



Progressive Members vote with their hearts

The Society has donated £2000 to NI Children's Hospice, which will help them fund twenty Nights of Care and services like art therapy for life limited children.

The Children's Hospice provides care for children and young people with life limited illnesses throughout Northern Ireland both in hospice and in the community. Respite care, day care and end of life care services are provided for these special children who are unlikely to live to adulthood.

The amount was raised by the Society offering to donate 20p to the cause for every voting form returned during this year's Annual General Meeting that was held in Ballymena for the first time in April. The charity link has been successful in helping boost the voting response over recent years.



Progressive's Secretary and Head of Risk Management, Michael Boyd, is pictured with Fern McHenry a Nursery Nurse with NI Children's Hospice and 11 year old Rachel Rowe.



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Bill Webb talking to John Simpson

Progressive RNLI Golf Day Raises £5,500 towards New Lifeboat Station

This year's Royal National Lifeboat Institution (RNLI) Golf Day Fundraiser, supported by Progressive Building Society, has broken previous years records by raising £5,500 towards £75,000 needed to rebuild the Portaferry Lifeboat station.

250 golfers competed in a one-day "sell-out" four-ball Stableford competition that took place recently at Kirklistown GC. Talking about the funds raised, David Peacock, event organiser, said, "We're delighted with the generous support that participants showed at the event with many donations of money as well as prizes for the auction at the end of the day."

The Portaferry Station opened in 1979 and has rescued many lives over the years. The Station is currently being expanded so it can accommodate a new, larger lifeboat and these funds will go towards this £75,000 project. Indirectly these funds have helped keep the lifeboats in operation so the RNLI can continue to help save lives at sea.

"Thanks must go to Progressive, whose continued support in helping publicise the event, ensures even more people know about the event each year which helps us continue to help raise much needed funds for the RNLI, further enhanced by a delicious buffet and some fun prizes along the way! The Portaferry Lifeboat Guild is also grateful for Kirklistown Castle GC's invaluable support through the full use of its course and facilities for the day."

THE CREDIT CRUNCH - HOW IS PROGRESSIVE FARING?

There has rarely, if ever, been so much comment on what is happening in the housing market and this has caused many customers of banks and building societies to become uncertain about what the future holds. Progressive's Chief Executive, Bill Webb, answers questions posed by John Simpson which explore some of the key issues regarding recent market developments.

John Simpson is a consultant economist who has had experience as a university lecturer, an adviser to several Government departments and to Assembly and Parliamentary Committees. In recent years he has been closely linked to the debates about the strengthening of the local economy and has written extensively about this in the local business-related media.

JS: Customers of financial institutions hear news nearly every day that the credit crunch is hitting building societies and banks. How has the business activity of Progressive Building Society been affected?

BW There is confusion in the media generally, and reflected in the public consciousness, about the difference between banks and building societies. All of the high profile casualties, Northern Rock, Bradford and Bingley, Alliance and Leicester and Halifax, converted to banks many years ago leaving behind the conservative world of the building society movement. The bad publicity which they generate means that Progressive has to continually remind customers that we are very different – a mutual organisation, which is risk averse, and is owned by its members.

JS Is Progressive just as vulnerable as a bank?

BW Building Societies are much less vulnerable to the current environment. In this period with an uncertain economic outlook and stock market turbulence, savers are wisely viewing building societies as trusted homes for their money. As a result, building societies have attracted record volumes of savings in the first six months of 2008.

JS House mortgage lending seems to have become more vulnerable to arrears as borrowers struggle with increased rates. What has been the recent experience of Progressive, over the last three years?

BW Contrary to the headlines our borrowers on variable rate mortgages have seen three reductions in monthly repayments since the autumn of 2007 and appear to be coping well with current economic conditions. We have seen the number of mortgages in arrears fall in each of the last three years.

JS Is PBS still open for new loans? Has the value of new loans in first half 2008 fallen compared to same period in 2006, or 2007?

BW Of course we are still keen to lend. Mortgage lending in the first half of the year is above the levels achieved in the same period of 2006 and 2007. We do anticipate, though, that the reduction in the number of house sales will reflect in our figures for the remainder of the year.

JS Do new mortgages now face more stringent conditions? If so, what are the differences?

BW Progressive has never been a player in the 100% mortgage market. We stood back from the unsustainable growth of the local property market in recent years and accepted a conservative lending

strategy which required all borrowers to make a reasonable deposit from their own resources.

JS But do roll-over mortgages, or mortgages to cover property sales/purchases, face more stringent terms?

BW Our lending policy remains unchanged with existing borrowers being able to benefit from discounts when their deals come to an end. As for new borrowers, as I said before, we have always expected them to put down a reasonable deposit. Loans for house purchase are available to those who can gather a 10% deposit.

JS Turning to savings, are your members still increasing their deposits with you? How do 2008 trends match previous years?

BW As I mentioned at the beginning of the interview the first six months of this year have produced record levels of savings for building societies. Progressive has benefited from this pattern and 2008 will be a good year for us.

JS Are rates on deposits/savings now less attractive?

BW On the contrary, our savers continue to enjoy attractive above-inflation returns from many of our account types.

JS Has PBS had any experience of securitisation of some of its asset portfolio?

BW Progressive has never become involved in either buying in mortgages from other lenders or selling on any of our mortgage business into the market. This means that we have no exposure to sub-prime lending in the UK, never mind the United States.

JS Has Progressive needed to borrow from the wholesale market? Have you needed more or less than in previous years?

BW Thanks to the Society's strong deposit base our exposure to the wholesale money market remains low.

JS How does Progressive respond to the so-called crisis in the housing market? Have you any comment on the several suggested Government responses?

BW We are in the business of helping people buy a home – this is a long term investment. Over the period of ownership there will be adjustments in the market value, but in the long run the homeowner will enjoy an asset which gives pleasure and profit. Government initiatives tend to distort the market and increase the level of uncertainty which is the fundamental reason why some purchasers are reluctant to commit to a new property.

JS And what could the Executive usefully do to ease current problems?

BW More commitment to support Housing Associations and provide funds for social housing would underpin confidence. The owner-occupied market should be allowed to recover without the distortion caused by special schemes.

JS How safe are my savings? What guarantees can you give me?

BW No saver has ever lost money in a building society. The mutual movement is built on trust and societies have stood together over decades to ensure confidence and stability. The Financial Services Compensation Scheme provides considerable comfort for savers but the real strength of building societies lies in the fact that this has never been called upon.

JS Finally, what are the issues that are causing your members concern? Are these concerns unrealistic and can they be allayed?

BW The queues at Northern Rock Bank offices last year have led all of us to examine the assumptions underlying decisions about our finances. Progressive savers can rest assured that their savings are invested in homes within Northern Ireland and not in the exotic financial instruments which have brought some banks to their knees. As for borrowers, even in these days of reduced house prices, our average historical loan to value ratio is below 60% - giving us a lending book that is robust and highly resistant to an economic downturn. This means we will be able to support Progressive borrowers as they come out of fixed rates - we want to maintain a secure roof over their heads just as much as they do.



COMMUNITY AWARDS

Being a local building society, we like to help those close to us in our local areas. This is the key reason for the establishment of our Community Awards Scheme. Our panel, made up of 5 individuals meet twice yearly.

At the start of July our Community Awards panel met to decide on the organisations they felt deserved to be awarded for the work they carry out. The groups are chosen on the basis of how valuable they are to our local communities, based on our judge's opinions. They range from summer schemes providing entertainment for children during the summer months or to buying medical equipment.

Any member of the Society can apply for an award by completing an application form and handing it in at their local branch, or by posting it to Head Office.

From the last meeting seven organisations received awards, adding up to a total donation from the Society of £5,500. The groups chosen were:

- Heartbeat NI
- Fountain Centre, Bangor
- Northern Ireland Leukaemia Research Fund
- Eglinton Community Hall, Londonderry
- NCH Northern Ireland (the Children's Charity)
- Crumlin Star Football Club
- Carryduff G A C

If you wish to apply or know anyone who would, be sure to get your application in as quickly as possible to guarantee it is considered in the next round. This will be held in December 2008 and the Summer meeting will be in June 2009.

CONSERVE YOUR WEALTH - DON'T GIVE IT AWAY!

Tax planning isn't always easy, especially as tax rules can be subject to changes at any time. But when you have the worry that, when you die, the law allows HM Revenue & Customs to claim a significant amount of the value of your estate above the value of your Nil Rate Band (NRB), planning to reduce or fund for this liability is well worth considering – the changes made to the rules last year may or may not have had an affect on you, it really depends on your own particular circumstances.

The first thing to be aware of is that there was no change made to the NRB for inheritance tax, which was left at £300,000 available to each individual. It has now risen to £312,000 for the tax year 2008/2009. This means that you won't have to pay IHT on the value of your estate up to that amount. What did change was the ability to pass any unused proportion of your NRB to your surviving spouse or civil partner, enhancing their available NRB on their subsequent death – which is why you may have heard the figure of £600,000 (double the individual NRB) being mentioned.

The calculations aren't quite as simple as that though, and the transfer doesn't automatically happen. The change in rules may have alerted you to the whole subject of IHT or perhaps it's been something that you'd been intending to look into for a while, but just kept putting off! But IHT doesn't only affect your estate at death. So seeking financial advice is still as important as it has ever been.

You couldn't have escaped the press coverage over the last few years about house prices increasing, particularly in certain parts of the country, and this is still an incredibly important factor in the case of totting up the value of your estate. With average house prices across the UK standing at just over £220,000 (source: www.news.bbc.co.uk), it's hardly surprising that more and more people are finding that the value of their estate is over the current NRB for IHT, especially when you add any savings and investments, cars, jewellery and other possessions too.

So, if you haven't done it already, why not make an appointment with your adviser soon to talk through how you can protect your estate from IHT, so your children, grandchildren, or whoever you wish, can inherit what you wanted them to. Don't simply let it pass to the Government.

And to the taxman I bequeath...

Inheritance tax planning could prevent a large chunk of your assets going to the taxman* – ensuring your loved ones don't face a big tax bill.

There are, however, solutions. Take action now to drastically reduce your liabilities later.

Want to find out more?

Please contact your local Progressive branch who will put you in touch with a Legal & General Representative.

- Any estate currently worth more than £312,000 may be at risk
- Your 'estate' includes your home plus any other assets: life cover, savings, jewellery - even your car

Legal & General
Wealth management made easier by Legal & General
*currently 40% of any estate over £312,000

Legal & General
www.progressive.com

COMPETITION

To be in with a chance of winning £50 worth of Marks & Spencer vouchers simply answer the following question and send your answer along with your name, address and contact number to Homegrown News Readers Competition, 33/37 Wellington Place, BELFAST, BT1 6HH or drop it into any branch or agent.

In which year did the Portaferry Lifeboat Station open?

Employees and Agents of the Society and their families are not eligible to enter.

Competition closes: 15 December 2008

The winner will be notified in writing and his/her name will appear in the next edition of Homegrown News.

PREVIOUS COMPETITION WINNERS

Agency Questionnaire: Mrs N J McCallan, Lisburn

Mortgage Service Questionnaire: Mrs Kerr, Carrickfergus

Homegrown News: Mrs Ivy Coates, Dundonald