

The cost of living as we all know continues to creep up. It seems where-ever we look, you cannot get away from the media coverage regarding the credit crunch and current state of play with the UK Housing Market. But is it all really doom and gloom?

The rising cost of living is evident to us all as we feel our own belts squeezed and is backed up by a recent survey conducted by the Legal and General.

Its survey conducted since the beginning of 2005 to June 2008 covering over 30,000 adults concludes that the percentage of people whose earnings exceed the cost of bills and debts has fallen slightly from 59% to 57%. Of the Married couples that were included within the survey, there was almost a 10% drop in couples covering their bills?

The results clearly show those up North seem to be more widely affected than those in Buckinghamshire, where those spending more than their earnings rose by a whopping 82%? East Anglia were however (along with the North West) showing the next largest increases of 51% and 47%.

Although the survey clearly shows the effects of an increased cost of living it is important to acknowledge that people's concepts and appreciation towards protecting for the future has also shifted. The survey also suggests that people are more inclined to save than spend.

This would be supported by the announcement this week that 'Building Societies' have recorded a record amount of savings inflows in the first half of this year with £6,296 million compared to £3,862 in the same period of 2007!

Savers have been benefitting and taking advantage of more competitive returns certainly in comparison to rates being offered over the past 2 years.

We are becoming more cautious with our spending habits. Perhaps because of the deteriorating circumstances' and indeed this is a time to review areas of our protection in these nervous times.

Protecting your Income, as well as Life and Critical Illness protection should be discussed as part of your mortgage application but some borrowers look at these areas as an after thought and this should not be the case.

It seems we are happy to protect items in our life such as the washing machine. If the machine fails to operate, we would view this as an inconvenience rather than a disaster. Yet, not being able to work for a long period of time in which we do view as a potential tragedy is not protected?

Some more good news along with the rise in returns we have seen in our savings is that fixed rate mortgage products seem to have hit the top end of the scale as lenders start to introduce reduce fixed deals for borrowers.

It has been apparent that mortgage deals offered by lenders are being pulled and replaced very quickly of late but they are at least being replaced in some instances with a new lower introduced product.

'Buy to Let' mortgages also seem to be slowly heading in the right direction, with one major high street lender reducing both their 5 year fixed rate and lifetime tracker deals in the past week.

Right-Advice are a local Independent Broker whom can conduct a review of your potential shortfalls of protection and advise on the options that are available to you. For both an Independent review of your mortgage and/or protection provisions visit www.right-advice.co.uk or call 0845 124 96 92

Finally the biggest boost of confidence we have had so far this year was in a report published by the National Housing Federation. **House prices in England will rise by 25 per cent over the next 5 years to reach £274,200** according to the report, which does also predict a fall in 2009.

It suggests a year of stability in 2010 before prices start rising rapidly as of 2011. Mainly it seems due to only 75% of the required level of new housing being built each year, therefore demand on the rise and supply falling.

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