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Money Matters

Russell Hall, a chartered financial planner with advisers Almary Green, said now was as good a time as any for people to get their finances sorted out and leave themselves well positioned for when mortgage repayments start going up again.

“Anyone who has a mortgage needs to look at the possibilities of overpaying on their existing loans,” he said.

“But if you aren’t allowed to overpay your mortgage, saving the money is the sensible option. Make sure you have used your cash ISA allowance, for example.

“If you are able to invest a lump sum, you might want to consider an index-linked National Savings & Investments certificate, to protect yourself against rising inflation. Or if you want to have a little bit of fun while protecting your capital, you might want to consider premium bonds.”

This is the sort of advice people would do well to follow at any time, but the ignorance highlighted by the Consumer Financial Education Body report suggests that such action is particularly apt at the moment. Mr Hall said it was just as important to concentrate on your budgeting.

“Have a look at your expenses – for example, do you pay for gym membership you don’t use?” he said.

“Are there any subscriptions that you don’t need? Can you switch gas and/or

electricity supplier? Can you change your phone or broadband provider?”

It’s a case of when, not if, interest rates will go up, so taking the twin approach of saving what you can and cutting your budget where possible could help ease the pain of higher mortgage payments when they happen.