



Your money toolkit

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# The Lockdown Edition 3.0



# Making the most out of **your money**

With the UK heading into another national lockdown, many of us are feeling the same uncertainty we did back in March. During the first wave of Covid-19, The Office for National Statistics stated that the public's main concerns post coronavirus were personal wellbeing, their jobs and the impact of Covid-19 on their finances, which still rings true today.

We want to explain a few things that might help ease financial pressure throughout the third lockdown, covering the government support and how to make the most out of your money.



## Help with household bills

With the increased time spent at home, our household bills are likely to increase. If you've been affected financially during the pandemic there is support you can access to help.

## Mortgage Holidays

The scheme from the first wave of Covid-19 was due to come to an end but as we enter another lockdown the scheme has been extended for six months.

A mortgage holiday gives customers a temporary break from having to make mortgage payments during the 6 month period. You will still be charged interest for that time you're not making payments which will be added to the total cost of your mortgage.

If you've not already had a mortgage holiday you can request a pause in payments for up to six months from your lender, up until the 31st March 2021. Those who have had their payments deferred already, can extend their mortgage holiday until they reach the six-month limit.

The payments you skip will be spread over the rest of your future monthly payments. If you didn't want to do this you could extend your mortgage term.



## Council Tax

The Local Government Association has confirmed that local authorities have help in place to support people who are facing hardship.



## Energy Bills

Do you have a prepaid meter? The government and energy suppliers have agreed to new emergency measures to help. Including posting cards with emergency credit to those who are self-isolating, adding credit to your meter, and allowing you to nominate someone to top up for you.



# Savings, Overdrafts & Credit Cards

Coronavirus has changed the way we live and has affected all aspects of our financial health. Here, we run through what support is available on financial products like credit cards and pensions.



## Loans and credit cards

The FCA has confirmed help will be available until 31st March 2021 for credit cards and loans.

Here's what help is available if your finances have been affected by coronavirus and you're struggling to pay your debts:

Borrowers who have not yet had a payment holiday will be able to request one up until the 31st March 2021. If you've already had or are on a payment holiday you will be able to top-up to a total of six months of payments holidays.

Don't forget you will still be charged interest during the payment holiday. This means you may end up paying more overall. So, if you can it's best to keep paying off your debts.

It's worth noting that you can come to an agreement with your lender if you can make some payments towards your loan repayment or minimum payment on your card, but can't pay the whole amount.

## Overdrafts

Temporary FCA rules brought into effect in April meant no one would pay more than they did under their pre-April regime. But the FCA dropped this requirement in July and all current account providers have gone back to their standard rates.

But if you need further help as the FCA state banks need to provide "tailored

support" which could mean waiving or reducing interest or transferring debt to a cheaper credit.

Bank of Scotland, Halifax, Lloyds and Santander are still going above and beyond to help, with most of them extending the offer of a £500 interest-free buffer. See their websites for more detail.

## Savings and Investment

Normally, if you've got money in a fixed-rate you have to pay a penalty to get it out before the fixed term is over. However, in light of the pandemic and necessity to give people access to their savings, some banks have waived penalties for existing customers affected by coronavirus.

On May 1st the Treasury announced that people would be able to withdraw their cash from Lifetime ISAs without having to pay the full withdrawal charge.

Previously, you were charged 25% of the amount withdrawn if taking cash out before aged 60 for anything other than buying a house. But now that's reduced to 20% for withdrawals made up to 5th April 2021.

## Pensions

Pensions depend on markets and markets move up and down all the time. Unsurprisingly, during Covid-19, the markets have gone down. They might bounce back soon, or they may stay down for a long time.

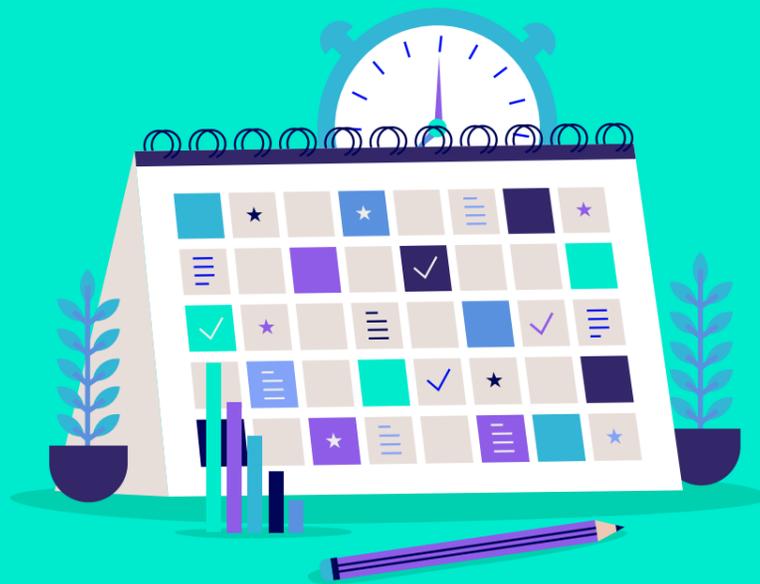
Markets are unpredictable and taking out the money now might be a great idea or a really bad idea. If possible, keeping your pension where it is for now might be your best and safest bet.

# What to do if you've found yourself living on less income

If you've found yourself living on much less money because you've had a pay cut, you're on furlough or you've lost your job entirely, it might be useful to rethink your budget. Start by working out how much you have coming in, then you can assess how it is going out.

Split your outgoings into essential payments such as bills, rent or food and then extra outgoings. Then subtract your expenses from your total monthly income to find out if it covers your expenses. If you are left with a positive amount that's great, you might want to use it to work towards your financial goals. You could start by paying off debt on your credit card or overdraft or you could begin saving for something special.

But if when you minus your expenses from your income you are left with a negative number, you might have to rethink your budget for your reduced income and work out where you're willing to be flexible.



# Tips for stretching your budget

## Changing things up

There's lots of government help for payment relief on certain outgoings but sometimes a fruitful way to save money is by switching. Looking into different energy, WiFi, or broadband providers by using price comparison websites, can help you track and compare thousands of providers making sure you are getting the right price.

## Get the refunds you're entitled to

Right now is a great time for chasing refunds. If you can no longer use products or services due to the lockdown you might be entitled to refunds for things like gyms and cancelled holidays. If you are unsuccessful, the Competition and Markets Authority will take complaints.

## Review any rainy day accounts

Good personal financial hygiene would mean having some money at the ready. Whether or not you have an emergency savings fund, now is the time to figure out what you have available and where. Putting as little or as much as you can away can help act as a buffer for times when needed most. If you already have savings, don't just leave them in an old account but check the best buy tables to see if another bank can give you a better return.



★ This period of change is all about taking it easy on yourself and being kind. If you can work out places you can cut back on things that help your overall budget and therefore remove some financial pressure, **you'll be onto a winner.**

# Financial Wellbeing

Mental, physical and financial wellbeing are so intertwined that when we thrive in one aspect, all pillars of our wellbeing improve. 55% all adults have experienced concerns over their own mental health or wellbeing because of money worries at some point in their lives (Money Advice Service) so dedicating the time to our financial health means we can thrive in all aspects of our lives.



## Our Tips for how to stay on top of things

Mental health is not a linear journey and it's different for everyone. Financial and mental wellbeing are closely linked and they can exacerbate each other. Identifying the signs of financial worry and knowing the steps you can take to improve your relationship with money can make you feel more positive and get you back on track.

## 1 Recognising the signs

Poor mental health can make managing money harder and worrying about money makes mental health worse. 46% of people say financial challenges causes them the most stress in their lives, so identifying the signs of financial worry whether that's erratic spending or feeling very anxious is the first step towards financial wellbeing.

## 2 Getting back on track

Poor mental wellbeing may mean you make money decisions you didn't intend to, or you might avoid making them at all. Fixing any damaging decisions you've made is key to getting back on track. Start with smaller more manageable steps that can help you feel more in control, like taking the time to really understand your financial situation.

## 3 Planning for the future

Protecting yourself from any future decisions is important in your journey towards financial and mental wellbeing. Future-proofing your finances could mean getting rid of credit cards, especially if you find them difficult to manage, or it could mean putting money aside in a dedicated savings account for a time when you might not be able to focus on saving.