THE COVID-19 MONEY PLANNING GUIDE

All of your important questions answered when it comes to financial planning during the pandemic

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Financial Education for the Nation

If I were to say we are in unchartered waters, it may be an understatement.

The UK public sector net debt was £1,798.7 billion, or 79.6% of GDP in January 2020 according to the ONS. These are record levels, and they are before the government's borrowing, which is estimated by the OBR to be £300 billion in 2020/21 alone due to the coronavirus. There is huge economic uncertainty, unemployment is expected to rise and we are on the crest of a recession.

Now, more than ever, we need money planning, to bring our own financial house in order. During good times you can get away with carrying a little extra debt and having a loose budget. But when the economy contracts you need to be in control of your finances. You see, we cannot control the global economy, but we can control - to a certain extent - our personal economy.

In my book, The Money Plan, I set out how I work with my clients at my multi-award-winning financial planning firm Lexington Wealth. It summarises 25 years of my experience, working face-to-face with clients of all ages and wealth. The fundamentals of financial planning, how to get ahead financially, are the same if you're on benefits, or earning over £1m a year; whether you're investing for the first time, or have a multi-million-pound portfolio. There may be slight tweaks which differentiate them, but at the core they are the same.

According to The Money Charity, personal debt in the UK stands at £1,680 billion as at January 2020, and 12.8 million households have either nothing, or less than £1,500 saved. This scares me.

I want to help you navigate this financial storm to smoother waters. You can read more in my best-selling personal finance book The Money Plan, and follow my latest developments for free by clicking here.

We may not be able to control our environment, but we can control what we focus on and the actions we take. Create your Money Plan today.

Keep in touch, and enjoy your money journey,

Warmest regards,

Warren

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Q Coronavirus has turned my world upside down. Where do I start?

A The biggest mistake people make is to start planning from where they think they are, rather than from where they actually are. The past is over. It does not matter where you were: what is important is where you are now, and where you are heading.

All decisions and plans should be made from your current situation, where you are today, however uncomfortable this may be. Remember it's what we do consistently over time that counts, so be kind to yourself and don't expect miracles in a short period of time - but with regular action towards your future goals, you will feel more confident and happy with your progress. Set some easy, quick win goals, and the achievement of these will build confidence and will enable you to set bigger goals and dreams.

When we feel down or vulnerable, we can underestimate what we're capable of, because we make decisions based on how we feel now, rather than what is truly possible. Remember you are who you are at your best, not when you are down.

Q I've been made redundant. What do I do?

A Redundancy is never a nice experience. As humans, we like certainty, and being without employment can bring uncertainty and fear.

We never make good decisions from a position of fear or worry, so take time to check in and ask yourself what is important to you in life right now? When we clarify our values and make decisions that move us closer towards those values, we feel more fulfilled, and we are more congruent in our actions and behaviours.

Although things may not feel certain right now, they will. This time will pass. Ask yourself, could this be a blessing? An opportunity for you to retrain, reskill and choose a different path? Life is not a continuum: we have our past memories, the present moment and a fixed period of life left. Decide today how you really want to live the rest of your life, and make a decision today, however small, to move towards this purpose.

Q I am now single. How do I manage?

A If you find yourself in a position where you did not expect to be, that's ok: you're stronger than you think, and all you need to do is to make different decisions around your finances now that your income has changed. Money does not make us happy, I assure you: however, being in control of the money we have will bring you a sense of joy, and pride.

Money planning is more of a science than an art. You do not need a Ph.D. in mathematics, or wealthy parents to be good with money - far from it. Good things in life take time, children do not become loving kind adults over night, acorns don't grow into beautiful oak trees in a few months, and your financial journey will be that: a journey, not a destination.

Take time for yourself and follow the 5-Step Money Plan, which can be summarised as:

- Set yourself some compelling goals to motivate yourself to work hard.
- Get organised financially, know what you own, what you owe, what's coming in and what's going out.
- Set up a personal bank account system (more on this below).
- Target the 20/50/30 allocation of your income (I describe this in more detail below).
- Review your financial foundations; build your savings, sort your will and your Lasting Powers of Attorney (LPAs).
- Repay your unsecured debt as a priority, using the Snowball plan (see below).
- Once you are free of unsecured debt, focus on repaying your mortgage and building your pension.

And finally, above all, enjoy each day as if it's your last, and be kind to yourself and others.

Q I have been furloughed. What is this?

A An employee who is not working but kept on the employer's payroll is "furloughed". The Coronavirus Job Retention Scheme (CJRS) was put into place by the Chancellor to reimburse an employer with up to 80% of the furloughed employee's pay, up to a maximum of £2,500 per month.

The scheme was due to close on 31 October but has now been extended to 31 March 2021.

Q What happens after 1st November to furloughed employees?

A The Chancellor, Rishi Sunak, first announced the introduction of the Job Support Scheme (JSS) in his Winter Economy Plan on 23 September 2020, to replace the CJRS and the government announced an amendment on 22 October called Plan for Jobs.

The JSS will be open from 1 November 2020 and run for six months, until 30 April 2021. The Government will review the terms of the scheme in January. Employers will be able to claim in arrears from 8 December 2020, with payments made after the clam have been approved. Neither the employer, nor the employee needs to have benefited from the Coronavirus Job Retention Scheme to be eligible for the JSS scheme.

There will now be two parts of the Job Support Schemes, one for employers that can remain open, called JSS Open, and one for those that have been legally required to close called JSS Closed.

JSS Open:

For employers who can remain open, but face reduced demand and challenges to keep their employees on the payroll, the JSS Open will give them the option of keeping their employees in a job on shorter hours rather than making them redundant.

The employees will need to work at least 20% of their usual hours i.e. one day, and the employer will continue to pay them as normal for the hours worked. Alongside this, the employee will receive 66.67% of their normal pay for the hours not worked, this will be made up of contributions from the employer and from the Government.

The employer will pay 5% of reference salary for the hours not worked, up to a maximum of £125 per month. The Government will pay the remainder of 61.67% of reference salary for the hours not worked up to a maximum of £1,541.75 per month. This will ensure the employee receives 73% of their normal wages, where they earn £3,125 per month, or less.

JSS Closed:

The JSS Closed scheme is for employers who have been legally required to close their premises as a direct result of the coronavirus restrictions set by the UK Governments.

Each employer who cannot work due to these restrictions will receive two thirds of their normal pay, paid by their employer and fully funded by the Government, to a maximum of £2,083.33 per month, although the employer has discretion to pay more if they wish.

Employees may also be entitled to additional financial support including Universal Credit.

Q What are the additional benefits for front line employees who die from coronavirus?

A Families of eligible workers in frontline health and adult and children's social care who die from coronavirus in the course of their frontline essential work will receive a £60,000 payment under a new life assurance scheme funded by the Government. Funding will also be provided to support similar schemes in Scotland, Wales and Northern Ireland.

Q I am self-employed and struggling to work due to the coronavirus. What can I do?

A Through the Self Employment Income Support Scheme (SEISS), the self-employed (including partners where the majority of income is derived from self-employment, can secure a taxable grant of 80% of their average profit for the three tax years ending with the 2018/19 tax year, or a shorter period (even just the 2018/19 tax year) if three years' accounts are not available. This is subject to a maximum payment of £2500 per month.

The Chancellor, Rishi Sunak, extended the SEISS in his Winter Economy Plan on 23 September 2020 for a further six months from 1 November and then provided some final improvements on 5 November.

As it now stands the SEISS Grant Extension provides critical support to the self-employed in the form of two grants, each covering a three-month period; November 2020 to January 2021 and February 2021 to April 2021.

Who can claim?

You must be self-employed including members of partnerships. You must have been eligible for the previous first and second grants, although you do not have to have claimed them. You also need to declare that you intend to continue to trade and either:

- Are currently actively trading but are impacted by reduced demand due to the Coronavirus.
- Were previously trading but are temporarily unable to do so due to the Coronavirus.

What the Grant Extension covers

- The first grant will be a payment covering 80% of the average monthly trading profits for the three months from 1 November to 31 January 2021, paid out as a single taxable instalment, capped at £7,500 in total.
- The level of the second grant will cover 1 February 2021 to 30 April 2021 has not yet been published by the Government.
- It is important to remember that the grants are taxable and subject to National Insurance.

Q Can I claim sick pay if I contract coronavirus?

A If you are an employee and earning on average more than £120 per week, then yes, currently statutory sick pay is £95.85 per week (for the financial year 2020/21), and payable for up to 28 weeks. It is available to employees from day one instead of day four, including for those advised to self-isolate. However, you need to earn more than the minimum earnings threshold of £120 a week in 2020/21, to qualify.

Q I am a 'gig economy' worker. What help can I get?

A For those not entitled to statutory sick pay (for example, the self-employed and gig economy workers the Contributory Employment and Support Allowance (ESA) is a basic £74.35 a week for those aged 25 and over, and is claimable from day one instead of day eight.

Normally, if a self-employed individual earns less than the minimum income floor, Universal Credit (UC) will not make up the difference. The minimum income floor is usually what someone would earn if they worked at the national minimum wage for the number of hours that the self-employed individual is expected to work or look for work. To ensure that time off work due to sickness is reflected in benefits, however, the minimum income floor in UC is temporarily removed if an individual gets coronavirus or has to stay at home because of it.

The minimum income floor won't apply to anyone after 6 April 2020. This will last until the coronavirus outbreak is over. The aim is to ensure that every self-employed person can now access, in full, UC at a rate equivalent to statutory sick pay for employees.

Q I need financial support, but I don't know where to start.

A Knowing what you are entitled to claim, and how to go about claiming can be a minefield, but don't despair. There is a great site called www.entitledto.co.uk which in a matter of minutes will search available benefits and display what you are entitled to claim.

The government has launched a new 'support finder' tool to help businesses and self-employed people to determine what financial support is available.

Q I've taken a lower earning job and I can't meet my bills. What are my options?

A When we have a change in financial circumstances, a change in income, or a new family member, it's essential we revisit our spending.

I created the Bank Account System to help people, of all income levels, to manage their money more easily. Many people have more month left after the pay has been spent, and then turn to credit cards or overdrafts to meet the shortfall, thinking that this is ok, or normal. It is not ok, although it may have become normal, and it's a habit that I would urge you to stop.

Your income must be greater than your outgoings, otherwise you will always be in debt. The first step is to dedicate one account that you have as your "Bills Account", and have all, or as many of your bills automatically paid from this account. I want you to automate as much of your spending as you can, to take routine thought out of everyday decision making. There are far more fun things to think about than paying your bills.

Once this is set, go through each payment and ask yourself these three important questions:

1. Do I want this?
2. Do I need this?
3. Can I get a similar experience for less?

I recommend checking that you are on the best tariff for your gas, electricity, telephone and TV. For example, just by switching your BT bill to paperless you will save £3 - it doesn't seem much, but it all adds up. Using a comparison website like Uswitch can really help you compare the different providers and packages in your area. Similarly, when shopping, make sure you're searching for the best prices. I use the Idealo price comparison website to find the lowest online prices.

In addition to your direct debits and standing orders, you'll have variable spending items, things like your groceries, shopping, meals out and haircuts etc. Add all these up, divide this figure by four and pay this quarter each week from your Bills Account to your "Walk About Money (WAM)" account!

This WAM covers all of your variable spending. You pay it weekly on a Wednesday, which is important. Making the payment on Wednesday means that it will be clear and ready for the weekend, when you're likely to spend most of your money. Paying it weekly means that once you have spent all of your WAM over the course of the weekend (which many people will), you only need to wait a couple of days to be paid again on the following Wednesday, rather than waiting a number of weeks, as you would if you did this monthly. Getting paid gives you a boost of dopamine, which will make you feel good, and in life, ultimately that's all that matters.

Q I'm so unorganised. Where do I begin?

A A financial planner's best friend is ALIE, which stands for your assets, liabilities, income and expenditure. It can tell us so much, and every financial planner will include this in their work. Likewise, it's important that you check in and review what you own, what you owe, what's coming in and what's going out, at least annually. I find January a natural time to do this, but anytime of the year is fine. Download a template from my website.

Q I can't make ends meet. What do I do?

A You need to cut your cloth according to your situation. If you've received reduced pay from work (as many people have during the coronavirus pandemic), or your overtime or bonus is no longer there for you to rely on, you need to change your spending habits. You cannot spend what you don't have - that's called bankruptcy!

I share with my clients the 20/50/30 rule (which is more of a guide than a strict rule):

- 20% of your take-home pay should go towards short-term and long-term savings. The short-term includes saving for a holiday or a replacement fridge-freezer, for example, and long-term is your retirement plan. Consider splitting this percentage 50/50, which means that, as a minimum, you'll be saving 10% of your take-home pay towards your retirement or mortgage overpayment.

- 50% of your take-home pay should go towards the running costs of your home, including your mortgage, your utilities, insurances, and general household running costs.

- 30% of your take-home pay is then available for your variable spending, your WAM. This covers all variable spending, from your groceries and fuel, to your Friday nights out.

These are good guidelines, although I appreciate that everyone's circumstances will be slightly different. Don't worry if you need to reallocate slightly towards household payments, or WAM, for example, but it shouldn't be too far from the 20/50/30 ratio, and you must include all three parts: savings, household costs, and personal spending.

Q I had COVID-19. Can I get life assurance?

A You cannot apply for life assurance while you are experiencing symptoms of COVID-19, or if you have tested positive for it. Once you have recovered, you are able to apply for life assurance, but be sure to disclose that on the application when you are asked for all relevant points.

Many insurers are imposing deferred periods after you recover from COVID-19 before you can make an application and an incomplete or inaccurate application - whether intended or not - may invalidate any claim on your policy.

Q Do I need my life assurance?

A Life assurance transfers a financial risk from you to an insure. For example, if you have children who are under the age of 18, and you were to die prematurely, there is a risk that they may not be able to continue to afford their lifestyle. Similarly, if you have a joint debt with someone and you were to die prematurely, there is a risk that the survivor couldn't afford the payments on their own.

So, if you have someone who is reliant on you financially, or if you have joint liabilities, then it's probably wise to have some cover. I normally recommend the following:

- a "Family Income Benefit" policy, which pays a monthly tax-free income on death to cover a loss of income.
- a "Mortgage Protection" policy or "Decreasing Term Assurance" policy to cover the balance of the mortgage.

If you are in a relationship and looking to arrange a joint policy, you may find it worthwhile arranging two single life policies rather than one joint life policy for the following reasons:

1. The premium won't be too much more (normally around 10%), but you'll have double the cover if you were both to die.

2. You can personalise the cover, so if one person needs less cover than the other, for example they may earn less income or have less debts, you can arrange personalised levels of cover and only pay for what you buy.

3. Most importantly, you can more easily write single life policies into trust, which will speed up payment in the event of a claim. It also keeps the benefit outside of the deceased person's estate for the purposes of calculating inheritance tax.

Q Will my critical illness policy pay out if I contract COVID-19?

A COVID-19 is not a listed critical illness, so it's highly unlikely that a claim could be made on a critical illness policy if you're diagnosed with it.

However, if COVID-19 were to cause a condition which is listed, then you may be able to make claim for the listed condition.

Q Do I need income protection?

A Income protection is an insurance that pays an amount of your income, in the event that you are unable to work due to an accident or long-term sickness. Before the tax-free benefit pays out, there's normally a waiting period of 4 to 26 weeks, and it will then continue to pay until you are able to return to work, or until the end of the policy term (whichever is sooner).

Ask yourself how long you could pay all your bills for, if you were unable to work. If the answer is 'not long' then yes, it's very likely income protection is important.

However, if you are employed, ask your employer what cover you have through your contract of employment, as many larger employers offer this benefit as part of employment terms and conditions.

A serious episode of COVID-19 could keep you off work for 12 weeks or more, and it's very likely that this would represent a successful claim under an income protection policy. When you're worrying about your health, it's reassuring not to have to worry about your finances.

Q Is my medical insurance worth keeping?

A Private Medical Insurance is an insurance that will pay for non-emergency care in a private hospital, or private ward in an NHS hospital.

Some people feel that it is essential to be able to access healthcare and treatment privately and quickly to obtain peace of mind. Others feel that the NHS offers an excellent service, which you already pay for through your national insurance contributions and tax.

If you do decide that you would like private medical insurance, make sure that you understand:

- how much excess you will be required to pay and when?
- what hospitals are and are not covered?
- what treatment is covered?, and what's not?

It's important to be clear about these points upfront.

Q Times are tough - can I get a payment holiday on my insurances?

A The Financial Conduct Authority (FCA) has told insurers that from 18 May 2020 they must help customers who are struggling to make payments on their insurance policies because of the effects of the coronavirus pandemic. This includes general insurance policies (car, household etc) and protection policies (such as life cover, income protection etc).

This means that insurers are expected to allow policyholders to defer costs temporarily, while keeping cover in place on car, home, travel, private medical, life, income protection and accident and sickness policies, for example.

The end date for requesting payment holidays was 18 August 2020.

Q Why do I need to arrange a will?

A Wills are essential, in my view, for anyone aged 18 years and older who would like to have some say in what happens after their death.

A will formalises your wishes on how your assets (your home, your savings etc) should be distributed and to who. It can also confirm your funeral wishes, and who you wish to act as guardian for your children.

Nominating guardians is a very important point because if you do not leave a will confirming this, your children could be taken into the care of social services until the courts decide who the guardians should be. This is the last thing you would want for your children, after they are grieving from losing their parents. Going to court for this to be resolved often takes significantly longer than the process of estate administration, and might also lead to an outcome that you wouldn't have chosen yourself.

Q What are LPAs, do I need them?

A LPAs, or Lasting Powers of Attorney are essential for everyone over the age of 18.

There are two forms of LPA; Health and Welfare which deals with your medical and social care needs and Property & Affairs which deal with your money and assets. Note these have slightly different names under Scottish law, although they serve the same purpose ("welfare" and "continuing") – these can also be combined into the one document.

You appoint attorneys to make decisions on your behalf when you lose the ability to make these decisions yourself. LPAs are not just for the elderly: if you were diagnosed with a serious condition of COVID-19, for example, having an LPA would mean someone you trusted could make decisions on your behalf in relation to your welfare and/or finances. They help to ensure bills are paid, and appropriate social and care services are provided.

Q During the coronavirus I have built up a mountain of debt. How do I repay it?

A We can spend money quicker than we can repay it, just like we can take in calories quicker than we can burn them off!

But when you follow a proven debt repayment plan, you can repay your debts over time, and you will learn new good money habits for your future.

There are a couple of popular debt repayment strategies: Snowball and Avalanche. I prefer Snowball, because depending on your debt-to-income ratio, your debt repayment may take you months - or even years - to complete, and it's important you set yourself up for success from the start. If you go into the repayment process expecting a quick fix, you'll be quickly disappointed and you may give up and quit before it's completed.

The snowball system works like this:

1. List all your debts in ascending balance order, with the smallest first.

2. Then ensure any large balances you have are held on a low or competitive interest rate, but don't consolidate all of your debts together. It's easier managing debt repayment in bite-sized chunks, and the measurable progress as a result.

3. Always maintain the minimum payment on all of the debts. Missed payments will adversely affect your credit score, and reduce the number of lenders and lowest rates available to you.

4. Then, take every bit of disposable cash, and at least half of the 20% from your income allocation, and repay this onto debt number one (the smallest debt) Do whatever legally you can to clear this smallest debt, and once it's repaid, celebrate – yes really! Congratulating yourself is important! Apply the same method to debt number two and repeat the process.

Each time you repay a debt, you make progress and you get a dopamine boost - you feel good! This journey may take several months or years, so getting rewards and feedback along the way will keep you engaged and committed to the process.

I liken it to diets. The strictest diet may be the fastest, but it only works if you stay on the diet. That's why a balanced diet is often the most suitable, because it fits into our lifestyle more easily, and we can enjoy some rewards along the way.

Q I can't afford my debt. What should I do?

A Take action! Don't bury your head.

Have you taken the steps above - in other words, set up your Bank Account System, listed your ALIE and arranged your debt snowball? If that hasn't helped (perhaps because you can't change the fact that you simply have more going out than coming in), you should contact a respected debt counselling agency, such as StepChange (www.StepChange.org), or call 0800 138 1111 (Monday to Friday 8am to 6pm).

Due to the impact of the coronavirus, the FCA issued rule changes to financial institutions which included instructions for lenders to:

- offer a temporary payment freeze on loans and credit cards for up to three months, for consumers negatively impacted by coronavirus.
- allow customers who are negatively impacted by coronavirus and who already have an arranged overdraft on their main personal current account, up to £500 of an overdraft charged at zero interest for three months.
- make sure that all overdraft customers are no worse off when compared to the prices they were charged before recent overdraft pricing changes came into force.
- ensure consumers using any of these temporary payment freeze measures will not have their credit file affected.

The rule changes have been in force from 14 April 2020.

Q I can't afford my mortgage?

A Speak to your mortgage company as soon as you feel there may be a problem.

There are a number of things they could help you with but they will be more accommodating when you approach them first.

For those in difficulty due to coronavirus, mortgage lenders will offer at least a three-month mortgage holiday. Those who have already had a payment holiday can have a further three-month deferral, and those who have not yet had a payment holiday will be able to request two payment deferrals, of up to six months in total. Those who have resumed repayments after an initial payment deferral will be eligible for another payment deferral of up to three months.

Borrowers have until 31 January 2021 to request a payment deferral. The FCA expects lenders to provide tailored support to those whoa re not eligible for further payment deferrals.

A ban on repossessions will continue to 31 January 2021.

Q I can't afford my rent, is there any help?

A There is no direct legislation to force landlords to accept rent deferrals, or reduced rent, but you should speak to your landlord as soon as you think you may have a problem.

Emergency legislation to suspend new evictions from social or private rented accommodation expired on 20 September 2020 and landlords will now be able to progress their possession claim through the courts.

From 29 August 2020, with the exception of the most serious cases, landlords are not able to start possession proceedings unless they have given their tenants six months' notice.

Landlords will also be protected as the three-month mortgage payment holiday is extended to Buy to Let mortgages.

Q I'm self-employed and can't afford my tax. What are my options?

A Self-Assessment payments due by 31 July 2020 can be deferred until 31 January 2021, free of interest and penalties. However, this is a deferral and not a cancellation: the payments will still be due.

On 24 September, the Government announced that taxpayers with up to £30,000 of Self-Assessment liabilities due will be able to use HMRC's self-service Time to Pay facility to secure a plan to pay over an additional 12 months, meaning liabilities due 31 July 2020 will not need to be paid in full until 31 January 2022.

You should contact HMRC to arrange payment terms as soon as you can, to avoid problems later down the line.

You can arrange a Web Chat with HMRC for tax support questions or call 0800 024 1222.

Q I can't afford my workplace pension. Is that a problem?

A Your workplace pension is the pension into which your employer has automatically enrolled you. Under legislation, your employer must contribute if you also contribute, so if you opt out and decide to no longer contribute, your employer does not legally need to contribute either. Their contribution is essentially free money to you, and no matter how hard things are today, they will never improve in the future if you do not make any financial provision, so I would really urge you to contribute at least the minimum amount required to maintain your employer's payment.

However I do understand that in some circumstances it's just not affordable, and in that case you can opt out of the scheme. What you have saved so far will remain invested and you should not be penalised for opting out. Your employer is obliged under legislation to automatically enrol you back in on the third anniversary of the scheme (which may be less than three years from now), and every three years thereafter. Meantime you should ask your employer if you can voluntarily opt back in as soon as your finances allow. Your future self will thank you.

Q I am worried to look at my investments. Will they have plummeted?

A This is a common fear for many new investors: they remember the best value of their investments and forget that investments fluctuate over time. The most important thing to ask yourself is whether you are comfortable with the investments you own, and has your bigger plan changed? If the answer to both of these questions is yes, then you really should not worry.

A properly allocated investment should consist of higher risk and more modest risk investments, so a mix of shares or equities, and bonds or fixed interest investments. During good economic times you may see the shares grow in value, and you may sometimes wonder why you own the bonds. However, during challenging financial times, shares may fall quite considerably, and it would not be unrealistic for them to fall 50% in value. It's at these times that the bonds should be holding their value and possibly even increasing.

You would be wise to maintain your target asset mix, so sell some of the equities and buy bonds during good times. Conversely, during challenging times, sell some of the bonds and buy equities, in order to maintain a mix that is appropriate for you. Alternatively, if this all seems like too much work, you can buy Lifestyle funds which do this automatically for you!

Q Is this a good time to invest?

A TV pundits and social media experts like to tell you that they know the direction of the market over the short-term, but the reality is that there are too many factors at play to make an accurate prediction of short-term movement in asset prices.

Over the long-term, this has been researched in some depth, and it's been shown that shares tend to appreciate in value over time, because shares represent part-ownership in a company. Companies trade and sell goods or services to make a profit, and as an owner or shareholder in the company, you earn or participate in these profits. Some of the profits may be paid out to you as an owner (called a dividend), and some profit is retained by the company and will increase the company's value by growing the business. When this is the case, each share is worth more than it was, and hence shares appreciate over time.

So, if you have a period of five years or more to invest before you need access to your investment, then yes, it's always a good time to invest.

Be sure to only take on as much risk as you feel you can manage, however, and if you are unsure, seek advice from a certified Financial Planner.

Q Should I take out LISA to buy a house?

A A lifetime ISA (LISA) is a tax-efficient savings plan which provides a 25% bonus on any money paid in up to a limit of £4000 per year. So a £4000 contribution would attract a £1000 bonus, leaving £5000 in the LISA.

You need to hold the LISA for 12 months before it can be used towards the purchase of your first house, otherwise a 25% penalty is applied.

If you don't use the LISA for a house purchase, you can use it to provide tax-free income from age 60 onwards. You need to be between the ages of 18 and 40 to open a LISA and they can be funded up to age 50, when contributions must cease.

If you qualify, a LISA is an excellent way to help with the purchase of your first home, and a couple buying together can each open their own LISAs to double the tax bonus.

On Friday 1 May, the Treasury announced that it would legislate to reduce the penalty to 20% between 6 March 2020 and 5 April 2021 (inclusive). The timing means that anyone who has cashed in since 6 March 2020 is due a refund.

Q Where's best to save for my child? Should I use a pension or bank account?

A Bank deposit accounts are only really suitable for short-term savings, in other words, money that you may need access to in the following five years.

It's true that they do not fluctuate in value, so people feel they are 'safe', but they offer no real growth because of the low rates of interest.

When saving for your child, assuming you have a term of 10 years or more, bank deposit accounts really are not able to provide the growth required. If you want to maintain control, then a Stocks and Shares ISA or General Investment Account, invested into the stock market, will provide real growth over a longer period of time.

If you have used your ISA allowance, then you could consider a Junior ISA, or JISA; however, it's important to remember that you child will own this account when they turn 18, and can spend it on what they like, whether you agree or not.

Remember that you can start a pension for your child at any age, even a newborn baby! To provide money for your children or grandchildren's retirement is a gift they will remember long after you are not around.

IN SUMMARY

As humans we often think the current circumstances will continue, whether that's assuming our latest investment purchase will always increase in value, or wondering if this pandemic will ever pass and will life get back to normal.

This time will pass, and humans are amazingly adaptable creatures. You have an opportunity to change your financial future, it all starts with knowing what it is you want and taking regular consistent action towards this outcome.

We cannot always change our environment, the pandemic, the fact that we may have been made redundant, or that we are now single; but we can change what we focus on and our actions. It is our decisions and not our conditions that will shape our future.

Take time to clarify how you want to live the rest of your life, you may not be there yet, but by clarifying it, you will be a step closer, then take regular action to move towards what it is you truly want, always focusing on what it is you want, and do not allow life to distract you.

Life is not a continuum, we all have an end date, it's important to fill the time we have with the things that bring us happiness.

Remember the interesting roads in life are not smooth and straight, they have curves and bumps, and you arrive with a great story.

Keep safe

Warren

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