



Tax Relief System May Exacerbate Wealth Inequality

- 20% taxpayer
 - puts in £12 per month for 30 years
 - Government puts in £3 per month on top
 - Over 30 yrs total from Government = £1,080
 - Pension pot at 5% growth **£12,280.47**
 - (+184%)
- 40% taxpayer
 - puts in £12 **NET*** per month for 30 years
 - Government effectively puts in £8 per month on top (£4 into pension, £4 off tax bill)
 - Over 30 yrs total from Government = £2,880
 - Pension pot at 5% growth **£16,373.96**
 - (+279%)

■ *£16 goes into pension, but £4 comes of tax bill



New Government 'Savings Incentive'

Some suggested limits to discuss

- Withdrawable ISA - up to £2,000pa
 - tax free on withdrawal
- Fixed term ISA up to £5,000pa 20% +
more over time
- Pension first £1,500 50%
next £1,500 40%
next £3,000 30%
next £20,000 25%
next £70,000 20%
above £96,000 0%
- Fixed term ISA and pension taxed on withdrawal