

# Perennial's Quick Financial Quiz



**How much  
do you know?**

**Well done for taking our quiz - we hope you learnt something new!**

Below are the correct answers, along with fuller explanations for some of the questions. There's also links to places you can get further advice and information on specific topics to help you Be Money Smart.

## 1 What do the initials APR stand for when we talk about money?

It's Annual Percentage Rate which is the % of interest you will pay on a lending product, such as a loan or a credit card, over a 1yr period. The higher this is, the more it will cost you. And, the longer you take to pay the money back the more interest you'll pay overall.

## 2 From what age can you currently begin to claim a state pension?

At the moment, you can claim a state pension from age 66 (although this may change to a later age in the future).

But remember, to be able to claim you need to have paid 35 years' worth of National Insurance contributions so it's always good to know where you stand with your state pension.

To find out more head to [www.gov.uk/new-state-pension](http://www.gov.uk/new-state-pension)

## 3 When you apply for a credit card the lender will want to check your credit score. Do you know which of the following will affect your score?

From the moment you turn 18 you will have a credit score. Companies use this to help them decide whether to lend you money. The higher your score the more likely you are to be accepted. Your credit score can be affected by the following:

- **Your Borrowing History** - If you've borrowed money before such as for a loan, credit card, phone contract or car finance and have paid them off on time and without missing a payment, then this can boost your rating.
- **Your Address** - when a credit search is done it looks at the Electoral Roll to locate you, so it is best to make sure you are registered at the right address and you are using this for any accounts or lending products you have.
- **Previous Address** - not only is your current address checked, a credit search often looks back over a 3-5yr period, so it's important to make sure everything is up to date.
- **Financially Linked Individuals** - put simply, this means if you are linked to someone financially such as a joint bank account, joint savings, or even both named on a utility service such as your electricity bill, this could impact your credit score, either positively or sometimes negatively. It's important to make an informed decision when deciding to go into a financial product with somebody else. And, remember to cancel any products should a personal relationship end.

**Some people assume other factors will have an impact but actually they don't. These include:**

- **Age** - Yes, a younger person will likely start at a lower level as they need time to build up a score, however a change in age will not automatically change a credit score. It doesn't get higher just because you're older.
- **Salary** - a lender may check your incomings and outgoings to decide if you can afford to pay back the money, but this is done separately to your credit score.

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- **Savings Balance** - as above, the amount of money you have may impact what they think you can or can't afford to pay, but this has no impact on your credit score itself.
- **Social Media** - increasingly social media may be used by employers when vetting job applicants, and in extreme circumstances lenders may look before authorising lending, but currently what you post on social media will not impact your credit score.

## 4 Many people worry about having to pay Inheritance Tax (IHT), but do they need to? What % of people in the UK do you think will actually have their estate affected by this when they die?

Only 4% of the UK are likely to be impacted by inheritance tax as its only paid on any money over the current threshold of £325,000.

Also, there are many exemptions when leaving money to spouses, children, charity and when a property is involved, so to make sure you are very clear about whether you might be affected it may be best to speak to a financial advisor.

## 5 When buying a first home, most people will need a 10% deposit before they can apply for a mortgage. What do you think is the average amount of money people will currently need for this?

Zoopla statistics for June 2023 put the average first-time buyer property price at £240,000, meaning a 10% deposit would be £24,000.

30yrs ago in 1993 the same properties were valued at £53,000. Simply put, getting on the property ladder is hard work, even harder if you live in London or in a desirable area.

For young people, savings needs to happen now, and for any parents, it's never too early to try and put something away which might help your children in the future.

## 6 Why could an Individual Savings Account (ISA) benefit you more than a standard savings account?

ISAs have been part of the UK banking product range since 1999 and are a simple way to save your money.

ISAs come in various forms but as standard you can save up to £20,000 tax free per annum into either a Cash ISA, a Stocks & Shares ISA, or split across them both. Specialist products such as Lifetime ISAs and Help-to-Buy ISAs may also be available and may have different limits.

You do not usually need a current account at a bank to open an ISA, and you can transfer your account from one bank to another to seek out a better interest rate.

But there are limitations, and some things you cannot do:

- Funds in an ISA are not exempt from your estate or from any liabilities you may have.
- You can only pay into one Cash, or one Stocks & Shares ISA, per tax year.
- From a protection viewpoint, funds in an ISA are no different from funds in a current account. The majority of banks are protected by the FSCS, meaning if they go 'bust' each individual is protected for up to £85,000 of cash savings in total, regardless of the type of account they are held in.
- Traditionally ISAs did have higher interest rates than other savings accounts, however in modern times this isn't necessarily the case, it's worth checking before choosing what sort of account to open.

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## 7 True or False. The new tax year starts on 1st April every single year?

The tax year actually starts at 00:01am on April 6th.

The tax year is important for many different reasons the main one being the deadline for self-assessment tax returns.

The new tax year is also often when different pensions and benefits will change in line with inflation or government policy.

## 8 Unfortunately, there are always costs to cover when someone passes away so it's always good to plan ahead. Do you know the average cost of a funeral in the UK?

According to SunLife the average cost of a funeral in the UK is currently £3,953.

Losing a loved one is incredibly difficult for spouses, partners, family members and friends so there is nothing worse than having to cover funeral costs, as well as manage the person's will and all the admin that is required if someone has not got their affairs in order.

We can ease the burden on our loved ones by considering things such as funeral plans, life insurance and having an up to date will. You can find some useful information at:

[www.ageuk.org.uk/information-advice/money-legal/end-of-life-planning](http://www.ageuk.org.uk/information-advice/money-legal/end-of-life-planning)

### Staying on top of your money is more important than ever.

To help you manage your money better, we've teamed up with nudge - our free money management tool offered to all those working in horticulture.

nudge gives you quick and easy financial information at your fingertips 24/7, across a huge range of topics including things such as budgeting, saving & investing, home-buying, debt management, tax planning and loads more.

You can find out more about this and other practical ways to 'Be Money Smart' at [perennial.org.uk/bemoneysmart](http://perennial.org.uk/bemoneysmart)



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