

Alvin's money savers

Check out money expert **Alvin Hall** – he's going to save you pounds every week

SAVE £££ ON YOUR NEW CAR

It's new car registration time, with 1 September meaning the arrival of the '09' number plate. This year, there's an extra incentive to buy a shiny new motor if the one you own is 10 years or more old – a £2,000 discount via the Government's scrappage scheme.

But if your car is only a few years old or if you're still paying for it on a finance deal, you won't qualify for the scrappage scheme. The good news is that there are still steps you can take to drive down the cost of a new car.

1 Take your time. Research into the make and model of car you'd like. Don't just look at how much it costs today, but how quickly it loses its value (with some cars, the resale price tumbles in the first couple of years). Use the What Car? online depreciation calculator (whatcar.com/car-depreciation-calculator/) to see how much your car will be worth in the future.

2 Look at dealers' adverts in your local paper (then ring them up and see if they'll drop the price further) and compare prices with online sites. Parkers price guide (parkers.co.uk) has loads of useful

information. And What Car? will tell you the target price (the price a dealer is really willing to sell for). Go to whatcar.com/target-price.

3 So far, more than 154,000 new cars have been ordered under the Government's £2,000 scrappage scheme, but consumer magazine Which? says some buyers may be no better off. It says a number of car makers have raised prices of new cars by up to 14% since last October, (enough to offset the discount). The car makers' trade body, the SMMT, doesn't deny prices have gone up (although it disputes some of the figures), but says it's down to currency fluctuations and tough economic conditions.

4 Don't sign up to the financing you're offered by the dealer as you may be able to get a better deal elsewhere. The monthly repayments may sound OK, but find out how much you'd have to pay as your final payment (this can be several thousand pounds, depending on the deal you sign up to). I've looked at a

couple of personal contract purchase (PCP) deals: If you borrow £10,400 over four years and pay a £1,000 deposit, you'd pay over £218 a month for the PCP, but you'd have to come up with a hefty £2,800 for the final payment and you'd pay over £2,500 in interest. See newcar4me.com for details.

5 You might be better off with a personal loan. If your credit record is good, you should be able to get one that charges 8-10% APR. If you borrowed, say, £10,400 over four years, you'd pay back between £252 and £261 a month, but you'd have no final payment to worry about.



GOT A HOT MONEY-SAVING TIP? I'D LOVE TO HEAR IT!

Email me at alvin.hall@natmags.co.uk. Or post to: Alvin Hall, Reveal, 33 Broadwick Street, London, W1F 0DQ

EastEnders' Charlie Brooks looks happy with her motor

Q&A

I've bought a kitten and I don't know if I should get it insured. Are policies worth it?

Will, Telford

ALVIN SAYS: Whether you think pet insurance is worth it may depend on your cat (pedigree breeds tend to have more health problems than moggies). Pet insurance normally covers the cost of treatment – such as an operation or tablets – for a range of illnesses, but won't pay for routine vaccinations or neutering. Expect to pay upwards of £5 a month.

The best cover will insure your cat for life, which means that if it develops an illness that needs ongoing treatment, the policy will pay for treatment as long as you pay the premiums. Watch out for the excess levels – some companies charge a fixed excess, while others make you pay a percentage of the claim. If your claim is for £2,000 and your policy has an excess of 20%, you'd have to find £400.

The other option is to self-insure. This means you build up savings to pay your vet's bills.

Pet insurance can be costly, but with a good deal it's invaluable



Team Reveal

Alvin Hall's money savers

Each week in Reveal I'll be sharing my advice with you

It's September, autumn is on the way, and a fleet of shiny new cars offer serious temptation. If you've followed my advice and budgeted well this year, and a new motor is on your wish list, I'll tell you about the Government incentive that could save you £2,000, as well as how to negotiate the best deal on the car and finance it.

I'll also tell you how to make the best decisions in all aspects of your life, from investing your life savings to buying pet insurance. With these and other tools you learn from my weekly column, you'll be able to make better decisions on a daily basis that will help you accomplish your larger financial goals.

Alvin

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MY TOP 5 TIPS STASHING YOUR SAVINGS

1 Work out how much you can afford to pay in the account on any one day and each subsequent month. Often (but not always) the more you pay in initially and/or the more you add, the higher the rate of interest. Many banks and building societies set minimum amounts you must pay in order to get a specific interest rate on your savings. These rates are often tiered – so, the more money you have, the higher the rate of interest.

2 Determine your time frame for savings: short-term (three years or less) or long-term (more than three years). It's an important step, but many of us don't bother to do it! By locking your money away for longer, you may get a much higher rate.

3 Decide how you want to access the account (via the internet, local branch, etc), and how often (instant access, limited withdrawals, no withdrawals for a fixed term). This is a decision about lifestyle and convenience. Don't lock your money away to get an extra fraction of a per cent in interest if it's your emergency fund. Emergencies don't come with a warning.

4 Use websites, such as lovemoney.com, moneyfacts.co.uk, to compare interest rates (look at the annual equivalent rate, AER) on the different types of savings accounts at different banks. If you've defined the three key features above before you start your search, the process of finding the 'best' saving account will be much easier – and less bewildering.

5 If you're saving for the long term, then you can put your money into fixed rate bonds. For example, the Barnsley building society, currently pays a rate of 5% AER on a three-year fixed rate bond that's available only online. If you're saving for the short term and want instant access, the rate you will earn could be anywhere from 2% to 3.5% depending on the type of account and how much you save. And finally, remember there is no perfect one-size-fits-all savings account.

Keeping your money under the bed won't necessarily get you the best interest!