meal that someone has taken some time over. It's just a bit of fun, but it is a reminder of how much it can cost to eat out.

I laughed when I saw the exercise was recommended by Sian Bentley, one of the winning personal finance teachers, as a way to teach kids about money (see page 57).

"We've tried to recreate favourite restaurant meals at home"

Mark Stammers: "Get your train season ticket refund"

Before the lockdown I spent three-plus hours of my workday commuting between my home on the South Coast and my work in London. I had my preferred seat, and I knew my fellow travellers and the train staff. In my new normal, the journey to my desk takes about 30 seconds.

Another thing that I and any of you who are also train season ticket holders can gain back is some of the money spent on an annual ticket. My ticket cost a whopping £5,000 and expires this August.

Before the lockdown, you could request a ticket refund at your issuing train station. Now, with the vast number of smaller stations' ticket offices closed and all of us being asked not to venture out unless we have to, the train operators have started to put online methods in place to allow you to claim your refund.

I completed the online form of my operator Southeastern. I also had to supply two photos of my ticket; one as it was, and one cut in half with 'Covid-19' written across it in black marker pen.

Each operator has their own refund system and rules, so be sure to check its website carefully. mw

WHAT ARE YOUR LOCKDOWN TIPS?

We would love to hear from you. Send us a short tip and a picture of you at home to editor@moneywise.co.uk. We'll send a £50 M&S voucher for any that we print.

"My money lessons" Claire Sweet — "Mum taught me to save, but to enjoy life too"

I suppose it is about balance. I lost my mother 10 years ago when she was just 59. She had saved money all her life and had all these plans for retirement, but never got there.

So that taught me to balance what you need today with what you need for the future. Of course you need to save money for retirement and emergencies, but you also need money along the way to enjoy life – go on holiday, drink some gin.

I sometimes tell people that you can't take money with you, but you can spend it on meaningful things.

I am married with two children, aged 17 and nine, and live in Kent. We moved from Herne Bay, where we had a detached house with a garden, to the countryside near Canterbury a couple of years ago. I like the outdoors, and had felt cooped up in my office. I wanted to balance my work with spending time outside.

It is so much more peaceful here and we now have five alpacas in our garden, which I can see from my home office.

That all began after I bought my husband a voucher for alpaca trekking, in a classic case of buying someone a present you actually want for yourself. We did it and we fell in love with them.

They are pets really – we don't make any money from them – though my husband does sell the manure at the bottom of the garden. At some point we would like to build a visitor centre so that others can come and enjoy seeing them too.

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

"People are asking if now is a good time to be investing"

Part of that balanced approach to money is being conscious of your spending and financial goals and not frittering your money. If you have a dream that requires money, be that a holiday or a car or whatever, you have to take an active decision to put a set amount of money away each month. A lot of people have a dream but don't do anything about it. The dream remains a dream.

Not being organised, or saying "I'll put aside whatever is left over at the end of the month" often does not work, as the money ends up getting spent on other things.

There are people out there who are so careful not to overspend that they don't end up enjoying what they have. There are others who go the other way and spend everything. The first step is awareness of what money is coming in and what is going out.

A lot of people are asking if now is a good time to be investing. I think people are very cautious about being seen to be OK if other people are not.

Others are saying that now is a good time to get their finances sorted out because they are at home more and they have more time to think about it and act on it. That obviously doesn't apply to parents with children at home!

There are some things to consider avoiding. I think it is about making sure you don't put all your eggs in one basket. Have some money in emergency savings. If your income is variable, then you should consider having these reserves so that you effectively always get paid.

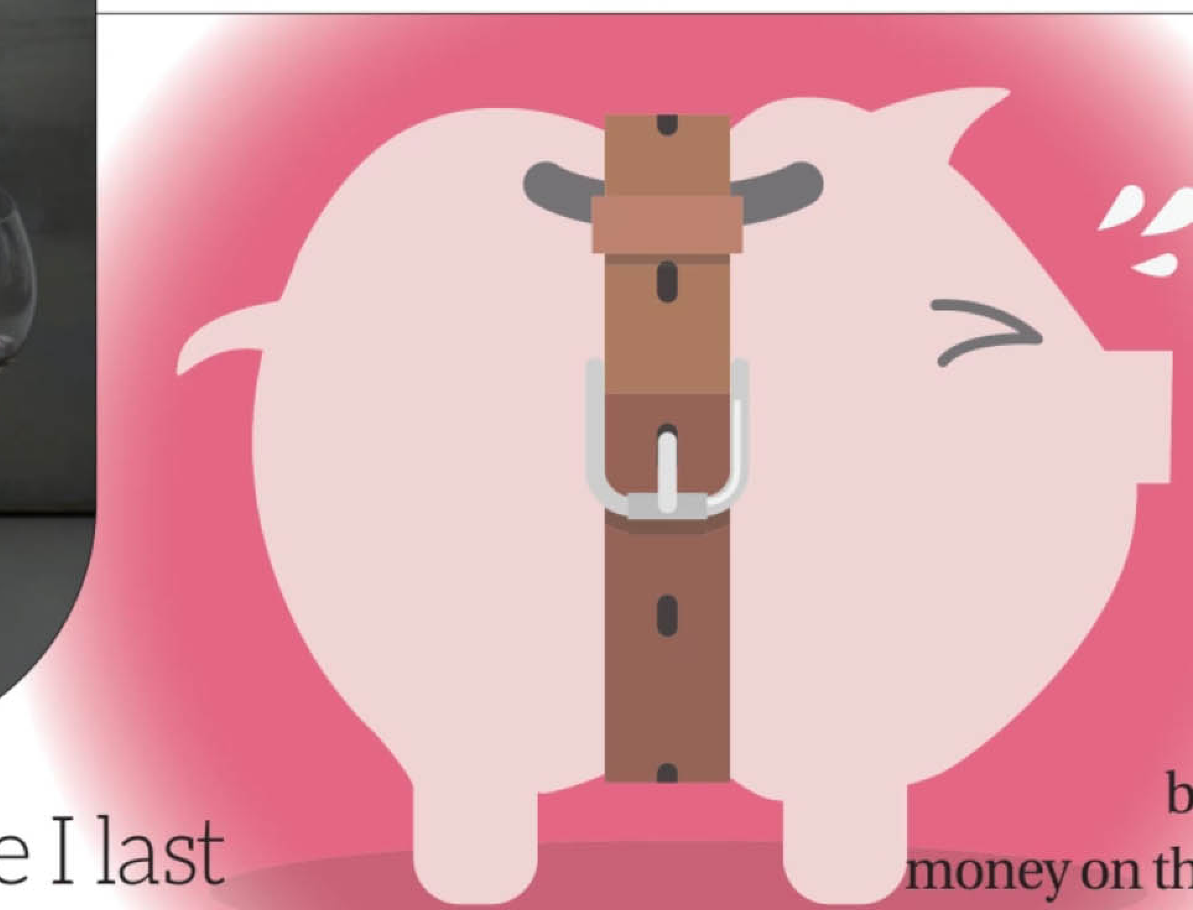
It is also about keeping your expenses under control and not letting them run away from you.

In terms of my own money, I have money in a cash savings account, as well as some Premium Bonds. I have long-term investments in pensions and Isas. For investment Isas and pensions, the market is at a low point – but then again these are long-term products. mw

CLAIRE SWEET is a money coach at Peace Together Money Coaching. As well as being a financial adviser she has a passion for the environment.

COLUMNIST JEFF PRESTRIDGE

Hard times, but time to sort your finances



How the world has changed since I last put pen to paper for *Moneywise* — changes that will have a profound impact on how we live and value those who we so sorely undervalued previously. For example, our country's health workers — be they nurses, doctors or support staff such as cleaners and porters — as well and those who care for the frail and elderly.

I count myself among the luckier ones. My health has remained good, unlike some of my colleagues.

Financially, I've taken a painful salary cut to ensure my employer (DMGT plc) gets through the current economic maelstrom, but at least I am still working. Many of my friends are either now unemployed, furloughed or left wondering whether the business they poured heart and soul into will survive.

Of course, the health of the country's population remains paramount, but at best their financial future and that of millions of people remains uncertain. At worst, it is rather precarious, despite the splendid efforts of the Government to provide a satisfactory financial underpin to most households impacted by coronavirus. Economic turmoil is inescapable, as is recession.

Working from home has been a challenge for me, with new technology to get to grips with and new ways of communicating with fellow workers (Zoom and Slack). But it has its benefits. No commuting, fewer time-consuming meetings, and the chance to walk, run or cycle most days.

I have even managed to trawl through TV series I never had the time to watch – the likes of *A Bit Of A Do*, starring among others David Jason and Gwen Taylor, and *Outnumbered* (which still makes me howl with laughter).

I have even begun to take a greater interest in our birdlife, marvelling at friendly robins who blissfully ignore all social distancing guidelines and young thrushes making their first tentative flights after being pushed out of their nest.

The current economic imbroglio has also forced me to do something that I often write about – but through lack of time rarely put into practice. That is, conduct an audit of my personal finances.

I have stuck almost religiously to my guns, not selling anything

With my income reduced, I have reviewed all my outgoings, ensuring all my expenditure is necessary. It is not quite the equivalent of financial purgatory (we all need a bit of fun in our lives), but I've ensured I am getting value for money on the home insurance and energy front. A series of memberships to cinemas and galleries have been left to lapse on the grounds that I was not using them enough.

I have also tried to keep my cash war chest (a tax-friendly Cash Isa) topped up, reduced salary notwithstanding. I am not that bothered about earning peanuts in terms of interest. I am more interested in having a rock-solid financial buffer in place.

As for investing, I took the decision early on in lockdown not to look at the value of my online Stocks and Shares Isa. I have stuck almost religiously to my guns, not selling anything and crystallising any losses. Indeed, I have done a little topping up, occasionally investing small amounts in broadly diversified investment trusts with a global or UK remit. Of course, my investment actions could be considered foolish, but I am confident that over the next five years, they will look more inspired than the actions of a mad money journalist in lockdown.

Yes, share dividends have taken a huge hit as UK and Global Plc have pulled in the financial reins – a disappointment to both income seekers and those who like to reinvest their dividends to enhance their wealth portfolios. But most of the trusts I invest in have income reserves compiled over many years. Reserves that should, in the short term, help mitigate some of the company dividend cuts already announced – or about to happen.

I urge you to visit the website of the Association of Investment Companies (Theaic.co.uk) and read the section on 'dividend heroes' – a slightly over-the-top description given current circumstances, but these trusts do have a way of delivering income through thick and thin.

For those struggling financially, please do not bury your head in the sand. Speak to your bank or building society. Speak to the likes of Citizens Advice and the Money and Pensions Service. There is plenty of good financial help out there. If you know of friends or neighbours finding things difficult, point them in the right direction.

Until next month, I wish you all the very best. Better times, I hope, are around the corner. mw

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

moneywise fights for

ARE YOU STRUGGLING to resolve a dispute with a company? We promise to do whatever it takes to get to the bottom of your problem. If you have been treated unfairly by a firm or are owed compensation for shoddy service, send your complaint to Moneywise's Fight for Your Rights and we will take up the fight for you.

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.

Hermes's 'excluded items' list catches senders out

OUTCOME: £300 payout for chain; £55.75 for camcorder

The Fight for your Rights inbox receives many complaints from readers who have taken out insurance for parcels, only to find that when the item is lost it is not covered.

Two readers contacted *Moneywise* to complain about the insurance cover they took out when sending a parcel with courier Hermes.

It is always upsetting when you lose something of sentimental value, which is what happened to HS, from London.

She says: "I left a gold necklace, given to me by my grandad for my 18th birthday, in a hotel room in Deal, in Kent.

"The hotel said they would send it back to me but would not pay the cost of recorded delivery, so I had to arrange my own courier."

> "As my necklace is over £250, it says I can't make a claim"

I do think the hotel could have been more helpful and paid for recorded delivery to help out a recent guest, but that was just the start of our reader's problems.

Staff at the hotel recommended that HS paid for the necklace to be sent by courier firm Hermes. That way, HS could arrange for it to be signed for on collection and delivery, as well as pay extra for insurance, which is exactly what she did.

The hotel confirmed that the necklace was collected, but then it went astray.

HS says: "Hermes allowed me to write a description of the necklace, give its value and take out £300 insurance cover when I booked a courier. But when it was lost, Hermes told me that jewellery worth more than £250 is on its list of excluded items so I am not entitled to any compensation.

Hermes eventually reviewed her claim, but then added that it could not offer her any compensation without a receipt for the necklace.

"To make matters worse, my grandad recently died, so I couldn't get the receipt and anyhow the necklace was seven years old," HS adds.

When *Moneywise* contacted Hermes, it offered to make a final search for the item. However when it could not be found, Hermes did agree to pay HS the insurance cover plus a goodwill payment, which means she did get back the full financial value of the necklace – if not its sentimental value.

A spokesperson for Hermes says: "Hermes successfully delivers more than 400 million parcels each year, but occasionally things go wrong. We have apologised to your reader and provided her with £250 compensation plus a £50 goodwill gesture."

HS says: "I would never use Hermes again. It was not just the fact the courier lost my necklace but the way it handled my case.

"I was cautious about sending something so valuable via the post, but you assume everything will be fine when you pay for 'sign on collection', as well as delivery, tracking and insurance."

Another reader contacted *Moneywise* after a camcorder he sent with Hermes went missing. MJ paid extra for insurance up to its sale price of £50, but the parcel never arrived.

After Hermes investigated, it reported that "after extensive investigation" the parcel was considered lost and MJ was advised to make a claim. However, he then received a message saying he was not entitled to compensation as camcorders came under cameras, which were excluded.

MJ says: "On checking the list, it is extensive and covers many items. You have to ask what does Hermes actually pay compensation for? And if camcorders are not eligible for compensation for loss or damage, then why did Hermes let me pay the additional cover for it?"

When I put this question to Hermes, a spokesperson defended its position, saying: "Our lists of excluded and prohibited items are comparable with other parcel carriers. They are comprehensive and easy to view at the point of order.

"With regard to MJ's case, the excluded list contains 'glass items or fragile items that contain glass parts' as well as 'cameras and lenses', which we believe would reasonably cover a camcorder."

However, on this occasion, Hermes did agree to refund £50 for the cost of the camcorder plus £5.75 postage costs.

MJ says: "I will be more vigilant about checking exclusion lists in future, but I think the courier should compensate a customer when it loses their parcel. Damage is entirely down to the sender's risk, but loss at the courier's depot is all on them."

Hermes's main list of non-compensation items*

- Badly packaged parcels
- China
- Furniture
- Musical instruments
- TVs and monitors
- Glass items
- Jewellery over £250
- 'Negotiable' documents (for example, passports)
- Items that have been strapped together

** But always click on the link to the full list, which is much longer. Remember, you can pay extra for insurance even if an item is on the non-compensation list – so the onus is on you to check.*

"I have to walk two miles to top up my British Gas meters"

OUTCOME: British Gas installs new meters

When you have a poor credit rating it can have a knock-on effect on all areas of your life that may seem to have little to do with your finances – and when it is through no fault of your own it can be doubly frustrating.

This is the problem a reader, who had been widowed, faced when trying to get an electricity and gas meter installed in her home. BA wrote to Fight for your Rights about a problem her daughter, JT, had with topping up her prepaid gas meter.

Unfortunately, her daughter has a bad credit rating after her husband died, leaving her with large debts and facing bankruptcy.

British Gas changed where she could top up her pre-paid gas and electricity meters, so JT had to make a two-mile round trip from her home in Hampshire to the nearest pay point. She asked if she could pay by direct debit, but British Gas refused because of her poor credit rating.

However, JT only spends around £850 a year on her combined gas and electricity bill, and she easily earns enough to cover this.

When I spoke to British Gas about JT's two-mile round trip, it pointed out that it had several locations near her home where she could top her prepaid card – but these were still around a mile each way, so no improvement. Fine on a warm summer's day but not in the rain or snow.

I asked British Gas to reconsider allowing JT to pay by direct debit.

The energy supplier relented and agreed to exchange JT's prepaid meters for regular credit meters. It seems that anyone without an existing energy debt is eligible for one.

This means JT can either wait for a quarterly bill and then pay it or she can set up a direct debit and pay a set amount each month.

An appointment to have both prepaid meters exchanged for regular meters was arranged soon after, and JT is now paying her bills by direct debit.

JT is buying her mum a bottle of wine as a thank-you.

BA says: "What a result! We are both truly delighted and couldn't have asked for more."

YOUR SHOUT

THIS MONTH'S STAR LETTER

BANK OF ENGLAND INTEREST CUT IS NO USE TO SAVERS

On 19 March, the Bank of England cut interest rates to an all-time low of 0.1%, leaving some savers less than optimistic about finding good returns.

The Bank of England's decision to cut interest rates is of no help to anyone who does not have a mortgage or credit card debts (where 15%, 16%, and above interest rates still remain), but who does have savings.

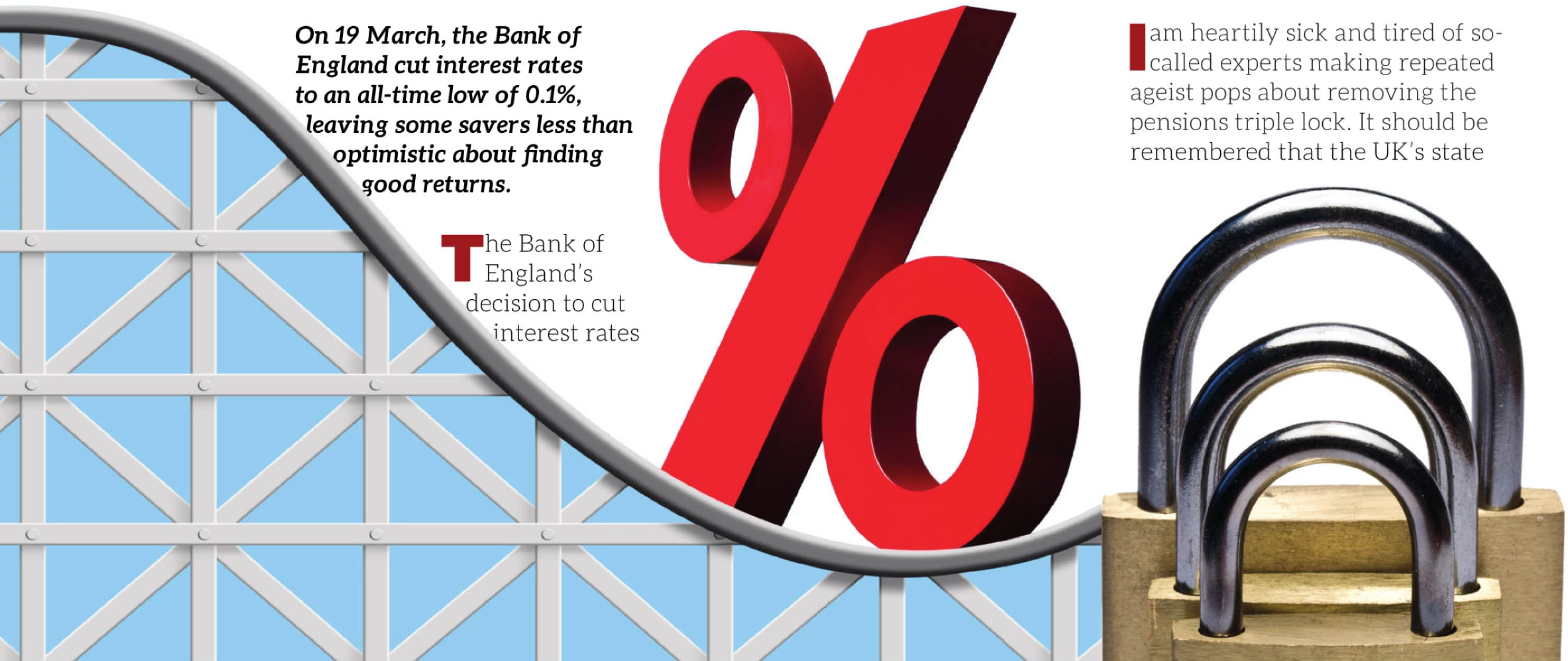
Savers are being used to prop up borrowers while getting less for their prudence.

J, VIA COMMENTS

MIXED FEELINGS OVER PENSIONS TRIPLE LOCK

Think tank the Social Market Foundation is calling for the abolition of the state pension triple lock to help cover the cost of tackling coronavirus (see page 18). The proposal divided readers' opinions.

I am heartily sick and tired of so-called experts making repeated ageist pops about removing the pensions triple lock. It should be remembered that the UK's state



Blog of the month: "I've lost thousands of pounds – now it's time

BY RACHEL LACEY

Over the past few weeks, I have lost literally thousands of pounds. It wasn't a scam, a bad loan to an unreliable friend or a disastrous trip to the bookies. Like millions of others in the UK, I just had money invested in stocks and shares.

I am not a seasoned investor or an active trader by any stretch, but over the past 15 years I have been drip-feeding money into the stock market.

It started with a Stocks and Shares Isa just before I got married. Then we started squirrelling a bit of money away every month, not with any specific goal in mind other than our own financial security.

After the kids came along, we opened Junior Isas for them too – not paying in much, just enough to harness the powers of compounding returns and give them a bit of a financial leg-up when they turn 18. Now, I also run a Sipp from the same investment platform.

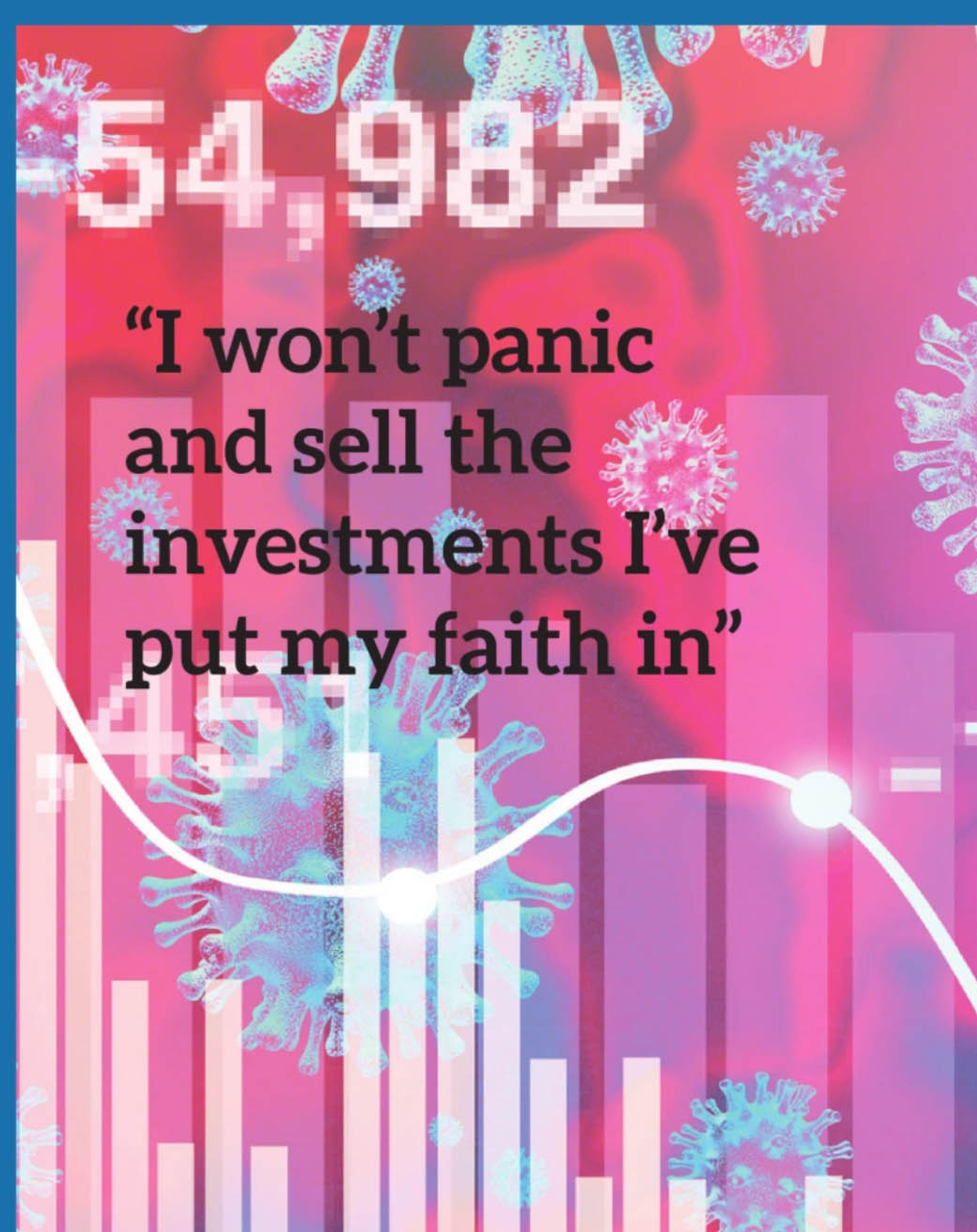
Totted up it is not a huge fortune, but it is our fortune. Our family's nest egg.

Quite how large or small this fortune actually is now I couldn't say. Not because I don't want to share such intimate information with *Moneywise* readers but because I can't. I can't divulge it because I've not logged on to the platform since markets started to bomb in February.

Some would say as a financial journalist that I should, but I just know it will be a horror show. What with my husband and I trying to work from home, provide some semblance of an education for our kids while school is out and keep an eye out for our parents, we have got enough to deal with, without the brutality of seeing our account balance in black and white.

If I saw it, I know it would stress me out. It would feel a whole lot more real.

You could say I am burying my head in the sand. Maybe I am? But even if I did log on to face the music what would it achieve? Those investments are for the long term and I am a buy-and-hold investor, so it is time for me to practise what I preach. I won't panic and I won't sell the investments I've put my faith in.



WRITE TO US

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pension provision has for many years been one of the meanest in Western Europe, and the triple lock is only a relatively recent mitigation measure. To say that pensioners should 'pay back' the younger generation in return for the 'sacrifices' they are making completely ignores the sacrifices the older generation made in their time while also paying taxes and national insurance (NI) in the expectation of receiving a state pension at the end of it all

C, VIA COMMENTS

It sounds about right for this Government to make the poorest people pay for the privilege of having the good fortune to survive this horrific experience. Why raise taxes for the bankers, hedge-fund managers, and chief executives of large businesses? Why not realign NI such that employers pay whether they employ staff or use 'self-employed' contractors? Stopping this loophole will improve finances and ultimately the lives of millions.

BD, VIA COMMENTS

I am a pensioner who benefits from the triple lock. I believe in ensuring pensioners have adequate income to maintain an average standard of living. But I agree with the recommendation of abolishing the triple lock, as it gives pensioners a better rise than that enjoyed by many working people. I lived for the past 10 years of my civil service career on either a 0% or 1% pay rise, yet now as a non-worker I find myself getting nearly 4%, while last year it was 3% – the highest pay rises I have ever had. I think I should be treated as those working and receive, for example, an average of national increases.

DT, VIA COMMENTS

Pensioners as well as the working population should get the same benefits over the lifetime of a parliament. This may mean that some years there are differences, but not over a five-year period. Keeping a guarantee for pensions must be done, but like all benefits there needs to be a review of the triple lock from time to time.

PH, VIA COMMENTS

"The triple lock needs a review from time to time"

STATE PENSION RISE IS UNFAIR TO UK'S EXPATS

The state pension for 2020-21 will rise by 3.9%. However, British retirees in some countries will not benefit – a rule that one reader feels is unfair.

Freezing pensions when you retire to another country is unfair in my opinion as the cost is more than offset by the people from all parts of the world choosing to retire and spend their pensions in this country. It is their pension; after all they worked hard for it.

RP, VIA COMMENTS

to practise what I preach"

If I'd cashed in my investments all I would have done was crystallise my losses – and miss out on the big bounce, which saw the FTSE 100 rise by more than 9% one day last month, making it its best day since the financial crisis in 2008.

I am also reminding myself that as the cost of shares has fallen, future contributions will be able to buy more shares, putting me in a better position when the markets do eventually recover.

All I can do is keep calm and carry on.

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Ask the experts

Illustration: Paul Reid

THIS MONTH'S STAR QUESTION

My friend can't get a mortgage due to a parking fine. What should he do?

Q I have a young friend in his 20s to whom I give occasional basic financial advice – whether his tax code is right, whether a car loan he is thinking about is a good deal and so on. I can usually answer most of his questions as I know his situation well but I have come across one where I am not sure what the best advice to give him would be.

He acquired a county court judgment (CCJ) in rather frustrating circumstances last January. It was a simple parking ticket where the paperwork was sent to an old address and he had been relying on his old housemates to send on his post to him. The first he heard about it was after the CCJ had already happened. He paid the small debt of £265 to the debt recovery company within 24 hours, but now has a CCJ on his credit record. My understanding is that it will be there until January 2025.

In a few months' time, he would like to buy a property with his girlfriend, who no longer wants to rent and has a stable teaching job. One option is to purchase a property in her name until the CCJ drops off, but it would limit what they could buy.

I have suggested going through a broker to find a mortgage rather than applying directly to lenders, but it brings up a query about a notice of correction. If I help him to write one, it may assist him in his application for a mortgage, although I am not sure how much attention is paid to them.

Would it be better not to write a notice of correction, given the small debt that was owed, so applications can be assessed automatically rather than having to be read by a person? His credit history is fine otherwise, with no credit card debt.

Will the fact the CCJ is for a relatively small amount mean it is not as big a blight as a larger one would be?

BH/Rushden

Make sure his credit file shows that the CCJ was paid off

DAVID HOLLINGWORTH
Mortgage broker at London & Country Mortgages

A notice of correction allows you to put a note on your credit file to explain any circumstances that resulted in an entry being made. That would allow the reasons for the late payment and consequent CCJ to be noted on the file. Lenders would then have to review the notice which may take it out of a more automated process without resulting in any real benefit. Although lenders should review the notice, it does not mean that it would make any difference to the ultimate decision.

In this case, the mix-up resulted from the error of not amending the registration address of the car – a harsh reminder of how important it is to keep correspondence addresses updated. While a notice of correction should not be viewed negatively at all, it may have limited impact on the success of a mortgage application.

Talking to a mortgage adviser initially would be a good step as they will be able to run through

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the individual circumstances as a whole. That should help establish whether an application stands a chance of being successful. Having a strong credit score could see the application pass a lender's requirements in any case.

Making sure that the credit file correctly shows that the CCJ is 'satisfied', or paid off, is important and the greater amount of daylight between the CCJ and the application, the more likely a lender would consider it.

If the mainstream lenders will not take it on, then there are specialist lenders that will be able to consider the application although that may carry a slightly higher interest rate.

When should my mum hand out trust money?

Q Just over seven years ago my mother put a bond, which is now worth £80,000, into a bare trust in equal shares for her five grandchildren with a view to avoiding inheritance tax (IHT). She is still alive.

She and I are trustees, and both agree that the grandchildren (now aged between 24 and 30) would benefit from the money now rather than waiting for her to die. All of them are working and paying basic income tax but only one is a higher-rate taxpayer.

Is there any tax or other financial advantage to waiting until she dies before giving them the trust money? It is possible that by then all may be higher-rate income taxpayers.

My mother is wealthy and her estate is well above the current IHT allowance.

SA/via email

FRANCIS KLONOWSKI
Principal of financial planning at Klonowski & Co

As the beneficiaries of a bare trust, the grandchildren have an absolute entitlement to the trust assets and income. They will therefore be liable for any tax due as if they owned the bond themselves. This would be the case whether the bond is cashed in now or on their grandmother's death. So in that sense it makes no difference when they receive the money.

They also have the right to take actual possession of trust as they are over 18. This means it would be possible for the trust to assign each one's share to them. They could then make their individual decisions about whether to keep their share or take the money.

An investment bond is regarded as a non-income-producing asset. An income tax charge only arises when a so-called chargeable event occurs and there is a chargeable gain – essentially the difference between the surrender value and the initial investment. Full encashment is one such chargeable event.

Chargeable gains are not liable to basic-rate tax. The individual or trustee who is liable for tax is deemed to have already paid tax at the basic rate on the amount of the gain. This is because the underlying funds in the bond are subject to UK life fund taxation. Therefore, the four basic-rate taxpayers have no further tax to pay on the gain. The one higher-rate taxpayer would pay an additional 20%.

Each can take out up to 5% of their share for each year the bond was held

However, the four grandchildren who pay basic-rate tax may still have to pay additional tax if the gain would take their income above the higher-rate threshold

This is determined by dividing the gain by the number of complete policy years and notionally adding the resulting figure to their other taxable income.

One option to consider is partial encashment. Up to 5% of the initial premium can be withdrawn without any immediate tax charge. There may be an additional charge if the bond is eventually wholly cashed in – this will depend on the individual's tax status at that time. Assuming the bond has been held for seven full years, each of the beneficiaries could withdraw 5% of their share (£16,000) for each of those seven years. That is £5,600, with no immediate tax charge.

Your primary responsibility as trustees is to act in the best interests of all beneficiaries. This must be taken into account in any decision you may reach and that may mean treating each beneficiary separately rather than making blanket decisions for all five.

Ask the experts

Do I pay capital gains on my old home?

Q Please help me work out my tax position on the home where I first lived in 1984. The title deeds were signed over to me in around 1998 when I divorced.

About five or six years ago I was made redundant, so I moved in with my partner and rented out my house. I told my mortgage lender at the time and my mortgage was converted into a buy-to-let mortgage.

I cleared the mortgage and sold the property in 2019. Do I have to pay capital gains tax (CGT)? I paid tax on the rental income but I am getting conflicting advice about whether I have to pay CGT.

LB/via email

PATRICK CONNOLLY
Certified financial planner at Chase de Vere

Normally, when you sell your main residence you do not have to pay CGT as you are entitled to principal private residence relief. However, if at some point it was your second home or used as a buy-to-let property, as was the case here, then any sale may be subject to CGT.

The rules are quite complicated, but broadly any periods where the property was your main residence are not chargeable and any periods where it was not your main residence are chargeable. However, as it was your main residence at some point, your final nine months of ownership are not chargeable even if you were not living there.

You may also qualify for letting relief, which can reduce the amount of tax payable if you let out part or all of your home after you have lived in it. You cannot claim private residence relief and letting relief for the same period, which means if you were letting the property out when you sold it, the last 18 months of ownership qualify for private residence relief rather than letting relief.

> If at some point it was a buy to let, then any sale will be subject to CGT

The CGT rate for property sales is 18% for basic-rate taxpayers and 28% for higher- or additional-rate taxpayers. However, you can use your annual CGT exemption, which is £12,000 if you sold in the 2019/20 tax year (£12,300 in the 2020-21 tax year).

This can all be very complicated. If you are still in doubt, then speak to HM Revenue & Customs (HMRC).

Can an estate go direct to the children to avoid IHT?

Q My brother-in-law has just died leaving my wife and their brother as the closest relatives. He made no will and his estate is below the threshold for inheritance tax (IHT). The two siblings have applied for a letter of probate.

When probate is granted, are they automatically both beneficiaries of the estate? Or can they jointly make decisions to appoint other beneficiaries such as their children? We want to avoid any future IHT liability that could arise if the siblings inherit and pass the money to their children as a gift.

DP/via email

DIVAH SHAH
Associate in the private client team at Kingsley

Since your brother-in-law died without a will, intestacy rules will set out who can apply to administer the estate. There is a specific order of who can apply: spouse, children, parents, siblings, half-brothers or half-sisters, grandparents, aunts and uncles and half-aunts and half-uncles. Your wife and her brother, as the administrators of the estate, are responsible for distributing the estate.

The pecking order of who inherits where there is no surviving spouse is the same as who can apply for the letters of administration. In this situation, your wife and her brother would be considered as beneficiaries of the estate and would inherit in equal shares. Therefore, they are both administrators and beneficiaries.

It is possible for them to rearrange the way the estate is shared out, by a deed of variation, provided this is done within two years of the death and meets the other necessary requirements. A deed of variation can be effective to redirect the benefit down a generation to children.

If your wife and her brother plan to leave money in their wills to their respective children, then it may indeed be tax-advantageous to vary the inheritance now, rather than adding it to their own estate which may result in a larger IHT bill after their respective deaths.

The deed of variation must be made by the beneficiaries who are giving up that benefit. They only

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have the power to change their own share of the estate and therefore they can either vary their own entitlement or both agree to vary the entire estate.

Beneficiaries – in this case your wife and brother-in-law – must be over 18 and must not receive any benefit or payment from outside the estate in return for giving up their entitlement. The deed must contain a statement of intent and the correct tax declarations in relation to IHT and CGT.

Will I pay CGT on buy-to-let cash for my daughter?

Q I am selling my buy-to-let property and plan to give the proceeds to my daughter and her husband. They need the money to top up their first-time buyer's mortgage to get on the property ladder.

Will I have to pay capital gains tax (CGT) even though I am not making any gain myself?

SM/via email

MARK PATTENDEN
Partner in the tax team at haysmacintyre

First, you need to consider whether there is any CGT payable on the sale of your buy-to-let property.

To calculate CGT, you should deduct all the relevant costs from the sale proceeds, except the outstanding mortgage. You may have additional capital expenditure, such as a loft conversion or conservatory, and these can be deducted as well.

Further relief might be available if the property was your main residence at any point during your ownership.

However, in the eyes of the taxman you are still making a gain on the property if there is any profit after all these deductions and you will need to pay CGT on it. Like our reader on page 32, you will find the first £12,300 of the gain will be tax-free in the 2020-21 tax year, and the balance will be taxable at 18% if you are a basic-rate taxpayer or 28% for additional- or higher-rate taxpayer.

Is it too late to pay towards a state pension?

Q I would like some advice about my state pension. I am 51 years old and have been self-employed on a very low income all my life. As a result, I have never paid any national insurance contributions (NICs).

I have recently inherited some money and would like to know whether I should make NICs so that I receive a state pension when I retire. Would that be the right thing to do?

LFC/via email

PATRICK CONNOLLY
Certified financial planner at Chase de Vere

Somebody who is self-employed will typically build up their entitlement to the state pension through their national insurance (NI) record or through national insurance credits if they were raising a family, caring for somebody or in full-time training.

Some people will have gaps in their national insurance record, and one of these reasons, as you have stated, could be because they were self-employed and had a low income.

Before you do anything else you should get a state pension statement, which will confirm your position and give a projection of any entitlement to the state pension that you have built up. Even with low earnings you may have some national insurance credits if, for example, you claimed child benefit for a child aged under 12.

> Even if you are a low earner, you may have some NI credits

You can get a state pension statement from Gov.uk/check-state-pension or by calling the Future Pension Centre on 0800 731 0175.

Assuming that your national insurance record is incomplete, and because you are self-employed, you should be able to make Voluntary Class 2 contributions. You can usually pay voluntary contributions for the past six years. However, HMRC has extended the time limits for paying voluntary NICs for the 2006/07 to 2015/16 tax years inclusive. The deadline for this period is now 5 April 2023. The cost depends on the years you want to pay for.

Whether this is a good idea for you may depend on how much you can afford now and how long you are likely to live. Also, you need a minimum of 10 years' contributions to get any state pension at all, so if you have less than this you will not receive anything. mw

HOW TO MAKE ENDS MEET ON PARENTAL LEAVE

Taking time off to have a baby has financial implications, but there are ways to make it easier. We look at the options available for both parents and how to make it work

BY LILY CANTER

Changes in working habits and greater equality between parents mean there are a variety of options available for both parents when it comes to who will look after your newborn child.

Whether you are employed, self-employed or run your own business, all of these choices will have a short- and long-term financial impact, which you need to consider carefully.

The system is also fraught with complexities making it difficult to navigate and claim government support, so here is our guide to getting it right.

Maternity leave

All female employees are entitled to statutory maternity leave of up to a year and must take a minimum of two weeks. Statutory maternity pay is paid for up to 39 weeks in the same way as wages. All women are paid 90% of their average weekly earnings before tax for the first six weeks of maternity leave and then £148.68 or 90% of their average weekly earnings (whichever is lower) for the next 33 weeks.

The same applies if you are adopting, and the adoption leave and pay can be taken by one person in a couple. Couples who use a surrogate may be eligible for adoption leave, as well as paternity pay and leave.

Some employees may get more than this if their employer offers its own maternity scheme, known as occupational or contractual pay. This may be full salary, or a proportion of it, for a fixed number of weeks.

It is a different story for mums who work for themselves. Self-employed women who pay class 2 national insurance contributions (NICs), and have worked for the required period, are able to claim a different benefit, maternity allowance, for 39 weeks. It pays £148.68 for the whole period so, unlike employed women, they will not receive a higher amount during the first six weeks.

Paternity leave

If your partner is having a baby, then you might be eligible for one to two weeks' paternity leave.

Similar to maternity pay, the statutory weekly rate of paternity pay is £148.68 or 90% of average weekly earnings (whichever is lower). Again, some employers will offer a better deal.

Same-sex relationships

Exactly the same benefits are available to couples in same-sex relationships. One member of the couple can claim maternity benefits, while the other can claim paternity benefits.

Splitting the care

Shared parental leave was introduced in April 2015 to make it easier for both parents to spend time with their baby and to reduce pressure on the mum's – or primary carer's – career.

The scheme gives couples the opportunity to share up to 50 weeks' leave and 37 weeks' pay between them. It is paid at the same rate as statutory maternity pay but during the first six weeks it is not paid at 90% of earnings, only at the £148.68 weekly rate. Each parent can book up to three blocks of shared parental leave.

Above: Charlotte Bordeway (pictured with daughter Helen, now four, and husband Tom) says splitting parental leave was too costly for them to use

"Parental leave usually starts before your baby is born"

However, despite its benefits, shared parental leave remains chronically underused with just 1% of eligible parents opting to take it, according to a 2017 report by law firm EMW LLP.

Deborah Vickers, personal finance expert at Moneyguru.com, says: "It is important to know when your maternity, paternity or shared parental leave actually starts.

"Some people may fall into the pitfall of thinking it is when the baby is born, however this is not usually the case [it can be much earlier – see page 36]. Make sure you check in with your employer and find out the facts, so you are not caught short."

Delays and complexities

The Government has come under fire in recent years for the huge backlog in processing maternity allowance claims.

"I HAVE NO CHOICE BUT MATERNITY PAY"

Business woman Charlotte Bordeway decided to take six weeks' statutory maternity pay before returning to work because shared parental leave was not a viable option.

With her second child due in April 2020, she has been weighing up options with her husband, Tom, an assistant manager for a retail business.

The West Midlands couple decided they would lose too much money if they decided to take shared parental leave. This is because statutory maternity pay allocates the mother 90% of average earnings for the first six weeks but only £148.68 a week for a partner claiming shared parental pay.

"As a business owner, I cannot afford to take any more time off work, so my new baby will come back to work with me. But my husband cannot even take shared parental leave in the first six weeks because I have to take two compulsory weeks and then for the remaining four he would earn so little money, it doesn't make financial sense. Instead, he will have to take holiday.

"Shared parental leave sounds great, but even the biggest companies aren't getting it right."

And the business, Spencer-Brookes Designs, which makes personalised gifts, has already suffered due to late payment of a staff member's maternity pay.

"My sister-in-law works for the company and has been on maternity leave. She was back at work before the maternity pay was paid back to the company. It took HMRC five months to reimburse the maternity pay and then they paid it into the wrong account."

Above: Jamie Brown and Jessica Robinson with son Fynn, now three, and dog Purdy, Credit: Harling Reflection Photography

"SHARED PARENTAL LEAVE IS FINANCIALLY DEMANDING"

Graphic designer Jamie Brown, from Clitheroe, took three blocks of shared parental leave across a year to support his self-employed partner, Jessica Robinson, when their first child was born.

Dividing up the leave meant he could go back to work every few months to build up his earnings.

"It is a really nice thing to do, but financially it is quite hard unless one of you is earning a decent amount. At the time Jess was not earning a lot, so we did have to subsidise it with our savings and cut back on our food shops and holidays. I used around £3,000 of savings."

Jessica took two weeks' maternity leave, claiming maternity allowance before her partner took his shared parental leave and pay.

Through his employer, Jamie received almost full pay for the first four weeks before moving on to a reduced amount.

"I knew that I could cover the mortgage, so I decided to do three months and see how it went. I returned to work for a month and topped up my wage and then went off again for a couple of months. Then I went back to work for two months and had another two off after that. By then, I was only earning around £140 a week in shared parental pay."

But now Jessica, who runs print company Squiffy Print, is expecting their second child, Jamie has decided not to take shared parental leave again.

"I will take two weeks' paternity leave, which is paid, but we are engaged now and don't want to dip into our wedding savings.

"Jess will take maternity allowance for two weeks and then use keeping-in-touch days to keep the business going."

"It is best to stay in touch with work while on leave"

The earliest a woman can apply for maternity allowance is 14 weeks before her expected 'week of confinement', but she is entitled to claim the allowance up to 11 weeks before her due date. The Department for Work and Pensions (DWP) website says women will get a decision on their claim within 4.8 weeks.

But according to charity Maternity Action, women have been waiting up to 12 weeks for a decision and some have already given birth before their claim has been processed, meaning they have started maternity leave with no financial support.

A DWP spokesperson says: "We understand how important this financial support is for new parents and are sorry for the delays some are currently experiencing. We have already put more staff in place to speed up the process and are fast tracking emergency cases. We urge people to apply as soon as they are eligible. All payments will be backdated to the date when someone becomes eligible."

Maternity Action has also expressed concern about the inflexibility of enhanced shared parental leave offered by employers. Some of these policies deduct the number of weeks' leave taken by the mother. This significantly reduces the amount of paid leave available to partners and forces mothers to take the minimum leave possible, both before and after the birth, if her partner has better paid leave.

Tax and national insurance

It is important to remember that when you are taking maternity, paternity or shared parental leave that you are still viewed as employed by HMRC, so continue paying tax and national insurance on any leave pay.

The tax and national insurance will be proportionate to the amount you are paid, so this will be a lower amount than your usual pay package.

Pensions

Pensions are treated differently, and your employer will continue to contribute the same level as they did prior to your leave. But your own personal contribution to your pension will decrease in relation to your earnings, so you need to be aware that less money is going into your pension overall during this time.

If you decide not to return to work or to go back part-time then this will impact on your NICs, which in turn affects your state pension. You need 30 'qualifying years' to get the full state pension. If you have fewer than 30 years, you might be able to top it up by paying voluntary contributions at a later date.

So once the baby arrives, make sure you register for child benefit – even if you are not eligible for it – as this triggers the payment of national insurance credits.

Child benefit is currently paid at a rate of £20.70 a week for the eldest or first child and £13.70 for additional children.

Following a change of legislation in 2013, any household where one parent earns £50,000 or more has to pay some or all of it back through a tax charge.

Families who are not eligible for child benefit can opt to not receive it, but in doing this national insurance credits will not be triggered, meaning the mother (or primary carer) could risk reducing their entitlement to state pension further down the line.

Make sure the right person is registered, which is usually the non-earner, but remember you can also transfer NICs from one partner to another to boost your state pension.

"We built a rainy-day fund to cover the three months I took off"

"THOSE PRECIOUS WEEKS WITH MY SON WERE WORTH EVERY PENNY"

"In the summer months of 2018 I became part of a statistic, the '2% club', which was the frighteningly low number of fathers to have taken advantage of new shared parental leave regulations. I imagine this percentage has not moved upwards much since then.

Two reasons are mainly cited for a lack of take-up by men: the financial impact on the household income and the potential negative career impact – don't worry, female readers, the irony is not lost on me.

In terms of finances, there is no magic money tree, so you have to prepare. In our case, I had decided I wanted to share some of the leave with my partner prior to the baby's arrival. We started putting a certain amount away each month to cover our outgoings, most notably the mortgage. In essence, we built a 'rainy day baby' fund, covering three months' salary in cash, as that was the amount of time I took off.

It meant cutting back a little in the short term, but those precious weeks with my son, Quinn, were worth every penny and as an added bonus in-between frequenting various soft play centres the World Cup was on!

Kyle Caldwell, deputy editor, Money Observer

Can I work while I am on parental leave?

Employees can work up to 10 days during maternity, adoption or additional paternity leave as part of keeping in touch (KIT) days. These are not a legal requirement and have to be agreed between both employee and employer. The KIT days are paid at an agreed rate and do not affect an employee's right to claim maternity, adoption or paternity leave and pay.

Many parents use up these KIT days after statutory pay runs out followed by the paid annual leave they have accrued while off work.

If you are self-employed and receiving maternity allowance you can top up your earnings by working your 10 KIT days at the same time as receiving your £148 a week.

It is also important to make sure you keep in contact with your employer throughout your maternity leave, so you are not left out of the loop of any significant changes, warns Abigail Brown, independent financial adviser at AFH Wealth Management.

"A lot of people go on maternity or paternity leave and put work to the back of their heads. But if there is a restructure, they might not be not taken into account or consulted. This can have a big impact on their job, which they don't realise until they go back. It is always best to stay in touch," she says. mw

Useful contacts

Gov.uk/maternity-pay-leave
Maternityaction.org.uk
Maternity allowance helpline: 0800 169 0283

LILY CANTER writes for publications including *The Guardian*, *Metro*, *The Sun*, *The Times* and *The Telegraph*

CALM YOUR MONEY WORRIES – BY TAKING CONTROL

Do your finances and job feel up in the air? Read our insights from personal finances experts and professional coaches to help you make the right pragmatic choices – and restore calm

BY MARINA GERNER

Many of us are discovering ways to calm our nerves every day during these difficult times. Perhaps you meditate, get in touch with loved ones, or walk the dog. Amid other anxieties, millions of us are concerned about our finances too. But there are ways to calm these worries. It makes sense to do this – a stressed mind is not good at decision-making.

1 Take control of your budget

Whether you have experienced financial disruption in your job or not, it is good to assess your budget.

"With your daily commute time gone, now is the perfect time to take a look at your finances," says Justin Basini, chief executive and co-founder of credit report provider ClearScore.

He says it is an opportunity to put steps in place that help you save money during the coronavirus lockdown and develop some good habits for the future.

"Start with what worries you most," says Sarah Coles, personal finance analyst at Hargreaves Lansdown. In some cases, it is the thought of losing work and running out of money.

"By far the best way to deal with this is to spend some time working out what you have coming in each month and what you have going out," she says.

There are budgeting tools you can use online. First of all, they will ask you to draw up a list of your fixed costs. Remember to include "things that are easy to forget, like insurance, household maintenance and birthday presents for other people", says Coles. Rather than guessing what you are spending on each category, go through your online bank account and check the actual amounts.

> There are tools online to help you draw up a list of fixed costs

2 Rethink your spending

Do you need to readjust your spending? If your income has taken a hit, reconsider your spending and create a temporary budget.

"Don't just cut out the luxuries: you can save a fortune by shopping around for the essentials too," says Coles.

"While most people are used to shopping around for energy providers, fewer people move their

home insurance or credit card provider, but doing so means you could save yourself hundreds of pounds a year simply by taking 15 minutes to compare the best deals available for you," says Basini.

If you are facing financial distress, you can get in touch with your utility providers, as many companies provide people with flexible arrangements at the moment.

"You can talk to your bank and you can actually freeze the interest, if you have a credit card balance," says Lucy Mullins, a professional coach and co-founder at StepLadder, a collaborative deposit peer-to-peer saving platform. She adds that many gyms have already frozen members' payments.

"If you have a mortgage that is linked to the interest rate, you will be paying less due to the interest rate cut," says Basini. "Why not consider using these extra funds to save and build a rainy-day pot or to pay down any other debt you might have?"

3 Create a financial safety net

Putting money aside every month if you can will offer you financial safety no matter what happens.

Think of history: what goes down must come up again

If you are worried about the future of your job, keep an eye on the various government measures for employees and those who are self-employed.

Some people will be worried about the absolute worst-case scenario, of dying and leaving their family without their income, says Coles.

"In that case, it is worth checking what insurance you have in place, because it might be a pleasant surprise. If you have a mortgage, you should already have life insurance to pay that off. Most people also have cover through work, so ask HR about what is in place for you."

4 Keep a level head about pensions and investments

Some people will have investments and pension funds that have taken a beating over the past months. Globally, stocks have suffered. In the UK, the FTSE 100 has plummeted to its lowest level since 2011. Companies have cut dividends.

Perhaps you have considered selling your investments. Do not let your emotions take over when it comes to the stock market. Amid all of this turmoil, it is crucial to remember that stock-market crashes have always happened. If history can serve as a guide, then what goes down must come up again.

Most economists agree that we are already in a global recession, even though the official data will only be known by the end of June. Provided that you are a long-term investor, your stocks should have a good chance to recover.

How long might it take? According to research from the Bank of America Securities, full recoveries from a bull market tend to take an average of 4.4 years. What is more, some of the biggest gains can be made in times of recovery.

However long it might be, it makes sense to continue your pension payments because you are investing at a time when stocks are cheaper. For those already retired, it is worth considering how much money you draw from your pension pot. If you are drawing the same level of income as before, it might be worth lowering the amount you take out and switching to savings instead so you avoid depleting your fund.

5 Future-proof your career

In addition to reconsidering your spending and building up a safety buffer, Mullins suggests that you look at the positive side and ask yourself: how can you be creative? How can you upskill yourself at this time? What other skills do you have that the world might need?

You might be at a crossroads. You might be thinking about the next step in your career. Or you might want to switch from employment to self-employment or vice versa. Either way, it is a good time to consider your skill set and think about new skills you would like to gain.

"Every initial discussion that I have with a client is around what their skills are," says Alyson Ainsworth, executive coach and career consultant at 10Eighty, an HR consultancy. "Amazingly, it is something people find really difficult to define. So what I say to them is, think about your achievements. What are you proud of? I prefer to think about skills in terms of our strengths."

Ainsworth says the difference between a skill and a strength is that a skill can be developed, while a strength is something more intuitive. "So really, it's something that gives you energy," she says. "Not only are these the things that you're good at, but they're also the things that motivate you."

Your strengths guide your motivation – they reveal what is important to you. "I'm a massive believer in playing to your strengths and outsourcing your weaknesses," she says.

6 Identify your strengths and opportunities

If we look at the job market, as a buyers' and sellers' market, says Ainsworth, your future employer needs to understand what they are buying.

"You are selling your skills, somebody is buying them, so you need to identify them. What is your unique skill set? I say to people, if you don't know what your top three skills are, you are probably not market ready."

She says there are three areas of skill: technical/functional expertise, industry/sector-specific expertise, and a kind of knowledge that is linked to your character and traits. Your skill set is a blend of these elements. And it is the first and third category that are most transferable.

One way to pinpoint your skills it to look at your past appraisals. Alternatively, you can take online tests. But Ainsworth recommends asking people around you what they think your top skills are.

> Your skills and strengths have helped you cope before

Not only does it build confidence in your own abilities – because people often confirm what you already think your strengths are – but, she says "people often put it in such a nice way, and it gives you such a good, warm feeling – it is a really nice exercise to do".

Paying attention to your strengths and skills, and imagining your own resilience in times of crisis, can help you weather the current circumstances. Many of us have seen our financial fortunes change in the past, so it helps to identify what strengths have helped us cope before.

Focusing on what your skills are can also help you come up with creative solutions.

"Anxiety is, of course, just a form of energy, and you can convert it into something helpful," says Mullins. "Another question that some people struggle with, but others find really useful is: what new opportunities will exist for me in the new world, when we are allowed out?" mw

MARINA GERNER writes for publications including *Financial Times*, *The Week*, *The Wall Street Journal* and *MoneyWeek*.

Paul Boulton turned a childhood love of action figures into a thriving business

MEET THE ENTREPRENEURS TURNING TO THE PAST

With the present time so unsettled, it is hard to beat a nostalgic glance backwards to what always seems like better times – and if you can make a living from it as well, that is a bonus. Moneywise hears from four enterprises that have done just that

BY BEVERLEY D'SILVA

Nostalgia… it is that warm, wistful feeling, evoking happy times from the past. It could be sparked by the memory of a trip to the seaside, a childhood toy, or a favourite gadget.

Besides giving a boost to our happy hormones, nostalgia gives our lives meaning and continuity as we grow older, studies show. It is a power that companies recognise and employ. The hit sci-fi series *Stranger Things* on Netflix emulated popular thrillers such as *ET* and *The X-Files.* Apple brought the Cookie Monster out of the toy cupboard to market its iPhone 6. Instagram's popularity has created a revival of Polaroid imagery and retro filters.

From action figures to audio cassettes, jiving to steam railways, below are four stories to inspire you.

Toy Scavenger

As a boy, Paul Boulton loved playing with miniature action figures. His pocket money went on He-Man and Ninja Turtles, and he carried on collecting these toys and more like them into his teens. The collection was stored at his parents' house for decades.

"After my father died, I was going through the loft and I found all my old toys – mostly action figures," says Paul. "As I began to research the market, I saw the potential and started buying, collecting and selling them."

A year later, in 2015, he started The Toy Scavenger, with just £300 of his own money, buying and selling old and vintage toys. Today the enterprise is "the UK's most followed vintage toy store on Instagram and Facebook".

Paul runs the business from his home in Hertfordshire, where the shelves are laden with toys such as a Millennium Falcon, a starship in the *Star Wars* franchise, various dinosaurs and Power Rangers.

"The toys are taking over!" he jokes.

Now 35, he is bang in the middle of his customers' core age of 25 to 45. "There's also a younger crowd, the

millennials, who were into Pokémon as kids," he says, adding that he thinks Pokémon will be a good investment over the next five to 10 years.

The Toy Scavenger has an annual turnover of just under £50,000, with the potential to double that, although he says he is not in it for the money.

"For me, it is 100% about nostalgia. I will be thinking about a toy and suddenly someone wants to sell it to me – and I find myself holding something I had always wanted as a kid. When you collect, as I do, it can be hard to let it go," he says.

However, he admits it can be a lucrative market: "Some old English toys have gone up more than gold." He quotes a customer whose mum had kept a He-man action figure she bought him in 1981: she paid £3 for it back then and now it would fetch around £1,000 (in mint condition).

A record price was paid for a Vinyl Cape Jawa Figure from Star Wars made by Kenner, also in mint condition. "It would originally have sold for about £1. It sold for around £21,000 three years ago," Paul says.

Maddy's Jiving School

Colette Weathersbee was inspired by a love of the 1950s in her teens, watching Elvis Presley films like

Top: Pupils take to the floor at Maddy's Jiving School

Above left: Paul Boulton runs his retro toy company from home

Above: Colette and Robin Weathersbee teach the jive

"I began jiving at home with my dad"

Jailhouse Rock (1957) and *King Creole* (1958).

"The 1950s seemed such a fun, happy time," she says. "After the war, teenagers had money and hope – everything seemed possible."

For her husband, Robin, a passion for rock 'n' roll started with new-wave punk music in the late 1970s.

"It was a firestorm of energetic young music that harked back to 1950s rock 'n' roll – it was the music first and everything else came added on to that," he says.

Colette began jiving from the age of 11. She says: "I started dancing at home with my dad, and later at rock 'n' roll clubs in London."

That is where she met Robin, who had been taught to jive by his sisters. It was around 1990 and it was a match made in heaven – together they started Maddy's Jiving School.

The couple, who are in their early fifties, have been teaching jive in classes and at private events such as weddings. They have taught about 40,000 people to jive over almost three decades. Although classes have been on hold since the coronavirus outbreak, they are staying in touch with clients by sharing videos of jive dance performances.

For the past 24 years, they have also run an international music festival, Rhythm Riot, specialising in 1950s music and lifestyle, bars and shops, usually held in November at Pontins in Camber Sands, in Sussex.

There is one part of the 1950s they can do without, though – the food.

"There's only so much spam that you can bear, isn't there?" jokes Robin.

Key Production

In her 30 years of working in the music industry, Karen Emanuel, 54, has got used to trends coming and going. Not just in the artists themselves, but in the format their music takes.

"When I started it was all about vinyl and CDs," says Karen. "Then vinyl dropped off in popularity. But for me, it has always been about the physical product."

In 1990, she launched Key Production, which is now one of the

UK's largest makers of vinyl, CDs and cassettes, as well as beautiful packaging, with more than 50 staff and a turnover of around £14 million. But the whole industry was rocked in 2007 when music sales went from physical units to digital downloads.

Karen weathered the storm and, while digital is undeniably here to stay, she has watched with amusement as vinyl made a comeback six or seven years ago; and then how, two years ago, audio cassettes enjoyed a revival in popularity, being snapped up by a growing army of retro lovers, particularly in their 20s and 30s.

"The revival in cassettes has been driven by the nostalgia element they have, as well as the indie-music sector," she says. "Like vinyl, you can hold a cassette, it's physical. People say the cassette evokes nostalgia for something they didn't have but their older brothers or sisters, or even parents, did.

"Cassettes don't sound great – unlike vinyl, which sounds beautiful and rich. But they sound better than MP3 or MP4. And anyway, cassettes were never about the sound. They are loved because they are cute, kitsch, and you can pick them up and take them around." She adds: "When you really like a band or an artist, you want to connect to them and feel part of that show you've seen. Having something you can physically hold helps make that connection."

Top: Witek Lakomy in his model railway shop in West London

Above: Karen Emanuel's business, Key Production, first saw a revival in vinyl and then in audio cassettes

> "In order to visit a model railway shop I had to open one"

Karen says she would get the occasional request from artists – such as by the Scottish band Mogwai – for cassette production. However a few years ago there was a surge in interest in the format; in fact, cassette sales are said to be at their highest since 2004.

"Once that happened, big artists and newer ones wanted their music out on vinyl and cassette as well as digital.".

Today Key Production make snazzy cassette and vinyl versions of Kylie Minogue's album Step Back In Time (in pastel and gold shades) and physical product for Nick Cave and The Pixies, among other artists. But the industry was unprepared for the rising call for audio cassettes.

"The one plant making them in the UK had to buy old machines and find new sources of magnetic tape to meet the demand," she says.

Northfields Model Shop

Stepping into Witek Lakomy's model railway shop is like entering a bygone era.

"Customers say: 'Wow, we haven't seen a place like this for years,'" he says of his little shop in Ealing, West London, that is crammed to the gills with model railways in bright boxes, transport paraphernalia behind glass cases, and a fully operational model railway.

Witek, 74, says he has loved railways "since the year dot. Although we were well provided for, as a boy I always wanted a model railway but never got one."

He made up for that as a student in the 1960s, when he used any spare cash he earned from driving lorries to buy model railways.

Witek went on to teach maths at a top state boys' school in Holland Park. There, he ran a model railway club for 35 years and organised trips to steam railways, such as those in Didcot and Severn Valley.

On retiring 10 years ago, he realised model railways shops were closing down all around.

"I realised that if I wanted to visit a shop, I would have to open one myself. I don't need a Ferrari or expensive clothes – so this is what I spend my spare cash on."

Customers call in at this Aladdin's cave of model railways to buy an item to complete their model railway or a whole set from his vast collection of new and secondhand stock.

"I might have a father come in who remembers his father having a Hornby train set, and now he wants one for his four-year-old who is bored with his Brio set."

Or a railway enthusiast will pop by from Heathrow with time to kill en route to New Zealand. "To me, it's a terrible jumble but customers say it is what they imagine a railway shop should be."

Witek adds: "People tell me I could make a fortune selling online, but that's not for me."

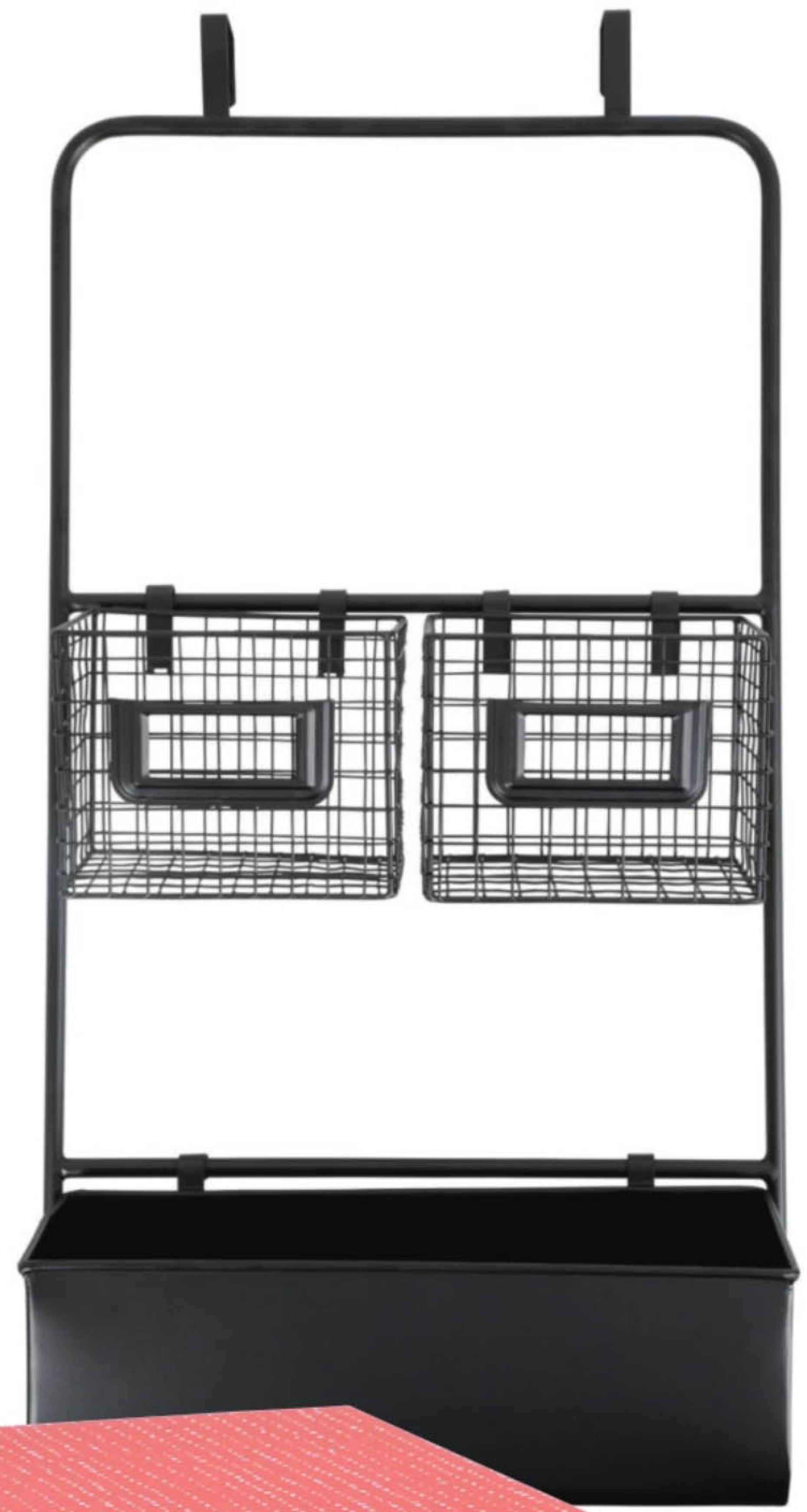
He will sometimes post items, as he did to a customer in northern Scotland, but only because they had already met. He is an unashamed internet refusenik.

"Even my mobile phone is steam-powered," he jokes. "People say why do you do this? Money was never part of the equation. It's because I love it. If I want to relax, I put a railway video on. That's my idea of fun." MW

BEVERLEY D'SILVA writes for publications including *The Sunday Times*, *The Telegraph*, *Breathe* and Westlondonliving.co.uk

WHEN WORK RULES THE ROOST

Over the past few weeks, many of us have started working from home. If your 'office' is in a corner of the hallway or bedroom, here are a few budget ideas to combine work and living spaces



Right: Loft Living Over Door Storage Frame, £12, Sainsburys.co.uk
Far right: Skadis pegboard, £12, with clip-on containers, £2 each, Ikea.com
Below: A6 peach storage box, £4.50, Paperchase.co.uk
Opposite: House magazine holder, £17.50, Redcandy.co.uk

BY HANNAH NEMETH

FURNITURE

If you are confined to working on the kitchen table, then you will be pleasantly surprised how cheap desks and office chairs can be. Also make the most of shelving to reduce office clutter.

Below left: Micke desk with a slot to hide cables, £40; Skalberg/Sporren swivel chair, £30; and Harte LED work lamp, £15, all from Ikea.com
Below: Dice shelving unit, £150; House by John Lewis task lamp, £9.50, Johnlewis.com

STORAGE

If space is tight, look out for practical solutions, such as the over-door storage, above. Pretty storage boxes will work well in an office-bedroom or you can save money by decorating old shoe-boxes – B&Q, Wilko and Wayfair all sell sticky-back plastic, with prices starting from around £4 for two metres.

Left: Woven pen pot, £6, Paperchase.co.uk
Below: Bucket pen pot, £13, Redcandy.co.uk
Below left: Home office gold white scissors £4.99, Tkmaxx.com

A LICK OF PAINT

If you are on a tight budget, perhaps you have an old bedside table or chest of drawers you can transform into office storage or look out for items neighbours have disgarded or thrown in builders' skips.

Below, an old cupboard has been given a facelift, using Crown Multi Surface Primer & Undercoat, £20.49 for 750ml, and then topped with Non Drip Gloss in Oxford Blue, £16 for 750ml, Crownpaints.co.uk

You can also use paint to create a feature wall to define the work area from the rest of the room – like the mid-tone grey below, which creates a calm working atmosphere. mw

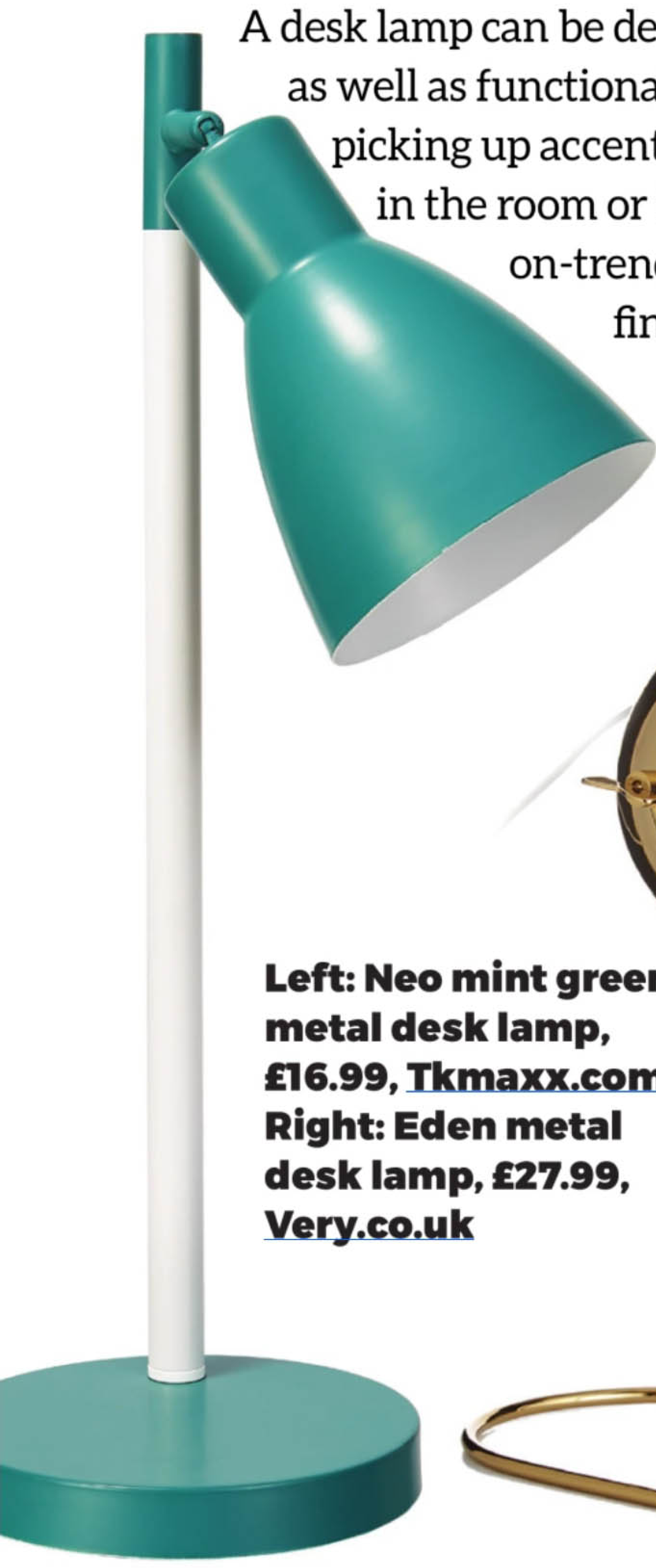
ACCESSORIES

Choose accessories to blend in with existing décor or to make a statement. Gold and rose gold are popular now for anything from paperclips to scissors.

Cream desk lamp, £22, George.com

LIGHTING

A desk lamp can be decorative as well as functional, either picking up accents of colour in the room or featuring on-trend metallic finishes.



Left: Neo mint green metal desk lamp, £16.99, Tkmaxx.com
Right: Eden metal desk lamp, £27.99, Very.co.uk

Wall painted in Clocktower chalkyinterior matt by M&L Paints, from £25 a litre, Mandlpaints.com

"We changed our money habits – and our lives"

Are your money worries giving you sleepless nights? Be inspired to turn your problems around as we hear from three people who have successfully tackled their financial demons

BY JO THORNHILL

Millions of people live with money issues that give them sleepless nights and affect their work and personal relationships. A recent survey by Lloyds Bank found one in three adults admits to losing sleep over their finances. But taking positive action can transform lives, as these three readers can testify.

"I now know exactly how much we spend"

Police inspector Katie Boxer, 43, has radically overhauled her approach to money during the past year. She is now organised about her savings, using budgeting and banking apps to help keep her on track, and has money left over at the end of the month. It means that when an unexpected bill came in recently, she did not panic because she had cash set aside in an 'emergency savings pot'. But it has not always been like this.


Katie Boxer uses apps to budget

Katie, who lives with her husband and three young children in the South of England, admits that previously she had a poor handle on her everyday finances, running up credit card debts and living in fear of not having enough money.

"Despite having a good salary, I have always had a negative attitude to money, spending too much and then feeling anxious," says Katie.

"Working in the police means I have a good pension, but my day-to-day finances always seemed to be in a mess."

Katie says her approach towards money goes back to her childhood. Her parents split up when she was seven, leaving Katie's mum struggling to make ends meet.

"Life was tough," says Katie. "There were lots of things we couldn't do when I was young because we didn't have the cash.

"My mum had to retrain and then she was working long hours. I think that is why I have always worried about money. Once I was earning a salary and then had my own family, I found I wanted to spend on my children to allow them to do and have the things I didn't have as a child. But it means I fell into a bad cycle of overspending and feeling anxious about it."

Catherine Morgan, a financial adviser and money coach, says Katie is not alone in falling into this type of toxic cycle of borrowing, spending and worrying.

She says: "Many of us have an emotional relationship with money and it means we do not always behave rationally with our finances. But if we can recognise the patterns or bad habits, we can start to break the negative cycles."

After taking part in self-development work through her job, Katie identified it was the financial aspects of her life that were out of control.

"I was frustrated about it," says Katie. "I knew it had been there in the background but now I wanted to tackle the root problem and make changes."

Through a random search Katie found Morgan's Money Panel Facebook page and tried out its free money challenge in September last year. This involved identifying her 'money leaks' – where she spent money without thinking about it and where she could be making big savings.

Katie says the results were shocking. "I realised we were spending around £1,200 every month just on food, eating out and takeaway coffees. It felt like an awful lot of cash was being wasted. I started to make small lifestyle changes and manage my money better."

Katie now uses a range of banking and savings apps, including Yolt, Plum and Starling Bank, which are free for basic banking and savings services, to keep a tighter track on the family's income and spending.

Yolt is a popular budgeting app, which syncs your bank accounts and credit cards, enabling you to keep track of spending. The Plum app is also linked to a bank account to automatically sweep extra cash from current accounts into savings.

Katie has allocated pots of cash with Starling Bank for saving towards holidays and for birthdays, Christmas and an emergency fund. She uses Plum to sweep money from her current account into these savings pots each week.

Katie also joined Morgan's Money Panel group which, for a £150 annual subscription, keeps her motivated with her new approach to money through tips and challenges. It also gives Katie access to financial coaching and mentoring.

"One of the keys to success was being more precise about what money I had," says Katie. "Now I know exactly how much we spend weekly on everything.

"If there is cash left over at the end of the week, it gets automatically swept into savings. I have found these small changes make a big difference. I've been able to pay off most of my credit card debts and we have savings, so I am much more in control.

"My car had a service a couple of months ago and the bill was around £600," Katie adds. "In the past, this would have been a disaster and I would have put it on a credit card. But now I have £500 savings in an emergency fund, so we could absorb this unexpected cost. It is a world away from how my finances were managed a year ago."

Katie Bell built up a 30% deposit towards a new home

"Now I know exactly how much I spend on everything"

"We both made sacrifices to afford our dream home"

It is not just debt and spending worries that can hold people back. Kate Bell is a successful businesswoman. She has run a marketing agency for around 15 years and in 2017 she launched her company Zip Us In – jacket expander panels for pregnant women. But Kate, 40, and her husband Nathan, who live in Hampshire, had never been able to get a competitive mortgage rate or borrow enough to secure their dream home because Kate is self-employed.

Part of the problem was Kate chose to pay herself through company dividends (a share of her company's profits rather than a regular salary) – something many mainstream mortgage lenders are wary of when assessing the affordability risk.

"I love all the benefits of being self-employed, the flexibility and how I choose to pay myself," says Kate. "But although my businesses make great money it has always been difficult to get a mortgage at competitive rates because lenders worry about the irregular pattern of my income. It has held us back from buying the family home we always wanted."

Self-employed workers have always found it difficult to be accepted for a mortgage.

David Hollingworth, a mortgage broker at London and Country Mortgages, explains: "Because self-employed income can be variable over the course of the year, it is necessary to show lenders a good track record of income, through company accounts or self-assessment tax returns – typically at least two or three years, but sometimes more."

With help from her accountant and financial adviser, three years ago Kate took decisive action to move towards her goal. She had to restructure the way she paid herself, taking a regular salary

FIVE TIPS TO MASTER DAY-TO-DAY FINANCES

1 Identify money weaknesses – where you waste money and overspend. Make small changes to break bad habits.

2 Look at weekly spending – allocate a strict budget for necessities such as groceries and petrol, plus a pot for luxuries or 'extras'.

3 Use technology to help achieve budgeting and saving goals. Many personal finance apps, such as Yolt, Money Dashboard, Plum and Monzo, can be linked securely to a bank account to analyse spending, help with budgeting and encourage saving.

4 Prioritise paying off consumer debts. Minimum monthly repayments on a credit card will mean it takes much longer to pay it off. Switch to a 0% interest credit card where possible.

5 Avoid impulse spending. Leave cards at home and aim for one 'no spend' day a week. When shopping online, leave items in the basket for 24 or 48 hours and reflect if you really need them.

instead of dividends. She and Nathan also saved hard to build up a big deposit toward their new home.

"We realised that to secure the home we loved at a reasonable mortgage rate meant saving a 30% deposit," says Kate. "It has resulted in some big sacrifices along the way, but it was worth it."

Kate, Nathan and their two daughters are now in their forever home. The couple managed to secure a five-year, fixed-rate mortgage with high street lender Santander at 2.29%. Previously, they had always had to borrow at higher rates through specialist lenders.

Miles Robinson, head of mortgages at broker Trussle, says: "Securing the right mortgage can feel daunting for the self-employed, but seek advice and speak to a broker who can help. Get your paperwork in order and think about how you structure your accounts for both tax purposes and securing a mortgage."

"Now I don't lose sleep over short-term market slumps"

Justin Uzunovic is a fan of equity investment

"I overcame my fear of investing"

In the past, Justin Uzunovic would have been relieved that he had no investments when global markets crashed earlier this year. But Justin, a 23-year old operations consultant, has changed his mindset about equity investing. Not only does he hold Stocks and Shares Isas, but he views a market fall as a time to invest more.

Justin, who is originally from Barbados, developed a strong fear and distrust of equity markets after witnessing his parents' reaction to the financial crash of 2008.

They were both working in the tourism industry on the Caribbean island and knew that the financial slump would have a huge impact on their employment and also on their own pensions and long-term savings.

Justin says: "I was only 11 but I remember the 2008 market crash and the anxiety it caused my parents. It had a big impact on them and caused me to worry.

"Dad was watching the television news reports daily and becoming more concerned. I think that is the reason I became so wary of stock-market investing. I never thought it would be something I would do with my money."

But 12 years on, things are very different for Justin. He is working for a financial adviser firm, having graduated with a degree in finance and investing in 2018. Justin, who lives in West London, has a self-invested personal pension (Sipp) through his firm and regularly invests in Stocks and Shares Isas.

"I became fascinated by investment markets and I have loved studying them," says Justin. "I have a much better understanding of how markets work. I am invested for the long term, so I don't lose sleep over short-term slumps. My attitude to investment didn't change overnight but I am a fan of equity investment now."

Hannah Robinson, a financial planner at Ellis Bates Financial Advisers in Harrogate, North Yorkshire, says while recent market falls have sent shockwaves through the investor community, for those who have time on their side (a time frame of at least five years, preferably longer, is advised for stock-market investments) this should not be a time for panic.

"If you have time to ride out market volatility, it can be a good time to invest"

"Typically, when markets dip – provided you have a long enough time frame to ride out the market volatility – it is usually a good time to invest,' she says.

"Stocks are cheaper, and the expectation is that the market will recover. That said, the coronavirus crisis is unprecedented, and many investors will want to wait and see what happens before investing further, as we could experience further falls before we see the beginning of a recovery." mw

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

SAVE £180 A MONTH AS A STAY-AT-HOMER

If you have been working remotely since the government lockdown, one good piece of news is that you could be saving a fortune on daily living costs – even if your household bills are higher

BY SAM BARKER

Over the past few weeks, we have seen a huge shift in the way we work and live, with millions having to work remotely.

The unprecedented change has been surprisingly smooth for many, thanks to video-chatting apps that help you keep in touch with work, friends and family.

Others have found the transition to homeworking harder to deal with, both psychologically and financially. But there has been an unexpected financial benefit to so many people breaking their normal routine, as cash they would otherwise have spent has remained in their wallets.

Moneywise analysis shows that those who are able to work from home could save £180.81 a month each – though some families report far bigger savings.

Commuting costs slashed

The lockdown has meant the end of commuting for all but keyworkers – likely to be the single biggest saving for millions of people.

Travelling to and from work costs the average person £66.31 a month, according to research by Lloyds Banking Group.

Those who drive to work or pay to travel on public transport will see an immediate reduction in these costs.

But commuters who have paid for train, coach or ferry tickets in advance can recoup this cash too.

The Department for Transport says anyone holding an advance ticket booked before 7am on 23 March will be able to get a full refund if they contact the seller. Season ticket holders and those with pre-paid weekly tickets are also eligible for full or partial refunds.

Dining in, not out

Another saving has come from reduced spending in restaurants, cafés, bars and pubs. In March, the Government ordered these venues to shut to curb the spread of coronavirus. Consumers can only buy food and drink from businesses that offer a takeaway or delivery service.

Consumers typically spend £61 a month each on eating out in restaurants and buying lunches and

KEEP ON GIVING IF YOU CAN AFFORD TO

If you are not taking a knock to your income, you may want to think twice before cancelling payments to small businesses and individuals who could struggle without the income. For example, if you have a cleaner who cannot work at the moment, consider whether you can afford to continue paying them as their source of income is likely to have dried up.

There are also plenty of worthy causes that readers can donate to, including the National Emergencies Trust, which is giving cash to charities helping vulnerable people cope with the coronavirus outbreak.

Another option is to donate to food banks. which are finding that, while there is increased demand for their help, there are fewer donations because people are stockpiling food.

The Trussell Trust (Trusselltrust.org) food bank network will take gifts of money too.

takeaways, according to the Office for National Statistics (ONS). Those currently not leaving home can still buy takeaways, but otherwise could save all of that money.

People also spend, on average, around £16 a month in pubs and bars, which is now impossible until the Government relaxes its ban.

Holiday plans on hold

Households are also saving money on holidays abroad, as the Government has advised against all but essential international travel and airlines have grounded most of their flights.

Going on holiday in this country is also impossible due to government orders to stay indoors.

The average household pays £107.60 on holidays a month, meaning an adult would save half of that, or £53.80 on average, ONS figures say.

Entertainment costs cut

We also cannot spend as much cash on leisure activities outside the home, such as gym memberships and going to cinemas, gigs and the theatre.

ONS figures reveal each household pays £44 a month on this sort of entertainment. Assuming those payments are split between two adults, each could save £22 a month from staying at home.

The total savings from working remotely add up to £219.11 a month.

But what about increased energy bills?

Staying indoors more often comes at a cost too. Households will be spending more money on energy than they would normally, and food bills will also rise.

Comparison website uSwitch says energy bills will rise by £16 a month for the average household, or £8 per adult, during the lockdown.

However, consumers can take simple steps to bring their energy costs down. Measures such as switching off lights whenever they are not needed can save £14 a year per household, according to the Energy Saving Trust.

Energy-efficient lightbulbs can save £35 per home annually; unplugging devices that are not in use will shave

"WE SAVE ABOUT £100 A WEEK ON NOT GOING OUT FOR A MEAL AT WEEKENDS"

Due to the current travel restrictions Jennifer Bailey (pictured above) says she is saving £1,189 a month.

Jennifer, 42, is the chief executive and founder of Calla Shoes, which makes footwear for people who have bunions.

She says the lockdown has been bad for her business, which normally exports shoes to almost 60 countries. But the upside has been the money she is personally saving.

Jennifer says not commuting to her office in central Manchester is saving her £50 a week, while staying indoors means cutting the cost of activities for her daughters, aged five and seven.

"We also like to go out for a special meal every weekend, and that normally costs around £100," she says.

Other savings include £20 a week on swimming classes, £14 on horse riding lessons and £40 on an after-school club.

She is also spending less by cancelling her gym and Taekwondo class memberships (£35 a week).

Jennifer says she is compounding the savings by not noticeably spending any more on groceries.

"We don't have a smart meter, so I don't yet know whether we are using more energy," she says. "But we are not spending more money on food and we haven't been stockpiling either. The children are quite cheap to feed at home!"

Bailey wants to use the cash she is saving to invest in her children's futures.

"We would like to put it into our children's savings accounts, as they both have Junior Isas," she says.

off up to £85 a year; and switching to a cheaper energy deal can also help. So you could save at least £10 a month per household.

What about rising food bills?
Living in isolation also means the amount individuals will spend on food to prepare at home is likely to go up. Each person currently spends £121.20 a month on this, and an increase of 25% would mean grocery bills will go up by an extra £30.30 per person.

But even when increased energy and food bills are taken out, the average person could still save £180.81 a month by working at home.

Retirees who do not commute could still save £114.50 a month from staying indoors.

"If we can prove we work just as well at home, it could force a change"

What can I do with this money?
Consumers could also put any the cash into a higher-interest savings account.

Eleanor Williams, a finance expert at Moneyfacts, says: "If you want higher returns, you are looking at a fixed rate, but you are locking your money away.

"What might be more useful to people at the moment is having flexible access to money, bearing in mind what we are all going through."

At the time of writing, the best rate for an easy-access online account was 1.31%, from Virgin Money.

What happens post-pandemic?
Clare Bailey, founder of The Retail Champion, said these savings could continue if working from home becomes the norm once the outbreak has ended.

Bailey says: "Do many of us even need to operate this commuter economy? If we can prove we work just as productively at home, it could force a change."

However, some of these savings could be cancelled out if we merely postpone our spending plans until later in the year. For example, many people may choose to go on a more expensive holiday once this health crisis is over or may have more meals out with friends and family to celebrate reuniting. mw

"I FEEL GUILTY I'M STILL WORKING AND SAVING WHILE OTHERS ARE STRUGGLING"

Celebrity manager and publisher Mayah Riaz (pictured left), 37, says she will save at least £510 a week from the lockdown.

Mayah's job involves a lot of travel to meet clients who have included James Caan, of *Dragons' Den* fame, and actress Michelle Collins, who starred in *EastEnders* and *Coronation Street*.

"My clients are mostly from TV, showbusiness or the business world," she says. "I travel a lot for my job and, due to the nature of celebrity work, there is a lot of meeting in person."

Mayah, who is based in Nottingham, says she will save £150 a week on petrol from the lockdown, as well as £35 on buying breakfast and coffees. Other savings include £45 on beauty treatments, £100 on socialising and up to £100 a week on clothes.

However, Mayah says knows she is lucky to be saving so much.

"It is the fault of this crisis, but I still have a sense of guilt," she says. "I think about those people who are losing their jobs, yet I am saving and still working."

Mayah is giving up some of her time to help those who have been badly affected by the pandemic.

She has already volunteered to do go food shopping twice a week for a local nursing home and will donate to foodbanks and charities.

"As statutory sick pay is not much, I am going to see if someone can introduce me to a family that may need this support," she says.

8 ways to stay connected and entertained

Being confined to our homes during the lockdown can leave us feeling detached and isolated from everyday life. But there are low-cost ways to stay in touch with our loved ones and maintain a healthy lifestyle indoors too

BY BREAN HORNE

1 VOLUNTEER TO HELP VULNERABLE PEOPLE

Some 750,000 people across the UK have volunteered for a government scheme to help NHS workers.

The helpers support key medical workers by delivering food and medicines, driving patients to appointments and phoning people who are isolated.

The government opened the scheme to help relieve pressure on the NHS as workers fight tirelessly to combat the pandemic.

Thomas Cove, a 27-year-old actor based in London, decided to join the volunteer effort soon after the scheme opened.

"I really wanted to help support the vulnerable in my community as well as help the NHS during this tough time. I live very close to a major London hospital and feel it is my social responsibility to help out in whatever way I can," he says.

As an actor, Thomas is unable to work due to the government-enforced lockdown to help fight the spread of coronavirus. However, he will benefit from the self-employed furlough scheme once it opens.

"The coronavirus crisis has impacted on everyone's lives in one way or another," he adds. "I think it is really important to pull together as a community in times like this and support those who need it most."

The government scheme has now closed to new volunteers, but many communities are setting up local volunteer groups to ensure that vulnerable people get the help they need.

This includes food shopping for those who are unable to make it to the supermarket and checking in on those who are self-isolating alone.

To find out more, check out online groups such as Covid-19 Mutual Aid to see how you can help in your local community.

Keen to help: Thomas Cove has signed up as a volunteer with the NHS

2 WATCH TV AND FILMS TOGETHER

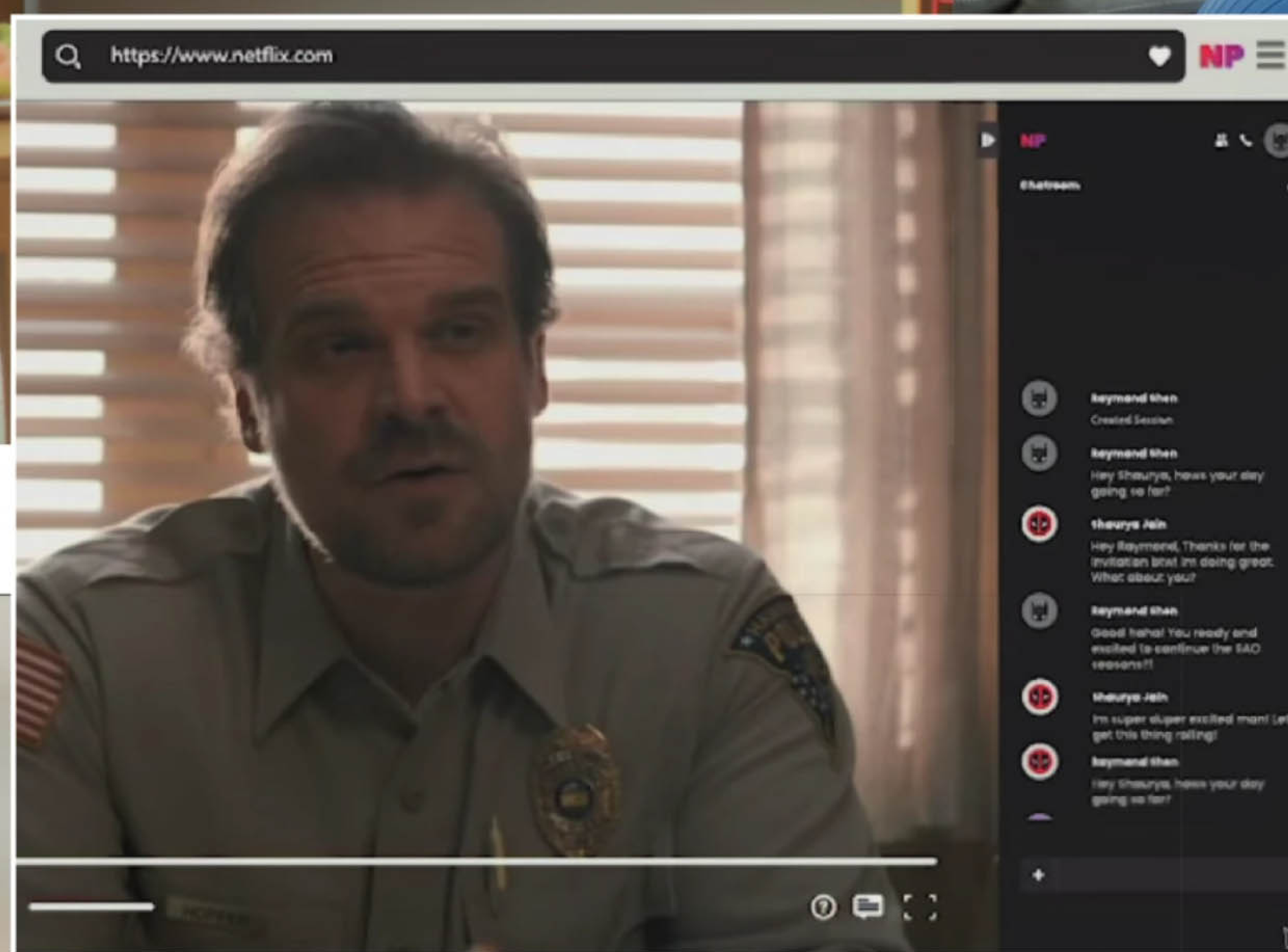
Another way to while away the time is to stream films and watch them with your friends remotely.

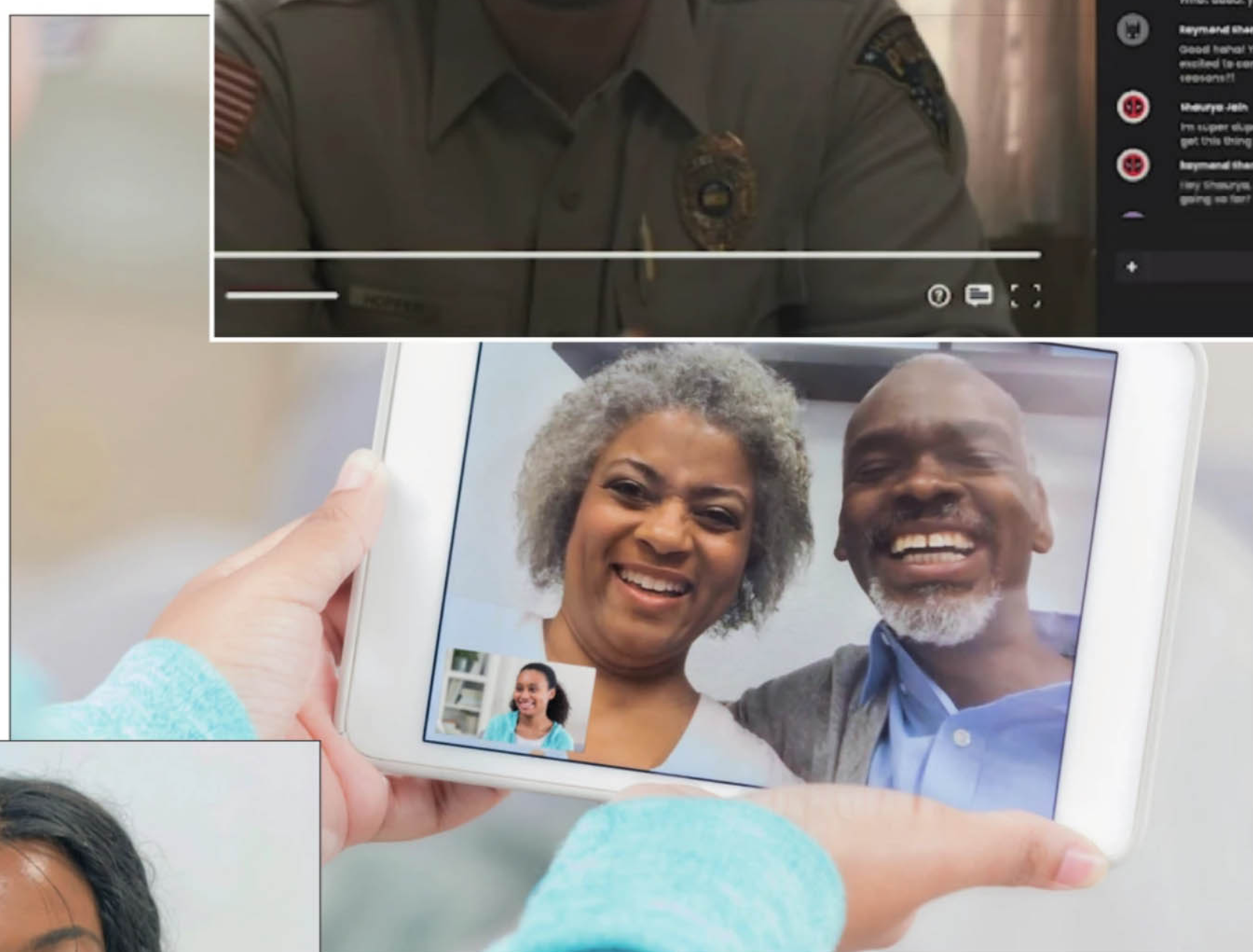
Netflix Party is a Google Chrome extension, which helps you to stay in touch with family and friends, while catching up on the latest shows and films.

The platform also allows you to message each other in a chatroom that pops up on the righthand side of the screen.

To access Netflix Party, you will need to use a Google Chrome browser. Once you go to the Netflix Party website, you will be able to add the extension to your browser.

Once added, log in to your Netflix account, pick a film you all want to see and start your watch party.





Netflix subscriptions start from £5.99 a month for use on one device, and you can cancel at any time.

3 SET UP A REGULAR VIDEO CALL

Staying in touch with friends and family is vital during this time to avoid feeling isolated.

And this is where video calls come in to their own, helping you to feel closer while you chat.

There are several apps and services available for Android and iOS users including FaceTime, Skype, Zoom and House Party, with more in the pipeline.

Chit-chat: Angela Ogunfojuri video-calls loved ones

Angela Ogunfojuri, a 26-year-old marketing coordinator from London, has been using the app House Party to stay in touch with her friends and family. It enables you to video-call up to eight people at one time and to play different games and activities during the call.

"I found out about the House Party app through a friend. It is really simple to use and it has helped me stay in touch with my loved ones," says Angela.

Whether it is just a weekly catch-up or a chance to say happy birthday, video calls can help bring you closer to the ones you love during this difficult time.

Check if your local gym offers online classes

4 ENJOY A HOME WORKOUT

With gyms and sports centres temporarily closed, many people are rethinking how to stay active.

Check whether your local gym classes have gone online. If not, there are plenty of fitness alternatives to try at home.

Many gyms, including Anytime Fitness and The Gym Group, are now offering members access to online workout videos.

Or visit the NHS website, which offers free exercise videos on its website, including aerobics, pilates and yoga.

You can also take advantage of thousands of free online fitness videos offered on platforms such as YouTube. For example, fitness coach Joe Wicks offers free home workouts for all abilities and age ranges on his YouTube channel.

5 STEP INTO A DANCE STUDIO

If you are looking to shake up your workout routine, why not step into a virtual dance studio?

There are a wide range of dance classes available for different abilities.

The School of SOS offers free live dance tutorials on its Instagram page every day. It has also recently launched an online archive of the tutorials on a subscription platform called Patreon, for £9.99 a month.

"School of SOS was launched to help empower people through the art of dance," says Bonnie Parsons, its chief executive. "Everyone is facing hardship in one way or another right now and being in quarantine can leave many feeling very lonely. Having access to a community where you are reminded that you are not alone is so important."

6 JOIN AN ONLINE BOOK CLUB

Whether you are an avid reader or looking for the motivation to get started, an online book club could help you on your literary journey.

Good Housekeeping's Book Room, for example, picks a book each month for members to read and discuss on its online forum.

Another good starting point is Goodreads, which recommends books based on genres you have enjoyed in the past. If you get your

Watch films with friends – it is a fun way to socialise remotely

SIGN UP ONLINE

- Anytimefitness.co.uk
- Artsandculture.google.com
- Covidmutualaid.org
- Goodhousekeeping.com
- Goodreads.com
- Hello-sunshine.com for links to Reese's book club
- Mylanguageexchange.com
- Nationaltheatre.org.k/nt-at-home
- Netflixparty.com
- Nhs.uk/conditions/nhs-fitness-studio
- Roh.org.uk/news/tags/live-stream
- Rosetttastone.co.uk
- Schoolofsos.com
- Streetart.withgoogle.com
- Thebodycoach.com (Joe Wicks)
- Thegymgroup.com
- UKbabbel.com

Dance moves: copy virtual routines at the School of SOS

friends to join, you can see what they are reading, comment on each other's reviews, and check out personalised book recommendations.

Another online book club you can try is Reese's Book Club. Launched by actress Reece Witherspoon, the club discusses one book a month featuring a woman at the centre of the story. You can join the club and connect with other readers via Instagram, Facebook or Goodreads.

You could also start a book club with friends and family, using video-call services such as Skype or Zoom.

Moneywise's special projects editor Rachel Lacey says her book club usually meets at a local church, but March's meeting was scuppered by coronavirus.

"Rather than abandon it altogether, we agreed to test-drive a virtual meeting on Zoom. We had a few teething problems with video and audio but we soon got the hang of it, and the chat flowed freely," she says.

"We are all looking forward to face-to-face meetings in the future but until that can happen, this is a great back-up plan."

7. TAKE IN SOME ARTS AND CULTURE

Why not transport yourself to one of the world's most famous cultural institutions?

Google Arts & Culture is an online platform that gives you access to more than 2,500 galleries and museums across the globe.

From London's Tate Modern to the Frida Kahlo Museum in Mexico, you can wander through the halls and view exhibitions remotely.

The Louvre, in Paris, and the Vatican museum offer virtual tours of some exhibitions online too.

You can also choose from different virtual guided audio walking tours, which capture street art from around the world. Head over to Street Art with Google Art Project to choose your next tour.

Theatre-goers can also enjoy 'live' productions. For example, the National Theatre is now streaming productions on its YouTube channel for free. Recent broadcasts include *One Man, Two Guvnors*, starring James Corden. Streams are available for one week after the initial broadcast.

Similarly, the Royal Opera House has launched a free online programme. Productions including *Alice's Adventures in Wonderland* and Verdi's *La Traviata*.

8. LEARN A NEW LANGUAGE

Learning a new language could help you occupy your time during the lockdown, and you can download a free app to help you.

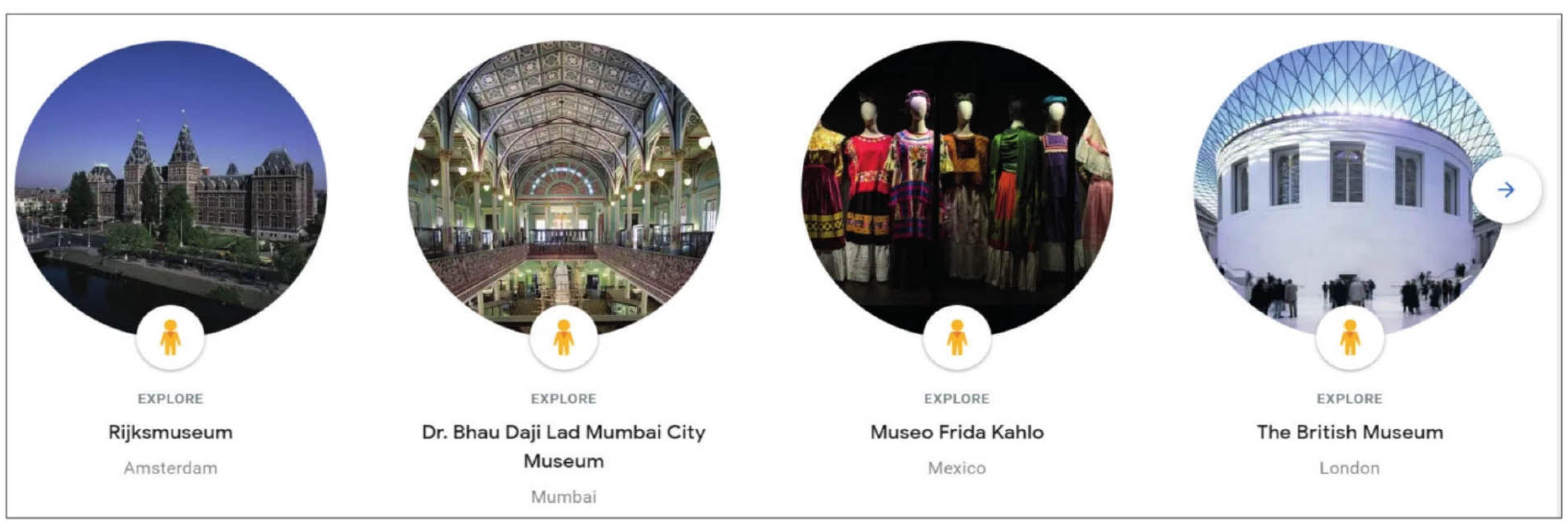
Duolingo, for example, is a free app, available for Android or iPhone devices, that helps you build your knowledge of a language from scratch. You can also chat to other language learners in the app's community area.

Other subscription platforms, such as Babbel and Rosetta Stone, offer extensive resources and online tuition to help you learn.

With Babbel, you can choose from one of 14 languages including French, Spanish, Italian and Portuguese. Prices start from £4.75 a month.

Rosetta Stone offers 24 languages including Korean, Swedish and Arabic. It costs £19.92 a month to learn a language with a tutor. You can also choose to self-teach using the online resources for £13.25.

You can also connect with others on platforms such as My Language Exchange. For example, with the help of this site's lesson plans and activities, you can communicate with native speakers in other countries, sharing time practising your language skills using voice chat, text chat or by being a pen pal. mw



Culture vulture: enjoy art on Google's Arts & Culture platform

Coronavirus: WHAT IT MEANS FOR YOUR MORTGAGE

The mortgage market is in a state of flux as many lenders are withdrawing some new products while trying to come up with ways to support existing borrowers. We explain what is happening and the options open to you

BY STEPHEN LITTLE

The pandemic has severely disrupted the mortgage market, with banks and building societies pulling more than 1,500 loans since the crisis began.

Many lenders have scrapped higher loan-to-value (LTV) deals, making borrowing harder for first-time buyers and homeowners with less equity in their homes.

Nationwide has withdrawn mortgages with an LTV above 75%, so it can focus on existing members and process ongoing applications.

It had been offering mortgages to buyers with deposits as low as 5%, but they will now need a deposit of at least 25% of the value of their property.

Barclays and Halifax for Intermediaries have both stopped selling mortgages above 60% LTV.

Meanwhile, HSBC has also withdrawn mortgages above a 75% LTV for the same reason as Nationwide.

Virgin and Skipton Building Society have also suspended all new mortgage applications for house purchases.

Why are lenders scrapping mortgages?

Many lenders are having to stop working on mortgages because of staffing issues.

Banks and building societies have been inundated with calls from borrowers worried about making their mortgage payments and have had to shift resources.

With some call-centre staff having to self-isolate, lenders have been unable to cope with the volume of customers.

Aaron Strutt, product director at mortgage broker Trinity Financial, says lenders do not have enough staff to ensure the lending process runs as normal.

"Some of the huge mortgage processing centres are starting to close and staff working in key departments are being scaled back significantly," he explains.

"Some of the lenders have closed all of their offices, but it is not easy for staff to agree and process mortgage applications, often worth millions of pounds, from home."

Another reason why lenders are dropping high LTV loans is because restrictions on movement with the introduction of the lockdown have made it impossible to make accurate valuations of properties.

"As surveyors and valuers cannot go out to properties, a lot of lenders are unable to lend on high LTVs," says Andrew Montlake, managing director at mortgage broker Coreco.

Lenders have also been pulling higher LTV products because borrowers with smaller deposits are generally seen as riskier.

With some property experts predicting significant falls in house prices due to the economic impact of the pandemic, borrowers could end up in negative equity.

As first-time buyers generally have saved up smaller deposits, they will be hit the hardest by lenders withdrawing high LTV loans.

However, David Hollingworth, associate director at L&C Mortgages, expects the mortgage market to bounce back once lenders start to get to grips with the customer service issues they are facing.

"Lockdown restrictions mean it is more difficult to view properties, so the purchase market is grinding to a halt," he says.

First-time buyers are hit hardest as they have smaller deposits

"The mortgage market will be in a state of flux for a while, but we will gradually see lenders reintroducing higher LTV mortgages."

How has it affected tracker mortgages?

On 19 March, the Bank of England cut its base rate for the second time in a month to an all-time low of 0.10% to help reduce the economic shock to businesses of the pandemic.

Tracker mortgages follow the base rate of the Bank of England, so go down when interest rates fall.

Since the base rate went down, lenders have pulled more than a third of tracker mortgages in order to protect their profits.

MORTGAGES FOR HOME MOVERS

Thousands of people planning to move have seen their plans thrown into chaos because of the pandemic.

While it is still possible to get a mortgage, the lockdown is making the process of moving almost impossible.

To slow the tide of infection the Government is urging Britons to delay moving.

It says that while there is no need to pull out of transactions, all parties should try to agree alternative moving dates unless the property is empty.

There is an exemption for 'critical' home moves when a new date for moving cannot be arranged.

Many borrowers are facing huge problems in moving home because people in the chain are self-isolating, while removal firms have been urged to halt any moves.

Fortunately, lenders are giving customers who have exchanged contracts and agreed completion dates a three-month extension to their mortgages so they can delay moving.

This could mean extending the date of a current deal or pushing back the start date of a new one.

However, lenders have been inundated with borrowers looking to extend their mortgages, so it may take some time to get through and be dealt with.

According to figures from Moneyfacts, before the first emergency rate cut on 10 March, there were 245 trackers. However, by 27 March this figure had fallen to 145.

The most significant drop was for two-year trackers, which fell from 199 to 102.

Can you still remortgage?
Homeowners with a low LTV may still be able to remortgage with relative ease.

Some lenders will value properties without sending someone to see them, so lending need not be impacted by restrictions to movement.

"Lenders want to process more home loans without valuers going to inspect a property"

Average rates for tracker mortgages have also fallen, with two-year trackers dropping from 2.03% on 10 March to 1.73% on 27 March.

Explaining why lenders are removing these products, Montlake says: "Since the Bank of England cut the base, it is more difficult for lenders to make trackers work profitably.

"There is also worry that we could see negative interest rates, depending on how the crisis plays out.

"When interest rates are so low, it is difficult for lenders to offer tracker rates that could potentially reduce their margins even further."

He says that trackers currently offer a good deal to borrowers but warns that rates will go up again at some point.

"We don't know what will happen, so it is important to keep a cool head and not try to play the market. Get professional advice about what is right for you personally over the short, medium and long term."

Strutt says: "You stand more chance of getting a remortgage if you have a clear credit history and lots of equity in your property as you are deemed as less risky. These cases are likely to qualify for system-generated mortgage offers and they can be processed very quickly.

"Lenders are working out how they can process more mortgages using their desktop valuations, so the valuers do not need to physically inspect the properties."

While the number of deals has fallen by nearly a quarter, there are still plenty of cheap offers available.

According to figures from Moneyfacts, the average two-year fixed-rate mortgage is 2.37%, compared to 2.41% on 19 March. Meanwhile, the average five-year deal is 2.68%, compared to 2.71% on 19 March.

With lenders pulling higher LTV products, borrowers with lower equity will find their choices for borrowing are more restricted.

However, Hollingworth expects lenders will be offering some kind of deal to existing customers faced with this problem.

He says: "With the number of mortgages falling and the purchasing market coming to a halt, there is a danger that those who are coming to the end of a deal don't shop around.

"Things are not operating as quickly as they would normally, so it is more important than ever to look around a good three months before the end of your deal.

"While we have seen higher LTV mortgages being pulled, those that remain are still extremely well priced."

Can you get a mortgage holiday?
Homeowners experiencing financial difficulty because of Covid-19 can take a three-month mortgage holiday. This allows you to temporarily pause or reduce payments on your mortgage.

If you choose to do this, your mortgage repayment will be deferred, during which time the monthly payment changes to zero. But during the payment holiday interest will still be building up and will have to be paid at a later date.

This means that when your payment holiday comes to an end, your outstanding mortgage payments and balance will be higher.

Homeowners are being advised to only take a mortgage holiday if they are experiencing financial problems.

Nick Morrey, product technical director at broker John Charcol, says: "If you have cash-flow problems and no other choice, taking a payment holiday is likely to be your only option. "However, you should not take one unless you absolutely have to as they have been introduced to help those in need."

He says that if people are thinking of taking a payment holiday, they should check if their current deal ends in the next few months.

"Most lenders are not really in a position to do a payment holiday and product-switch at the same time as their computer systems are not designed for it," he explains. "If you can wait, get the product-switch done and then do the payment holiday."

Equifax, Experian and Transunion, the UK's three largest credit-checking firms, have confirmed that taking a mortgage payment holiday will not

9 FUN ACTIVITIES to teach your kids about money

Stuck at home and continuing with home schooling? Then here are a few ideas from the nation's best personal finance teachers to inspire your children to learn about money

BY BREAN HORNE

As schools have closed to help combat the spread of Covid-19, parents are taking a greater lead than ever before in teaching their children at home.

One invaluable lesson is how to manage money. *Moneywise* has the nation's best personal finance teachers on hand ready to help. Here, the winners of the *Moneywise* Personal Finance Teacher of the Year Awards 2019 share their ideas to help your kids get to grips with everyday money tasks.


Sian Bentley

PRIMARY SCHOOL WINNER: SIAN BENTLEY, DEPUTY PRINCIPAL, QUEENSMEAD PRIMARY ACADEMY, LEICESTER

ACTIVITY ONE
Create your own restaurant

Level: Primary and Secondary (five to 16 years)

Money skills: Budgeting, Saving

How it works: Setting up a home restaurant is a clever way to help your children learn about money.

First, get your children to think about their favourite restaurant meal out or takeaway and have a look online to calculate how much it would cost the family to order a takeaway.

Then make a list of ingredients needed to help recreate the meals at home and work out how much this would cost.

Either using ingredients that you have or topping up during your next supermarket shop, make those meals at home.

Then calculate how much you have saved by cooking, rather than eating out or ordering a takeaway.

You can do different variations of this activity – for example, creating your own cinema, café or even spa.

ACTIVITY TWO
Bare necessities challenge

Level: Primary (five to 11 years)

Money skills: Money management, Saving

How it works: Sit down with your child and write a list of all your regular costs, including bills, commuting, food, toiletries, cinema tickets, etc.

Review your child's list first and work out what they are still receiving during the lockdown.

Then review your list and work out what you are still spending on, for example, bills, food and insurance.

Work out the items that you are no longer buying – for example, trips to the café, theatre or cinema.

Then discuss whether or not you miss those expenses and how much you are saving.

This can help children to understand the difference between essential and non-essential spending.

ACTIVITY THREE
Bank statement challenge

Level: Secondary (12 to 16)
Money skills: Banking, Money Management, Saving
How it works: Print off a copy of your bank statement from a few months ago and a copy of one from after the lockdown began.

Sit down with your child to look at the differences between the two and how your expenses have changed.

This can open up a conversation about the family's financial wants, needs and how you can save money.

It can also help you discuss how Covid-19 may have impacted your household finances, through loss of business or loss of income.

This activity is designed to help children understand the value of money and how to survive financially during difficult times.

JUDGES' AWARD: TOM RAFFIELD, MATHEMATICS TEACHER, ST DAVID'S SCHOOL, PURLEY

Tom Raffield

ACTIVITY FOUR
Create your own bank

Level: Primary (five to 11 years)
Money skills: Banking, Currency conversion, Saving
How it works: Get your child to identify something that they want – for example, a toy – and set its value as the target.

Then encourage your child to save money and log their progress.

Giving them the flexibility to save what they can will help them to work out how long it will take to reach that target.

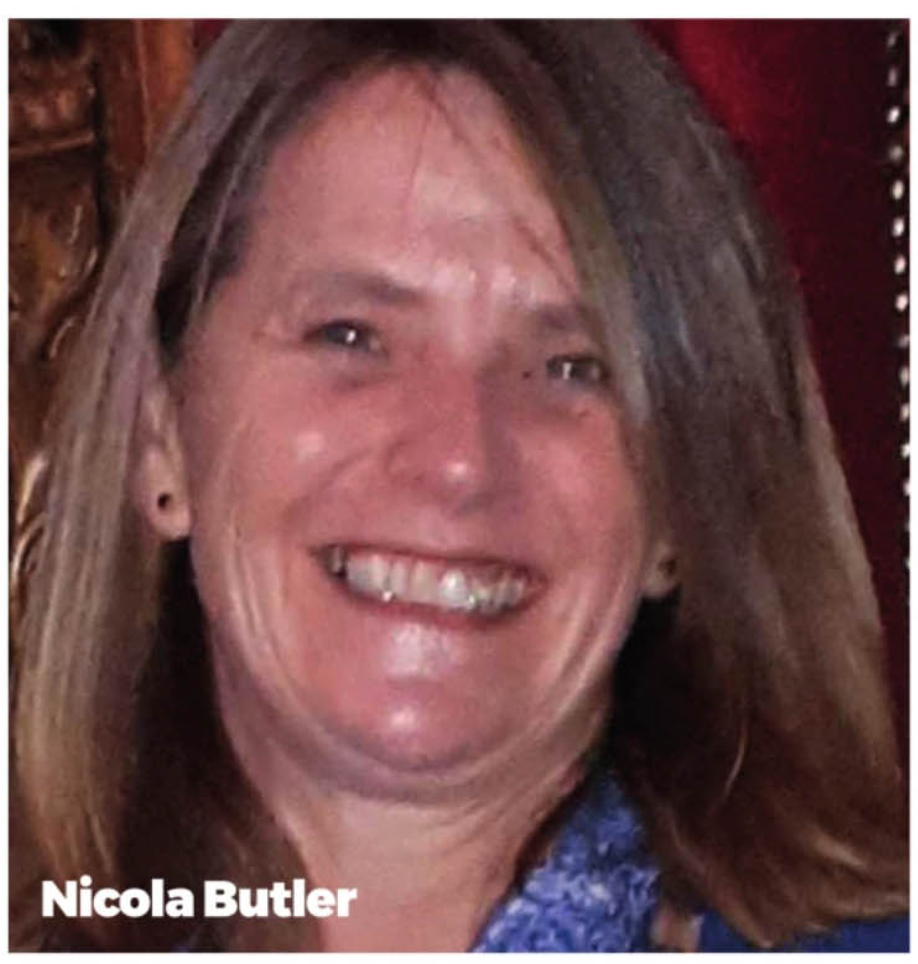
To take this a step further, you could create your own household currency.

Help your child to name and design the tender, and the conversion rate to pounds sterling. For example, 5 'Star Dollars' could equal £1.

This new currency could be used to reward your child for helping around the house, good behaviour and doing well in home school.

At the end of the week, you can convert what they earn into pounds, which they can then choose to save or spend.

Help your child to name and design your own household currency



Nicola Butler

COMMENDED: NICOLA BUTLER, TEACHER OF MATHEMATICS, FINANCE AND WELSH BACCALAUREATE, YSGOL EIRIAS (EIRIAS HIGH SCHOOL), COLWYN BAY

ACTIVITY FIVE
Discount detective challenge

Level: Primary (five to 11 years)
Money skills: Bargain hunting, Saving
How it works: This challenge is designed to help children shop around and find the best deals.

For this activity, set a challenge for your child to complete. This could be anything from finding the best-value broadband deal to the pet insurance policy.

Encourage your child to note down what the different deals include – for example, what channels are included in different TV and broadband deals.

This will help distinguish which offers are better value for money rather than just being the cheapest option.

Helen Westwood

SECONDARY SCHOOL WINNER: HELEN WESTWOOD, TEACHER OF FINANCIAL STUDIES, CAROLINE CHISHOLM SCHOOL, NORTHAMPTON

ACTIVITY SIX

Pocket money challenge

Level: Primary (five to 11 years)

Money skills: Budgeting, Saving

How it works: Teaching children the importance of having an effective budget can help them develop good money habits as they grow up.

Creating a budget for pocket money is a fun and interactive way to learn money management.

Encourage your child to set financial targets – for example, saving for a new bike – and work toward these goals by setting money aside.

To help incentivise saving, you could also offer to pay top-ups when your child hits certain milestones.

For example, if they save £20, you may wish to add an extra £10 on top as a reward for saving. This helps develop an understanding of how saving works and the benefits of putting money away.

You can also get creative and use colouring pencils, crayons and other stationery to bring the budget to life.

ACTIVITY SEVEN

Life savings challenge

Level: Secondary (12 to 16 years)

Money skills: Financial planning, Saving

How it works: Setting financial goals and planning how to achieve them is great way to help older children understand how to manage their money.

For this task, encourage your child to draw their 'personal life cycle', summarising the key financial phases of their life, and ask them to name three milestones they would like to reach.

Also ask them to jot down how old they would like to be at each milestone – for example, the age at which they want to buy their first home.

Help them calculate how much money they will need to achieve their goals by the ages they have set. With these figures in mind, ask your child to research the financial products that could help them fulfil these ambitions.

This task enables children to evaluate their financial priorities and work out how to reach their goals.

Russell Wareing

JUDGES' AWARD: RUSSELL WAREING, HEAD OF BUSINESS AND ECONOMICS, LANCASTER ROYAL GRAMMAR SCHOOL, LANCASTER

ACTIVITY EIGHT

Payslip challenge

Level: Secondary (11 to 16 years)

Money skills: Income, National insurance, Pensions, Student loans, Tax

How it works: This activity is designed to help older children understand how salaries work.

COMPANY Jolly Little Co Limited, Unit 12, The Industrial Estate, Nice Town, PE77 9HU — Pay Advice

NI Number - NH000000F				Pay Period - Month		Pay Method - Bank	
DESCRIPTION	HOURS	RATE	AMOUNT	DESCRIPTION	AMOUNT	DESCRIPTION	AMOUNT
Salary		3000.00	3000.00	Period Pay	3350.00	YTD Pay	33500.00
Bonus		100.00	100.00	PAYE Tax	452.40	PAYE Tax	4524.00
Commission		250.00	250.00	Nat Insurance	317.76	Nat Insurance	3177.60
Expenses		10.50	10.50				
				Healthcare	20.00	Healthcare	200.00
				Student Loan	90.00	Student Loan	900.00
				EE Pension	100.00	EE Pension	1000.00
				ER Pension	168.00	ER Pension	1680.00

Wk / Mth	Date	Dept	P/Method	Tax Code	Employee No	Employee Name	Net Pay
10	31/01/2019	01	Bank	1185L	12345	Sally James	**2380.34**

First, you will need a payslip. Your child may have one if they have started working, or you can use one of your own or find an example online.

A payslip will show the gross pay of the employee for the time they have worked, and deductions taken including PAYE tax, national insurance, student loan and pension contribution.

Some companies may also include deductions for benefits such as health insurance (see example payslip above).

Payslips also detail how much has been earned in the tax year so far (April to April), the amount of deductions and the tax code.

Once you have taken away all the deductions, you will be left with the net take-home pay.

Going through a payslip will give you lots of personal finance topics to talk about, for example:

Going through a payslip will give you lots of personal finance topics to talk about

- **How much do you earn in a year (gross)?**
- **How much do you take home in a year (net)?**
- **What percentage of tax do you pay on your earnings overall?**
- **What is PAYE tax and national insurance used for?**
- **Do you think tax rates are fair?**
- **Is it a good idea to have a pension?**
- **Is a degree worth the level of student debt?**

RUNNER-UP: AGNELO MENDONÇA, BUSINESS TEACHER, LOXFORD SCHOOL, LONDON

Agnelo Mendonça

ACTIVITY NINE

Great savings race

Level: Primary and Secondary (five to 16 years)

Money skills: Investing, Saving

How it works: This challenge can help children focus on savings and develop good money habits.

When your child receives income, such as birthday money, encourage them to split it into the following:

- **50% into long-term savings**
- **30% into short-term savings**
- **20% for an immediate treat**

Long-term savings should be held in a savings account or Junior Isa. You and your child can monitor their savings' progress as time goes on.

Short-term savings are for items they would like, but need to put money away for. The remainder can be used to buy something right away.

Encouraging your child to split their income helps them understand the difference between short-term and long-term savings.

You could add top-ups or additional rewards to your child's income if they hit a particular savings target in a set period of time. mw

moneywise PRESENTS PERSONAL FINANCE TEACHER OF THE YEAR AWARDS 2020

Do you know a great personal finance teacher? See page 14 for details of how you could nominate them for this year's *Moneywise* Personal Finance Teacher of the Year Awards for the chance to win a share of a £24,000 cash prize pot from interactive investor for their school.

moneywise FIRST 50 FUNDS THE Q&A

Royal London Sustainable World Trust

Mike Fox

Mike Fox, fund manager of Royal London Sustainable World Trust speaks to **Brean Horne** about the fund's objectives and his top tips for beginner investors

What is the Royal London Sustainable World Trust?

It is a mixed-asset, equity and fixed income fund [investing in shares and bonds].

It invests in companies making a positive contribution to society and the environment. This can be through their products and services, or in the way they manage the environmental, social and governance (ESG) issues they face.

We avoid investing in arms and tobacco. After that, we apply a positive test to companies, analysing their products and services to see if they offer a social benefit.

Examples of this include certain types of infrastructure, such as utilities, and healthcare or technology.

Why should people invest in the fund?

The fund's investment objective is to achieve capital growth with some income over the medium term (three to five years).

> "When it comes to investing, money is often made in waiting"

The fund is actively managed: we favour a distinctive approach, integrating the consideration of ESG issues alongside financial analysis.

Every holding has to meet key criteria and the team actively engages with the companies in which we invest to champion best practice on behalf of our clients, challenging companies on issues such as environmental policy and corporate governance standards.

We avoid companies believed to expose investors to unacceptable financial risk resulting from poor management of ESG issues.

This fund is well suited to people looking to use their investments to improve the society we live in today.

Royal London Sustainable World Trust stats

Launch: 21/09/2009

Fund size: £1,107.94 million

Charge: 0.77% (OCF)

Yield: 0.92%

17/04/2020
Source: FE Trustnet

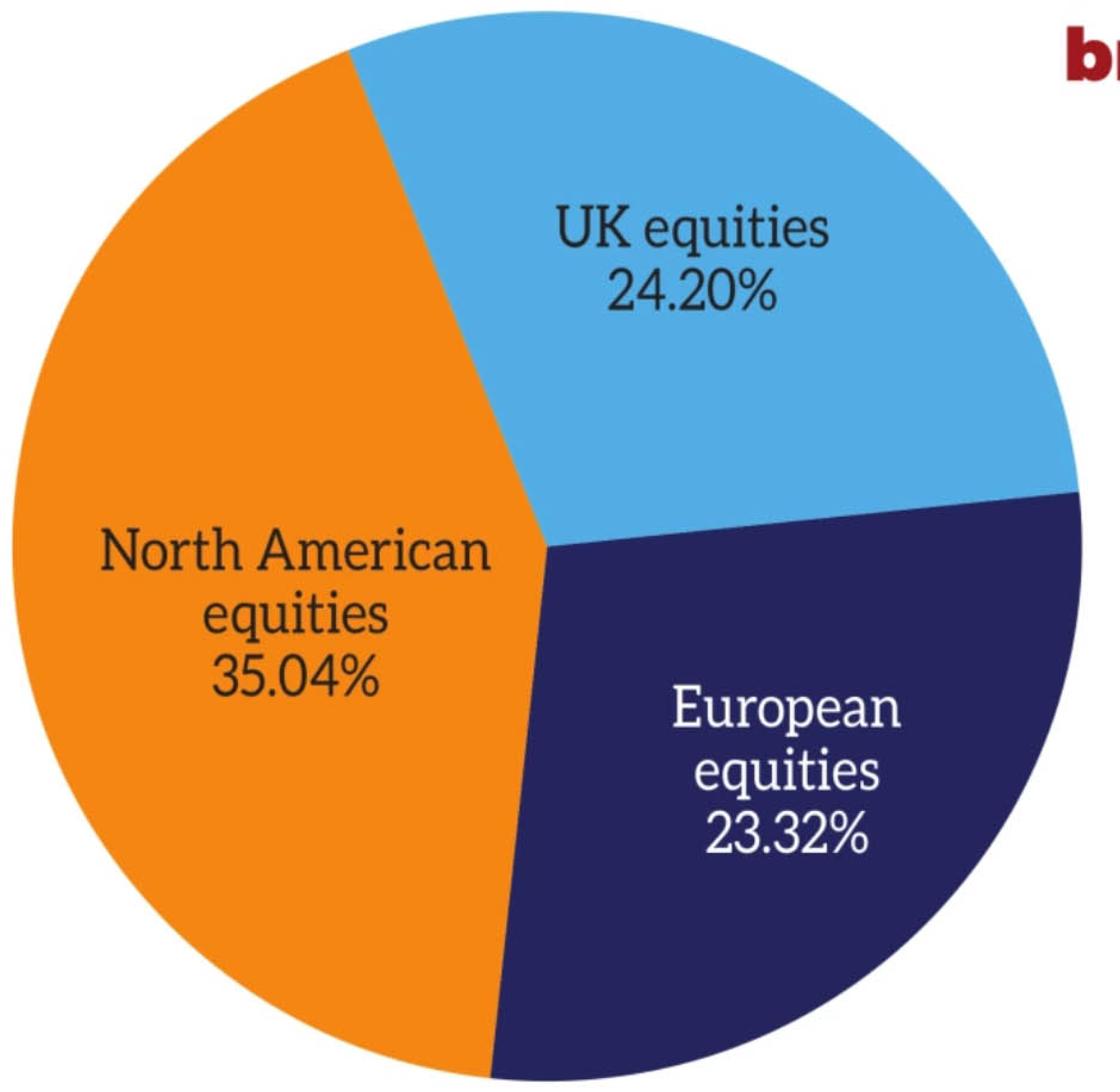
The manager behind the fund

Mike Fox joined Royal London Asset Management (RLAM) in August 2013, following the acquisition of The Co-operative Asset Management by the Royal London Group. He is Head of Sustainable Investments at RLAM. Mike became a fund manager in November 2003 when he took over managing the RL Sustainable Leaders Trust.

Prior to this, he worked as a deputy fund manager at the Co-operative employee pension fund for two years and as an investment analyst for two years covering the utility, support services and media sectors.

Mike originally trained and qualified as a chartered accountant with Ernst & Young in Manchester.

Asset class breakdown



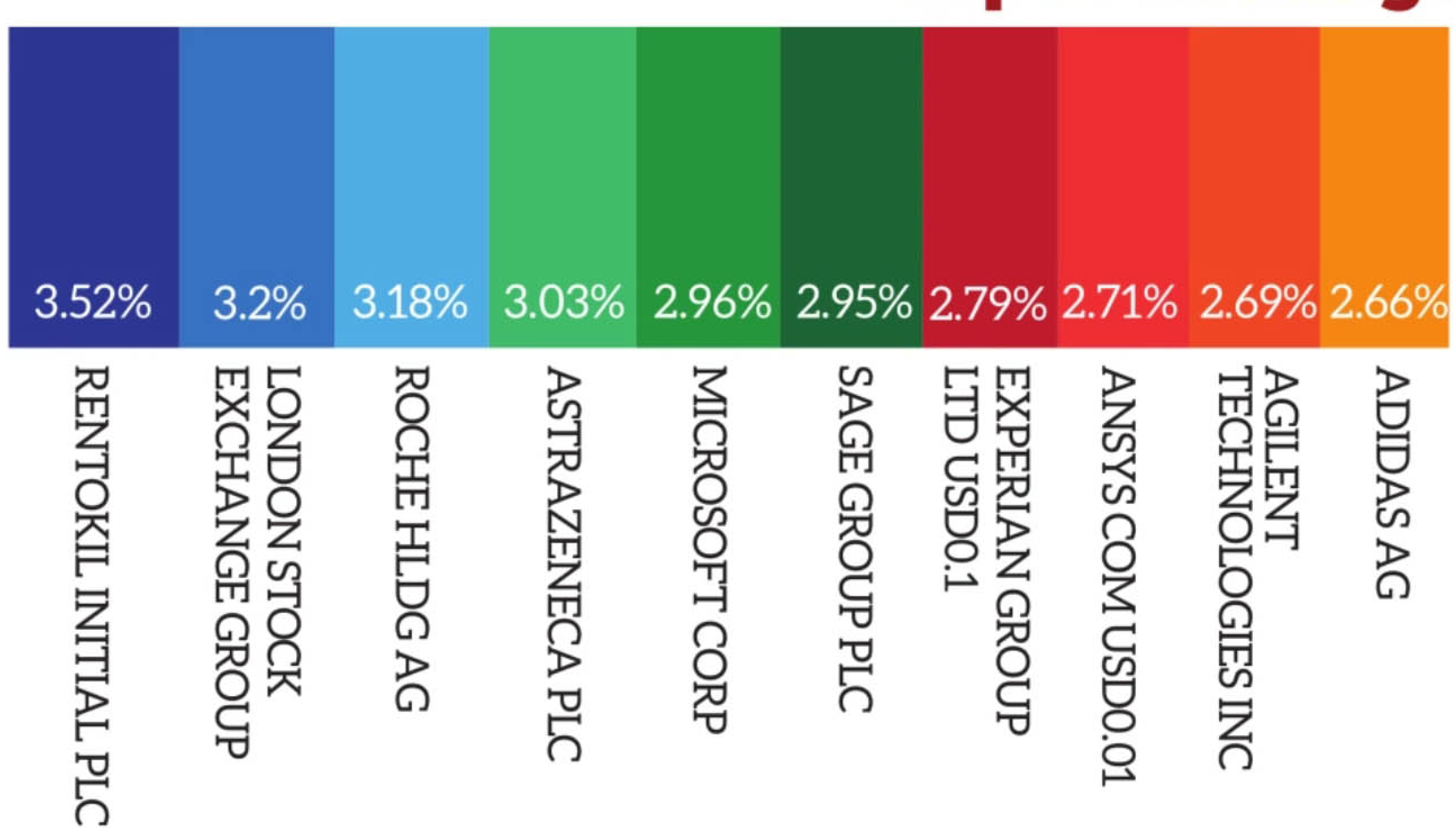
Source FE Trustnet 31/03/2020

Discrete performance of the fund over five years (%)

Period	0-12 m	12-24 m	24-36 m	36-48 m	48-60 m
Royal London Sustainable World Trust C Acc	9.4	14.4	7.6	22.6	1.4
IA Mixed Investment 40-85% Shares	-6.9	5.7	2.3	15.1	-3.3

Source: FE Trustnet, 31/03/2020

Top 10 holdings



Source: FE Trustnet, 31/03/2020

How do you decide which stocks to pick?

One of the ways we pick stocks is by identifying companies involved in social opportunities and issues. After that, we conduct financial analysis to determine whether the company is suitable for the fund.

We have two main criteria when analysing a company's finances. First, will it add value? Second, does it provide long-term growth?

The fund tends to hold stocks for an average of five years– though we have held some of our stocks, such as Google, for a little over 10 years now.

What gets you out of bed in the morning?

An alarm clock! Aside from that, I think that the world is a dynamic and fascinating place, especially when it comes to investing.

It is very rewarding trying to overcome challenges that arise in different market conditions.

What is the first investment you ever made?

I started a regular savings plan when I began working, investing in a number of funds.

What have been your best investments?

Investing in cloud computing in 2013. It is an area we thought to be environmentally positive and financially rewarding.

Some of the companies we invested in at that time have quadrupled over the course of a few years.

And the worst?

The worst choice I made was British Telecom (BT). In March 2015, BT launched a service called quadplay. This was essentially a package that included telephone line rental, TV, internet and a mobile phone contract.

In theory, it was supposed to streamline how customers paid for their communication and entertainment services. The reality is that it did not really pick up.

What is your top tip for beginner investors?

Take advantage of compounding: it is the most powerful force in investing.

Compound interest makes your money grow faster because interest is calculated on the accumulated interest over time as well as on the original amount you put in.

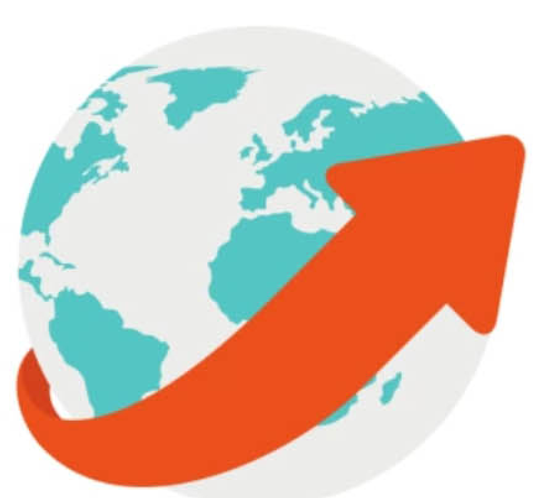
It can create a snowball effect, as your original investments in addition to the income earned from those investments grow together.

By simply investing a small amount every month, over a lifetime that will compound to a substantial sum [see page 68].

Another important tip is to be patient. When it comes to investing, money is often made in waiting.

It can be tricky to leave your investments alone, especially when markets take a tumble.

While it is important to be vigilant and keep an eye on how your investments are performing, sometimes the best thing you can do is let them be. That way you can truly take advantage of the compounding effect. mw



ETHICAL INVESTMENTS OUTPERFORM DURING CORONAVIRUS SLUMP

Investors in ethical companies lost less money than those in standard investments during the coronavirus market slump, experts claim.

Fidelity International says the S&P 500 fell 26.9% between 19 February and 26 March. Companies it gave the highest rating for environmental, social and governance (ESG) issues fell 23.1%; those with the lowest fell 34.3%.

In the UK, the ethical FTSE4Good UK Index lost 27.7%, while the FTSE All Share Index lost 28.5%, according to Moneywise's parent company interactive investor.

Go to **Moneywise.co.uk/investing/ethical-investment-outperform** to find out why.

NAME No.

Fund briefing

INVESTING THROUGH DOWNTURNS AND RECOVERIES

Global stock markets have given investors plenty of sleepless nights this year. The extreme volatility caused by the pandemic has wiped billions of pounds from leading indices, leaving people uncertain about their financial future

BY ROB GRIFFIN

The coronavirus outbreak is not the first time that markets have encountered severe problems. Over the past few decades, there have been numerous crises, including the Dot-com bubble bursting 20 years ago, the outbreak of Sars in 2003, and the global financial crisis that started in 2007.

Even though the current situation is, arguably, more serious because Covid-19 is a full-blown pandemic, history suggests stock markets do eventually recover. It is just important to be patient as a recovery will not happen overnight. In fact, the average time taken is 648 days.

Some crashes have lasted considerably longer. The financial crisis of 2007-09 saw the FTSE All-Share lose almost 50% of its value and take 1,529 days to recover, according to data from financial market data firm Refinitiv. The slump of 2000-03 saw a similar loss and 1,393 days of recovery.

The good news is that dire situations may end up providing longer-term benefits, according to Myron Jobson, personal finance campaigner at interactive investor, *Moneywise*'s parent company.

"Some of the best years can follow some of the worst, so it is worth hanging on in there," he says.

He cites research by interactive investor showing how a £1,000 investment in the FTSE All Share and MSCI ACWI Index at the end Feb 2000, just before the Dot-com bust, would have grown to £2,037 and £2,907 respectively by 14 March 2020. That is a gain of almost 104% and 191%, even after recent falls.

The same amount invested at the end of September 2007, when markets were near their highest levels before the financial crash began, would now be worth £1,425 and £2,483 (to 14 March 2020), which represents an increase of 43% and 148%, respectively.

Of course, every investor wants to know what they should be doing right now. As long as you have a diverse portfolio and are investing for the long term, the simple answer is to sit tight and do nothing, according to Sarah Coles, personal finance analyst at Hargreaves Lansdown.

"The markets have always risen and fallen in the short term, and sometimes they do so dramatically, so as long as you are putting your money away for the long term, you should not allow yourself to be thrown off course," she says.

> "Some of the best years can follow some of the worst, so it is worth hanging on in there"

Coles also suggests that living through this crisis will help illustrate how the value of investments can fall, as well as rise, in the short term. As we have had a decade of stock market growth, this is not something that younger investors have experienced.

"We know that things can look bleak for a while before the turn, and it is still not the end of the world," she says. "During the financial crisis, the FTSE 100 fell for 17 months before hitting the bottom and then took another four years to get back to the peak. But it did recover."

Adrian Lowcock, head of personal investing at Willis Owen, believes the best approach is to take some time to absorb a market sell-off and then remind yourself why you are investing, how much you are putting away, and what it is that you are looking to achieve.

"Then look at your holdings, why you have chosen them, and whether the investment case has changed significantly," he says.

"Only switch if the investment case has changed and not because

the investments have fallen in price because nearly everything has gone down."

Remember that when markets fall, the losses you make are only on paper – it is only when you redeem those falling investments that the losses are crystallised, points out Darius McDermott, managing director of FundCalibre.

"Brave investors could consider topping up," he says. "If equities are about 20% to 30% cheaper than they were at the start of the year – and you were prepared to buy then – why not now? Just know that markets may not have bottomed and could fall further in the short term."

Some people may prefer to move to monthly savings or drip-feed money into the markets to benefit from 'pound cost averaging'. This technique sees investors paying a set sum each month to buy units of a fund – at whatever price they are available.

For example, if you invest £200 a month into a fund and have been buying units at £8 each, when they fall down to £6 you will receive more units for your money. It takes the guesswork out of trying to time the market, which is always best avoided (See Industry Insider, page 68).

> "China's consumer recovery will shed some light on what may happen elsewhere"

Where you invest will depend on your investment goals and attitude to risk. However, it is potentially worth looking at how areas that were among the first to be badly hit by the coronavirus have fared from an investment standpoint.

The consumer-led recovery in China's domestic demand that was seen at the back end of March should give investors a dose of cautious optimism, according to Ned Salter, head of global research for equities, at Fidelity International.

"As the first major nation to have seemingly contained the virus, China's consumer recovery will shed some light on what may happen in the rest of the world as the outbreak eventually peaks and recedes," he says.

Of course, if you are yet to invest it may be worth waiting a while longer and keeping spare money in cash, according to Andrew Merricks, fund manager at 8AM Global, who points out that it is crucial not to get sucked back in to markets too early.

"When we have seen periods of wealth destruction previously, cash has been a crucial asset to hold," he says. "It not only helps greatly in capital preservation. it also allows you the opportunity to take part in any subsequent rally… and there will be a subsequent rally."

That is when we could be in for a good time.

"As with previous periods of wealth destruction, a long prosperous period of recovery and growth ensues," he adds. "If we think of the unprecedented stimulus that has been added to the mix already, this recovery could be strong indeed." mw

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

Tempted to sell up because you are shocked to see how your investments have dipped in recent weeks? Our experts say don't panic and remember you are in it for the long term

BY RACHEL LACEY

Investors are regularly warned that performance is not guaranteed. Although your money should – and normally does – grow faster than it would if it was left in a cash account paying paltry interest, buying into the stock market does mean accepting a degree of volatility and acknowledging that the value of your savings could dip at any point.

However, if you have recently started investing, nothing could have prepared you for the rollercoaster ride of recent weeks. In mid-February, the FTSE 100 index of leading companies was riding high at close to 7500 points. By 23 March, it had plummeted to just below 5000. Even more seasoned investors who have ridden through a crisis or two will have been staggered by their losses.

Adrian Lowcock, head of personal investing at Willis Owen, says: "The coronavirus has hit markets hard as the speed of the spread of the virus and the actions taken by governments around the world caught investors by surprise. The falls from the peaks have been between 30% and 40%, sometimes more, with individual companies falling much further. So if you are invested in shares, it is realistic to expect the value of your investments to have fallen at least 30%."

Buying in the stock market means accepting a degree of volatility

Adrian Lowcock: "It has hit markets hard"

Individual funds, will, of course, have varying aims and objectives, so will have behaved differently during the turbulence. However, it is reasonable to assume that if you are in a predominantly share-based investment you will have lost money.

Looking at how the markets have performed in recent weeks can certainly make for grim reading, says Laura Suter, personal finance analyst at investment platform AJ Bell.

"If you are in your 20s or 30s and relatively new to investing, this might be the first big market fall you have experienced, which will understandably be a bit scary."

It is particularly frightening if you are close to your retirement

BEGINNER'S GUIDE TO SURVIVING STOCK MARKET VOLATILITY

Sarah Coles: "Think long term"

and are likely to need your money imminently. However, do investors who are still relatively close to the beginning of their investment journey really need to panic?

One thing that investment experts agree on is that at times like these your heart must not rule your head.

"The main thing to do is to keep a cool head and to remind yourself why you are investing and that it is for the long term," says Suter.

Even if you are a little shell-shocked by the market moves over the past month, there are some golden rules you can follow to help you through.

"The first is not to panic – the worst thing investors can do at a time like this is panic. If you are investing, you should be in it for the long term. Anyone who needs the money in less than five years should stick to cash for this very reason.

"The easiest thing you can do is limit the number of times you log in to your investment account, so you are not constantly watching every rise and fall in your portfolio. You should remind also yourself why you invested in these assets in the first place and stick to your guns," Suter adds.

Sarah Coles, personal finance analyst at Hargreaves Lansdown, agrees.

"None of us make our best decisions when we are in a cold sweat. Take a deep breath and focus on why you are investing, In the vast majority of cases, we are putting money aside for the long run," she says.

"It means we have accepted that shares have their ups and downs in the shorter term, and we are prepared to face that in return for the fact they tend to do better than cash over longer periods. None of that has changed."

Although selling up might provide a short-term salve, it could be disastrous for your long-term financial health.

Susie Hill, who runs Susan Hill Financial Planning in St Albans, says this can feel counter-intuitive.

"It is human nature to try to mend something when it is broken, to do something, but right now trying to 'time the market' and trade on short-term swings by selling into cash is the reserve of the high-risk investor.

"Short-term investors are prone to misjudging disorderly markets. There is a tendency to sell near to the bottom, then wait too long and buy back into the market at a higher price than they sold out. The issue is that timing the re-entry is impossible as market recoveries can be just as quick as the falls, and even a delay of a day or two can result in missing significant growth as stock prices recover."

Coles agrees. "You may be tempted to sell up and think you can sit out of the market until things get better. The trouble is that in volatile times the only time you will know when things have got better is after they already have, in which case you have missed out on key growth. It is why they say that time in the market is so much more important than timing the market."

Illustrating the point, on 24 March – the UK's first full day of lockdown –

> "Take a deep breath and focus on why you are an investor"

DON'T BE PUT OFF BY ONE BAD YEAR ON THE STOCK MARKET

History has proved that a great year can follow a disastrous one. In 1974, Britain was in recession, miners were striking, not to mention oil crises and the three-day week. Unsurprisingly, markets tanked by 55%. It paid to carry on investing though – in 1975, markets rallied and the FTSE All Share was up 155%.

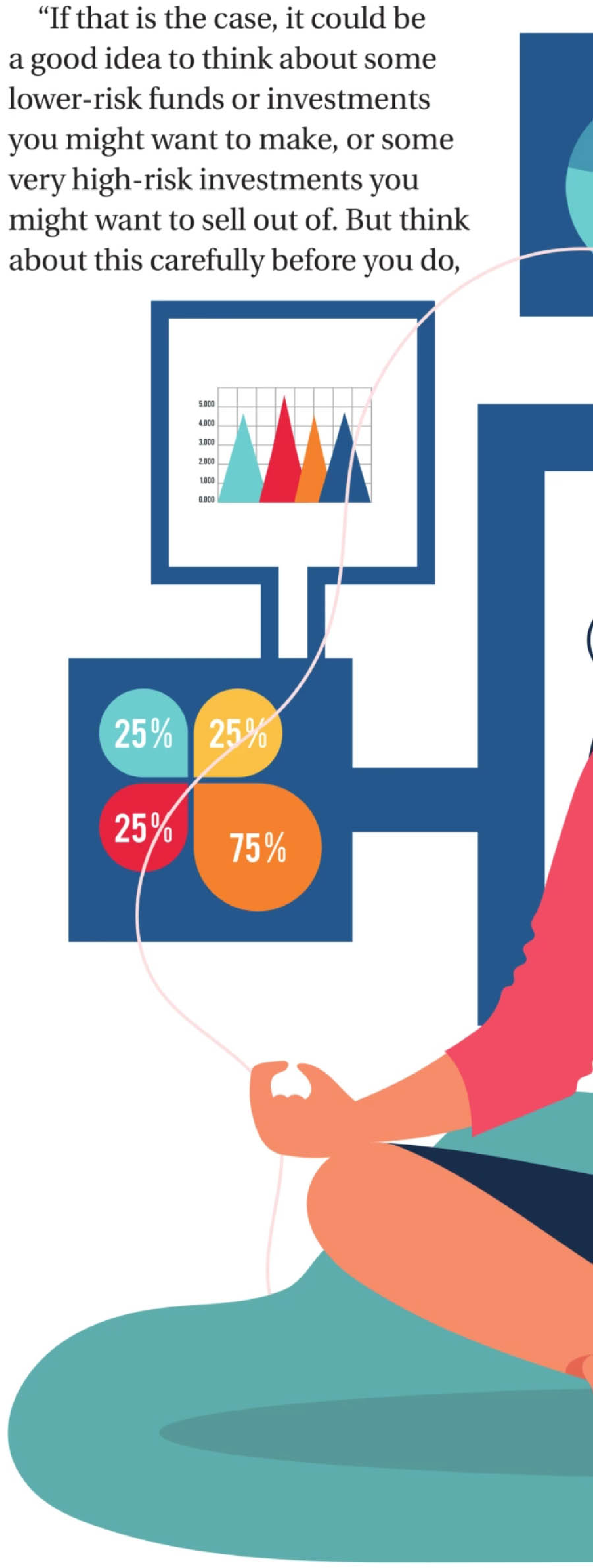
the FTSE 100 rose by 9%. No pundit would put their neck on the line to say the volatility was over, but it does show that if you cash out you will miss any bounce back.

While selling out of a crash might be a bad idea, you should still pay your portfolio attention. It could be a good prompt to think about your wider investment strategy.

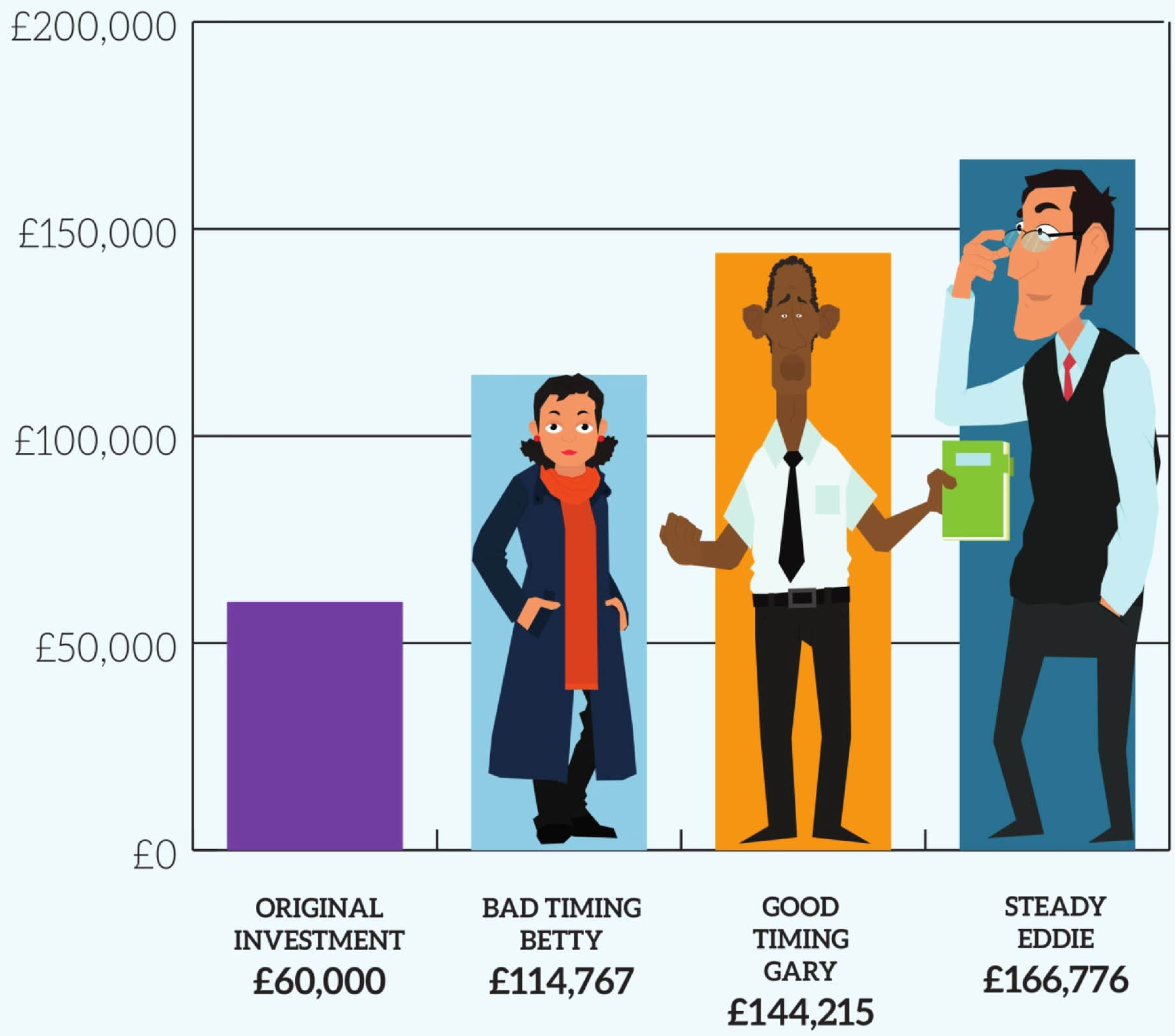
Hill says: "What investors should be doing when this is over is to look at their portfolio to understand its risk profile and how well it was diversified."

Suter adds: "Market shocks like this can be a good test of your risk tolerance. Often people overestimate how much risk they are willing to take, but when faced with the reality of market falls realise they have been a bit optimistic with how much they can tolerate.

"If that is the case, it could be a good idea to think about some lower-risk funds or investments you might want to make, or some very high-risk investments you might want to sell out of. But think about this carefully before you do,



STEADY EDDIE'S £60,000 INVESTMENT HAS GROWN THE MOST, DESPITE INVESTING THROUGH THREE FINANCIAL CRISES



IT IS BETTER TO BE A 'STEADY EDDIE' THAN A 'BAD TIMING BETTY'

It is time in the market rather than timing the market that makes your money grow, according to research by Fidelity International*.

This shows that investors who regularly pay into the stock market and stay put, whatever markets do, are likely to be better off than wannabe traders who try to time the markets by investing at the bottom or selling at the top.

'Steady Eddie' started investing £1,000 in the FTSE All Share in 1990. In 2000, he increased that to £2,000, rising to £3,000 by 2010. By February 2020, his £60,000 investment had grown to £166,766.

'Bad Timing Betty' set aside the same amount of money to save as Eddie but only invested in the stock market when she was confident during cyclical market peaks. The rest of the time her savings were in cash. By February 2020, her savings were worth only £114,767 – more than £50,000 less than Steady Eddie.

'**Good Timing Gary**' was bold and only invested his money when the FTSE All Share was at its lowest. Despite his knack (or luck) for timing, his £60,000 contribution is still only worth £144,215 – some £20,000 less than Steady Eddie who remained invested throughout.

The periods of volatility Steady Eddie invested through included the Russian default crisis in 1998, the bursting of the Dot-com bubble in 1999 and the financial crisis of 2008.

** Returns are based on total return in GBP of the FTSE All Share, and returns from the Morningstar UK Savings 2500*
Source: Fidelity International, January 2020

to make sure it is not just a knee-jerk reaction."

You should also ensure your fund is sufficiently diversified, says Rebecca O'Keeffe, head of investment at interactive investor, *Moneywise*'s parent company.

"The fundamentals of investing never really change: at the heart of it all is the importance of diversification. This is never truer than in times of market stress.

"Diversification means that you are not exposed to too great a risk in any one part of the market," she explains. "It typically involves investing in a mix of different assets and different geographic areas. What constitutes a well-diversified portfolio will, in part, depend on the kind of investor you are, your personal circumstances, objectives, needs and attitude to risk."

Super low-risk investors will gravitate towards cash and fixed-interest investments such as corporate bonds and gilts, while more adventurous investors will brave higher-risk sectors such as emerging markets and smaller companies.

She adds: "In reality, most investors will probably lie somewhere between the two – in which case it is about getting the mix of different assets right. All of this underlines the importance of understanding the level of risk you are comfortable taking.

"Your risk appetite is the level of risk you can tolerate, not just emotionally but also relative to your financial circumstances and the length of your investment horizon."

If you have previously only invested lump sums, you may also want to consider putting money away on a monthly basis, suggests Suter.

"Another option if you are feeling a bit nervy is to set up a regular investing plan, where you drip-feed a certain amount of money into the market every month, rather than putting a lump sum in at once. Doing this reduces the temptation to try to time markets and call the bottom of the market, but it also means your money is invested regularly without you having to worry about it."

HAPPY BIRTHDAY, SIPPS

This year marks the 30th anniversary of self-invested pension plans (Sipps), which enable more enthusiastic investors to take charge of their own pension savings by selecting their investments and managing their pot themselves.

Analysis from AJ Bell has found that a basic-rate taxpayer, who started saving just £100 a month into the FTSE All Share in 1990 would now have a fund worth £155,249. The figure is testament to the power of investing little and often – irrespective of what is happening in the stock market.

Tom Selby, senior analyst at AJ Bell, says: "While the impact the Covid-19 pandemic is having on society is undoubtedly without precedent, double-digit falls in the value of blue-chip indices like the FTSE 100 over the short term are nothing new.

"In fact, since Sipps were first created in 1990, we have seen three such periods – the Dot-com crash in 2001, the Great Financial crash in 2007-2008 and now the 2020 coronavirus crash.

"After the first two economic crises, share prices recovered and then some. So while retirement investors may be feeling the pain right now, history suggests stock markets should eventually bounce back.

"Indeed, even those wearing heavy losses as a result of the coronavirus downturn could still have reaped the rewards of thinking long-term."

Suter adds: "Regular investing can also help to smooth out your returns, thanks to something called 'pound cost averaging'. Because you are putting a regular amount in the stock market – regardless of market movements – you will help to smooth out your volatility.

"So-called pound-cost averaging means that when markets rise you are buying fewer shares or units in a fund and when they fall, you are buying more units when they are cheaper."

Whether you sit tight or take the opportunity to review your portfolio, Lowcock says it is important to use the experience as an opportunity to learn and grow as an investor.

"Don't make decisions on what has already happened: you cannot change the past and you cannot reverse any decisions you have already made. Learn from the experience and use that to make choices about the future." mw

"Learn from this crisis and use it to make choices in the future"

A drip-feed approach will be less stressful

It has been an exciting couple of months in global stock markets – if rollercoasters are your entertainment of choice. But if you are not so keen on them, then you would be forgiven for replacing 'exciting' with 'worrying'.

No one likes to see their investments fall in value. Even less so when they drop by 10% on what seems like a daily basis.

The coronavirus has spread exponentially, and Europe is currently being described as a new epicentre. Governments around the world are having to impose emergency powers to deal with the health crisis.

The UK stock market, as measured by the FTSE All Share, has experienced its worst fall since 1987 and, at the time of writing, is down more than 30% compared with a year ago. By the time you read this, I do not know whether it will still be falling, will have bottomed or bounced back. Any one of those scenarios is entirely possible.

Over the past 50 years we have seen 10 market crashes. The shortest downturn was in 1981, which lasted 42 days. Then, the FTSE All Share fell 21.5%. The longest downturn was in 2000 to 2003 when the stock market fell some 50.9% over 1,167 days.

No one knows when falling stock markets will bottom. There is no announcement, no sign – sometimes not even one we can see with hindsight.

And this makes it very difficult for investors. In this type of fast-moving environment, should you buy, sell or do nothing? For many, doing nothing is often the best strategy: selling holdings is a bit like shutting the gate after the horse has bolted, but who wants to invest and see yet more savings fall in value? It takes a brave investor to do the latter, although it can be rewarding.

But rather than umming and ahhing and trying to second-guess whether markets will fall again or bounce back with vigour, taking a 'little but often' approach could be a less stressful solution: instead of investing that £6,000 lump sum, you could invest £500 a month.

Advantages of regular monthly savings

There are a number of potential benefits associated with regular monthly savings:

First, this removes 'timing' considerations from your investment decisions. Very few investors can successfully predict the direction of the market in the short term, and getting it wrong can be costly, so why try?

Second, regular savings also provide us with peace of mind: we can sleep at night, knowing that we are investing smaller amounts on a regular basis and that the fluctuations in the value of our portfolio will be less pronounced. Once you have set up your direct debit, you can sit back and relax for the rest of the tax year.

Third, you benefit from 'pound cost averaging': when we invest the same amount on a regular basis, we simply buy more when an investment is cheaper and less when it is more expensive. For example, a £100 investment into a fund with a share price of £5 could provide you with 20 units during the first month. Say the share price fell in month two, your £100 now buys 25 units at a price of £4. In total, you have 45 units at an average price of £4.44.

Finally, you can invest as little as £1 a month, or as much as £1,667 a month into your Isa and it can be taken directly out of your bank account. This means it can become one of your regular monthly outgoings – only instead of paying a bill, you are saving towards your future.

"For many investors, doing nothing is the best strategy"

Three fund ideas for your monthly savings

1 Smaller companies can fall further in market routs, but they can also bounce back stronger. Montanaro UK Income fund focuses on small and medium-sized businesses and, as the manager says: "Find the hardworking, honest entrepreneur with skin in the game and you will be fine."

2 Asia is where the coronavirus was first reported and could have been the first to recover. Usually more volatile anyway, monthly savings can work well in the region. William Lam, Invesco Asian's manager, is careful not to confuse good businesses with good investments: the two are not always the same. He has a pragmatic approach and uses behavioural theory in his research process.

3 Going into this global health crisis, the US economy was in one of the strongest positions. So many of its companies should be able to cope with any temporary economic slowdown. Schroder US Mid Cap fund is an option. It focuses on the US's medium-sized companies, which still have plenty of room to grow. 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

Above: Matt Lacey and sons Will, 11, and Edward, seven, are thrilled to be home

OUR BIG BUILD: PART 3

PREPARING TO MOVE IN

After six months' work on her three-bedroom semi in St Albans, Rachel Lacey finally sees her building project completed and shares her tips on what she has learnt from the experience

BY RACHEL LACEY

I am, and will always be, grateful that we were able to move out of our house during our building works. We did not need to 'camp' in one room, rely on a makeshift kitchen or have to visit friends to have a shower.

That said, I really missed being at home and I was not above having a moan. The boys loved the freedom we had in our rental house – it was a quieter street with a green out front and they both had friends on the doorstep, but I just wanted to get home and (much to our builders' annoyance, I am sure) I found myself looking for any excuse to pop round.

Our shell of a house was gradually becoming a home. Rooms were starting to gain function and character again. A big turning point was when our new bathroom was fitted – we had chosen botanical tiles for the wall of our en-suite shower and they looked amazing.

But excitement was not the only thing that was mounting. Our costs were heading north too and, as unforeseen expenses kept arising, we started to feel as if our contingency fund needed a contingency.

Our builder's quote included several areas with 'provisional allowances' – an estimate of costs, where the final price would depend on the choices we made. For plumbing and heating our provisional allowance was spot on, but the same could not be said for the electrics.

The whole house needed re-wiring and after we had gone around with the electrician talking about where we wanted plug sockets, spotlights and light fittings, we were looking at not far off three times what we had budgeted.

Then there was the issue of matching old house with new – our lumpy living room ceiling needed to come down, so it would match the now beautifully smooth one in the open-plan kitchen/diner. Then there was rendering – our quote included the painting and rendering of the new parts of the house, but not the old, so in order to get everything

WHAT I'VE LEARNT ABOUT COSTING A BIG BUILD

I am not sure that I have the appetite to consider another major project, but if I was to reconsider there are plenty of lessons that I have learnt about planning a build and how much it will cost. My four main tips are:

1 Ensure builders' quotes are as accurate as possible. Check what is included and what is not and quiz them on likely additional costs you might not have considered – for example, matching old and newly built parts of your home.

2 Check the assumptions your builder has used for provisional allowances. For example, is an electrician's quote based on a basic ceiling rose and a plug socket or a more complex configuration of spotlights and multiple switches?

3 Talk to your builder as you go along and ask them to identify any areas where you might be able to cut costs.

4 It is important to have a contingency fund – 10% is often recommended but I think we needed more than that. Our foundations needed to be deeper than we anticipated; an old floor needed to be removed for underfloor heating to extend across our kitchen; the whole house needed rewiring; and we had to have the front of our house painted and re-rendered.

Above: Dark blue helps to make the living room more cosy

matching we had to get the pebble-dashing stripped off the front before it could be rendered and painted. Not a cheap – or quick – job.

We looked at areas where we could shave some costs but, as a friend had warned me, "costs go down in hundreds, but up in thousands".

We had financed a good chunk of the build by remortgaging and, thankfully, our mortgage broker had recommended we borrowed more

Top left and left: Will and Edward make the most of more space in the open-plan kitchen and family room. Above: "Our kitchen now feels like a sociable space, not just a room for cooking and cleaning" says Rachel

than we thought we would need. This meant the money was there if we needed it and if we were on budget, we could pay it back. It seems a slim chance of that happening.

By now, our walls had been plastered and the decorators were making good progress. I had raised my eyebrows at my youngest's choice of a rather acid yellow and grey for his bedroom, but he has obviously got a good eye and it worked weirdly well. Our living room opens into our kitchen-diner, and the dark blue we chose for it makes it feel warm and cosy – and not just an adjunct to the kitchen.

The bulk of the house, though, is white, or shades thereof. By this point, I think we had both run out of steam and we just didn't have the capacity to make any more decisions. We can come back to those walls in time.

> "We ran out of steam when it came to choosing colours"

Interestingly, though, in one of my numerous trips to the paint shop (who knew how much paint newly plastered walls can drink?) I met a woman working on a similar project. She was using a colour consultant who had charged £300 to recommend the exact paint shade for each room.

Several people I shared this with baulked at the thought of paying £300 to hire someone to choose your paint colours – but having been faced with making decisions about every room in the house (and having discovered that one white will look very different in part one part of the house than another), I am not sure that it is such a big expense in the grand scheme of a big project and would have spared us a number of headaches.

As the summer term drew to a close, my excitement was reaching fever-pitch as we started to plan when we could return home. Our kitchen was scheduled to be fitted in mid-July, but the big hurdle was the floors.

Even if we had functioning kitchen and bathrooms there was no point moving all our furniture back in just to move it out again. We had been warned the screed could take as long as three months to dry, depending on the weather, so it was a huge relief when the guy from the floor shop's moisture-measuring gadget made the satisfactory bleep that confirmed we were good to go.

Once the floors were down and the carpets had been laid, we could move back in. Fitters were booked in, our notice was handed into the estate agents and packing up could begin.

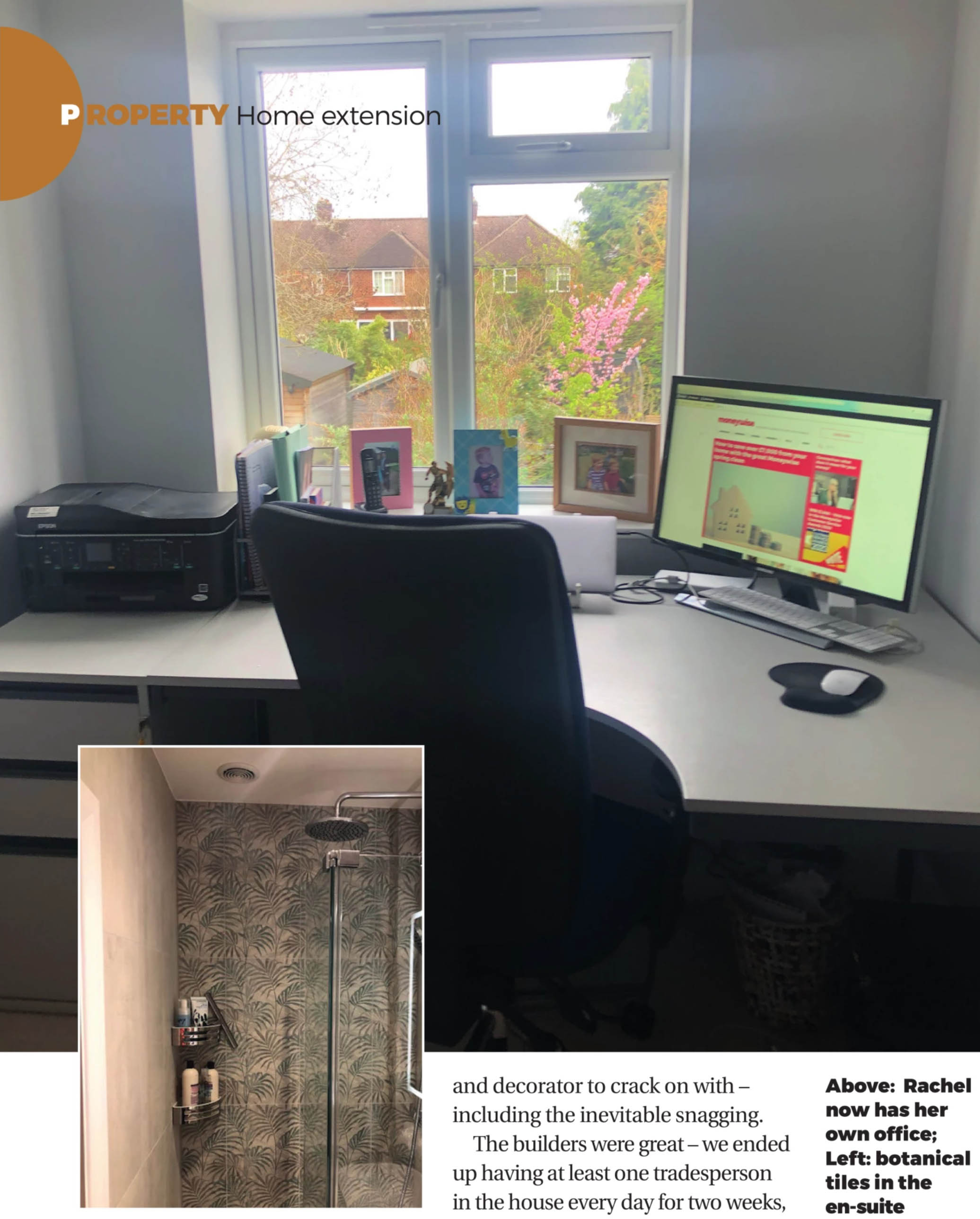
We had not rented in years, and I was nervous about the logistics of moving again and about getting our deposit back. We had paid six weeks' rent as deposit plus an extra charge for a cat.

It was written into our contract that we needed to have the house – along with carpets and curtains – professionally cleaned. It turned out that the cheap curtains could not be dry-cleaned, so I got away with throwing those in the washing machine (with no disastrous results), but we had to call in a cleaning company to do the rest.

As I had done with so many decisions, I turned to a local property renovating page on Facebook for recommendations and we settled with a company that would do an end-of-tenancy clean, including carpets, for £300. Not cheap, but nor were any others we contacted, and this company at least guaranteed that if any element of cleanliness meant we would not get all of our deposit back it would come back to rectify the problem.

Cleaning was a bit of an issue in our own house too. Dust – and builders' mess – was everywhere, but the builders included an end-of-build clean, which was one less thing to worry about.

We were due to move around two weeks before our tenancy finished, so we at least had time on our hands to



Above: Rachel now has her own office; Left: botanical tiles in the en-suite

move all our belongings back. The key challenge was shifting all our furniture back.

Our biggest saving was again calling on friends to help us move, rather than using a removals company. We hired a van and made sure a supply of beer was the first thing to be loaded into our new fridge. With the boys despatched to their Nanna, a team of local friends spent the day helping with the heavy lifting and by late afternoon we were in. There was still oodles of unpacking to do, but we were home and the relief was enormous.

As is always the case the builders were not 100% finished. My much-loved bookcases in the living room needed rebuilding; built-in storage had to be fitted in the hall; and there were still plenty of bits and bobs for the plumber, electrician and decorator to crack on with – including the inevitable snagging.

The builders were great – we ended up having at least one tradesperson in the house every day for two weeks, but after that we were done. They had not abandoned us for another job, and we did not have to pester them to get those last bits done – a challenge I know many renovators face.

We got our full deposit back on the rental too, which – given the cost of the build – was a huge relief. After the house had been cleaned, we made sure we took photos so we could prove that we had left it in a good state and that we were present when the rental agency sent an agent round to inspect it.

Eight months down the line, we are loving our new house. The boys finally have their own rooms; visitors sigh with relief that they no longer need to sleep on the sofa-bed; and I have a proper office.

Having an open-plan kitchen is the biggest change to the way we live – it is just so much more efficient, not to mention more sociable, having everyone in the same space, doing their own thing without being on top of each other.

> "Our open-plan kitchen is much more sociable"

Finances have not permitted us to do everything we would like. There is still more furniture we need to buy, but we are pacing ourselves. The garden has not had any TLC since the builders left either, but with a gardener booked to lay a patio and sort out the lawn we are hoping to be able to enjoy it during the summer. mw

SIX COST-CUTTING TIPS

It is not easy to cut the cost of your work – as everyone will tell you, if you do not install that underfloor heating or get the boiler you want now, while you are having work done, you never will. Cutting costs can affect your finish or reduce your enjoyment of your home, so it makes sense to work out what is most important to you.

Here are a few of the ways we cut costs:

1 We kept our old kitchen units and asked our builders to fit them into our utility room. It is a functional room that is not on show, and this saved us a few thousand pounds.

2 We stripped our bathroom budget right back, particularly on sanitaryware and taps. Our two splurges were wall tiles and electric underfloor heating. We dithered over the latter for ages, but it was the right call. Toasty tiles are lovely on a cold morning.

3 We laid the same carpet in all rooms except the boys' bedrooms– it meant we had enough off-cuts to carpet the stairs – another good saving.

4 The cost of tiling racks up fast, so we only tiled part of our family bathroom and the en-suite bathroom. But I am tempted to call the tiler back though – every time water splashes out of the sink in the downstairs loo, I wish we had put some tiles behind the sink. The same goes for the utility room – it is far easier to clean the mud splatter after scrubbing football boots.

5 We called on friends to help us move home, twice.

6 We did not pay to put our furniture in storage, borrowing my mum's garage instead.

Pandemic and your PENSIONS

KEEP CALM AND CARRY ON

With pensions being battered in the wake of Covid-19, here is the lowdown on how your retirement savings could be affected and what you can do to lessen the virus's impact on your retirement

BY RUTH JACKSON-KIRBY

Coronavirus has had an impact on global stock markets, leaving many of us fearing for our pensions.

In the month up to 23 March – the day the UK Government announced a lockdown – the FTSE 250 fell by 40%. Over the same period the Nikkei fell 28%; the Dow Jones Index plummeted by 36%; and the FTSE 100 dropped by 32% to levels it has not reached since the financial crisis in 2008. It has been carnage for investors and has left anyone saving for their retirement concerned about their pension pot.

Your pension will be invested in the stock market, so its value will be influenced if stock and shares rise and fall. The good news is if retirement is a long way off, your pension has time to recover from the current market turmoil. It took five years for the FTSE 100 to return to the highs it reached before the financial crisis, which is not very long in pension investment terms.

"It is common for markets to react strongly to news like this, and we are expecting to see continued market volatility in the short term until the full scale of the virus outbreak becomes clearer," says a spokesperson for mutual insurer Royal London.

"While this can be extremely unsettling for our customers, it is important to remember a pension is a long-term investment and its final value will take into account stock-market movements over the whole term of the policy."

These will not be comforting words if you were planning to retire in the next five years. But do not panic. First, things may not be as bad as you think. Second, there are several things you can do to boost your retirement savings.

It probably isn't as bad as you think

If you are approaching retirement, then less of your pension is invested in the stock market than you probably think. And if you are more than five years away from retirement, you stand a good chance of recouping your losses.

"Pension saving is a long game – people can be saving for up to 40 or even 50 years, so it is important not to forget the bigger picture," says Mark Fawcett, chief investment officer of Nest, a provider of workplace pensions.

"Younger savers should comfortably ride out shorter-term fluctuations, and at Nest we take steps to protect members' pots as they get closer to retirement."

The vast majority of workplace pension schemes are invested in lifestyle funds. These funds have two stages: the growth stage and the target stage. In the growth stage, the fund invests with the aim of growing your savings – so primarily in shares. In the retirement target stage, which usually begins five to 10 years before your intended retirement age, the aim switches to protecting the growth you have already achieved. So shares are incrementally sold and replaced with corporate bonds and gilts.

Nest invests its money into lifestyle funds. The fund for people targeting a 2020 retirement has dropped just 0.61% in the current market turmoil because a large proportion of the money held in it is not invested in shares but in bonds, gilts and cash instead.

If you are near retiring, less of your pension will be in the stock market

Wait a little longer to retire

Anyone who has a private pension where they choose their investments themselves may be seeing bigger losses than workplace pensions at the moment. This is because you may not have been moving your investments into less volatile assets as retirement approaches.

One option if your pension savings have taken a significant hit is to defer retirement. Most employers cannot force you to retire on a set date and delaying retirement could give your pension the time it needs to recover.

"If you are approaching retirement and you have just seen your investments fall 30%, it may make sense to rethink your plans," says Tom McPhail, head of retirement policy at Hargreaves Lansdown.

"Cashing in investments at today's lower values means locking in those losses. This may mean having to work a bit longer, perhaps just on a part-time basis, to supplement your retirement income.

"Drawing the natural yield from an equity portfolio in drawdown means you won't be eating into the capital," he adds.

This means simply taking the dividends as your income and not selling any assets for the time being.

Boost your retirement income

There are also severeal ways you can give your pension a much-needed boost.

"Your state pension will not be affected by the downturn in stock markets," says Michelle Cracknell, an independent pension expert.

"If you have not reached state pension

BE ALERT TO SCAMS

Fraudsters are always on the lookout for new opportunities, and the market turmoil caused by coronavirus means many will be preying on pension investors' fears.

Experts are warning that we could see a boom in pension scams.

"In such an environment, unscrupulous scammers will already be plotting ways to take advantage during what for many will be a time of serious financial strain," says Tom Selby, senior analyst at AJ Bell.

Protect yourself from scammers by being extra careful. Do not click on links or attachments in emails; be extremely wary of anyone offering you free pension advice or a free pension review; and don't be rushed into making a decision about your pension.

"Advice is never free, and you are not allowed to access your pension before age 55 unless you have serious health issues," warns Selby.

If you do want to speak to an independent financial adviser about your pension, make sure they are regulated by checking the Financial Conduct Authority register (Register.fca.org.uk).

age, it is a good idea to check that you are on target to get the full amount."

You can do this by getting a forecast at Gov.uk/check-state-pension. You only get the full state pension – currently £8,750 a year – if you have made national insurance contributions (NICs) for 35 years (30 years if you hit state retirement age before 6 April 2016).

If you are not forecast to get a full state pension, you could consider making voluntary NICs to boost your retirement income.

Another option if you are approaching state retirement age is to defer your state pension. When you eventually take it, you will receive a 5.8% boost for every year you deferred it. For example, if you delayed your state pension for two years – and are entitled to the full amount – you would receive an extra £1,016 a year when you do take it. You also get that extra money for life.

"If you are past state pension age but have deferred taking your state pension, you may wish to start taking your enhanced state pension in order to replace income that you were taking from your pension," says Cracknell.

Find forgotten pensions

Now is also a very good time to check you have all the pensions you are entitled to. Research by Profile Pensions found that 25% of people aged under 55 have lost track of at least one pension. With each of those pensions worth an average £23,000, finding one could give your retirement income a much-needed boost.

"Don't act in haste – you haven't actually lost anything yet"

It is easy to search for a forgotten pension. The Government's Pension Tracing Service just needs to know your former employers and the dates you worked there. It will then give you details of any pension provider or scheme associated with your employer when you worked for them. To get started, call 0800 731 0193 or visit Gov.uk/find-pension-contact-details)

You can then get in touch with the pension firms to see if they have a pension in your name. If you find any, make sure the scheme has your up-to-date contact details so you do not lose track of it again.

Rethink annuities

When you retire, you can exchange your pension for an annuity that pays a guaranteed income for life. Now, however, may not be the time to buy an annuity. Not only will the size of your fund have reduced, the coronavirus crisis means yields from government bonds have fallen so the income available on annuities has also dropped.

A year ago, a healthy 60-year-old with a £500,000 pension pot could buy an annuity with an annual income of around £23,500, but now that same person would get around £20,500, according to analysis by Hargreaves Lansdown.

"If you are in your 50s and 60s, buying an annuity today doesn't look great value," says McPhail. "For many people, accepting the uncertainty of the equity markets and staying invested via drawdown, at least until their 70s and perhaps until the current turmoil is over, is likely to make more sense."

No need to panic

The most important thing to do now is not panic.

"Remember you haven't actually lost anything until you've sold," says Moira O'Neill head of personal finance at Interactive Investor (*Moneywise*'s parent company).

"Many of us are feeling emotional at the moment but when it comes to investments, it can lead you into bad decisions. So don't act in haste." mw

RUTH JACKSON-KIRBY writes for publications including *The Sunday Times*, *MoneyWeek* and *Good Money Guide*

DELAYING WHEN YOU RETIRE COULD BOOST YOUR PENSION INCOME

A 60-year-old with £300,000 worth of pension savings who is planning to retire at 65 could expect a pension income of around £11,800, according to Hargreaves Lansdown.

However, if they were to delay taking their pension by five years, they could boost their retirement income to around £15,500. That could make a great difference to your standard of living, but five years is a long time to stay in your job if you are ready to retire.

Delaying by three years would add £2,000 a year to that 60-year-old's retirement income. Even delaying their retirement by just 12 months would bump their annual income by £600 for life.

Stephen Little has hunted through the mass of financial products and data to give you the lowdown on savings accounts with bonus rates, children's savings accounts, and balance transfer cards. For more best buys, updated weekly, go to **Moneywise.co.uk/best-buys**

Should you pick a savings account with a bonus?

Millions of savers put their money into accounts with bonus rates each year, tempted by the table-topping returns. However, exclusive research for *Moneywise* suggests they could be losing out in the long run.

Banks and building societies often use bonus or teaser rates to win over new customers. Around a fifth of best-buy savings accounts last year included a short-term bonus.

These rates are very competitive at first, but then at the end of the temporary period – usually 12 months – they drop dramatically.

Research shows that most people do not switch once their bonus period comes to an end. Only four in 10 savers move their cash to a higher-paying account when their bonus expires and the rate on their savings drops, according to research by Investec Bank for *Moneywise*. Worryingly, of those with money left in savings accounts after their bonus expires, only six out of 10 know their new rate of interest.

For savers who do not move their money, it may make more sense to go for a slightly lower rate without a bonus.

Linda Brown, head of savings at Investec Bank, says: "It is important for savers choosing accounts to be aware when their bonus expires and ensure they are happy with their new rate of interest.

"There are lots of changes in the retail savings market and people need to keep a close eye on the interest rates and be comfortable with them being competitive and fair."

Providers that have topped the best-buy tables in the past year with a bonus rate include Marcus from Goldman Sachs, Cynergy Bank and Coventry Building Society.

One of the highest paying easy-access accounts currently available is the Saga Easy Access Savings Account. It pays 1.2% and can be opened and managed online with a deposit of £1. The rate includes a 0.2% bonus for 12 months.

This means that after a year the rate drops to 1%, putting it below what you would get if you took out the Marcus account, which now pays 1.2%, and does not have a bonus.

BEST EASY-ACCESS ACCOUNTS

Account	AER	Opening and managing the account	Additional information
Marcus by Goldman Sachs	1.2%	Online	
Saga	1.2%	Online	Pays 0.2% bonus for the first 12 months.
RCI Bank	1.2%	Online	
Shawbrook Bank	1.15%	Online	
Yorkshire Building Society	1.05%	Online	New money to institution. One withdrawal per account year.

Rates correct as of 21/04/20

Most people don't switch once their bonus period ends

Andrew Hagger, savings expert from Moneycomms, says: "While you can understand why some people are attracted to rates inflated by a bonus element, too many are falling into the trap of not switching when the rate falls, undoing their initial good work and leaving their savings provider to benefit at their expense."

Watch out for restrictions

It is not just bonus rates that you have to look out for either as easy-access accounts sometimes have other restrictions.

Until recently, Virgin Money's easy-access account was a best buy with a rate of 1.31%. However it only allowed account holders to make two withdrawals a year.

Other top rates are often only available to customers who have been with their bank for some time.

Newbury Building Society was offering a rate of 1.6%, well above its competitors, but only if you had been with the Society for more than a year.

Tips for choosing a savings account

Make sure you look closely at the terms and conditions, so you know what you are getting into.

If you take out an account with a bonus rate, make sure you set yourself a reminder to transfer your cash out to a better alternative once it ends.

It is also wise to shop around as high street rates are not always the best and often lower than smaller providers.

FEATURED PRODUCT

Marcus by Goldman Sachs, 1.2%

Marcus by Goldman Sachs pays 1.2% interest a month. A deposit is not required to open it but you will need a UK phone number. The account can be opened and managed online and withdrawals are unlimited.

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	1.20%	Up to £250,000	Online only		↓
Secure Trust Bank 90 Day Notice Account	Notice account	1.45%	£1,000 to £1 million	Online only	90 days' notice required	↓
Vanquis Bank One Year Fixed Saver	One-year fixed rate	1.6%	£1,000 to £250,000	Online only		↑
RCI Bank Two Year Fixed Saver	Two-year fixed rate	1.65%	£1,000 to £1 million	Online only		↑
Vanquis Bank Three Year Fixed Saver	Three-year fixed rate	1.8%	£1,000 to £250,000	Online only		↓
RCI Bank Five Year Fixed Saver	Five-year fixed rate	1.9%	£1,000 to £1 million	Online only		↓
First Direct Regular Saver	Regular Saver	2.75%	Up to £300 a month	Online only	Open to current account holders only	=
Halifax Kids' Monthly Saver	Children's savings	4.5%	£10 to £100 a month	Branch only	Maximum age 15, no early access	=

Note: EPR is the 'Expected Profit Rate' offered by Sharia savings accounts. Rates correct as of 21/04/20

FEATURED PRODUCT
Savings
Secure Trust Bank 90-day notice account offering 1.45%. This account can be opened online with a minimum investment of £1,000.

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
Shawbrook Bank Easy Access Isa	Easy access	1.24%	£1,000 upwards	Onlien only		↓
Aldermore 30 Day Notice Cash Isa	Notice account	1.3%	£1,000 upwards	Online only	Withdrawals subject to 30-day loss of interest	↓
Post Office Money Online Isa	One-year fixed rate	1.3%	£500 upwards	Online only	Earlier access subject to 90 day loss of interest	=
Shawbrook Bank 2 Year Fixed Rate Cash Isa	Two-year fixed rate	1.48%	£1,000 upwards	Online only	Early access subject to 180 day loss of interest.	↓
Shawbrook Bank 3 Year Fixed Rate Cash Isa	Three-year fixed rate	1.52%	£1,000 upwards	Online only	Early access subject to 270-day loss of interest.	↓
Shawbrook Bank 5 Year Fixed Rate Cash Isa	Five-year fixed rate	1.61%	£1,000 upwards	Online only	Early access subject to 360-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	=
Moneybox Cash Lifetime Isa	Lifetime Isa	1.25%	Up to £4,000 a year	Mobile app	Must be saving for first home or retirement and aged 18 to 39	↑

Note: EPR is the 'Expected Profit Rate' offered by Sharia savings accounts. Rates correct as of 21/04/20

FEATURED PRODUCT
Cash Isa
Shawbrook Bank three-year fixed rate Cash Isa offering 1.52%. Open this account online with a deposit of £1,000.

More about our *Moneywise* savings and Cash Isa Best Buys

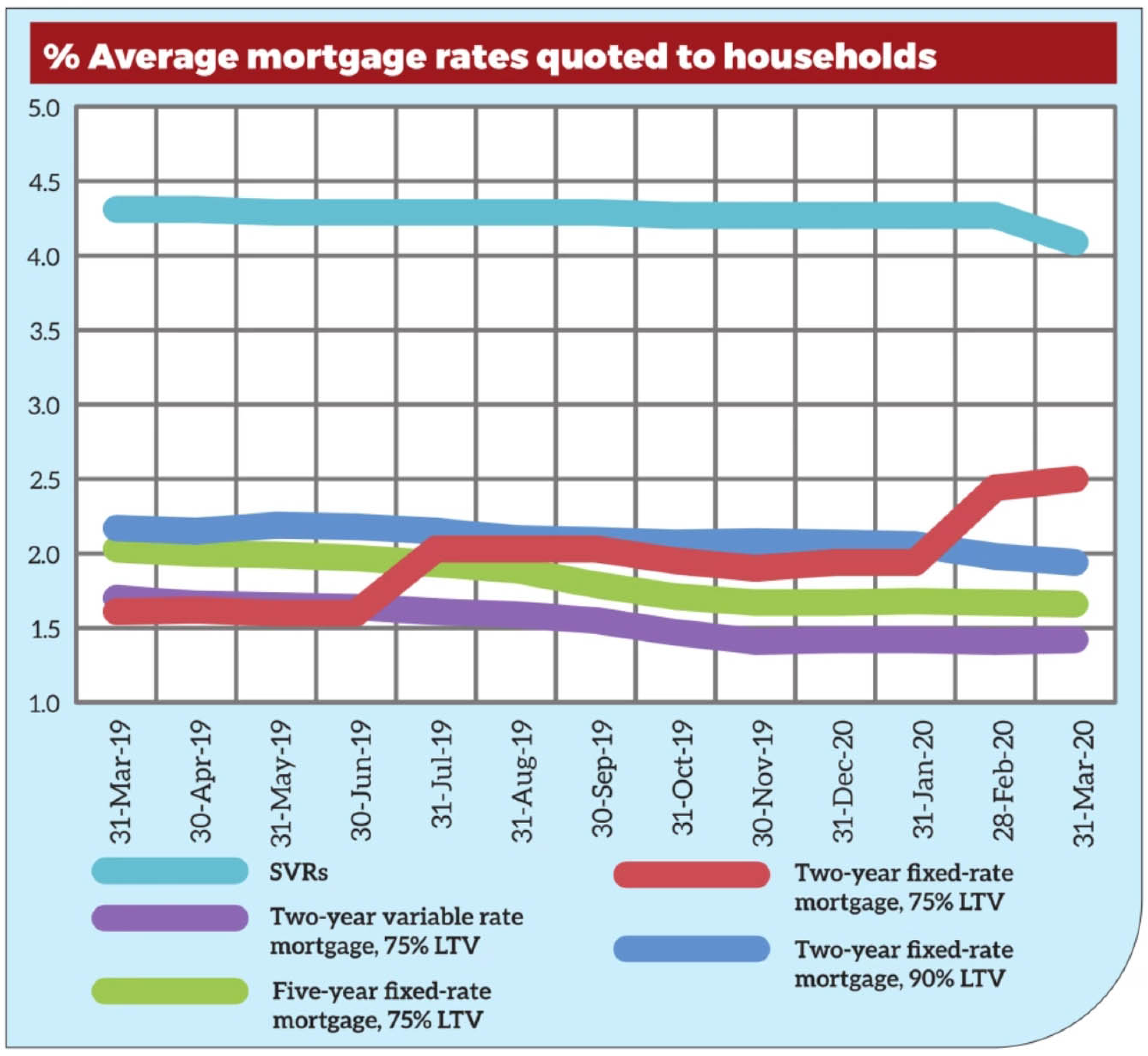
We prioritise products that are widely and easily available. We aim to pick products that are available until the publication of our next issue, but this is subject to factors outside our control.

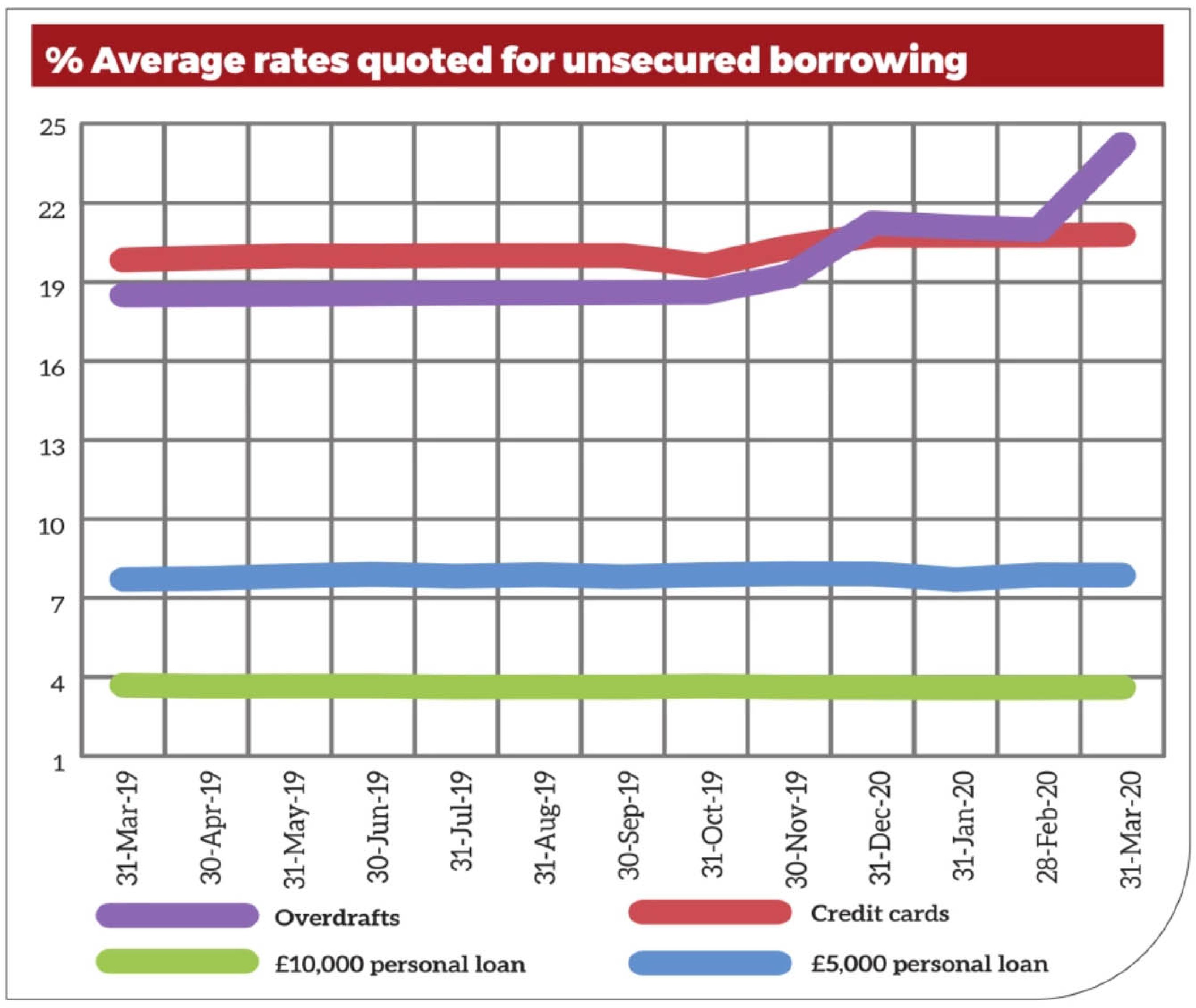
With each of our Best Buy savings accounts, you can earn £1,000 tax-free each year if you're a basic-rate taxpayer or £500 if you pay the higher rate of tax. If you are an additional-rate taxpayer, then you do not get a personal allowance and you should consider a Cash Isa. All the interest earned in these accounts is tax free and you can save up to £20,000 in the 2019/2020 tax year.

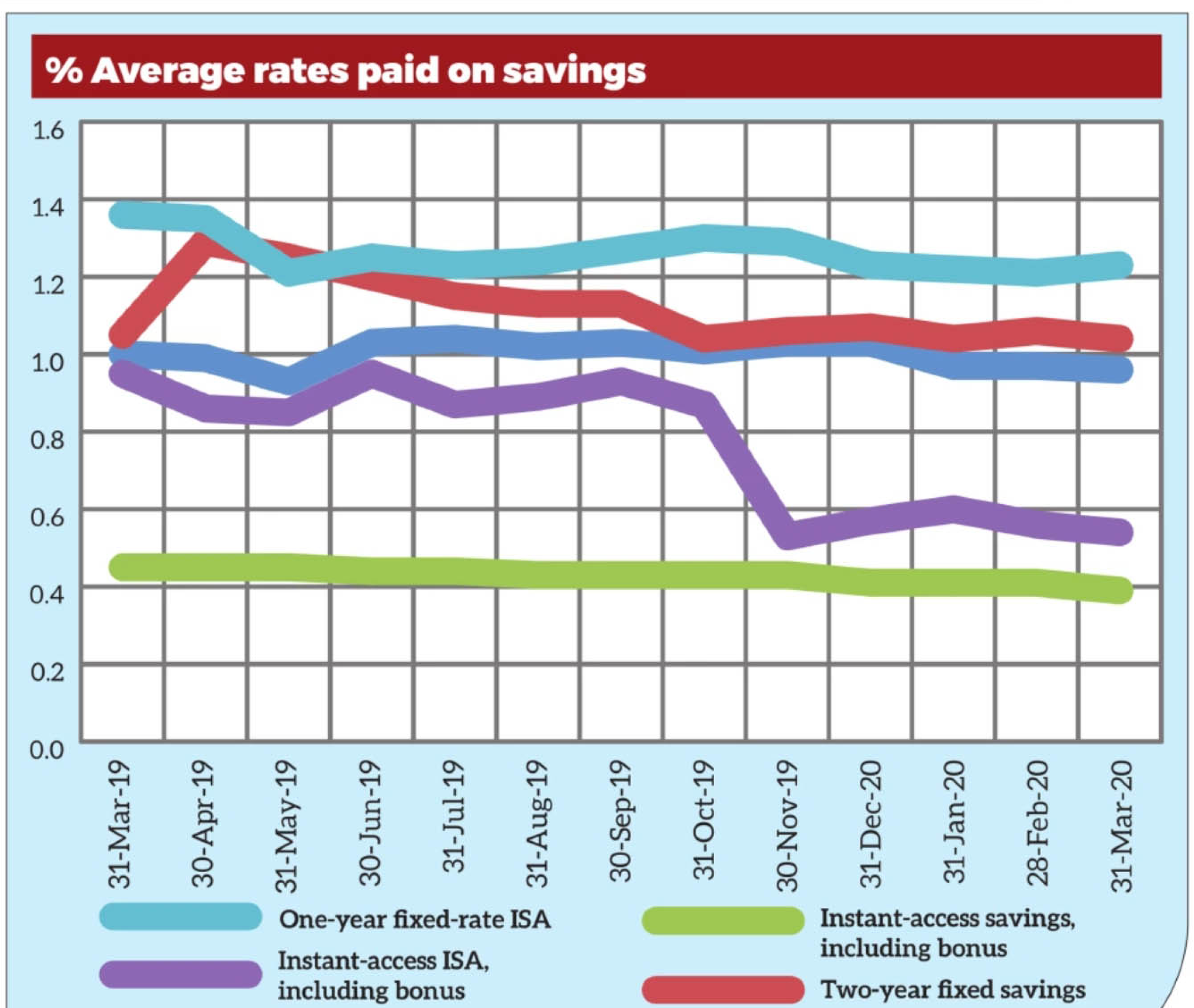
Unless otherwise specified, all these providers are individually licensed by the Financial Conduct Authority, so your savings will be covered by the Financial Services Compensation Scheme (FSCS) up to £85,000. All interest rates are AER – the annual equivalent rate.

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 SAVINGS ACCOUNTS FOR CHILDREN

Taking out a savings account for your child is a great way of teaching them about managing their money from an early age. Children's savings accounts often have far more generous rates than their adult counterparts, but they sometimes come with restrictions.

The current best buy is the Halifax Kids' Monthly Saver, which pays a market-leading rate of 4.5% fixed for a year.

You can open this account online or at your local branch for any child under 15. You save from £10 to £100 a month, but you are not allowed to make any withdrawals during the term.

After a year the rate drops and money you have saved plus interest will be transferred into a Kids' Saver account, which currently pays 2%.

The next highest paying children's account is from HSBC. Its MySavings account pays interest of 3% up to £3,000 and you can make unlimited withdrawals. The account is available to seven to 17-year-olds. While slightly lower than the Halifax account you can make unlimited withdrawals.

When your child turns 11, they will be switched to the MyAccount current account contactless Visa debit card.

Another option is the Santander 123 Mini which pays 3% if you have from £300 to £2,000 in the account. If your child is under 13, you must open the account on their behalf and you will need to be a Santander current account holder.

Alternatively, the Virgin Money Young Saver account pays a rate of 2.25% up to £3,000. The account is open to children up to the age of 16 and it has unlimited withdrawals.

Savings rates for children are holding up, while rates in general are falling. However, there could be further cuts in future as the Bank of England base rate reduction to 0.1% in March is passed on to savers.

BEST BUY BALANCE TRANSFER CARDS

A balance transfer card is a great way of managing your debt and reducing the amount you need to pay back.

Make sure you pick a card that offers a substantial 0% period as this way you can clear your debt before it reverts back to its normal APR and you have to start paying back interest.

Just because the card says 0% interest does not mean it is free, as many cards charge a fee.

The current *Moneywise* best buy is the NatWest balance transfer card. With this you get 0% interest on balance transfers for 20 months and it comes with an APR of 19.9%. You will need to have an existing account if you apply. It is also available from RBS and Ulster Bank.

It is followed by Santander's balance transfer card , which has 0% on balance transfers for 18 months at 0% with no fee. It comes with an APR of 18.9%.

If you want a balance transfer card that is longer than 20 months, you will have to pay a fee. The TSB balance transfer card gives you the longest 0% balance transfer free period of 30 months. It comes with a fee of 2.95% and an APR of 19.9%.

Alternatively, the Virgin Money credit card offers 29 months at 0% and comes with a fee of 3%. The APR is 21.9%. 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 17/04/20)

	ISIN Acc	ISIN Inc	Ongoing charges %	Yield %	One-year return %	Quartile	Three years %	Quartile	Five years %	Quartile
Vanguard FTSE UK Equity Income Index A	GB00B59G4H82	GB00B5B74684	0.14	5.55	-24.78	3	-20.37	3	-15.23	4
LSE ETFs Vanguard Funds PLC FTSE 250 UCITS ETF TR	IE00BKX55Q28	N/A	N/A	4.24	-21.01	N/A	-15.19	N/A	-2.12	N/A
iShares 100 UK Equity Index (UK) D Acc	GB00B7W4GQ69	N/A	0.07	4.68	-21.48	3	-12.85	2	-2.73	2
Fidelity Index UK P	GB00BJS8SF95	N/A	0.06	3.21	-21.01	2	-12.77	2	-1.89	2
Vanguard Global Small-Cap Index Acc GBP	IE00B3X1NT05	IE00B3X1LS57	0.29	2.08	-18.31	4	-7.06	4	20.03	4
Fidelity Index Emerging Markets P Acc	GB00BHZK8D21	GB00BP8RYT47	0.2	2.02	-12.79	2	-1.46	2	12.66	2
Vanguard FTSE Developed Europe ex-UK Equity Index A	GB00B5B71H80	GB00B5B74N55	0.12	2.77	-11.25	2	-1.04	2	16.82	2
HSBC Japan Index C Acc	GB00B80QGN87	GB00B80QGM70	0.12	2.09	-2.25	3	5.4	2	27.65	2
Vanguard LifeStrategy 100% Equity A Acc	GB00B41XG308	GB00B545NX97	0.22	1.71	-8.67	3	5.67	3	30.76	3
Vanguard LifeStrategy 60% Equity A Acc	GB00B3TYHH97	GB00B4R2F348	0.22	1.46	-1.98	1	8.15	1	26.41	1
Vanguard UK Investment Grade Bond Index Acc GBP	IE00B1S74Q32	N/A	0.12	2.46	4.98	3	9.43	2	20.63	2
Vanguard Global Bond Index Hedged Acc GBP	IE00B50W2R13	IE00B2RHVP93	0.15	1.86	6.49	2	9.86	2	13.54	4
Vanguard LifeStrategy 20% Equity A Gross Acc GBP	GB00B4NXY349	GB00B4620290	0.22	1.48	4.9	1	10.48	1	21.17	1
iShares Overseas Corporate Bond Index (UK) D Acc	GB00B58YKH53	GB00BNB74B95	0.11	2.71	9.83	1	12.75	1	38.06	1
L&G International Index Trust I Acc	GB00B2Q6HW61	GB00B2Q6HX78	0.13	1.92	-3.5	2	12.93	2	45.43	2
Fidelity Index World P	GB00BJS8SJ34	GB00BP8RYB62	0.12	1.67	-2.72	2	14.12	2	46.03	2
Vanguard UK Government Bond Index Acc GBP	IE00B1S75374	IE00B1S75820	0.12	1.12	16.02	1	17.65	1	31.1	1
Vanguard US Equity Index	GB00B5B71Q71	GB00B5B74S01	0.1	1.5	-0.32	3	22.35	2	64.56	2
HSBC American Index C Acc	GB00B80QG615	GB00B80QG490	0.06	1.6	1.77	2	24.93	2	70.75	1
LSE ETFs iShares Physical Gold ETC EUR	IE00B4ND3602	N/A	N/A	N/A	41.46	N/A	34.15	N/A	N/A	N/A

ACTIVES (ranked in order of three-year returns, as at 17/04/20)

	ISIN Acc	ISIN Inc	Ongoing charges %	Yield %	One-year return %	Quartile	Three years %	Quartile	Five years %	Quartile
MI Chelverton UK Equity Income B Acc TR**	GB00B1Y9J570	GB00B1FD6467	0.86	4.39	-28.83	4	-22.78	4	-4.61	2
Merian UK Mid Cap R Acc GBP	GB00B1XG9482	GB00B8FC6L92	0.85	1.17	-20.79	2	-18.26	3	11.68	1
Artemis Global Income I Acc	GB00B5ZX1M70	GB00B5N99561	0.83	3.25	-18.56	N/A	-15.18	N/A	1.71	N/A
Franklin UK Rising Dividends W Acc TR	GB00B5MJ5601	GB00BT6STC53	0.55	3.4	-14.76	1	-7.15	1	11.17	1
Stewart Investors Asia Pacific Leaders B Acc GBP	GB0033874768	GB00B57S0V20	0.88	0.91	-7.71	N/A	4.46	N/A	21.13	N/A
Liontrust Special Situations I Inc TR	GB00B57H4F11	N/A	0.83	1.83	-11.81	1	4.63	1	32.94	1
Schroder Global Cities Real Estate Z Acc	GB00B1VPTY75	GB00B1VPTW51	0.92	1.03	-6.13	N/A	4.91	N/A	26.85	N/A
Royal London Global Bond Opportunities Z Acc TR	IE00BD0NHJ71	IE00BYTYX230	0.49	N/A	-5.32	N/A	5.05	N/A	N/A	N/A
GAM Star Credit Opportunities GBP Inst	IE00B510J173	IE00B54L8Q54	1.15	4.28	-1.82	4	6.65	2	23.04	1
Marlborough Global Bond P Acc	GB00B6ZDFJ91	GB00B8H7D001	0.43	2.86	5.16	N/A	8.3	N/A	24.82	N/A
Jupiter Strategic Bond I Acc	GB00B4T6SD53	GB00B544HM32	0.73	3.43	4.84	1	9.25	1	17.08	1

ACTIVES (continued)

	ISIN Acc	ISIN Inc	Ongoing charges %	Yield %	One-year return %	Quartile	Three years %	Quartile	Five years %	Quartile
Baillie Gifford Japanese B Acc	GB0006011133	GB0006010945	0.62	1.14	-7.31	4	9.43	2	40.11	1
TB TB Amati UK Smaller Companies B Acc	GB00B2NG4R39	N/A	0.92	1.01	-11.73	2	11.61	1	69.6	1
Baillie Gifford Emerging Markets Growth B Acc TR	GB0006020647	GB0006020530	0.77	1.11	-12.8	2	12.5	1	34.92	1
Rathbone Ethical Bond Fund I Acc GBP	GB00B77DQT14	GB00B7FQJT36	0.66	3.77	4.76	3	13.88	1	24.67	1
Man GLG Continental European Growth C Professional	GB00B0119487	N/A	0.9	0.49	5.51	1	20.77	1	70.53	1
M&G North American Dividend I Acc GBP	GB00B7565G26	GB00B7F5Y731	0.7	1.18	-2.87	3	22.53	2	67.05	2
Royal London Sustainable World Trust C Acc TR	GB00B882H241	GB00B8GG6326	0.77	0.85	9.43	1	34.71	1	67.48	1
Fundsmith Equity I Acc	GB00B41YBW71	GB00B4MR8G82	0.95	0.7	2.66	N/A	38.3	N/A	108.18	
Lindsell Train Global Equity B GBP TR	IE00B3NS4D25	IE00B54L8Q54	0.65	0.86	-2.88	2	43.67	1	91.65	1

INVESTMENT TRUSTS (ranked in order of three-year returns, as at 17/04/20)

	Discount/ Premium %	Gearing %	Ongoing charges %	Yield %	One-year return %	Quartile	Three years %	Quartile	Five years %	Quartile
BMO Commercial Property Trust (BCPT)	-45.86	28.13	1.18	7.38	-40.59	4	-48.12	4	-40.58	4
Murray International Trust (MYI)	0.09	10.56	0.61	6.31	-17.28	4	-13.18	4	12.15	4
The City of London Investment Trust (CTY)	6.25	7.7	0.39	5.71	-18.56	3	-10.97	2	0.37	2
Witan Investment Trust (WTAN)	-1.54	11.02	0.79	3.45	-18.7	4	-7.71	4	13.26	4
Henderson Smaller Companies Invest-ment Trust (HSL)	-2.61	9.31	0.42	2.2	-16.21	2	5.6	21	35.03	2
The City of London Investment Trust (CTY)	-8.04	0.77	0.59	3.03	-15.39	1	10.73	1	18.95	1
European Opportunities Trust (JEO)	-6.36	8.93	0.9	0.68	-7.9	3	11.51	2	31.92	2
Finsbury Growth & Income Trust (FGT)	1.06	0.54	0.7	2.35	-8.89	1	14.65	1	39.8	1
Scottish Mortgage Investment Trust (SMT)	0.05	7.38	0.37	0.6	16.93	1	70.53	1	131.76	1
Edinburgh Worldwide Investmet Trust (EWT)	4.76	6.73	0.75	N/A	6.23	1	81.37	1	114.24	1

***Name and ticker of trust subject to change due to transfer of management. Source: (i) BlackRock, 17/04/20. (ii) Vanguard, 17/04/20. (iii) Morningstar, 17/04/20. (iv) Picton, March 2020. All other data: FE Analytics, 17/04/20.*

HOW TO READ THE FIRST 50 FUND TABLES An International Securities Identification Number (**ISIN**) uniquely identifies a fund and you can use the ISIN to find the fund on a DIY investment platform. **Inc** and **Acc** refer to different share classes of a fund. The income class of a fund (Inc) will pay out your dividends and any other income as cash, directly into your bank or investment account. The accumulation class of a fund (Acc) will hang on to your money and reinvest it directly back into the fund. The **ongoing charges** figure is an overall total annual charge for owning part of a fund and includes management costs and the transaction charges for the buying and selling of investments. **Quartile** rankings are a measure of how well a fund has performed against other funds in its Investment Association or AIC sector. The rankings range from 1 to 4 for all time periods covered. Funds with the highest percentage returns are assigned a quartile of 1, whereas those with the worst returns are assigned a quartile of 4. **Investment trusts data:** Investment trusts can be identified by their TIDM (Tradable Instrument Display Mnemonics) number, a short, unique code used to identify UK-listed shares, shown in brackets next to the investment trusts. The **Discount/ Premium** column shows the percentage difference between the value of a trust's underlying assets and the value of its share price. **Gearing** means borrowing money to buy more assets in the hope the company makes enough profit to pay back the debt and interest and leave something extra for shareholders. Not all investment companies use gearing, and most use relatively low levels of gearing. The majority of investment companies have a gearing range – from no gearing (0%) to 20% gearing in normal market conditions.

Annuities Top three example rates on £50,000 purchase price (as at 01/04/20)

Data supplied by JLT Pension Decision

CONVENTIONAL ANNUITIES (GROSS ANNUAL INCOME)

Age	Level		RPI-linked	
60	£2,131	Legal & General	£1,107	Legal & General
	£2,010	Just	£1,076	Just
	£1,949	Hodge	£1,055	Scottish Widows
65	£2,484	Legal & General	£1,443	Legal & General
	£2,342	Just	£1,431	Scottish Widows
	£2,326	Scottish Widows	£1,380	Just
70	£2,922	Legal & General	£1,891	Scottish Widows
	£2,823	Scottish Widows	£1,815	Legal & General
	£2,724	Aviva	£1,739	Just
75	£3,517	Scottish Widows	£2,541	Scottish Widows
	£3,464	Legal & General	£2,288	Legal & General
	£3,269	Just	£2,258	Just

ENHANCED ANNUITIES (GROSS ANNUAL INCOME)

Age	Level		RPI-linked	
60	£2,189	Just	£1,211	Just
	£2,181	Legal & General	£1,112	Legal & General
	£2,024	Aviva	£1,109	Aviva
65	£2,586	Just	£1,571	Just
	£2,529	Legal & General	£1,444	Legal & General
	£2,381	Aviva	£1,433	Aviva
70	£2,964	Legal & General	£1,895	Just
	£2,915	Just	£1,891	Scottish Widows
	£2,823	Scottish Widows	£1,812	Legal & General
75	£3,517	Scottish Widows	£2,541	Scottish Widows
	£3,509	Legal & General	£2,447	Just
	£3,494	Just	£2,337	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 WM Limited, which is part of Mercer, a Marsh & McLennan company.

My glossary of weird financial terms

A lot of financial terminology has been bandied about recently, so it is time we had a closer look at what these words and phrases mean. I have picked a few of my favourites, but do email me your own.

Annuity
One of those annoying know-it-alls who will always respond with: "I knew it, I told you so before, didn't I?" to whatever you tell them.
Or Your reason for living longer, as Voltaire said: "I advise you to go on living solely to enrage those who are paying your annuities. It is the only pleasure I have left."

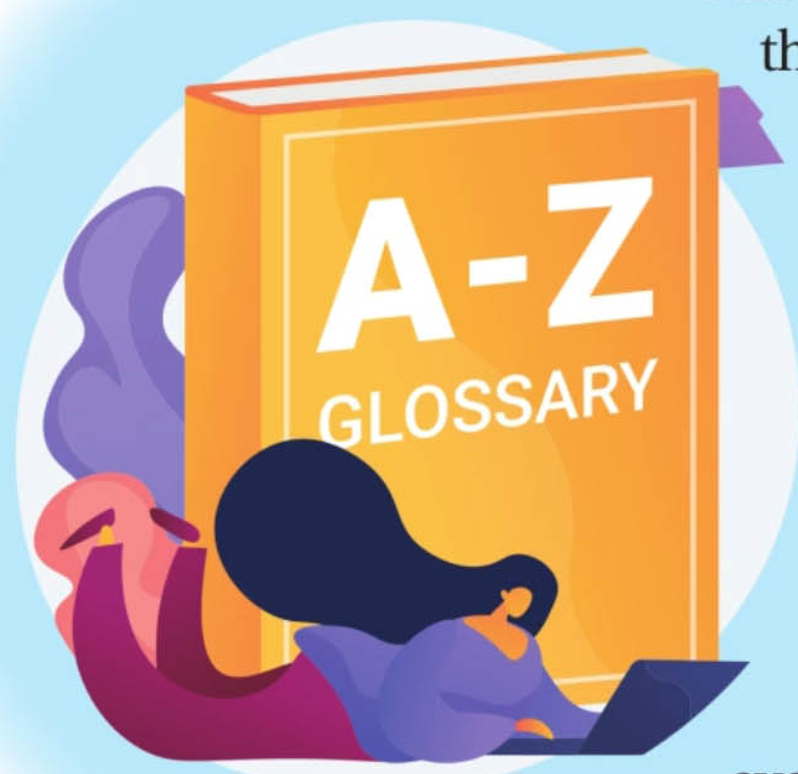
Capitalism
Writing the word 'cap' in italics.
Or An economic system that is apparently the root of all evil except for when companies tick a lot of ESG (Environment, Social, and Governance) boxes and fly everyone in private planes to an event that shows just how compassionate and ESG-aware they are.

Dividend
Finally getting to the very distant end of the super ego of someone who is a bit of a div.
Or What those in the know live off (but stay quiet about).

Economies of scale
You stand on your bathroom scales, see your weight, get off and undress; get back on and realise the dial has barely moved; sigh and decide to walk to the shops next time.
Or What chief executives laud when they merge their companies just before making you redundant.

FAANG stocks
Shares in companies that, vampire-like, suck the life blood out of any competition.
Or Top US tech companies (Facebook, Apple, Amazon, Netflix and Google) that pay less tax than your hairdresser.

Gross income
What you get if you are one of the FAANG stocks.
Or A much nicer figure than net income.



A stock broker? That's a seller of OXO cubes

Hedge fund
What your neighbours set up for you because they are sick of seeing you wandering around the house in your pants.
Or What clever people set up to make billions until they realised that it often was not as clever as they thought.

Insider trading
An indoor jumble sale – the sort that rarely happens now that eBay has taken over. Such a shame as I had it down to a tee with my carrier bags, fistful of change and sharp elbows.
Or What we would all do if we could. After all, there is a thin line between that and chief executives buying their own company shares, isn't there?

Recession
The opposite of 'obsession'. Your recession will manifest itself in a laid-back approach to what others are doing, as in "I am so recessed about the Kardashians, I don't care that they all have new bottoms."
Or Something that hits economies so regularly now it is a surprise that no one has produced 'Happy Recession Day' greetings cards.

Reit
Something a Highlander might say, as in "Reit, I am off for a stroll".
Or A good way to own a property without ever having to replace the boiler. (It stands for Real Estate Investment Trust.)

Savings bond
What tightwads do at Christmas. A savings bond is where two people decide to save money by agreeing not to buy each other presents because "Christmas is just for the kids". Then both do buy presents in a pathetic attempt to grab the moral high ground. They are annoyed to find that the present the other has given is surprisingly good, making them more determined to outdo the other next Christmas.
Or A fixed-interest savings product, which is even more uninteresting now than it used to be.

Stock broker
Someone who sells OXO cubes.
Or Someone who buys and sells shares.

Stock market
Yes, you guessed it, a place to buy OXO cubes.
Or Something that, according to the news, only ever crashes. mw

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