

# Protection News



## What is a lasting power of attorney? And do I need one?

**A lasting power of attorney (LPA) is a legal document that allows you to appoint one or more people to make decisions on your behalf during your lifetime.**

The people you appoint to manage your affairs are called the attorneys. An LPA is a completely separate legal document to your will although many people put them in place at the same time as getting their will written, as part of planning for their future.

### In this issue

- **What is a Lasting Power of Attorney and do I need one**
- **5 steps to create a budget**
- **The essentials you need to know about credit checks before borrowing money**
- **Home Insurance Explained article**

### What does a LPA cover?

There are two types of LPA which come into effect when you are no longer able to make your own decisions.

**A health and care LPA** lets your attorney make decisions about your medical treatment and day-to-day care. This can include where you live, what you eat, what medical treatment you receive and who you see.

**A financial decisions LPA** lets your attorney handle (and make decisions about) your money and property. This can include paying your bills, selling your property, collecting your pension and collecting your benefits.

### Do you need an LPA?

Without an LPA, if you need someone to step in and manage your finances or make decisions about your healthcare in the future, their only option will be to apply for a deputyship order through the court. This can be a costly, complex and lengthy process. If you have an LPA, it can take effect as soon as it's needed, meaning your chosen attorney can step in to help straight away.

Once your LPA is in place, you have peace of mind in knowing that someone you trust can look after your affairs if you're ever unable to yourself, because of an illness or an accident.

### Don't put it off

More than 75% of the over 55s have not registered an LPA. The benefits and the simplicity of putting one in place should encourage you to make the decision to get your ducks in a row before it's too late.

Which is where we can help. Getting it right is too important to leave to chance, so get in touch and we can ensure you're directed to the right place to organise and register your LPA.

# 5 steps to create a budget

**The average British family used to be 2.4 children, these days it's 1.7 children (and half a dog). Whether your idea of a family is two adults and two children, or just you and a dog, creating a family budget is an essential step towards managing your finances.**

By gathering information about your income and expenses, categorising your expenses, setting financial goals, determining your disposable income, and creating a budget plan, you can take control of your finances and achieve your financial goal.

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## Top tips to avoid being scammed

Make a list of all your average monthly outgoings, then compare it to your current income and see if you spend more than you earn. If there is money left over every month, then it's easier for you to add this to savings. If you earn less than you spend, try to cut back on your expenses slightly.



## Set realistic goals

Set yourself short and long-term financial goals. Short-term goals should take around one to three years to achieve and might include things like setting up an emergency savings fund or paying credit card debt. Long-term goals, such as saving for retirement or your child's education, may take decades to reach.



## Follow the 50/30/20 rule

Once you've identified your monthly income and expenditures, it's worth using the 50/30/20 rule. This is a technique where you divide your income into three categories. 50% of your budget covers any essentials like rent and bills, 30% covers variable costs like eating out and shopping and 20% covers savings and paying off debts.



## Cut back on nice to haves

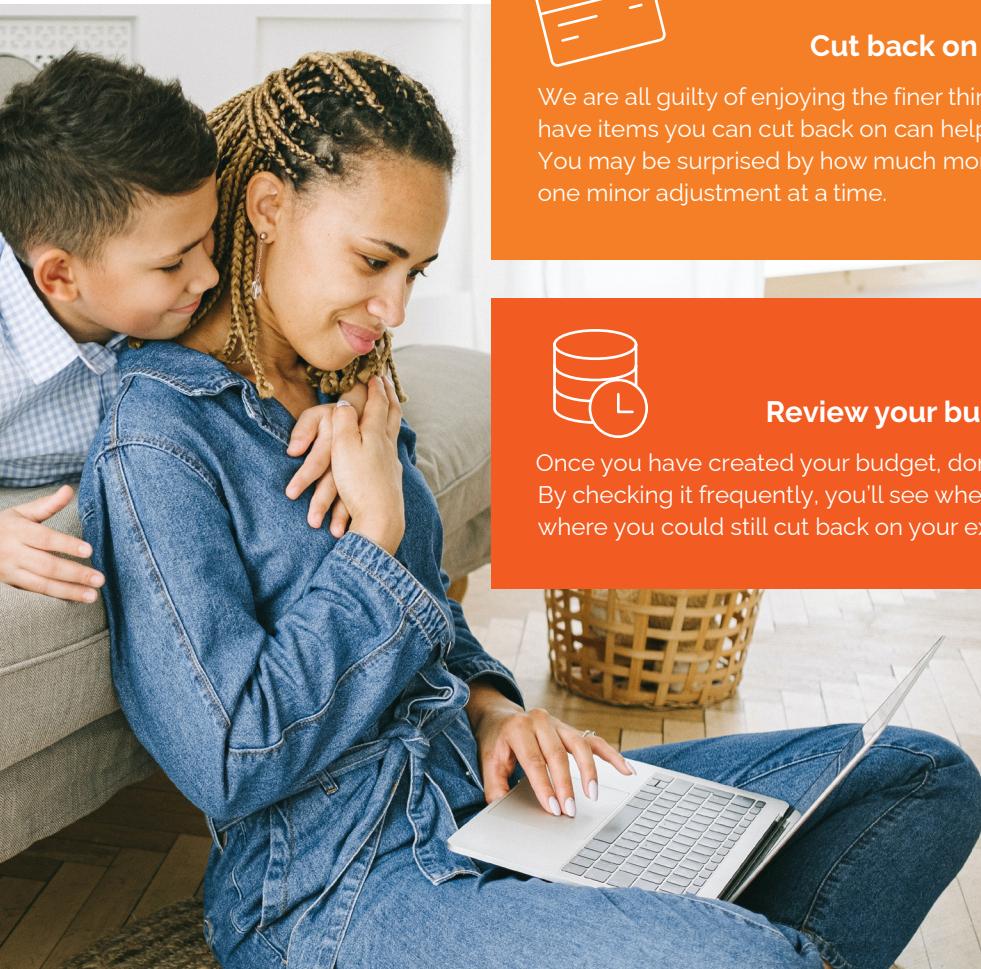
We are all guilty of enjoying the finer things in life, but identifying what nice to have items you can cut back on can help you achieve your financial goals quicker. You may be surprised by how much money you could accumulate by making one minor adjustment at a time.



## Review your budget regularly

Once you have created your budget, don't forget to review it from time to time. By checking it frequently, you'll see whether you need to adjust your goals and where you could still cut back on your expenses.

When it comes to finding the right financial protection plan for you, we provide tailored options to suit your budget and circumstances.



# The essentials you need to know about credit checks before borrowing money

**The information a lender finds during a credit check is important – it could affect whether you're able to borrow money, including through a mortgage, and the interest rate you're offered. Yet, they can also seem perplexing.**

Indeed, a Royal London survey found that a third of Brits had never looked at their credit report.

The good news is that we can help you cut through the jargon, so you feel more confident next time you apply for a loan.

## Lenders usually carry out a credit check to assess how much risk you pose

Lenders carry out a credit check by looking at your credit report to understand how financially stable and reliable you are. Your credit report includes:

- Personal details, such as your name and address
- Borrowing and payment history
- Current borrowing and credit limits
- Details of people you're financially linked to, like your partner.

If their check indicates that you are more likely to default on repayments, a lender may offer you a higher interest rate, which would affect your repayments and the total cost of borrowing, or even reject your application.

## Hard v soft credit check

Two different types of credit searches can be carried out – a hard or soft credit check.

A **soft credit check** happens when you review your credit report or a lender checks to see if you're eligible for certain offers. A soft credit check doesn't show up on your report.

A hard credit check is usually carried out when you've made a finance application, such as a credit card or mortgage, and the lender wants to take an in-depth look at your report.

Hard credit checks may be noted on your credit report for up to two years and will be visible to other lenders.

Several hard credit checks in a short space of time may affect your ability to borrow as it could indicate you're struggling to manage your finances. As a result, taking the time to understand which lenders are suitable for your needs could be useful as it may reduce the number of hard credit checks that are carried out.

A hard credit check can only be performed with your permission.



## 6 useful steps you could take to improve the outcome of a credit check

By reviewing your credit report and score before applying for credit, you may have a chance to improve how lenders view you. Here are six steps you may be able to take:

1. Search your credit report for any mistakes and contact the provider to fix them.
2. Register on the electoral register to demonstrate stability.
3. Reduce your outstanding credit.
4. Pay more than the minimum payment on a loan or credit card.
5. Avoid late payments by automating bills.
6. Be careful about applying for new forms of credit.

If you have any questions about how your credit report could impact your ability to secure a mortgage, please don't worry. You can contact our specialist Mortgage team to discuss your concerns and plans.

**YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.**

# Home insurance explained

One wet and windy evening, Alex and Megan decided to take advantage of their newborn, Ellie, falling asleep in her moses basket by getting an early night. Picking up the basket from its regular spot in front of the fireplace, they crept upstairs. No sooner had they settled in bed when they heard a massive crash from the living room. They ran back downstairs to find a pile of rubble in the exact spot Ellie had been sleeping just minutes earlier.

Aware the incident could have been much worse; the couple were still left with an enormous mess to sort out. High winds had caused the inside of the chimney to collapse. However, Alex and Megan's home insurance provider refused to pay for the structural damage because, according to their terms and conditions, the wind hadn't been strong enough to constitute a storm. They also refused to replace the living room carpet because the couple's contents insurance didn't include accidental damage cover.

So, what can you do to make sure your home insurance provides you with the protection you'd expect when the unexpected happens?

## Let's start at the beginning – what exactly is home insurance?

Home insurance financially protects your home against damage or theft but is typically split into two parts – buildings and contents.



### Buildings insurance

This covers the building itself, including walls, floors, doors, windows, and the roof. It also covers permanent fixtures such as baths, toilets, fitted kitchens and even wallpaper.



### Contents insurance

This typically covers anything that can be taken with you if you move – e.g., kitchen appliances, furniture, and valuables.

## With you through life®

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## Not all home insurance is equal

As Alex and Megan discovered to their cost, not all home insurance is equal. Although tempting to simply go with the cheapest option, it's always best to check the details of any policy you're considering to see exactly what's included. For example, some buildings insurance covers garages, greenhouses and garden sheds but some policies don't.

It's also a good idea to check for exclusions. You may find some insurers won't pay out for anything considered to be the result of general wear and tear or damage that happens over time, such as damp or rot.

Meanwhile, contents insurance generally has a single-item limit, meaning highvalue possessions may need to be named separately. You may also have to pay extra to cover belongings when they are taken outside your home.

## Add ons

There are also certain add ons that are worth thinking about to provide a way to get cover without paying for a more expensive policy with features you may not need. These include:

### Accidental damage cover

This provides cover for accidents that occur around your home.

### Home emergency cover

This protects your home against emergency call outs or repairs like a burst water pipe.

### Personal possessions

This covers items that are used away from home such as handbags and mobile phones.

### Legal expenses

This covers the cost of legal proceedings if you need to take action or defend a claim.

## Do you really need home insurance?

### Homeowners

Although buildings insurance isn't a legal requirement, most mortgage lenders insist on it. No one is going to force you to buy contents insurance, but it can provide valuable peace of mind and combining it with your buildings insurance may save you money.



### Renters

You don't need to worry about buildings insurance – this is your landlord's responsibility. However, contents insurance may be a sensible idea.

## Speak to a professional

Your home is probably your most valuable possession, and you'll want to make sure it's protected. Whether you want a combined building and contents insurance policy or separate ones, we're here to help.

