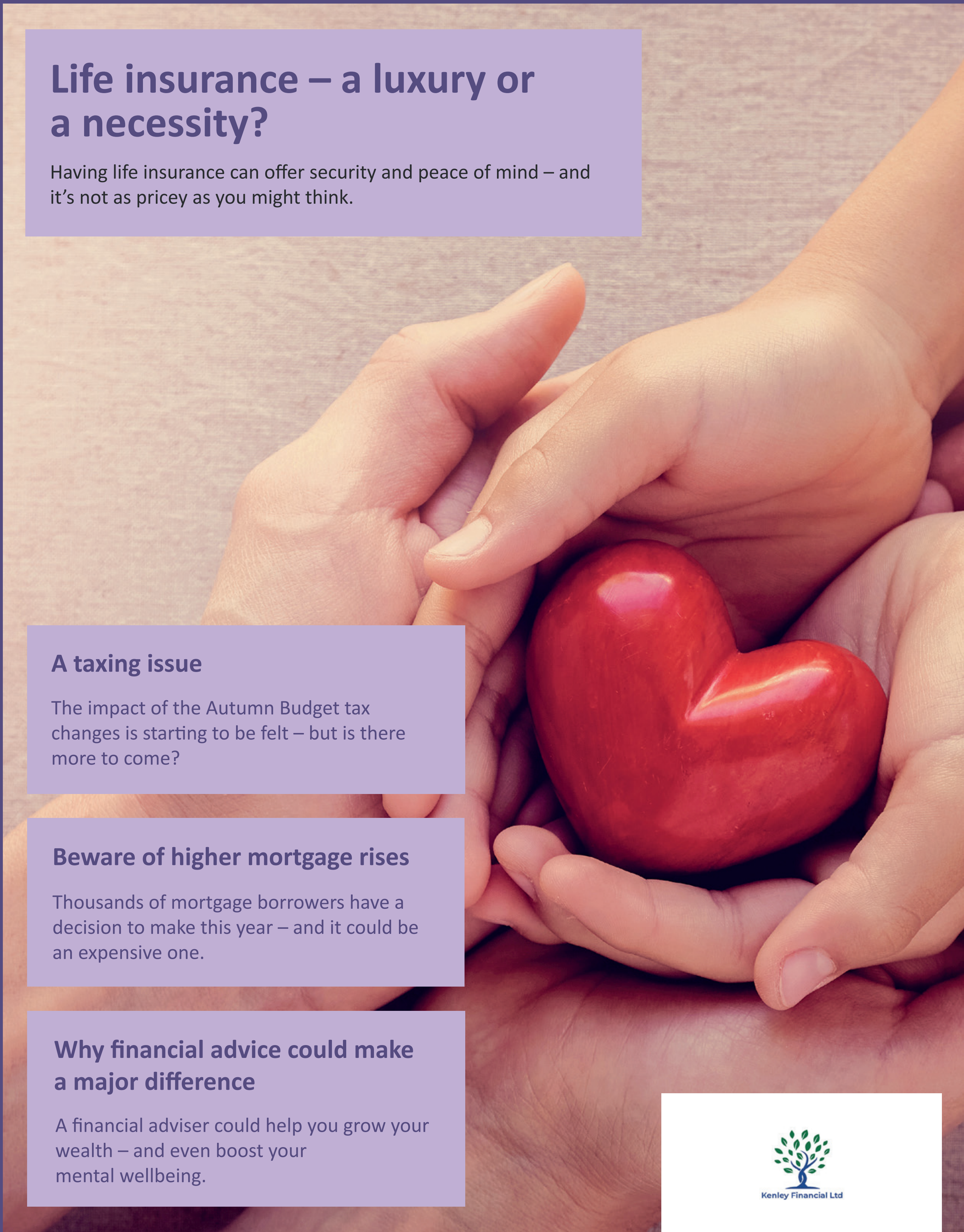
The essential consumer guide to help make your money work harder.

moneyworks



Life insurance – a luxury or a necessity?

Having life insurance can offer security and peace of mind – and it's not as pricey as you might think.

A taxing issue

The impact of the Autumn Budget tax changes is starting to be felt – but is there more to come?

Beware of higher mortgage rises

Thousands of mortgage borrowers have a decision to make this year – and it could be an expensive one.

Why financial advice could make a major difference

A financial adviser could help you grow your wealth – and even boost your mental wellbeing.

Kenley Financial Ltd

SPRING 2025

Welcome

A warm welcome to the first issue of this year's Moneyworks and a chance to take a look at the key issues that are likely to impact you and your finances over the coming months.

Following the Autumn budget last year, the tax changes implemented are beginning to take hold and latest research shows two in five UK adults expect their financial situation to worsen this year with 83% worried about further tax increases heading their way.[1]

We take a look at the impact of the chancellor's new taxes and why seeking advice could help ease the burden on your purse and help you make the best use of tax allowances.

On the mortgage front, this year will see 700,000 fixed rate mortgage holders enter a new world of higher borrowing as their cheaper three, four and five year fixed deals come to an end. We ask whether looking at a new fixed or variable deal is the most suitable route to now take and why speaking to a mortgage adviser could pay huge dividends.

We also take a look at the importance of life insurance and why despite preconceptions that it is a complicated, confusing and morbid subject, it is something everybody should consider putting in place especially given the fact there has been a fall in health life expectancy in recent years.[2]

Elsewhere we look at the importance a financial adviser could provide, for not only your wealth but also your health, and how speaking to an expert could go a long way in helping you both emotionally and mentally.

If you're worried about the future and fearful this year isn't going to be a good one for your finances, then now is the time to act and seeking financial advice could be the first step to getting your money and mind back on track so you can start feeling more confident about the future.

Here's wishing you a prosperous 2025 and we look forward to bringing you more updates throughout the course of the year.

Best wishes,
The **moneyworks** team

[1] bit.ly/3CGNoKF bit.ly/4gz2Q9t [2] bit.ly/3EIpcYW

Your home may be repossessed if you do not keep up repayments on your mortgage. The value of your investment can go down as well as up and you may not get back the full amount invested. The Financial Conduct Authority does not regulate taxation.

This newsletter is for information purposes only and does not constitute advice or a personalised recommendation.

Contents

The news in brief

A round up of the current financial stories

A busy year ahead for home buying?

The pressures on households are beginning to ease – and that could spell a hectic year for the property market. According to January 2025 research by Barclays, one in six current homeowners are planning to move this year. This is partly fuelled by recent drops in house prices, with one in 10 believing that previously unaffordable properties, in more desirable areas, could now be within their range.

For first-time buyers, pessimism remains. Six in 10 renters think it would be impossible to buy a home without receiving an inheritance or borrowing money from family. But Barclays data shows that only one in five recent first-time buyers received such financial support.

As interest rates cuts took effect at the end of 2024, the growth in rent and mortgage spending is tumbling and fell from1.8% in December, compared to 8.2% the month before.

Meanwhile Rightmove data for January suggests the flurry of activity has already started. A record number of new sellers have put their home on the market since Boxing Day, giving buyers the highest level of choice at the start of a year since 2015.

bit.ly/40Rzaia bit.ly/4397jfQ

Brits more prepared for retirement

The good news is that we Brits are more prepared for retirement than our US and Australia counterparts. The bad news though is that one in three of us don't have a plan. That's according to January 2025 research by Checkbox.

Indeed, when delving deeper into the findings, it's clear that a lot of us could be doing more to feel confident about achieving a comfortable retirement. 31% of UK adults have placed retirement as their primary savings goal, but 67% still feel insecure about whether their savings will be enough. This is especially true amongst the age group of 45-54 – where retirement is beginning to creep onto the horizon as a financial priority.

It also doesn't help that Brits have less confidence in their knowledge of investments, compared to Americans and Australians with 48% admitting they are unsure about areas like bond prices and interest rates.

Feeling unsure about retirement preparedness is very understandable. It's a big deal, and it's also very complex. So, if you want to feel better about your plans, it's worth speaking to an expert.

bit.ly/4hPMlqt

The blight of scams

Unfortunately, financial scam attempts are still widespread – and the success rate is too high. According to January 2025 research by Barclays, one in five consumers fell victim to a scam in 2024 – and one in three of us know someone who has.

Of those who were caught out, 93% were victim to a scam online while another 43% were targeted but managed to identify it was a fraud attempt before they handed over any money.

Given the high levels of sophistication scammers employ, it's understandable that 52% of us are overwhelmed by the wide variety of tactics that might be used against us. 74% believe there are more scams online than there were a year ago and 32% feel less confident in their ability to spot them.

Fake delivery, HMRC and purchase scams were especially prevalent in 2024, but there are plenty of other types. It's always wise to be cautious, don't disclose your personal details, and above all else take your time before making any decisions.

bit.ly/3WX3LJY

A taxing issue

The impact of the Autumn Budget tax changes is starting to be felt – but is there more to come?

£40 billion[1] was the headline figure. That's the amount of extra tax the Labour government expects to raise from its Autumn Budget plans that chancellor Rachel Reeves unveiled last October. A month later she promised businesses there would be no more tax rises[2], although prime minister Keir Starmer has been less bullish[3]. It all leaves many people entering 2025 feeling anxious there could be more to come.

At least that's what research AJ Bell[4] conducted with its own customers in December 2024 suggests, with 83% either somewhat or very worried about further tax increases in 2025. Casting the net wider, two in five UK adults expect their financial situation to worsen this year.[5]

With Reeves scheduled to deliver a Spring statement on 26 March,[6] there is naturally some speculation she might announce more tax rises.[7] But for now, what do we know about what has changed, or will be changing over the coming months, when it comes to tax?

Firstly, some good news for retirees

Labour has reaffirmed its commitment to the state pension triple lock. It will rise by 4.1% from April, meaning the new state pension will go up from £221.20 to £230.25 a week.

Stamp duty changes will see more people pay tax to buy a home

The current stamp duty thresholds – the amount you can buy a house for without paying tax – will go down on 1 April for England and Northern Ireland. Currently you can buy a house worth up to £250,000 without paying stamp duty, but this will go down to £125,000. First-time buyers get a more generous amount of £450,000. But this is also reducing in April, to £300,000.

This change follows other stamp duty alterations made immediately after the Budget last year. The rate of stamp duty on purchasing a buy-to-let property or second home went up from 3% to 5%.

Ultimately these changes could increase the cost of buying a home and in some cases, the amount of stamp duty owed could double.[8]

Capital Gains Tax changes are already starting to bite

Another overnight tax change in the Autumn Budget was to Capital Gains Tax (CGT) – which you pay when you sell or give away an asset, such as property (other than your main home), investments or other items of notable value.

The CGT rate went up from 10% to 18% for basic rate taxpayers, and 20 to 24% for higher rate taxpayers (property rates were already at these levels).

It hasn't taken long for the impact of this change to be felt. In December 2024, HMRC figures show CGT receipts had climbed to a record high – and 110% higher than the same time last year.[9]

Careful planning is definitely needed here, so you don't unknowingly trigger a large tax bill from selling an asset.

Other tax allowances remain the same but are you making the most of them?

If you're still paying into a pension, you still have an annual allowance of £60,000 available (provided you have sufficient net relevant earnings). What's more, you can still take advantage of any unused annual allowances for the previous three tax years.

With tax relief rules having been kept despite pre-Budget speculation, making use of your annual allowances could significantly boost your long-term future.

There's also your annual ISA allowance, which in a period of tax rises becomes even more important. These annual allowances can't be carried over, so you have until April 5 to use your 2024/25 allowance.

ISA rules have been changed in recent years to make them more flexible, although careful planning is needed.

Whatever might lie ahead with tax, suitable advice can make all the difference

Every penny counts in this era of cost-of-living squeezes, which is why how much tax you pay is so important.

If you speak to a financial adviser, they can provide personalised advice on how you can be more tax-efficient with your finances. They can look to see if your money is working hard enough towards your future and recommend options if it isn't. This includes checking you're making best use of your tax allowances and not paying more than you need to.

The Financial Conduct Authority does not regulate taxation advice. Levels and bases of and reliefs from taxation are subject to change and their value depends on the individual circumstances of the investor. We recommend that the investor seeks professional advice on personal taxation matters.

[1] bit.ly/41017o6 [2] bit.ly/3EHT1bU [3] bit.ly/4gBLEju
[4] bit.ly/3CGNoKF [5] bit.ly/4gz2Q9t [6] bit.ly/42RF7OK
[7] bit.ly/4gEcE21 [8] bit.ly/4gv8klC [9] bit.ly/4hRiSwx

Beware of higher mortgage rises

Thousands of mortgage borrowers have a decision to make this year – and it could be an expensive one.

If you arranged a three, four or five-year fixed rate mortgage deal between 2020 and the Autumn of 2022, you should have felt very satisfied with yourself over the last few years.

That's because the mortgage rates when you fixed were at some of the lowest levels on record.[1] That very quickly changed, with the infamous Mini-Budget of 2022. The Bank of England pushed the base rate up from 0.75% to over 5% in a matter of months which saw borrowing costs quickly soar and getting a new mortgage suddenly more expensive[2].

As millions of people grappled with this tough new reality, those who were locked away on longer-term fixed rate deals were sheltered from the storm, continuing to pay off their mortgage on significantly lower interest rates.

Sadly, all good things must come to an end and in 2025, more than 700,000 households, who are on fixed rate deals, are facing a rise in mortgage payments.[3] That's the number of borrowers who are on three, four or five-year fixed terms – deals that end this year, and which were set up in a very different economic environment to where we are now.

How big of an issue could it be?

The good news, if you're in this position, is that your timing is still reasonably good. Between August 2023 and July 2024, Bank of England base rate stayed at a 15-year high of 5.25% while during the second half of last year, base rate was reduced twice and there is a possibility it will go down further in 2025.[4]

It means typical mortgage rates have already started to fall. In November 2022,[5] for example, the average two-year fixed rate mortgage, with a 5% deposit, stood at 6.59% (exactly a year earlier, it had been 2.91%). Rates have steadily come down since, and in January the average two-year fixed rate was 5.48%.[6]

So, while there are better fixed rate deals currently available compared to 2023 or 2024, it could still represent a steep climb in payments.

So what should you do?

In many ways it was easy to know what to do when you took out your fixed rate mortgage three, four or five years ago. Mortgage rates were at some of the lowest levels they had ever been, and they were only going to go up. Fixing at the rates then was smart, and you've saved a lot of money over the last few years compared to millions of other people.

But if your fixed rate deal is due to come to an end this year, is it wise to fix again? We're in a position where rates should come down, but not potentially by much in the near future and with some borrowing costs rising at the start of 2025,[7] there is no guarantee they won't go up again.

One option is to switch onto a variable mortgage rate when your fixed rate terms ends which will almost inevitably see your monthly repayments rise considerably from what they are now and possibly higher[8] than what you'd be paying on a new fixed rate deal. But the advantage of a variable rate gives you the flexibility to switch to a more appropriate deal if more suitable options become available.

One potential downside to a variable rate mortgage is your repayment amounts might go up if interest rates rise, making it harder to budget. A fixed rate mortgage gives you certainty for the term of the deal, which can be an attractive quality for managing your finances.

The stakes are very high, so don't go it alone

If you're one of the 700,000 fixed rate mortgage holders about to enter the new world of higher borrowing costs, there's no doubt a big decision is coming your way. It's certainly not one to take lightly, and it's why getting mortgage advice could make a difference.

A mortgage adviser can help you to assess your situation and research the most suitable product for your current circumstances. Some advisers can even get you a more favourable deal from a lender compared to approaching them yourself.

An adviser will be closely following market trends and will be able to recommend the most suitable approach for you and whether it is appropriate to fix now or move onto a variable rate and wait to see if rates become more favourable.

Your home may be repossessed if you do not keep up repayments on your mortgage.

[1] bit.ly/3CY8C6G [2, 4] bit.ly/4c7cZcp [3, 7] bit.ly/42TceBK
[5] bit.ly/3WWYAJQ [6] bit.ly/4jZ84hT [8] bit.ly/42Q3kF7

Life insurance – a luxury or a necessity?

Having life insurance can offer security and peace of mind – and it's not as pricey as you might think.

It's expensive. It's tedious to arrange. It's confusing. It's not a priority right now – because it's just for old people and above all else, it's morbid.

There are many reasons to want to avoid thinking about having life insurance plans in place, and it's why research over the years shows that the majority of us don't have suitable cover.[1]

But ignoring the benefits of life insurance could prove very damaging for our loved ones. Having cover in place offers them financial protection and peace of mind. It can also be a comfort for you to know that your family are less likely to be left facing financial struggles in a situation where you wouldn't be there to provide for them. So yes, it is morbid – but if you have people who financially rely on you, it's essential to think and plan for these types of eventualities.

Is life insurance too expensive?

According to a global January 2025 report by Capgemini Financial Services,[2] life insurance take up is worryingly low amongst younger generations.

49% of Gen Z (people born between 1997 and 2012), and 46% of millennials (people born between 1981 and 1996) don't have sufficient life insurance in place. Cost is cited as a key factor in the report as to why this is the case and it's fair to say that, in some circumstances, it can appear expensive, but it is still definitely worth exploring to check your personal situation.

That's because there are different levels of costs depending on each provider, the type of cover you want plus your personal circumstances, including health. In some cases, life insurance could cost less than £5 a month and the potential benefits could be priceless.[3]

Your age is also a big factor. The longer you wait to take out life insurance, the higher the premiums are likely to be so that's why it's wise to consider taking out cover sooner rather than later.

What is life insurance?

Life insurance is a policy that is designed to offer your loved ones financial protection and support when you die, by providing them with a sizeable amount of money. It typically covers everyday expenses like household bills and mortgage payments. At what would be a difficult enough time emotionally, life insurance could help your family with the extra financial burdens.

The number of different life insurance options available can make it a daunting task with some policies starting with low premiums that increase over time, while others have a 'reviewable' term that means they are later increased.

It's important you get the most suitable cover for your needs, and it might not be the sort of area to look at on your own. For example, if you're a couple, there's a range of important considerations over whether it's more appropriate to take out two separate policies or go for a joint one.

It's not easy to work this all out and if you make a bad decision on life insurance cover, you might pay more in premiums than you need to or fail to have the level of cover you required. But don't let these complications put you off from arranging something that is so important, especially as there is support available to help you make the most suitable decisions. Support that could make the whole process less tedious, confusing, and potentially less expensive.

The value of advice

Asking an adviser to help you navigate all of this could prove worthwhile. They can take the hassle away by researching your situation and looking at suitable options.

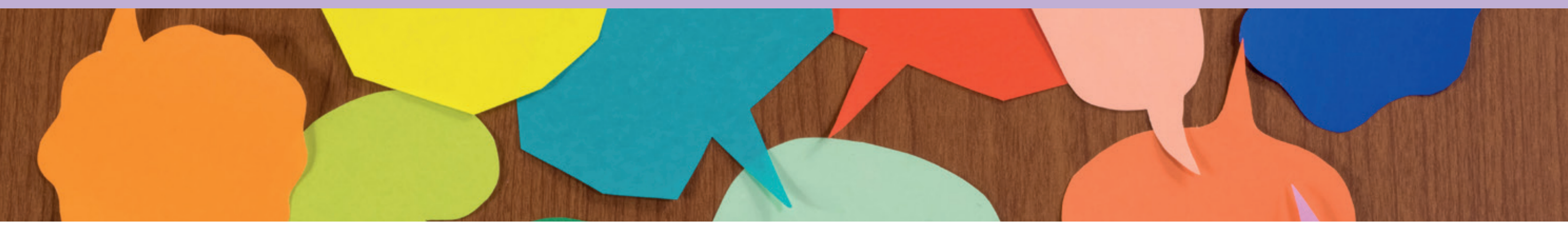
An adviser will take the time to get to know you and your requirments. That way they can help you to work out exactly what you need, what you can afford to pay, and the most appropriate options for your circumstances.

Ultimately there's too much at stake to risk not having life insurance cover in place to look after your family. By entrusting an adviser to help you make informed decisions, you could have valuable assurance that your family will have adequate financial support for whatever the future holds.

[1] bit.ly/3EMz2sL bit.ly/3CNVIIF bit.ly/4k8mDje (2022)

[2] bit.ly/42OAWmE

[3] bit.ly/41rhfjW bit.ly/3QrIHru bit.ly/416L3kf (p23)



Why financial advice could make a major difference

A financial adviser can help you grow your wealth – and even boost your mental wellbeing.

This is going to be a difficult year for our money. At least, that's what almost half of us began 2025 believing. December 2024 research from Go.Compare Money[1] found 47% of women and 43% of men expect 2025 to be a bad year for their finances.

The cost of living remains the key concern, but three in 10 people who are worried say they're concerned they don't have enough savings, and 14% fear they're not saving enough for retirement.

Meanwhile January 2025 research from CAP[2] has found that 17.7 million UK adults – one in three – suffer daily anxiety about their finances. The Centre for Mental Health reports that 84% of people in England and Wales[3] believe the cost-of-living crisis has made their mental health worse.

It's a gloomy picture, but there are others who are reporting recent boosts to their emotional and mental health when it comes to money, and it's linked to the fact they're entrusting their financial future in the hands of an expert.

How financial advice is changing lives

In January 2025, St James Place published its Real Advice Report[4] – one of the largest consumer experience surveys ever commissioned by the financial services sector. Amongst its detailed findings was strong evidence of the benefits of having a financial adviser to help you plan your finances.

84% of those who are taking regular financial advice say it significantly benefits their emotional and mental health. 65% believe it has improved their quality of life – and enabled them to reach specific goals while three in four say they would recommend financial advice to others[5].

Sometimes financial advice is seen as something only older people look for, but the research actually found that younger people (aged 18-34) are more likely than older generations to look for financial advice or guidance.

25% of people say receiving an ongoing financial advice makes them feel less vulnerable and at a time when millions are feeling the toll of financial anxiety, these findings suggest a lot more people may benefit from speaking to an expert too.

What can financial advice do for you?

Perhaps the best reason to speak to an adviser is to get help and recommendations that are personal to you and your circumstances. It's all very well to Google for answers to your financial questions, or rely on wise words from friends and family, but an adviser will take the time to really get to know you and what you want to achieve with your money and that can make all the difference.

You can ask a financial adviser to help you with all sorts of goals, including growing your savings for the long-term, saving for your desired retirement, using your pensions effectively when you do retire or planning a legacy for loved ones.

The same research found that almost half of people were first prompted to get financial advice because of a major life event or milestone. That's definitely a good trigger to think about the future, but a milestone moment is not something you should necessarily wait to happen before planning.

Take retiring. It might seem a long way off in the future, and there could be more pressing financial concerns right now, but the longer you wait to make suitable plans, the harder it will be to achieve. Taking steps sooner could make it more realistic to save for the future and get to where you want to be.

Start feeling better about your finances

An adviser has the expertise and ability to help look into the future. They can examine the potential unknowns and build a plan that helps you prepare – which can go a long way to providing you greater peace of mind.

If you're worried about the future and fearful this year isn't going to be a good one for your finances, it's time to consider taking steps to feel better about your money. An adviser will go at your pace to provide you with insights and recommendations, so you can start feeling more confident about the future.

The value of your investment can go down as well as up and you may not get back the full amount invested. Investments do not include the same security of capital which is afforded with a deposit account.

[1] bit.ly/3EKQZI0 [2] bit.ly/4hOv1Cn [3] bit.ly/4gRNc9z
[4] bit.ly/4b72t50 [5] bit.ly/4hT8AfO

And finally...

A fall in healthy life expectancy

It's a widely accepted reality that, as we get older, our health will deteriorate in some way – but new findings from the Office for National Statistics suggest a decline in your health might arrive sooner than you'd anticipate.

In 2021 to 2023, a male born in England could expect to spend 61.5 years of their lives in good health, and a male born in Wales 60.3 years. For females in England, it's 61.9 years and 59.6 years in Wales.

Yet in 2017 to 2019 – the years just before the Covid pandemic – good health life expectancy was higher. For males in England, it's fallen by 1.7 years and for males in Wales it's 1.1 years. For females, the drop is even sharper – good health life expectancy fell by 1.9 years in England, and 2.2 years in Wales.

These figures show the importance of planning for the possibility of your health not always remaining at the same level as it is now – and the potential consequences on your finances. It's why having protection plans could make a big difference for you and your family. This is something an adviser can help you to consider.

bit.ly/4hwT09g bit.ly/3EIpcYW

Kenley Financial Ltd

Jerry Connor and Steve Aish

12 Croydon Road, Caterham CR3 6QB

0208 660 1533

mail@kenleyfm.co.uk

www.kenleyfm.co.uk