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

moneyworks

Is this a good time to move house?

If you're ready to set up a new home, the level of choice available to you looks especially encouraging this year.

The growing value of life insurance

In these uncertain times, it can pay to have peace of mind about how your loved ones will be looked after.

Time for a review?

2025 is proving to be an eventful period for your finances, but a review of your situation could help you find out if you're still on track to achieve your goals.

The ISA shake-up

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Kenley Financial Ltd

SUMMER 2025

Welcome

A very warm welcome to the June issue of Moneyworks and a chance to take stock of the current financial issues which could be affecting you and your money.

With so much activity going on around the world so far this year and stock market falls dominating the headlines, it's not always easy to keep a level head and confidence about your long-term finances may well be waning at the moment.

However, as history shows us, what falls will inevitably rise again and long-term investing needs a long-term mindset. With that in mind we look at the importance of speaking to a financial adviser to find out if you're still on track to achieve your goals amidst the chaos and uncertainty of the current market and why riding out the storm is often seen as the most suitable approach.

The importance of life insurance is also something everybody should consider and new research shows a growing number of people have taken out such insurance over the first months of 2025.[1] We look at the benefits and peace of mind that insurance can bring and why an adviser will be well equipped to point you in the most appropriate direction and help arrange the most suitable and affordable cover designed to protect you and your family.

Elsewhere with mortgage rates starting to fall and the choice of properties available to buy at the highest it has been for a decade[2] we ask whether now is a good time to move house and how speaking to a mortgage adviser could help you take the next step with confidence if you're thinking of finding your first or next home.

Finally, with the government considering a significant shake-up of Cash ISA allowances[3], we take a look at how this could impact you and your savings and what alternative investment routes there are available to you.

Here's hoping you have a lovely summer.

Best wishes,
The **money**works team

When investing your capital may be at risk.

[1] bit.ly/3F52Dyi
[2] bit.ly/4mrS09l
[3] bit.ly/3H8TXr5

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The news in brief

A round up of the current financial stories

Don’t lose interest in your savings

With interest rates going down, but inflation still above the Bank of England’s 2% target, making the most of your savings is more important than ever. But December 2024 figures from the Bank of England – reported in March 2025 by Hargreaves Lansdown (HL) – suggest millions of us have savings that aren’t doing much of anything for the future.

That’s because there was a considerable £276 billion sat in savings accounts paying zero interest. Not only does this mean these savings aren’t growing, because of inflation they are actually falling in real terms value.

HL asked savers why they aren’t moving their money to better-paying accounts, and found 16% believe it’s too much hassle. 10% say they don’t have the time to look into swapping their savings.

Whilst switching from savings account to savings account can seem futile, it’s worth looking into whether there is more your money could be doing to support your long-term goals – especially if you’re happy to take some risk. Because with savings rates on the decline, investing for at least five years could help you achieve stronger returns on your money.

When investing your capital may be at risk. Investments do not include the same security of capital which is afforded with a savings account.

bit.ly/4dsb2Zj

Cost of living continues to top household worry list

Three years on from the rate of inflation spiking to a 40-year high, the cost of living crisis continues to impact our finances. Even though the rate of inflation is much lower than it was, economists predict it will rise again this year.

And that’s partly why Office for National Statistics data published in March shows that the cost of living remains a key worry. It tops the list of household concerns, with 87% saying it’s the most important issue the UK is facing. This is followed by the NHS (83%) and the economy (72%).

Concerns about the cost of living have eased since 2022, when the overall percentage of people concerned about the issue was in the high 90s. It fell to 87% in December 2023 and have remained around this level ever since – showing just how much a problem it is that isn’t going away.

bit.ly/4dvDysY bit.ly/3FjG4pu

Half of adults unaware of state pension amounts

It could play a huge role in your retirement, but most Brits couldn’t tell you just how valuable it is. At least according to April 2025 findings by Standard Life.

When you reach state pension age, you qualify to start receiving state pension for the rest of your life. It all depends how many years’ worth of National Insurance contributions you made when working, but the maximum amount you can get for the 2025/26 year is a considerable £11,973 a year.

Yet Standard Life’s survey found 50% of UK adults don’t know how much they’ll receive in state pension. 32% also aren’t aware of the age they’ll receive it (currently 66, rising to 67 from next May).

52% added they aren’t sure how to calculate their state pension, with 34% unaware their National Insurance contributions determine how much they qualify to receive.

You typically need to have at least 10 years’ worth of National Insurance contributions to get some level of state pension. To receive the maximum amount, you need at least 35 years’ worth. You can check how many years you’ve contributed by visiting the government website.

bit.ly/4jiomAO

Is this a good time to move house?

If you're ready to set up a new home, the level of choice available to you looks especially encouraging this year.

Searching for a new home can be fun yet it can also be stressful. You might find it exciting to scan through online photos of available properties on estate agent websites, or to take a tour of a home that's on the market. But you can often find drawbacks – asking price, location, structure of house, size of garden, number of bedrooms – that send you back to the drawing board.

The good news is the choice of properties available to buy in early 2025 is the highest it has been for a decade. That's according to March 2025 research by Rightmove, who reported the number of new sellers in the market is 8% higher than it was a year ago[1]. On average, estate agents have 57 properties on their books.

There's lots of potential benefits from such a healthy level of choice, not least asking prices. In Rightmove's words, sellers seem to be "pricing sensibly", adding that normally at this time of year properties put on the market tend to be overpriced.

The average asking price was £371,870 in March. This was 1.1% or £3,876 higher than the month before and 1% higher than last year. According to Rightmove, this monthly increase was in line with the long-term average for the month.

A fast-changing market

Of course, it's worth noting that this rise in homes for sale came during a ticking clock period. That's because in April the stamp duty rules were changed, affecting first-time buyers in particular.

Up until then, first-time buyers could buy a home worth up to £425,000 without paying stamp duty. That threshold has now fallen to £300,000, meaning more first-time buyers will have to pay 5% stamp duty.

The run-up to this change inevitably prompted a flurry of homes going on the market. Rightmove reported that agreed sales were 8% higher than the same period a year ago[2].

It also comes at a time when first-time buyers are facing plenty of other challenges. Separate research from Rightmove (March 2025) shows average first-time buyer monthly mortgage payments are £350 higher than they were in 2020 – a rise of 59%[3]. A typical first-time buyer currently pays £940 a month for their mortgage, compared to £590 in 2020.

The good news is the situation is starting to change (in July 2023 the average first-time buyer monthly payment was £1,095, so it's already coming down). And the mortgage choice for first-time buyers is also widening – reaching a 17-year high[4].

In fact, the backdrop, is looking more favourable for all buyers.

What this could mean for you

If you're considering taking the first or next step on the property ladder – or looking to downsize, perhaps if you're nearing or in retirement – this could be a good time to make your move. There's more choice, which could offer you a greater chance of finding what you're looking for.

Meanwhile the mortgage market is hotting up. In April, it was reported almost all major UK lenders were offering deals under 4%[5]. Back in November 2022, the average two-year fixed rate mortgage with 95% LTV was 6.59%, according to Building Societies Association data5. In April 2024, Uswitch reported the average rate for a two-year fixed rate mortgage was 5.14%[6].

The Bank of England is expected to further cut interest rates this year[7], which means arranging a new mortgage could prove less expensive than has been the case in recent years.

It all adds to reasons why this could be a good time to move home.

Taking the next step with confidence

With the mortgage market changing quickly, getting advice on your next move is strongly recommended. An adviser can look at your situation and talk you through the outlook for mortgage deals.

They can carefully go through all your options and use their expert insight to research the most suitable product for your situation. Some advisers might even be able get you a more favourable deal from a lender compared to approaching them yourself.

Homeowners and first-time buyers have had it tough in recent years. But with more home buying choice, and with better mortgage deals now available, this could be a good time to find the home you aspire to live in.

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

[1] bit.ly/4mrS09l [2] bit.ly/4jazRu5 [3] bit.ly/3FkZ4E2
[4] bit.ly/4mmou57 [5] bit.ly/45lXTPk [6] bit.ly/43NC1dx

The growing value of life insurance

In these uncertain times, it can pay to have peace of mind about how your loved ones will be looked after.

We're living through some monumental moments in history. The last few years have seen a wide range of global events that have fuelled greater uncertainty. It's a trend which has continued into 2025, where we have seen heightened international tensions.

All of which is prompting younger adults especially to think more about their future and protecting the people who matter to them, at least according to an April 2025 survey conducted by Opinium and commissioned by Carr Consulting & Communications[1].

The research discovered 24% of 18-34-year-olds would be more likely to take out life insurance cover, because of recent global events.

Such contemplation appears to be leading to action. An article on mortgagesoup.co.uk quoted one life insurance broker, who said they had seen a 20% rise in the number of people taking out life insurance over the first few months of 2025[2].

The big question is whether you need to consider your cover too.

What is life insurance?

In a nutshell, life insurance is a way of potentially providing financial support to those who matter to you, if and when you're not in a position to be there for them. A policy generally pays your nominated beneficiaries a cash sum when you pass away, or if you were diagnosed with a terminal illness and your life expectancy is under 12 months.

The benefit to your loved ones is they could have some protection, and are less likely to be financially disadvantaged without you. It's one less thing for them to worry about, during what would clearly be a difficult enough time.

In the meantime, life insurance helps gives you peace of mind that your loved ones will be financially looked after – peace of mind that could be especially helpful at the moment, if world events are leaving you feeling a bit uneasy about things. Because whilst no one can predict the future, you've at least made some preparations to look after your family.

The cost of life insurance

The great thing about life insurance is that it doesn't need to be an expensive purchase. In some cases, life insurance could cost just a few pounds every month[3]. It very much depends on your circumstances, and it's also a key reason why younger adults especially could benefit from arranging cover.

The longer you wait to take our life insurance, the higher the premiums are likely to be. So if you start taking out cover sooner, instead of waiting until your later years, you might find it costs you less to provide loved ones with the same level of protection.

Other key considerations include your health, lifestyle and family medical history. With this in mind, it can be a good idea to look for life insurance cover that's personalised to your situation, rather than an off the shelf solution.

The benefits of advice

Whatever your age, the importance of life insurance remains just as high. It's a way of helping those who depend on you, and who you naturally want to do as much as you can for. To help you make an informed decision, it could be a good idea to ask an adviser.

The benefit of an adviser's support is they will take your personal situation into account. From factoring in the people who you want to look after, the level of cover you'd want to have in place, through to your personal circumstances. This could allow them to better advise you on the type of cover that might meet your needs.

At this point, an adviser can do all the hard work of finding suitable life insurance options for you. This includes searching for the cheapest premiums without compromising the level of cover you have in place. Your adviser can then present options for you to consider, so you can decide your next steps.

It's estimated only 35% of UK adults have life insurance, which means around two in three don't[4]. Clearly, it's not the easiest topic to consider, but taking time out to plan for the unknowns could help you feel less worried about this uncertain world, knowing you have cover to help those who matter most to you.

Note that life insurance plans typically have no cash in value at any time and cover will cease at the end of the term. If premiums stop, then the cover will lapse.

[1] bit.ly/3F52Dyi [2] bit.ly/3Sbh3Ql [3] bit.ly/4drY0uB

Time for a review?

2025 is proving to be an eventful period for your finances, but a review of your situation could help you find out if you're still on track to achieve your goals.

It's not easy to feel as confident about your long-term financial plans this year.

An awful lot is going on around the world, which has triggered major headlines about stock market falls. Not such encouraging news if you have investments, including a pension, with the noise around stock markets difficult to avoid[1].

In a situation that keeps changing so fast, we won't attempt to give you a running commentary. In a nutshell, fears over an escalation of tariffs and trade wars have fuelled a great deal of market uncertainty[2]. In the US, there have been further concerns that the recent hype around AI might have led to some shares being over-valued by investors[3]. There are questions over what all of this might mean for businesses, economies, and consumers.

Hence the headlines about market falls. It is the worst period of stock market performance since the beginning of the Covid pandemic, five years ago[4]. It can all seem very unsettling when it comes to wondering how you might be affected – and if you need to do anything with your plans.

Long-term investing needs a long-term mindset

The first thing to say is that mainstream media coverage around stock markets only really occurs when they go down. Although past performance isn't a guide to future returns, typically stock markets go up over time without much attention, beyond the more specialist financial press.

What this means is you only really hear about stock markets when there is bad news, rather than the (usually) longer periods where they're ticking along nicely, benefiting investors like you.

It's for this reason it's best to avoid panicking over headlines about market volatility. Many investors can make the mistake of reacting to a short-term fall by withdrawing money. However, by doing so they're often taking a loss on their investment, without giving their money the chance to benefit from the potential of a market recovery.

This is why investing needs a long-term mindset. From time-to-time markets will have difficult periods but over the longer-term, they provide a better opportunity to grow your money compared to more traditional savings accounts[5].

Understanding what you're investing in

Another key consideration is how much of an association there is between global stock market uncertainty and your investments. There is probably going to be some link, but they won't be fully connected.

That's because your investment/pension fund is unlikely to be just made up of shares. It all depends on your individual appetite to risk, but your investment portfolio could feature other types of assets, such as bonds, commercial property and even cash. Portfolios are built this way to provide investors with some protection from market falls. The aim is to limit the impact of difficult moments and achieve a smoother overall journey.

If you're invested in a pension scheme and never considered how it's invested, the chances are you're in your provider's default scheme. This will typically be a lower level of risk, which means you won't be as exposed to stock market falls as you might fear.

A good time to review

Even if the impact of recent stock market volatility isn't too significant, it could still be a good opportunity to check your plans. This is especially the case if you've never met a financial adviser before, or at least haven't spoken to one for a number of years.

We're living in fast changing times, which means what once might have been the most suitable approach for your money may not always remain the case. So if you're unsure if your investments/pensions are on track to deliver what you hope to achieve in the long-term, sitting down with a financial adviser could help you find out.

An adviser can assess your objectives and appetite to risk, then look at how your plans measure up. Hopefully everything is in good shape, which could offer you reassurance about the future. But if your adviser concludes you might be able to make stronger plans for your goals, they could recommend options for you to consider.

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/4jbXQJi [2] bit.ly/3FgTVwY [3] bit.ly/4jj2sxe
[4] bit.ly/3SJILng [5] bit.ly/3SJbqsK

The ISA shake-up

The government is considering a significant shake-up of Cash ISA allowances that could impact your future plans and highlight the importance of making the most of your allowance.

It has been a valuable home for the money of savvy savers, but is this about to change? Since launching in 1999, Cash ISAs have proved a useful way of saving for the future, because there is no tax to pay on the interest you achieve. But there has been a lot of speculation in recent months that the rules will be adjusted, which could make them less advantageous.

It's all part of a wider idea to encourage investing in UK businesses. In February 2025 it emerged that City firms were lobbying the government to scale back or ditch Cash ISAs, so people invest into a Stocks and Shares ISA instead[1]. It led to a flurry of speculation the government would announce the Cash ISA was being scrapped as part of March 2025's Spring Statement announcement.

In the end, the government ruled out this move – but did confirm it was planning to reform the rules[2]. Changes are now widely expected to be confirmed in the next Autumn Budget.

What appears likely is the current £20,000 annual allowance will be stripped down to £4,000 for Cash ISAs – and remain at £20,000 for Stocks and Shares ISAs[3]. It's not known how soon this would be implemented, but there is every chance this current 2025/26 tax year proves to be the last where you can save up to £20,000 in a Cash ISA.

What does this mean for your future?

There's a lot of good reasons why investing tax-free could be worth considering.

At a time when interest rates are gradually coming down, but inflation remains a problem, it's more difficult to grow savings over the long-term using traditional bank and building society savings accounts (including Cash ISAs).

There are certainly no guarantees with investing, but it does offer you the option to grow your money at a higher level than savings accounts over the long-term, providing you're happy to accept risk to your money. With a Stocks and Shares ISA, you also don't pay income or capital gains tax on any returns you achieve.

The long-term benefits of Stocks and Shares ISAs

The difference between saving into a Cash ISA or investing into a Stocks and Shares ISA could be vast, as February 2025 research by AJ Bell shows[4]. The research looked at someone adding £1,000 each April to a Cash ISA or a Stock and Shares ISA since 1999 (a total of £26,000 saved or invested).

• Putting £1,000 a year into a Cash ISA would have seen your £26,000 grow to a useful £34,492.

• But when you factor in the rate of inflation over the same period, in real spending terms the saver would be £4,000 worse off.

• Meanwhile investing £1,000 a year into the average IA Global fund would now have a pot of £83,603 – nearly £50,000 higher than the Cash ISA approach.

Please note that past performance is not a guide to future returns.

According to the same research, some 14.5 million UK adults have a Cash ISA – and only four million have a Stocks and Shares ISA[5]. That's why the government is said to be considering making Cash ISAs less appealing. It could encourage more people to try investing and potentially be better off financially, and it could boost businesses.

Investing in a way that's appropriate for you

If you've not considered investing into a Stocks and Shares ISA before, now could be as good a time as any. Cash ISA allowance adjustments will hopefully still mean they are able to support with short-term goals, but investing could be an effective way to grow your money for long-term objectives.

There's a lot of different Stocks and Shares ISA options available, so getting financial advice could help you make confident decisions. An adviser can help you to plan your goals and work out important considerations like how much risk you would be prepared to take. They can then present recommendations tailored to your circumstances.

Levels and bases of and reliefs from taxation are subject to change and their value depends on the individual circumstances of the investor. 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/3H3evBs [2] bit.ly/3H53qzS [3] bit.ly/4mpI4gL

And finally...

The never-ending story

We hoped it would be over by now, but the challenge remains. The cost of living continues to rise at a faster rate than the Bank of England's 2% inflation target, and recent global events have left experts predicting it will go up again this year[1]. Meanwhile we're all still noticing the effects of rising bills and everyday expenses.

It's no wonder, then, that inflation remains a key concern. In fact, a report published by Health Shield Friendly in April 2025[2], focused on UK workers, shows it tops the worry list. The research found 78% of UK employees are still worried about the rising cost of living. 45% are more concerned than they were a year ago and 54% say it's impacting their ability to do their job.

Almost half of those who are worried say they wouldn't tell their employer if they were struggling financially. 49% added they didn't think their employer cares about the impact of the increased cost of living. This can all have a difficult impact on someone who is anxious. 33% say they worry about money every day – and 68% worry at least every week.

If you're feeling concerned about the cost of living, it might help to talk to someone. This might include speaking to an expert about your long-term finances, and if you have the plans in place to help you feel more confident about the future.

[1] bit.ly/4e7fZXx [2] bit.ly/3HikvpP

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