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Government stands firm over state pension 'triple lock'

Junior ISAs

Mortgages

Is it time to review your current mortgage?

Markets Analysis

A View from Matthew Field, Investment Manager at Quilter

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The government has stood firm over its commitment to the state pension 'triple lock', confirming the state pension will rise by 5.2% from 6th April 2012.

It was much anticipated that the government would change the rules by which it calculates the 'triple lock' and many will be happy to see this basis hasn't changed. The rise represents an increase in line with the consumer price index (CPI) level for September.

The 'triple lock' dictates state pensions must rise in line with the higher of 2.5%, CPI inflation or wage inflation.

The full Basic State Pension (BSP) will rise by £5.30 to £107.45 per week in April 2012. The full rate for couples whose entitlement is based on their spouses' or civil partner's pension will rise by £8.50 to £171.85 per week.

The pension credit will increase by 3.9% in April 2012 to £142.70 per week for single pensioners and £217.90 a week for pensioner couples.

Chancellor George Osborne also confirmed widely-trailed plans to bring forward the rise in the state pension age, hiking it to 67 between April 2026 and April 2028. The Treasury said the reform would save an estimated £60 billion in today's prices. The rise follows an increase in longevity expectations.

Junior ISAs

The Government's new Junior Individual Savings Account (ISA) provides a big incentive to begin investing early for children to get them off to the right financial start.

Junior ISAs were launched on the 1st November 2011 and offer parents a tax-free way to save for children who don't have a Child Trust Fund. They are a great way to invest for a child, for the medium to long term, as they protect their money from income tax and capital gains tax.

Your child can have a Junior ISA if they:

- are under 18
- live in the UK
- do not already have a Child Trust Fund account

Each child can have one cash and one stocks and shares Junior ISA at any one time, with a total contribution limit of £3,600 in each tax year. If your child has a Child Trust Fund the allowance has also been increased to £3,600 per tax year.

The money in a Junior ISA belongs to the child, but they can't take the money out until they are 18. At 18 they can then decide what they want to do with it. If the child chooses not to take the money out, the Junior ISA will automatically become an ISA.

Parents know all too well how much a small person can cost. The largest expense for many children, well, young adults, is the ballooning cost of university. Student loans can help spread the cost, but they saddle graduates with debt for much of their early working lives. Easing the cost needn't be expensive if you plan well in advance and invest early for your children.

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Markets Analysis

A View from Matthew Field, Investment Manager at Quilter

The fate of the Greeks, and that of the wider eurozone at large, has dominated press headlines during the second half of the year as market participants wait nervously for European policymakers to produce a 'silver bullet' for the region's debt crisis. For equity investors, these are difficult times.

Risk aversion has returned to equity markets with a vengeance these past few months, with investors seeking the perceived safe haven of government securities. The US, UK and Japanese equity markets have been the most resilient for sterling investors, in keeping with this continued risk aversion and in a similar pattern to 2008. To put this point into perspective, the S&P500 total return index has fallen 2.1% from the end of June to the end of November, whilst the FTSE Asia Pacific, excluding Japan, index has fallen 14.2%! It is unsurprising that money continued to flow out of emerging market equities over the five month period ending 30th November.

Having risen earlier in the year, the UK 10 year Gilt yield has since fallen to 2.3%, with the longer end of the Gilt market performing particularly strongly. This is in large part a response to the Bank of England's resumption of their Quantitative Easing Programme, with an extension of £75bn that will take us through to February 2012. We expect this move to underpin Gilt prices for the time being, as the size of the programme is larger than the quantity of Gilts expected to be issued by the Debt Management Office (DMO). We do, however, remain cautious on the outlook for government securities over the longer-term as, when adjusted for inflation, the income yields on offer result in negative real rates of return for bondholders. Moreover, with the current price of each and every conventional Gilt above their par value of 100 pence in the pound, investors are guaranteeing a capital loss, should the asset be held until its redemption date.

Gross Domestic Product (GDP) global growth estimates for 2012 have continued to fall from around 4% at the start of 2011, to sub 3% at the time of writing. This is the result of monetary policy tightening in Asia and the deteriorating economic environment in Europe. It is believed that inflationary pressures in Asia have subsided for the time being, which should create some room for policymakers to loosen the monetary purse-strings to try and stimulate economic growth next year. Monetary easing is also generally positive for equity markets, one of several reasons why we remain structurally overweight in this region. The Chinese have recently cut the reserve requirement for the quantity of capital to be held by banks with the nation's Central Bank, which should act as a stimulus for the economy and perhaps more importantly, sentiment going forward.

The third quarter reporting season has seen a wide range of companies post strong results, and many outlook statements, especially those from companies tapping into global growth opportunities, are still relatively optimistic. However, 2012 profit forecasts continue to ease back in anticipation of slower growth. Real GDP of 1.2% in the industrialised world, and consumer price inflation of 3%, should support sales growth of between 4% and 5%. There is less certainty though on margins, which have been running at record levels. If companies are as quick to cut costs as they were in 2009, these should be protected and profitability could surprise on the upside. Although markets are unlikely to establish a new trend until profit expectations have settled, companies have plenty of scope to maintain/increase dividend payments. With UK equities yielding 3.5% - well in excess of 10 year gilts - long-term investors stand a good chance of being rewarded for their patience.

Mortgages

Recent plans announced by the government to try and boost the UK's ailing 'New Home' builders and 'First Time Buyers' alike will be welcomed by the majority of us.

It is hoped these plans will encourage mortgage lenders to consider higher loan to value mortgages (90% - 95%) at reasonable rates of interest. You'll appreciate these have been sparse in recent times.

This may also lead to the re-introduction by mortgage lenders of the Higher Lending Charge; a charge lenders make if they lend above a certain amount of the property value. They use this money to buy insurance for the lender in the event of a repossession where the property sells for less than the mortgage owing. This indemnifies the lender, leaving them free to lend at higher loan to values. We can only wait and see.

Is it time to review your current mortgage?

Even though standard variable rates (the rate to which we switch to when our initial "deal" comes to an end) are at an all time low, there are still many competitive mortgage deals on the market.

Mortgage lenders are fighting for their market share and the majority of them will cover the costs involved in moving your mortgage. It makes sense therefore, with most of us having to trim our household budgets that we carry out a review of our biggest monthly expense. Firstly looking to see what options are available from your current mortgage lender and then how that compares to the rest of the market.

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

There may be a fee payable for mortgage advice. The precise amount will depend upon your circumstances, but we estimate it to be no more than 1% of the mortgage advance. For example, a mortgage of £100,000 would mean a fee of £1,000.

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