Money Skills For Life

Frequently Asked Questions

Coimisiún um Iomaíocht agus Cosaint Tomhaltóirí
Competition and Consumer Protection Commission

Contents

PLEASE NOTE:

These notes are guidelines only and are not intended as complete answers. Full and up to date information is always available on our website www.ccpc.ie or our lo-call helpline 1890 432 432.

No financial or legal advice is intended, and should not be deduced from these answers.

SORTING OUT YOUR MONEY

FAQs

MAKING A BUDGET

What is a Budget?
A budget is a financial plan for managing your money. It allows you set out how you spend and save each month. There are examples of budget planners on our website www.ccpc.ie or in the booklet on page 33.

Where to find online budgeting tools?
There is a tools and calculators section on the website, all of the tools we talked about in the talk are located here and are free to use.

Why do I need to have written money goals?
When you have a goal you will find it easier to stick to your budget. Writing down a money goal makes it much more likely that you will achieve it. It becomes easier to work out how much you think you will need to save, and identify any changes you will need to make in your budget. There are some examples of money goals in the handbook (pages 28-31) to help you get started.

Why do I need to review my finances regularly?
As life moves on, our circumstances change, e.g. your family may grow, you may change job, older kids may move back home, elderly relatives may need care. As our circumstances change so too do our financial needs. When reviewing your finances follow the 5-step plan in the talk and in the handbook.

MONEY SAVING TIPS

TAX

How do I claim tax back on medical expenses?

Form 12, either in paper format or online using the myAccount service, is used to claim tax relief on all general medical expenses. You don't need to send receipts in with your form but you must keep your medical receipts for six years because Revenue may audit your claim.

A MED2 form is a claim in respect of certain dental expenses. Your dentist will normally have a supply of MED 2 forms and should complete it for you.

All forms and the most up-to-date information is available to download on the Revenue website.

What are the tax implications for getting married?

When you get married or register a civil partnership it is important to advise the tax office of the date of your marriage or civil partnership. You will also need to quote your own and your spouse or civil partner's Personal Public Service (PPS) Number.

More information is available on www.revenue.ie

How do I get a tax rebate?

You need to apply through revenue. There's more information available on www.revenue.ie

Stamp duty on Financial Cards

Stamp duty on credit card accounts is currently €30.00 per year, charged to the card on 1 April in respect of the following year. If you change credit cards during the year, make sure to get a Letter of Closure from your original provider and give it to your new provider, in order to avoid paying the duty twice.

Stamp Duty on ATM cards and Debit Cards is €2.50 per card, per year, charged on 31 December annually in arrears. Stamp duty is €5.00 on combined cards.

Most up-to-date information is available at www.revenue.ie

(All information correct as at April 2018).

SWITCHING BANK ACCOUNTS

How easy is it to switch accounts?

The Central Bank's Code on switching current accounts makes switching your current account quite easy and it applies to all banks and building societies offering current accounts in Ireland. It is available on the Central Bank's website www.centralbank.ie and at your bank.

Where can I get information on bank a/c charges and fees?
CCPC – Financial Comparisons
Make sure that you understand all the costs associated with the particular current account you have chosen.

Where can I get the best rates for Credit Cards?
CCPC – Credit Cards
Look for the account that has the lowest rate, or if you are transferring an outstanding balance from one bank to another, you may be able to avail of a low rate or even a 0% rate for an initial period, but be sure to check how long this rate lasts and what the rate will be after the initial period.

UTILITIES

How can I change provider?

There are many utilities providers in the country, all offering different tariffs. The Commission for Regulation of Utilities has a consumer friendly website and that is a very good place to start.

SAVING AND INVESTING

FAQs

SAVINGS

How safe is my deposit?

The Deposit Guarantee Scheme is a permanent scheme, set up by law and operated by the Central Bank of Ireland. It protects deposits in the event that a bank, building society or credit union is declared insolvent or a liquidator declares that it cannot repay its deposits. If this happens, your deposits will be paid within 20 working days. The scheme is funded by deposits from the institutions covered by the scheme.

If your institution is in the scheme, your deposits will be paid up to a maximum of €100,000 per person. You do not have to be resident in Ireland or be an Irish citizen to claim under the scheme. As long as your deposits are held in an institution that is part of the scheme and your account is covered by the scheme, you can make a claim.

When you place your money in State Savings products, such as those sold by An Post, your money is with the Irish Government. There is no upper limit on the amount protected and no expiry or end date for this protection see details on www.statesavings.ie

How safe are Credit Unions?

Credit Unions are covered by the Deposit Guarantee Scheme, which means that your deposits are protected up to €100,000 per person (see above). There's more information on the Deposit Guarantee Scheme website.

Where can I get rates for deposits?

A good place to start is the financial product comparisons on our website as all of the work is done for you. We don't have information on credit unions, as not everybody can be a member of a particular credit union. Credit unions operate under what is called "the common bond", so if you are within the common bond, you can join. A common bond might be something like all in the same parish, or the same employer. For more information on credit unions see www.creditunion.ie/.

If you are interested in exploring more options available for longer term savings, you might also want to look at the NTMA bonds, which are available through An Post or on www.statesavings.ie. These savings are directly and unconditionally guaranteed by the Government for the full amount.

Should I diversify my deposits - i.e. spread them between credit unions, banks, post office, prize bonds?

If you are thinking about getting a number of savings or investment products, you should consider getting financial advice, but *in any event*, you need to make sure that you are dealing with a *properly authorised person or institution* at all times. There's a register of all authorised institutions and financial advisors available on the Central Bank of Ireland website. It is the Section 31 Register of Investment Products Intermediaries.

INVESTMENTS

Can you recommend any suitable investment options?
You need to review your options to see what is right for you. If you want 100% security then you should look for a low risk product, with some sort of guarantee attached. Make sure you're comparing like with like (terms and conditions will vary from bond to bond).

You could also consider getting independent financial advice – there's a register of financial advisors available on the Central Bank of Ireland website.

Are tracker bonds guaranteed?
Tracker bonds are fixed-term investments where typically most of your money is invested in a deposit based account and the rest is invested in the stock market. You will usually have to invest a minimum amount. Some tracker bonds offer up to 100% capital security once you leave your money invested for the full term.

Under the Central Bank's Consumer Protection Code, your provider must give you a 'key features' document, which sets out the details of the product, including how the tracker bond works, where your investment goes, if and how you can get access to your investment and any tax that applies.

There's more information on the investment section of the CCPC website and if you're not sure, you should consider getting advice. There's a list of authorised financial advisors on www.centralbank.ie and we have some information on meeting with a financial advisor and a list of useful questions to ask in the handbook (pages 55-58).

How safe are my investments?
The Investor Compensation Scheme is available. The purpose of the Investor Compensation Scheme is to pay compensation to you (subject to certain limits) if you have invested money or investment instruments in either of the following:

- An authorized firm that the Central Bank has decided is not in a position to repay investors or;
- A court ruling prevents the firm from returning your investment.

The Investor Compensation Scheme will pay you back up to 90% of your investment, subject to a maximum of €20,000.00.

Remember, the Investor Compensation Scheme will not pay out where your loss is as a result of bad investment advice, bad management, misrepresentation, or falling market prices.

GETTING FINANCIAL ADVICE

Do I need financial advice?
If you are confused by what is on offer, it's best to get independent financial advice. You might consider getting financial advice especially if you are making long-term financial decisions. There's a list of things in your handbook, which you may wish to consider before meeting a financial advisor.

How can I get a financial advisor?
You can get a list of independent financial advisors in your area on http://registers.centralbank.ie or by ringing the Central Bank and requesting they send out a list to you, the number to call is (01) 224 4000.

How do I find out which financial advisors specialise in investments versus those who deal with life/pensions?
You would need to ask the financial advisor what they specialise in. We have some information on meeting with a financial advisor and a list of useful questions to ask in the handbook (pages 55-58).

Can I get information on the commission they receive?
Yes you are entitled to information on the advisor's fees and commission.

What can I do if I am not happy with the advice I receive?
As long as the advisor you dealt with is regulated by the Central Bank, then you can make a complaint. If you are not satisfied with the outcome you can ask the Financial Services Ombudsman to investigate the complaint for you. For more information on please visit the Getting Financial Advice section of the CCPC website.

PROTECTING YOUR FAMILY AND YOUR BELONGINGS

FAQS

HOME INSURANCE

What types of home insurance could I have?
Home insurance is usually sold as a single policy that includes:

- **Buildings insurance** - which covers you for damage to buildings
- **Contents insurance** - which covers you for loss of or damage to the contents of your home
- **All-risks cover** - which covers you for loss or damage to valuables (even when outside your home)
- **Liability insurance** - which covers you for injury to other people in or around your home

It is essential to read the policy details first to discover what's covered before you sign up. Consider whether you can get better value by combining buildings and contents cover into one policy.

What is building insurance?
Buildings insurance covers anything you cannot take away with you if you move home, typically called "bricks and mortar" and "fixtures and fittings". It usually includes:

- the structure of your home such as the roof, walls, windows and doors
- permanent fittings such as tiled or hardwood floors, bathroom fittings and fitted kitchens
- the garage
- some of the outbuildings such as a garden shed or a farm building and
- garden walls, gates and fences

If your home is destroyed, your buildings insurance will usually pay for the cost of having to move out or rent another home while your home is being rebuilt. You should insure your home for the amount it would cost to actually rebuild it. This is called the reinstatement value. This is different to the market value of your home, which is what you would get if you sold it.

How do I find out the rebuild value of my home?
You can get details of current rebuilding costs from the Society of Chartered Surveyors (www.scsi.ie).

If the rebuild value of my home goes down, will this have a big impact on my premium?
Reducing the re-building cost will reduce your premium. However, if your home is insured for too little, your policy might not pay out enough for the full cost of repairing or rebuilding it if is damaged or destroyed. If it is insured for too much, your premium will be higher than necessary and you will not get any extra benefit if you have to claim as you are only covered for actual cost of rebuilding or replacing contents.

What is contents insurance?
This covers the moveable objects in your home, personal effects, and including some types of flooring. It can be taken out as a separate policy from buildings insurance or combined with it. If you own an apartment, your building will most likely be covered by the block policy, but you should insure your contents separately. Also, if you are renting, you should still think about insuring the contents of your home.

You should insure your contents for the amount it would cost you to replace them if they were stolen or damaged. Download our home insurance contents checklist to help you estimate the value of the contents of your home from the Home Insurance section of the CCPC website.

Check whether the contents of your garage or shed are covered under your policy and include them if they are covered. Make sure to also include the cost of replacing carpets and curtains.

Also check and see if mobile phones, laptops and other high value "moveable" items are covered under your contents policy, as they may be, while they are in and out of your home.

There is usually a limit on the value you can claim for any individual item. So you may need to list certain valuable items (insurers call these "specified items"), such as jewellery or antiques separately on your contents policy. These items may require a valuation certification from a jeweller or auctioneer.

What is a combined policy?
This is where buildings and contents are noted on the same policy. If you are buying a combined buildings and contents policy, insurers will fix the amount for contents as a percentage of the buildings. So for example, if your house is insured for a re-build cost of say €200,000, the insurers may value the contents at 20%, which would be €40,000.00. It's up to you to decide if this is sufficient or too much, and advise the insurers accordingly.

What is all-risks cover?
This is an optional extra under most home insurance policies and protects you against loss or theft of, or accidental damage to, personal valuables such as jewellery. All-risks cover protects your personal valuables both outside and inside the home. It will also usually cover items taken abroad for up to 60 days.

You should discuss this in further detail with your insurance company.

Home insurance and mortgage requirements?
If you have a mortgage, your lender will insist that you have buildings insurance to cover the cost of rebuilding your home if it is destroyed. Your lenders name will be "noted" on the policy. However, you do not have to buy your insurance policy from your lender, you can shop around and get one from another insurance provider.

Switching to a new provider?
You do not have to remain loyal to the same insurance company, and it often pays to shop around for better prices.

Insurance companies may charge an administration fee if you want to end your policy before its termination date.

If you change your mind after switching, your insurer must provide a 14 day cooling-off period from the start of the contract, during which time you may cancel and get a full refund.

Make sure that you don't have any periods between policies, when you are not insured.

MOTOR INSURANCE

What can I do if I can't get a quote?

An insurance company can refuse to quote you for motor insurance as long as they are not in breach of equality law. If you ask for an explanation for a refusal, they must write and tell you why.

If you are refused cover by three or more companies in writing, you can contact the Declined Cases Agreement section of Insurance Ireland who should be able to get a quote for you.
Contact details:
Insurance Ireland
Insurance Centre
5 Harbourmaster Place
IFSC
Dublin 1

Telephone: 01 676 1914
E-mail: declined@insuranceireland.eu

Switching to a new provider

The ideal time to shop around for insurance is about 3-4 weeks before your renewal date, but you can switch your motor insurance at any time during your policy but make sure you give notice in writing to your current provider. Some providers may charge a penalty fee for cancelling during the policy. So, if you are thinking about switching during the term of your policy, check with your current insurer first to see if you need to pay a penalty

If you change your mind after switching, your insurer must provide a 14 day cooling-off period from the start of a non-life insurance contract, during which time you may cancel and get a full refund.

Make sure that you don't have any periods between policies when you are you not insured.

HEALTH INSURANCE

What are the benefits and cover of private health insurance?
Health insurance helps cover medical or hospital expenses if you get sick, have an accident or need an operation. There are two basic types of private health insurance cover available:-

- **In-patient hospital cover** - this pays for any services you receive if you are admitted to hospital, whether you stay the night or are treated as a day-patient. It covers some or all of the cost of treatment by your doctor and other costs associated with hospital accommodation, tests and surgery.
- **Outpatient or primary cover** - this covers the treatment you receive from a health services provider although you are not admitted to hospital. It includes treatment in a consultant's room, in the accident and emergency room of a hospital or from a GP, physiotherapist or specialist.

You can find out more information from the Health Insurance Authority. You should always be aware of the conditions of your cover and any restrictions that apply.

Who provides health insurance?
In addition to the main health insurance providers (Aviva Heath, Irish Life Health, Laya Healthcare and VHI Healthcare), there are a number of other groups who provide health insurance but are open only to selected groups of people, for example to employees of certain companies.

Does ccpc.ie compare health insurance plans?
No but it does link to a health insurance cost comparison published by the Health Insurance Authority on www.hia.ie.

Is there any need to have health insurance for children?
It's a matter for you to decide for yourself. Family private health policies usually include some specific child cover, but you may decide that it's too expensive, or you may wish to rely on the public health service.

Is there a need to have medical insurance at all – one person commented that it was a waste and he saved the equivalent of his monthly premium into a savings account.
It is up to each person to decide what suits them best but the important thing is that they had thought about the provisions they need to put in place for what they feel they will need or want going forward.

Switching to a new provider?
If you switch, your new insurer may impose waiting periods for any extra benefits available on your new plan. More detailed information on the switching policy of individual providers is available on the Health Insurance Authority's (HIA) website. It is important to check this information before you switch.

Reasons why you might want to change your health insurance policy or provider
There are a number of reasons why you might want to review your cover. If you change your mind after switching, all insurers must provide a **14 day cooling-off period** from the start of the contract, during which time you may cancel and get a full refund. Make sure that there is not period during this time that you are not insured.

Hospital Saturday Fund

You decide how much you wish to pay into a HSF plan each month and if you go for a check-up with your doctor or dentist, visit a consultant, physiotherapist, homeopath, chiropodist or any one of over thirty other benefit options, HSF Health Cash Plan will give you money back for part or all of the costs, depending on the Plan you choose. See www.hsf.ie for further information.

LIFE INSURANCE

What is mortgage protection?
When you buy a home, you usually need to get two types of insurance:

- Building insurance (see above) and
- Mortgage protection (or some other form of life insurance such as term insurance or whole-of-life insurance).

Mortgage protection is a life insurance policy that is assigned to your mortgage lender and pays off your mortgage if you die. The law requires lenders to ensure that you have mortgage protection insurance (in other words the requirement is on the lender). In general your lender will insist on you having this insurance before granting you a mortgage. However you do not have to buy mortgage protection insurance from your lender, you can shop around for the best value.

Switching your life insurance should be relatively straightforward if the policy is not assigned to your mortgage lender to pay off your mortgage if you die. However, if your current policy is assigned to your lender you must:

- Notify your lender that you are intending to switch.
- Agree the new policy with your lender, as they will need to accept this new policy before releasing the original policy.
- Ensure the new policy is assigned legally to your lender, by way of a Deed of Assignment. Your life insurer/lender or your own solicitor will assist you.

Switching to a new provider
If you do switch to a new life insurance policy, you will need to cancel your old policy in writing but you should not do so until you have confirmation that the new policy is in place. If you change your mind after switching, there is a 30 day cooling off period for life insurance policies, during which time you may cancel and get a full refund. However, don’t cancel your policy unless you have another one in place, especially if your policy is assigned to your lender. Make sure there is no period during the changeover for which you are not insured. You may wish to get your solicitor to do this job for you.

TRAVEL INSURANCE

What is travel insurance?
Travel insurance can cover you against losses, such as damaged or delayed luggage, cancelled flights, delayed or missed departure, loss or theft of money or passport, and illness or injury.

You can choose between many different types of policies such as:

- Single-trip insurance
- Multi-trip (or annual) policies
- 65+ travel insurance
- Backpacker travel insurance
- Business travel insurance.

If you have a private health insurance policy, you may be able to get discounted travel insurance from your health insurance provider. However, you need to pay as much attention to the benefits, exclusions and excesses as you do to the price.

If I have travel insurance in another country, am I insured here?
Read the terms and conditions to check what is covered. Travel insurance generally covers you while on holiday away from home, but if you are not holiday, (say for example, working), in a foreign country, your travel insurance may not apply.

Does my travel insurance cover me in Ireland?
Read the terms and conditions, some policies will cover you for travel within Ireland under certain conditions, such as length of domestic vacation, type of accommodation etc.

If I don't have travel insurance but am abroad in EU, what cover is available?
The European Health Insurance Card or EHIC (formerly the E111 form) allows the holder to access health care services when travelling to other EU or EEA countries. Anyone who is living in Ireland or intends to live here for a year can apply for an EHIC from the HSE. For more information visit HSE.ie.

Do I need travel insurance if I have private health insurance?
If you travel without travel insurance, you may have to pay large medical expenses if you suffer from a serious illness or injury when abroad. However, if you have private health insurance, you may be already covered for illness and injury (at home and abroad), so check your policy before you buy, rather than paying for insurance you may not need. You may get a reduced premium on your travel insurance policy, if you already have a private health insurance policy.

Even if you have health insurance that covers you for medical expenses while abroad, it will not cover anything else that might happen, such as damaged or delayed luggage, cancelled flights, delayed or missed departure, loss or theft of money or passport.

PAYMENT PROTECTION INSURANCE

PPI, what is it, do I need it?
Payment protection insurance, or PPI, is insurance that will pay out a sum of money to help you cover your monthly repayments on mortgages, loans, credit/store cards or catalogue payments if you are unable to work for certain reasons covered by your policy, such as death, illness or accident, or if you become unemployed through no fault of your own. Many lenders offer this sort of policy when you apply for a loan as an optional purchase. You need to weigh up the benefits against the cost of the cover. Under the Central Bank's Consumer Protection Code, lenders should quote for it separate to your loan. You are under no obligation to purchase payment protection insurance.

PPI mis-selling
There has been press coverage regarding the mis-selling of PPI policies to consumers, on the basis that the product was inappropriate for them – i.e. they would never have been able to make a claim. If you are concerned, you should contact your PPI provider, and follow the complaints process. If you are not satisfied, you can then escalate your complaint to the Financial Services Ombudsman. There is also some more general information on PPI on www.ccpc.ie.

Can you cancel a payment protection insurance policy?
You can cancel payment protection insurance at any time. If you pay off your loan or hire-purchase agreement early, cancel your credit card or if you simply decide you no longer need this cover, ask your lender to cancel your direct debit and cancel the policy. If you paid the insurance 'up front' you may be entitled to a refund of the remaining term. Ask your lender about this.

PRICING, SAVINGS & MAKING A CLAIM

How can I reduce the price?
Shop around. You have to renew your motor and home insurance each year if you want to stay insured. Your insurance company has to send you a renewal notice at least 15 days before your renewal date, giving you the chance to shop around for the best policy.

If you are buying long-term insurance policies, such as life insurance, you should consider your needs carefully and shop around for insurance that suits you and gives you long-term value.

Brokers may have special deals or may be able to provide a quotation from a specialist insurer. If you are part of a group insurance scheme, through your job or other associations, you may be able to get better value than as an individual.

Alternatively, you can get quotations online or by telephone. You may get special rates if you buy insurance online as the costs to arrange it can be lower.

Remember when you get a quote from a firm it is usually only valid for a certain amount of time, so make sure to ask the insurer.

Take note of exactly how much extra you are paying if you decide to pay your insurance by instalments. By law, you must be told the cost of credit and the APR. The APR allows you to compare the cost of credit between different providers.

If you move to another provider, make sure you cancel your old policy and any payment you set up, such as a direct debit.

How to make a claim?
If you have insurance cover and something goes wrong, you will want to claim as soon as possible, in order to minimize any problems caused. The first thing you need to do is check your full policy (not just the summary) to see whether you are covered. Remember you may be covered for the same loss under more than one policy. For example, if your money is stolen while you are on holiday, this may be covered by your all-risks household policy and also by your travel insurance. You cannot claim under more than one policy for any loss, so carefully consider which policy to claim against.

There are three steps to help you make a claim.

1. Call your insurer or broker as soon as you discover a problem. They often have a free emergency helpline.
2. Give brief details of the claim and request a claim form.
3. Depending on the type of claim, your insurer or broker will give you advice on what to do next. For example, if your home has been damaged, they may suggest you get some emergency repairs done – always check that your insurer will cover the cost of any repairs.

For larger claims, such as a buildings claim on your home, you may want to hire an assessor. An assessor works on your behalf and will often negotiate with your insurance company to settle your claim. Assessors' fees are not covered by your policy, so you will have to pay for this service yourself. An assessor is not the same as a loss adjuster, who is employed by the insurance company and works on their behalf

There is more information in the handbook and on www.ccpc.ie.

INSURANCE TERMINOLOGY

What are restrictions and exclusions?
These are events or situations that are not covered by your insurance policy. While standard exclusions are contained in every policy, specific exclusions and restrictions will vary across insurers - so check with your provider before you sign up.

What does the excess on my policy mean?
The excess is the amount that you will have to pay yourself for any claim before your insurer pays the balance. Your insurer will reduce any claim settlement by the amount of the excess stated on your policy. You cannot claim for losses that are less than the excess.
The amount of the excess can depend on the insurer, but normally it is between €100 and €500 for standard claims on a home insurance policy. You can often get a discount on your premium if you agree to a higher excess.

What is indexation?
Many insurance companies automatically increase the amount of your buildings and contents cover when they renew your policy each year. This is called indexation. It helps you to avoid being under-insured by regularly increasing your cover in line with inflation. However, you should also regularly check the amount of cover you have to make sure you are not insured for too much or too little.

What is a Statement of Suitability?
This is a document which sets out the reasons why the product(s) or service(s) offered or recommended is/are considered suitable, or the most suitable, for your particular needs, objectives and circumstances. In the case of travel, motor and home insurance provided to a ***personal consumer***, the statement of suitability may be in a standard format. It is a requirement under the Central Bank’s Consumer Protection Code, and must be provided to you in writing, by the firm (for example, bank, insurance company, broker), that you are doing business with.

What is the Gender Directive?
The Gender Directive was introduced with the aim of ensuring equal treatment of men and women in relation to the access to and supply of goods and services. The unisex rule came into effect for new contracts from 21st December 2012.

In respect of **life and health underwriting,** the unisex rule means that premiums and benefits cannot be different between two individuals for the same insurance policy simply because their gender is different. However, in the view of the EC Commission, it still remains possible for insurers to offer gender-specific insurance products (or options within contracts) to cover conditions which exclusively or primarily concern males or females e.g. prostate, breast or uterus cancer. This possibility is however excluded for pregnancy and maternity benefits.

BORROWING MONEY

FAQs

MORTGAGES

Bank's lending criteria
A lender will decide whether to give you a loan or credit based on a number of factors, including:

- Your income
- Your credit history
- Your age
- Your outgoings
- The value of the property
- The amount you need to borrow
- Whether you have outstanding loans
- Evidence of your savings
- Whether you are borrowing on your own, or with someone else

Should I go to a mortgage broker?
A mortgage broker acts as an intermediary between you and mortgage lenders when you are applying for a mortgage. They usually work with a number of mortgage providers. Before you decide to use a mortgage broker, ask about any fees and charges for using their service. You can get a list of authorised mortgage brokers from the Central Bank's registers website. There is a list of questions to ask your mortgage broker on page 104 of your handbook.

What types of rates are available?
There are generally three main interest rate options available:

- variable rate – rate is at the discretion of the lender and can change at any time.
- fixed rate – rate is set for an agreed period of time – usually a number of years.
- split rate – part of the loan is put on a fixed rate, and part on a variable rate

Fixed Rate Mortgages:
During the fixed rate period (which can be 1 – 10 years) your monthly instalment is set. You may face penalties if you want to switch lenders, move to a variable rate, re-mortgage or pay off all or part of your mortgage. At the end of a fixed rate term, your lender will write to you and outline your options, which may include:

- moving to a standard variable rate
- fixing for another term, perhaps 1, 3 or 5 years or more

Interest only option - how long is this usually for?
Interest only option may be offered to a borrower in order to deal with an arrears situation, or to take the pressure off the borrower, and are reviewed regularly by the lender. In addition when you first get a mortgage you might be given the option of paying back the interest only for the first three months of the mortgage.

How do I get a mortgage?
The main providers of mortgages are banks. You must satisfy their lending criteria before they will approve you for a loan.
As it's probably one of the biggest financial decisions you make, it's worthwhile finding out about your product options first. More information on different types of mortgages is available on the CCPC website as well as mortgage calculators.

How much can I borrow?
Currently lenders may lend anything up to 90% of the value of the property you want to buy, as long as your income and other factors make your purchase affordable. Each lender has their own lending criteria. If you

get a 90% mortgage, this means that you will have to fund 10% yourself. For example, if you can afford to buy a house worth €300,000, your lender may lend up to €270,000. You will have to fund the remaining €30,000 yourself.

How much can I afford to borrow?
Use our budget planner in the handbook or on the tools and calculators page on our website to work out what you can comfortably afford to repay each month. Include a regular amount for 'unforeseen expenses' in your budget such as medical expenses, interest rate increases etc.

Use our mortgage calculator to compare monthly repayments for mortgages over different terms, and with different interest rates.

You will also need to factor in additional costs involved in buying a home including valuation fees, legal fees, surveyor/engineers fees stamp duty, cost of appliances, furniture etc.

What if I have other loans?
Your lender may:

- Offer you a smaller mortgage
- Ask that you pay off all your other loans before they will give you a mortgage
- Refuse your application.

Can I get a payment break on my mortgage?
Some lenders may agree to a payment break at times when you need extra cash, such as if you have suffered an unexpected drop in income or you are in danger of going into arrears. Before considering any payment breaks, talk to your lender to make sure they set up the arrangement, as any missed payments not agreed in advance could show up on your credit record and could make it more difficult for you to get a loan in the future.

Can I pay off my mortgage early?
If you have a tracker or standard variable rate mortgage then you can usually pay it off early in line with the conditions outlined in your mortgage agreement; confirm this with your lender. If you have a fixed rate mortgage then generally you cannot pay it off early during the fixed rate period, without paying a fee to your lender, this fee can be very substantial, so always check first.
You may also be able to increase your monthly repayments, and pay off your mortgage quicker, which would save you interest.

Is it better to save your spare cash, or increase mortgage repayments?
Interest rates on savings are typically lower than the rate charged on a loan, so it is probably better to pay off a loan first. Substantial interest can be saved when you increase your loan repayments and finish early. However, your decision will depend on your circumstances, and some people may prefer to have some money set aside for a "rainy day".

Can I negotiate a better rate with my lender?
You could certainly ask, but lenders are not compelled to reduce variable interest rates, or individually negotiate with a customer.

If I pay into my mortgage more frequently will I save on interest?
It is very possible that you could. However, most mortgages are set up to take a payment by direct debit from your bank account once a month, so if you want to pay more frequently, you should talk with your lender.

Can I apply for a top up mortgage with a different lender?
Usually lenders will only provide a top up mortgage where they are the lender of the first mortgage, as a top up mortgage is a separate charge on the property. Lenders are usually unwilling to be second to another lender.

Can I transfer my tracker mortgage to another bank?
Your tracker mortgage is only valid for the house you took the mortgage out on. If you are going to move house you will need to get a new mortgage and your lender is not obliged to offer you a tracker.

Can I switch mortgage lenders?
If a cheaper mortgage comes on the market, you may want to consider switching lender. This can include

- A mortgage with a lower annual percentage rate (APR)
- A different type of mortgage
- A different type of interest rate

  Use our mortgage checklist on the CCPC website (there is also one in the handbook) to help you shop around.

If I switch, are there costs involved?
If you are switching mortgage, but staying with the same lender, (for example, switching from a variable to a fixed rate mortgage) you may have to pay an administration fee. If you decide to switch lender, you will probably have to pay:

- a valuation fee, although some lenders will offer to pay this cost
- legal fees and
- a fee to cover the cost of breaking your fixed rate if you don't have a variable-rate mortgage.

Make sure the savings you would make by switching to a different mortgage outweigh the costs.
Always cancel direct debits in writing if you decide to switch mortgage providers.

What are negative equity mortgages?
This term is used to describe a situation where the market value of your house is less than the balance you owe on your mortgage.

What are shared ownership schemes?
Shared ownership schemes are operated by the local authority but are no longer available to new applicants. There is now a scheme called an Incremental Purchase Scheme which may be available to existing tenants of local authorities. More information is available at www.citizensinformation.ie

What does "going guarantor" mean?

Becoming a guarantor on any loan means that you will have to pay the loan, if the borrower doesn't. Depending on the type of guarantee given, you may be liable for only a certain period of the term of the loan, or for the full term of the loan. The lender has a legal right to make you liable for the money. It is recommended that you take legal advice before agreeing to guarantee any loan, and consider the implications for your estate.

What are equity release products?

Equity refers to the difference between the amount outstanding on your mortgage, and the market value of your house. If your outstanding mortgage is €100,000, and your house is worth €250,000, then your equity is €150,000. Some lenders will provide loans based on this equity, which are usually secured by way of a second mortgage on the house.

Is there tax relief on a mortgage?

Home Loans taken out in 2013 or later do not qualify for mortgage interest relief. Tax relief is available in respect of interest paid on a qualifying loan, taken out on or after 1 January 2004 and on or before 31 December 2012, which was used to purchase, repair or improve a qualifying residence.

The tax relief is given at source, by your lender. Your mortgage repayment will usually be reduced by the amount of the tax relief you are due. You should apply for tax relief as soon as you start repaying your mortgage. You will need your Personal Public Service Number (PPSN) and your mortgage account number as provided by your bank. You can only claim mortgage interest relief online.

NON-MORTGAGE BORROWING

Paying minimum amount on a credit card, does it reduce interest?
Paying the minimum amount on a credit card will reduce the next months' interest by only a fraction. See the CCPC website for more information on credit card comparisons, and loan calculators.

What is the length of time it takes for money to move from a bank a/c to a credit card a/c
In order to transfer funds from a bank a/c to a credit card a/c with another institution, the funds must go through the payment cycle which can take 3 – 5 working days. The payment system in Ireland is run by the Banking & Payments Federation Ireland which has good information on the payment cycle.

Is it better to use a debit or credit card?
Debit cards are cheaper, and the money comes out of your account straight away, so you know where you stand financially. Also, you won't be building up debt if you don't have to.

What is the situation with car finance loans?
Many are actually hire purchase agreements and Personal Contact Plans. Visit the CCPC website for information on car finance/hire purchase agreements and your rights.

THE IRISH CREDIT BUREAU

What is the ICB?

ICB stands for Irish Credit Bureau. The bureau is an electronic library or database that contains information on the performance of credit agreements between financial institutions (i.e. banks and building societies) and borrowers (i.e. the individual).

A credit agreement can include a mortgage, car loan, personal loan, leasing agreement or hire purchase agreement. Credit card details are included in the ICB library. Overdraft agreements, with the exception of overdraft agreements that are the subject of legal proceedings, are not reported by the ICB.

Over 140 lending institutions register information with the ICB, usually on a monthly basis. Each time you apply for credit from one of these lenders, the lender can access your credit report to find out about your performance under previous credit agreements with other lenders. All loans are registered with the ICB, including instances where you may have missed payments in the past. Typically, the borrowers' payment profile history is reported over a 24-month repayment period.

Information is held for five years after a credit agreement is closed.

You can request a report of your credit history by contacting the ICB and paying a small fee. The ICB will send a copy of your report in the post.

If you find a mistake in your record, ask your lender to write to the credit bureau to correct your record and ask for a copy of their letter. If this does not solve the problem, you can contact the Data Protection Commissioner for further advice, or complain to the Financial Services Ombudsman. Visit their website for more information.

Can utility companies check your ICB report?
Utility companies are not currently members of the ICB. . A list of members is available on www.icb.ie. Local authorities are members of the ICB but only for recording repayments of local authority mortgages. For example, if you do not pay your bin charges this will not show up on your ICB report.

Can credit unions check your ICB report?
If the credit union was a member of the ICB when you took out your loan with them, then the loan will show up on your report. Most of the larger credit unions are members of the ICB and many others are in the process of becoming members. You can check if your credit union is a member on the ICB website.

Can I get bad details removed from my report?
Details can be removed only if they are inaccurate. If you find something inaccurate on your ICB profile, you should contact your bank immediately. Your bank will have to contact the ICB to remove the inaccuracies. You can add an explanatory paragraph if you missed payments for exceptional reasons. All lenders must provide an honest and truthful report of your loan repayment pattern. So a financial institution is not obliged to change or remove details from your report unless they are inaccurate.

Does ICB approve or decline my loan application?
No, the ICB is not a lender. ICB stores your credit report in its computer system and sends it to a lender when requested. It is up to the lender to decide whether or not to approve your loan application.

Central Credit Register
There is a similar service available from the Central Credit Register. The main differences are that there is no fee for this service, information on loans less than €500 is not collected and, as of November 2018, information on hire purchase and PCP agreements is not collected.

DEALING WITH DEBT

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DEALING WITH DEBT

A note on MABS

The Money Advice and Budgeting Service (MABS) is the only free, confidential, independent and non-judgmental service for people in debt, or in danger of getting into debt, in Ireland. MABS works with people by supporting them in drawing up realistic budgets and maximizing their incomes. MABS also supports clients in dealing with their debts according to their budgets. MABS does not give "financial advice" on investments or on specific financial products. MABS also does not give out money. Details are:

Website www.mabs.ie
Helpline: (0761 07 2000)
Offices: 60 nationwide.

When approached by an attendee who is dealing with problem debt, the most important thing to be able to do as a Money skills for life presenter is to accurately direct the attendee to more information and help. If a person is in debt or worried about getting into debt the best advice in all cases is to direct them to the MABS helpline. MABS provide information on budgeting, applying for unemployment benefits and all aspects of debt management.

- If a person is worried about a drop in income, or getting into debt they should be directed to the MABS helpline.
- It is important to note that even if a person is dealing with their Bank under the MARP process (see below) in relation to mortgage arrears, they can still get help from MABS in relation to other unsecured debts and to get advice on their overall debt situation.
- If a person has been trying to resolve their debt problems unsuccessfully for a number of months or they feel that they may never be free of crippling debt they can also consult the Insolvency Service of Ireland for information on debt solutions, more information on debt solutions and the ISI is available on backontrack.ie.

MORTGAGE ARREARS

It is always worthwhile contacting MABS if you are worried about your debts. They can guide you through the steps you need to take to deal with your debt. If you have a mortgage then it is important that you contact your bank as soon as possible to get support to manage your mortgage debts under the mortgage arrears resolution process. (MARP) (See below) They can also be directed to www.keepingyourhome.ie this is a joint initiative between MABS and Citizens Advice Bureau. They provide information and advice on mortgage arrears, what rights you have, and how to access an accountant. They may also wish to contact MABS,

Code of Conduct on Mortgage Arrears (CCMA)

The Central Bank's Code of Conduct on Mortgage Arrears (CCMA) has been revised and the new version came into effect on 1 July 2013. This is the code of relevance to people whose mortgage is in arrears or in danger of slipping into arrears.

The Central Banks Code of Conduct on Mortgage arrears sets out the framework that lenders must use when dealing with borrowers in mortgage arrears or in pre-arrears and also outlines the criteria that consumers must follow. It is important that you are aware of the criteria within this Code that you must follow in order to receive the protection that you are entitled to. For example, it is important to contact your lender as soon as possible (preferably in writing) and it is also vital that you don't ignore communications from your mortgage lender. This framework is called the mortgage arrears resolution process or MARP. This code applies to the mortgage loan of a borrower which is secured by his/her primary residence. Primary residence means a property which is: a) the residential property which the borrower occupies as his/her primary residence in this state or b) a residential property which is the only residential property in this state owned by the borrower. Under this process your bank must handle all cases sympathetically and positively, with the objective of helping people to meet their mortgage obligations.

Under the CCMA, lenders must have the following:

- A Mortgage Arrears Resolution Process (MARP) to be used when dealing with arrears and pre-arrears customers. The 4 steps for the MARP are:
    1. Communication
    2. Financial information
    3. Assessment and
    4. Resolution
- An Arrears Support Unit (ASU) to assess arrears and pre-arrears cases
- An internal Appeals Board to consider appeals from borrowers in relation to ASU

There are lots of protections for consumers who are in arrears or pre-arrears under the MARP process, full information can be found in the Central Banks Code of Conduct on Mortgage Arrears, a Consumer Guide. MABS can also advise consumers of their rights under the legislation see www.mabs.ie. You can also get information on dealing with mortgage arrears on www.citizensinformation.ie.

MABS/Citizens Information Mortgage Arrears Helpline: 0761 07 2000
www.keepingyourhome.ie

NON-MORTGAGE ARREARS
MABS can help consumers deal with non-mortgage arrears and consumers can be directed to the MABS helpline in all cases.

Hire purchase agreements
One of the other common questions we are asked is in relation to car finance debt and what a person should do if they are having difficulty paying their car loan. There is a lot of information in the handbook and on www.ccpc.ie about this. If you are having problems making your car repayments, your options depend on what type of finance agreement you have:

If you bought your vehicle for commercial purposes:
Then speak to your lender about renegotiating your repayments, contact us for more information on our helpline 1890 432 432.

If you took out a hire purchase agreement:
Then you can end the agreement at any time and give back the car under the half rule. The 'half-rule' is part of the Consumer Credit Act, 1995 and gives you the right to end a hire purchase agreement at any time. The 'half-rule' allows you to end the hire purchase agreement and limits your liability to half the hire purchase price of the car.

You do not have to pay half the hire purchase price to the finance company before you return the car using the half rule. A High Court decision clarified this. If you have not paid half the hire purchase price – you can still terminate the agreement and return the car. You will still owe the difference between half the hire purchase price and the payments you have made together with any arrears on your agreement. Depending on your agreement, the finance company may also have the right to charge you additional interest on your arrears - called surcharge interest.

If you took out a personal loan:
If you took out a loan to buy your car then you own the car from the start. So, if you get into financial trouble, it is suggested that you follow our 5 step plan to manage your debt. It's important that you go back to your lender and explain your situation. Ask them to restructure the loan agreement so that you can afford the repayments but be aware of any extra fees and interest. You also have the option of selling the car and using the proceeds to pay off the balance of your loan, or part of it.

Personal Insolvency Act 2012 and Debt Solutions
The Personal Insolvency Act 2012 introduced a number of debt resolution mechanisms for people who cannot afford to pay their personal debts. These mechanisms offer different solutions to people in different situations based on your income and how much you owe. Details of how to apply for any of the debt solutions can be found on the Insolvency Service of Irelands website backontrack.ie.

The debt resolution mechanisms are;

- Debt Relief Notice (DRN)
- Debt Settlement Arrangement (DSA)
- Personal Insolvency Arrangement (PIA)
- Bankruptcy

Your application for a Debt Relief Notice should be done through an Approved Personal Insolvency Practitioner and you can get a list of these from the ISI on www.isi.gov.ie. You can apply for Bankruptcy yourself but more information is available on the ISI website.

The ISI is not your first port of call if you have debts, that would be MABS. Generally if you have mortgage arrears MABS would direct you to your bank to engage with them under the MARP process. They have a roll in negotiating with your creditors on your other debts. To apply for debt resolution from the Insolvency Service of Ireland you should generally be in the MARP process for at least 6 months but you can get information from them at any stage and if you don't have a mortgage they can help you too.

The Insolvency Service of Ireland
www.backontrack.ie

Debt Management Companies - Regulation
One of the questions we are asked by consumers is whether or not they should use the services of a debt management company to help them deal with their debt. Rather than directing a consumer to a debt management company we would suggest they contact MABS. MABS are a public body and their debt management service is free and confidential.

Sometimes we get asked about recommending a good debt management agency- we can only recommend MABS. Debt management companies are now required to be regulated by the Central Bank, A register of authorised debt management firms is available on the Central Bank website:

These firms offer debt advice or a debt management service to consumers, where they negotiate with their creditors and try to reduce their loan repayments.

It is important to be aware that some debt management firms may have misleading names that sound like charitable or government organisations. Some firms may also advertise free debt advice but they are actually a debt management company that will charge a fee for their services.

The debt management company must comply with the relevant provisions of the Consumer Protection Code, must have a complaints handling procedure in place and any unresolved complaints may be referred to the Financial Services Ombudsman (FSO).

How do I allocate priority?

List your debts in order of priority. This means listing out which debts are most urgent, e.g. your mortgage or rent and utility bills (gas & electricity). You need to pay these first because it is important to keep a roof over your head and to stay warm. If you need your car for work, then your car loan may also be a priority debt for you. Then list out all other debts such as credit card debt, overdrafts, personal loans – these are called secondary debts. Secondary debts with the highest annual percentage rates (APR) should be paid after your mortgage or rent and utility bills. We've given you a handy table to help you on page 117 of your handbooks.

How do I approach my lender(s)?

If you are having problems with debt, the most important thing is to take action straight away. Do a budget (see the handbook) and have an honest conversation with your lender regarding the amount that you can realistically pay each month.

Our role is to reassure attendees that there is help out there and to point them in the right direction, if in doubt point to MABS as the experts in debt management.

PLANNING FOR LATER LIFE

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PLANNING FOR LATER LIFE

Pensions can be complex products, so you may wish to get financial advice. Your financial advisor will discuss your options with you and recommend a product based on its suitability to your needs.

Occupation pension schemes

Occupational pension schemes are pension schemes provided by your employer, where one of you or both of you make contributions to the pension scheme.

If your employer does not provide an occupational pension scheme, you have a right under law to avail of a PRSA (personal retirement savings account).

Tax relief available for contributions.
Under current tax law, there is tax relief available on pension contributions, but is subject to change from budget to budget. Keep your eye on each budget to see if you are affected. In the meantime, see www.revenue.ie for more information.

What % of salary should I contribute to my pension?
You may need to take financial advice on this question, as the level of your contributions will depend on your age, stage of life and what you require from your pension. Also, an occupation pension scheme may fix the level of your contributions, so you may have no option.

What is an AVC?

Additional Voluntary Contributions (AVCs) are contributions you make to your private pension to build up an additional retirement fund. When you retire, this AVC fund can be used to top up your employer pension benefits, within Revenue limits.

How AVCs work?

You decide the level of AVC you want to pay, within certain Revenue limits - see the Revenue site for more information.

If there is no facility within your employer's pension plan for AVCs, you can set up your own independent PRSA into which you then pay the AVCs. In this case, your contributions will not be automatically deducted from your salary before tax. You will have to arrange to pay the AVCs and claim tax relief yourself. You can contact Revenue for information on how to claim tax relief.

State Pension
The current maximum State pension is €232.00 per week (as of 2018). Not everyone is eligible for a state pension. It is dependent on your PRSI contributions and whether you have an income from employment. See www.citizensinformation.ie or www.welfare.ie for more information.

Sources of further information:
For information on occupation pension schemes, contact your HR dept, or pension trustee. If you have any queries see www.pensionsauthority.ie and any complaints see www.pensionsombudsman.ie.

For information on State pension scheme, see www.welfare.ie.