

## Asset based welfare: an uncertain future?

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Dr Lindsey Appleyard is an author on the forthcoming report 'Home ownership and the distribution of personal wealth' for the Joseph Rowntree Foundation, Housing Market Taskforce.

Asset-based welfare was a central component of New Labour ideology, appealing to those on the right as well as the left, with its emphasis on helping people build up assets to provide for their future well-being. But one of the first announcements from the Coalition government is the abolition of the Child Trust Fund, a flagship asset-based welfare policy. The new government has also announced that non-business Capital Gains Tax will go up, hitting those who have invested in second homes, perhaps as an alternative to the complex and risky pensions market. So where now for asset-based welfare?

As far as housing assets go, around 70% of people in the UK own their own home but housing wealth is spread very unevenly. There is evidence to suggest that those at the bottom are being left further behind and there is an increasing divide between the 'housing haves' and the 'housing have-nots'. A review is needed to consider whether or not 'home ownership for all' is a viable policy and, if not, how we can ensure that those in the rented sector have decent homes and do not fall further behind in the asset stakes.

As far as savings go, the Lib-Con coalition government look set to continue with the introduction of the Saving Gateway though the details of this are crucial and yet to be announced. This scheme will be essential in providing fairer ways of encouraging people to save and accumulate assets.

Pensions are the third pillar of asset-based welfare and here, it seems, the coalition are largely continuing with New Labour policy though we may all have to wait even longer for our state pensions than we thought.

More fundamentally, it is time for a review of the balance between different kinds of asset accumulation/decumulation and the role of government policy here. For example, what balance of different kinds of assets should people aspire to have? Are people putting too many resources into housing assets rather than pensions or in more liquid products such as ISAs? How should the government help people achieve the right balance, e.g. through provision of state pensions and/or setting different levels of taxation and/or subsidy for different forms of asset accumulation/decumulation? How does this relate to different stages of the life course and to different socio-economic groups?

The Centre on Household Assets and Savings Management (CHASM) based at the University of Birmingham aims to explore issues surrounding wealth and financial security over the life course: [www.chasm.bham.ac.uk](http://www.chasm.bham.ac.uk) (<http://www.chasm.bham.ac.uk/>).

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