



Help to Save Anniversary

17 September 2019



Help to Save

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Savings in the UK?

- **Not very good!!!**
- **Net Financial wealth** - Non-homeowners (*many of whom will qualify for the Help to Save scheme*)
 - Age 16 – 34 = £1,000
 - Age 35 – 44 = £300
 - Age 45 – 54 = £200
- **Net Financial wealth** - Homeowners
 - Age 16 – 34 = £2,800
 - Age 35 – 44 = £10,700
 - Age 45 – 54 = £16,700

Savings in the UK?

- **Help to Save target market** – those on low incomes
- Low risk savings – only suitable savings option!
- What are the current options?
 - **Cash ISAs** → choice of instant access, restricted access or fixed term products
 - **Bank** → deposit/savings accounts
 - **Building Society** → deposit/savings accounts
 - **National Savings & Investments (NS&I)** → various deposit accounts

Incentive:

Not a lot!!!

Historically low interest rates – less than 1% typically. Why bother saving??

- **We need something more to encourage saving in low income groups!**

Child Trust Funds (CTFs):

Savings scheme for children which, when initially offered, provided a **'free' government voucher** of either **£250 or £500**. This government contribution helped this scheme to be a success and encouraged providers in the financial market to offer CTFs *(increasing availability and competition)*

- **Two year** period for payments are within reach!
- **Matching payments** applied to the mark! ie. **you pay £1 and we'll give you 50p!**
(unlike the 'tax relief' approach for pensions that nobody really understands)
- Bonus payments are key → **its FREE MONEY!**
- Uptake of Help to Save in first year *(based on recently released HMRC statistics – 30 August)* promising but still only being used by small percentage of qualifying market

Help to Save Legacy!

- Maturing accounts from 2022 onwards → **what next?**
- Obvious home for maturing funds = **Cash ISAs?**
- Fully **tax free** with instant access options ideal for holding short term savings – emergency funds
- Cash ISAs could be **flexible** (*allowing withdrawals to be replaced*) but even those that aren't, a **£20K annual allowance** is more than adequate for low income groups (*in either case, suitable for short term savings and regular access if required*)

Ideal Outcome:

The government will be encouraged by the success of the Help to Save scheme and will either extend it or be willing to introduce a similar scheme which also includes some element of **government bonus** as an incentive to save.

Rollover into cash ISAs:

So automatically rolling over any **Help to Save funds** into **cash ISAs** would help/encourage individuals to retain some/all of these funds in tax efficient accounts and help reinforce the **savings habit**

able individuals

TISA will engage with member firms, the government and the financial services market to help influence the legacy of the Help to Save scheme and encourage/support future savings schemes for this target market



Accessing and managing savings Long Term Vision for Savings & Investments

- TISA's initiative for **Open Savings & Investments**, in conjunction with a number of other initiatives, will enable our industry to become **fully digitally enabled**, allowing consumers through the **web** or an **app** to:

Savings/Investment Apps:

This is clearly the '**direction of travel**' in the financial world. Strong move by some 'challenger banks' to go '**wholly online/digital**' with no branch network

Help to Save:

TISA's vision would include all savings schemes, including government schemes such as the Help to Save (*or similar schemes*) to also be **opened, reviewed** and **managed** through this 'one stop shop' digital approach

Question?

Is the low income market sufficiently motivated and savvy enough to engage with this type of approach?



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