



VIEWPOINT

ST BARTS FINANCE

Please enjoy reading our newsletter. If you would like to discuss any of the articles further, please do not hesitate to contact us.



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A first time buyer's guide to mortgage rates

A glance at the news over the last 12 months or so would suggest that mortgage rates are a very hot topic indeed.

For the last 14 years, mortgage rates - the interest rate charged on the money borrowed to purchase a property - have tended to be low, because interest rates, in general, have remained low.

But Liz Truss's mini budget in September 2022 had a significant impact on mortgage rates; many mortgage products were withdrawn in the aftermath of the fiscal event, and interest rates rose very sharply which made monthly mortgage payments much more expensive for homeowners.

The good news is, according to a report from Moneyfacts Group, mortgage rates have come down since peaking in 2023. And while rates do not currently match the lows of the last 14 years, for first-time buyers, it is imperative that they seek the most affordable rate for their circumstances when purchasing a first home.

What are the different types of mortgage?

There are two main types of mortgage rate: fixed rate, where the interest stays the same for a set number of years, usually 2, 5, or 10 years, and variable rate, where the interest rate can change.

Fixed rate mortgages are the most popular option, with 74% of homeowner mortgages taken out on a fixed rate contract according to UK Finance, and 96% of new borrowers choosing this option since 2019.

One reason why they are popular is because it can be easier for borrowers to budget as the monthly payments stay the same until the fixed-term period ends. Also, they will not be affected by interest rate rises during the term of the mortgage. Equally, they also won't be affected if the interest rate falls. However, with stability around monthly payments, many are happy with this potential trade-off.

A variable rate means that the amount you pay each month can go up or down, usually in line with the Bank of England base rate of interest, which means monthly payments are much more unpredictable.

If we are in a period where we could see the base rate cut - or multiple rate cuts - some borrowers may opt for a variable rate mortgage to help reduce their total

mortgage payments. However, this comes with an element of risk as interest rates can always fluctuate in both directions.

You may also have heard of a standard variable rate. This is the interest rate a lender charges after the initial fixed rate ends. SVRs are usually higher than other mortgage products and can change at any time. As a result, many borrowers will look to remortgage or transfer to a new product with the same lender to capitalise on another fixed-rate period.

Seek advice to get the right deal

Not sure which option is right for you? We have access to a huge variety of deals available on the market and can help you select the right one to suit your individual circumstances. We will work with you to budget confidently and make sure you have enough money each month to be able to comfortably afford your mortgage payments - along with other living expenses.

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



Three ways to teach children the value of money

Teaching children about money doesn't have to be complex or overwhelming. Starting with simple principles like saving, spending and sharing can help them develop lifelong positive financial habits.

1. Make saving exciting

Delayed gratification can be challenging for children, so the key is to make saving exciting. Set up a "goal jar" for something your child wants (like a toy or a special outing), put it somewhere prominent and encourage them to put money towards it.

Literally watching their savings grow teaches kids patience but also helps them understand the value of saving for specific goals. For older children, consider a savings account that allows them to check their balance online. This turns the jar on the counter into a digital experience that can help prepare them for real-world banking.

2. Learn smart spending

Kids, like adults, can be tempted by impulsive purchases, but encouraging them to spend wisely is just as important as teaching them to save. If they have their eye on two items, encourage them to compare the prices or features and think about which one they want more. Talking through these choices with your child shows them how to budget and make compromises.

Setting a spending limit for things like toys, games, snacks or experiences can also be helpful. You could give them a set amount of money each month for these extras and let them decide how to allocate it. This helps kids learn to manage their own money and empowers them to make choices that reflect their priorities.

3. Teach generosity and compassion

Teaching children to share their resources is another valuable lesson that helps build empathy and show them that money isn't just for buying things. You could introduce this idea by designating a small portion of their allowance for something charitable and letting them decide how it's used. For example, they could donate it to an animal shelter or use it to buy items to give to a food bank.

You could also set up a "giving jar" for causes that matter to your family and set a good example by regularly putting money into it. Seeing their money make a difference to others is a powerful lesson in generosity and compassion, but it also reinforces the idea that money can be used as a tool for positive change.

Build lifelong financial confidence

Teaching children about saving, spending and sharing can help them develop good financial habits and make the most of their own money when they grow up.

A Junior ISA (JISA) is a great way to give them a helping hand towards things like their first car, university fees or deposit for their first home, as well as setting them a good example. You can save up to £9,000 a year into a JISA and, just like other ISAs, the interest is tax free. Your child can take control of the account when they're 16 and start withdrawing the money when they turn 18.

Get in touch if you want to know more about JISAs or to make plans to secure the financial security of the children in your family.

Figures based on the ISA allowance figures for the 2025/2026 tax year.

An ISA is a medium to long term investment, which aims to increase the value of the money you invest for growth or income or both. The value of your investments and any income from them can fall as well as rise. You may not get back the amount you invested.

HM Revenue and Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.