

How to make 2018 your richest year yet

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January is probably the tightest year of the month for many of us as we recover from the financial hit of the festive season.

But if you've overdone it on spending, there are some tricks you can use that will not only go some way to repairing the damage, but will also help to set you up for a more financially successful year ahead.

Financial experts have shared their top tips and predictions for the year ahead with Femail to ensure you use upcoming changes in legislation and interest rates to your advantage and boost your bank balance.

From investing in gold to purchasing second-hand jewellery with a renowned brand name such as Tiffany, these are the hacks that will ensure 2018 is your most abundant year yet.

‘The bank of England Base rate is likely to increase over the next couple of years to around per cent according to the Governor, Mark Carney,’ said Mark Homer, co-founder of Progressive Property.

‘As long term fixed rate mortgages are still cheap a 10 year fix may be preferable. Barclays has a 10 year fix at 2.69 per cent which just has to be a good deal.’

Some of the cheapest fixed rate deals have been removed by banks because of the interest rate rise, so if you’re looking to remortgage in 2018, you could well end up on a higher rate.

But Tashema Jackson, money expert at uSwitch.com points out that rates have only gone back to 0.5 per cent, where they sat for almost nearly nine years – so there’s no need to panic about them shooting up just yet.

‘However, don’t be seduced into thinking that a lower interest rate is automatically cheaper,’ she said. ‘Take some time to calculate if the lower rate and higher fee is actually cheaper. It could save you a fair bit of money in the long run.’

She added that it’s crucial not to rely solely on information from your broker.

‘Many mortgage brokers will have exclusive deals from particular banks,’ she explained.

‘That’s why searching and comparing what is on offer from different providers can really help give you a better understanding about what is currently on offer from the mortgage market,’ she explained.

Don’t assume this means you know best, but being informed is always worthwhile. You may be able to give yourself a leg up before committing on a particular one.’

‘When the initial term of a mortgage ends, lenders transfer customers onto their Standard Variable Rate (SVR). This typically has a much higher rate of interest,’ said Ishaan Malhi, CEO and founder of online mortgage broker Trussle.

‘Nationwide is offering a two-year fixed rate of 1.99 per cent while their SVR sits at 3.99 per cent, for example.

Set a reminder to look into your options with a broker three months before your initial term ends to avoid paying over the odds. Just one month on your lender’s SVR can cost you hundreds of pounds in extra interest.

‘Interest rates may have crept up recently but they’re still historically low,’ Ishaan added. ‘If you’re in a position where you can afford to overpay on your mortgage, this is a good idea as it can reduce your overall debt. This will be harder to do when interest rates rise further, which they may do in the coming years.

‘Check with your lender about how much you can overpay by each month since there’s usually a limit before a penalty applies. For most fixed-rate deals this is usually up to 10 per cent of the remaining mortgage balance per year.’

Mark Homer More points out that permitted development rights for homeowners are likely to come in the New Year from the government.

This will likely allow people to extend their properties and make other alterations without the need for planning permission.

‘Rather than Moving house this could be a great option for those looking for more space who also would like to create equity in their home,’ he added.

Experts at Hitachi Personal Finance agree that you should look to improve rather than move.

‘Typical property prices jumped around £85,000 in the first half of 2017,’ they said.

‘So spending on property renovations instead – such as creating an extra room out of wasted loft space, new kitchens or bathrooms – could potentially add significantly more space, and serious value too. The average a loft conversion could add to the value of your home is 12 per cent, so it’s well worth considering all options.’

Mark Homer recommends Paragon Bank, who is offering a 120 day notice savings account at 1.45 per cent which trumps savings products offered elsewhere.

‘Should you be happy locking your money away for four months this would appear to be a good option to help reduce the effect of inflation on your capital,’ he said.

Julian Hynd, Chief Deposits Officer at Ford Money says that a number of factors could push up interest rates in the coming year.

‘The Bank of England is expected to increase the base rate further, while the Funding for Lending Scheme (FLS) to boost bank lending to households and companies comes to an end in January,’ he said.

‘Our research shows that almost three in five UK savers do not know what interest rate their account pays while nearly half only review their accounts once a year or less.

‘Finding a savings account that pays a fair and consistent rate over time could mean one less thing for savers to be worried about with any interest rate changes and ensure savers get the most out of their money.’

Jamie Smith-Thompson at pension advice specialists, Portafina, explained: ‘You don’t have to be Nostradamus to predict that Brexit will continue to create economic uncertainty in 2018. And this could leave people facing sudden changes in circumstances that put a strain on personal finances. One of the best ways to counter this uncertainty is to keep six months’ worth of outgoings as an emergency fund. It can soften the blow of any nasty surprises and give you the time and space needed to make the best decisions.’

Jamie Smith – Financial Adviser at Foster Denovo comments predicts a change to pension tax relief in the next 12 months.

‘This is most likely to be in the form of a reduction to the annual allowance, which is the amount that can be saved into a pension scheme and still benefit from tax relief within a given tax year,’ he said.

‘Although a reduction would not affect the vast majority of people, those who can afford to maximise pension funding should consider doing so before any new restrictions are introduced.’

Jamie warns of growing instability in the UK due to uncertainty around Brexit and recent downgrading of growth forecasts.

‘Anyone within a few years of accessing any stock-market linked savings should be reviewing their portfolios and the underlying risks,’ he said.

‘For example, if you are planning to retire over the next few years you may want to consider de-risking your pension funds and moving these into less volatile asset classes.

‘Some pension providers will do this automatically, which is known as ‘lifestyling’, but certainly many pension plans will not have this function.

‘Those who have a longer term investment horizon of at least five to ten years before they plan to access and spend their savings may not need to be as concerned but it is still a good idea to review their portfolios.’

Adrian Ash, Director of Research at BullionVault – the world’s largest online trading platform for precious metals insists gold will act as a way to protect wealth as well as to increase it in 2018.

‘Those who forget history are doomed to repeat it, and investors seem to have forgotten both the global financial crisis and the DotCom Crash where gold investing could have helped preserve investors’ wealth,’ he said.

‘Demand for gold sank in 2017 as stock markets surged, yet gold has risen for UK investors in every year that the stock market has fallen by 10 per cent or more.’

Dr. Johnny Hon, Chairman – The Global Group says 2018 provides ‘fantastic opportunity’ for investing in media and entertainment ‘as the global middle class grows and technology develops’.

He added: ‘Virtual Reality (VR) and Augmented Reality (AR), made famous by Pokémon GO, open up new ways of watching and shopping while viewing TV and movie content. Significant returns are to be made here.

‘Property continues to be a good investment and one that again features many innovations. One that will appeal to many younger people in particular, is the new concept of co-living, which, by using shared spaces and facilities, creates a more fulfilling lifestyle, that not only offers concierge and cleaning services, but also creates a genuine sense of community through shared spaces and facilities. With building land at a premium, this has a great future.

Stuart Law, CEO and founder of Assetz Capital says that more people are turning to Peer-to-peer (P2P) as an alternative to saving.

‘P2P platforms directly match people wanting to invest money with those requiring a loan, cutting out the middle-man and giving investors a choice in where their money is lent,’ he explained.

‘The rates of return can be attractive in the current climate of low interest rates, although it’s important to be aware that – as with most investments – capital is at risk and the amount invested is not covered by the Financial Services Compensation Scheme (FSCS) as it would be if held in a bank account.

‘Most P2P lenders are now fully authorised by the Financial Conduct Authority (FCA), but anyone thinking about investing money in this way should still ensure they’re using an approved firm.’

It’s something you might ignore until you’re considering applying for a loan, but it provides a useful snapshot of all your bills from mobile phone, to gas and electricity bills, as well as credit cards, loans and mortgages, according to Tashema Jackson, money expert at uSwitch.com.

‘You’ll also be able to check that all the information it contains is correct,’ she added. If you notice any errors you can contact the relevant lender and ask for them for a correction, but bear in mind that you will be expected to provide proof that a mistake has been made.

‘Doing a bit of research will also let you know if any lenders have a particular offer on, such as cashback on mortgage payments, or preferential interest rates to existing customers.’

Source: [Brinkwire](#)