

PENSIONS POLICY

Money Marketing In Focus
Pensions, Tax and Income
7 December 2016

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REVOLUTION...



- Recent pension reforms have made pensions much more user-friendly
- Improved incentive to save – auto-enrolment, no annuity, no IHT
- New landscape for both DC and DB schemes – and other savings
- But people need to understand the system better – is guidance at risk?
- Brexit adds uncertainty, but doesn't change message
- Great opportunities for advisers

TREASURY AND DWP



- Treasury see pensions as a cost, DWP see pensions as a benefit
- Pensions now have good behavioural nudge: auto-enrolment, tax 'brake', no IHT
- Last money you should spend, keep for your 80s, for care or family pension fund
- Basics of a good system now but will we snatch defeat from jaws of victory?
- Treasury focus on ISAs could be a disaster
- We already have enough ISAs, don't confuse the market with more complexity
- If you care about pensions be very, very worried...

LIFETIME ISA – LESS MONEY FOR OLD AGE



- More poor pensioners with LISA rather than pension
- No employer contribution, no higher rate relief, no NI relief
- More held in cash, lower investment growth, no charge caps, >5% exit penalty
- Behavioural incentive to spend all at age 60, no money in your 80s
- First person wont reach 'pension' stage of LISA for 20 years
- Classic example of bad policy-making – leave problems to future Government

LISA MIS-SELLING SCANDAL



- Need advice but many won't get it – risk of losers who may challenge in future
 - Those who opt out of a workplace pension
 - Those who give up higher rate relief on pensions
 - Those who lose NI/tax relief on employer contributions
 - Those who don't realise impact of withdrawal penalty
 - Those who hold cash may pay fees for little or no returns
- Advisers can use it for wealthy clients –filled LTA/AA, save for grandchildren
- Is this sensible use of taxpayer resources?

BETTER REFORM OF INCENTIVES



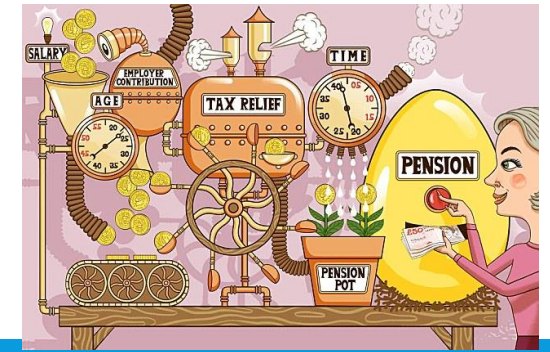
- Keep it simple – just one flat-rate, no age related complexities
- Higher incentives for basic rate taxpayers
- Government contribution to your pension – not tax relief
- Lower AA – but also scrap LTA and top earners' taper
- Give millions more people better pensions for £40billion cost
- One nation pension for the many not the few

ADVISERS' ROLE



- Help customers plan later life
- Better products and services for accumulation/ decumulation
- Engagement, guidance, advice
- Social care savings or insurance plans
- Pensions industry must promote pensions more
- We know they're great, many people don't realise why!!

THANKS FOR LISTENING...



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