



A MANIFESTO for Britain's over 50s

March 2015



Saga



CONTENTS

| | |
|--|-----------|
| Introduction | 3 |
| A Manifesto for Britain's Over 50s | 4 |
| British Values, Britain and Europe | 6 |
| Benefits, Money & Cost of Living | 6 |
| Age and Employment | 8 |
| The Elderly and the NHS: Must Do Better | 9 |
| Care in the Home | 10 |
| Freeing up the Housing Market for the Elderly and the Young | 11 |



INTRODUCTION

The demographic shape of our society continues to change rapidly. The over 50s are an increasing proportion of the population, the electorate and the workforce.

At the time of the last General Election there were 21.6 million people aged 50 and over in the UK, 44% of the over-18 adult population. Today the UK has 23.6 million people over 50, 46% of all adults.

These rising trends will be a persisting feature as life expectancy continues to rise – one third of babies born today are likely to see their hundredth birthday. And there will be 8 million octogenarians in the UK by 2050 – compared to today's 3 million octogenarians.

Some politicians seem to view the elderly as a burden on society rather than a blessing. However, this is far from the truth. Evidence from independent economists is that spending by the over 50s has been a

Today the UK has 23.6 million people over 50, 46% of all adults.

key factor in the UK economic recovery and that spending by this age group is significantly more effective in creating jobs for the young.

Research shows that the likelihood to vote rises with age – 89% of over 65s say they will vote in the General Election compared with 52% of those aged 18-24. In a very real sense the over 50s hold the keys to Number Ten.

There are many reasons for this heightened propensity to vote, not least that older people have invested more in the construction of society through their working lives.

However, this age group does not just consider self-interest when deciding who should receive its vote. Just 17% of the over 50s said that issues that

directly affected them were the most important factors, compared with 28% of the under 50s. In fact, 55% of the over 50s, said that issues that affected the whole country were front of mind when casting their vote – compared with a third of those aged under 50.

As a society we should plan for a more inclusive, healthier, independent and dignified future for the over 50s. This Manifesto, informed by detailed research undertaken among this age group, lays out practical policies to achieve these worthwhile objectives.



A MANIFESTO FOR BRITAIN'S OVER 50s

This Manifesto for Britain's over 50s reflects insights gleaned from the regular Saga/Populus poll – the largest survey of opinions and concerns of people over 50 in the country – and from the views of Saga Magazine readers. Its principles rest on fairness, equity and positive concepts of what binds us together as human beings and a nation.

Based on Saga's polling, those aged 50 and over call for reforms in the following key areas:

HOUSING

- Stamp duty breaks to encourage people over 65 to rightsize and free up accommodation for those starting on the housing ladder. This reform could potentially release an additional 111,000 properties into the market.

EUROPE

- An early chance to vote on an in/out European referendum.

PENSIONS

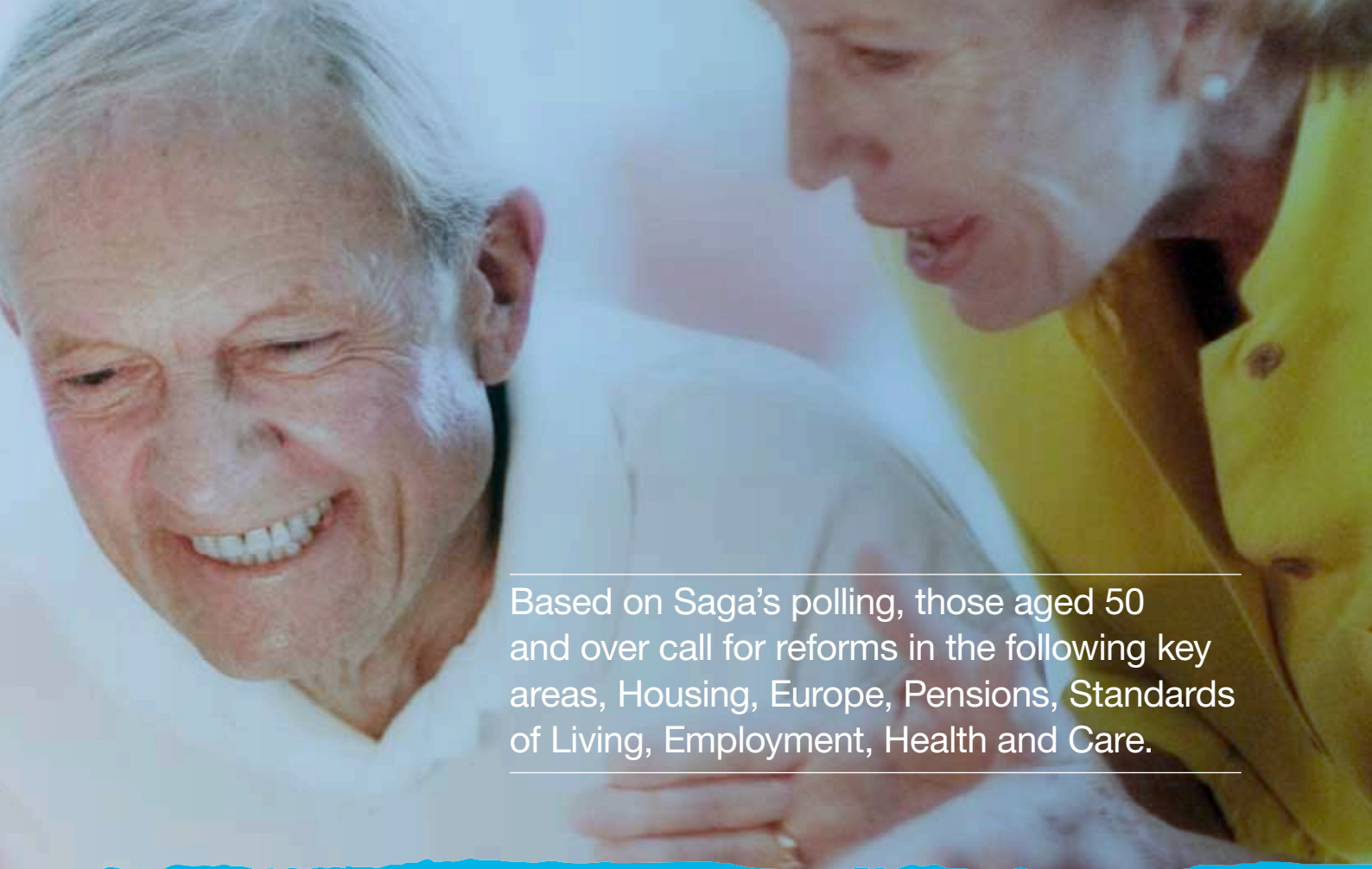
- Future pension increases based on an index of 'real' pensioner costs of living; Saga's analysis suggests that if this policy had been in place since 2007, the basic state pension would be £112 a year higher today.

- Ensure the right quality of guidance and help to achieve the right outcomes for people using the new pension freedoms.

- To better protect pensioners, those who help liberate money from people's pensions must conform to a code of conduct set out by the Government and regulator.

STANDARDS OF LIVING

- Energy companies required to provide a free allocation of energy for the elderly to heat their homes.
- A ban on hospital car parking charges – a significant tax on the ill and their families.
- Maintain current pensioner benefits – Winter Fuel Allowance, free prescriptions, eye tests, bus passes and TV licences.



Based on Saga's polling, those aged 50 and over call for reforms in the following key areas, Housing, Europe, Pensions, Standards of Living, Employment, Health and Care.

- Reform of inheritance tax, based on either excluding the family home or linking future tax-free allowances to house price inflation.
- Absorb car tax into fuel duty to end the unfair impact on low-mileage drivers'.
- Reduce or abolish the Air Passenger Duty for all travellers, to boost travel and the wider economy.
- Interest on savings for pensioners should be paid gross without an automatic tax deduction.

EMPLOYMENT

- National Insurance breaks for those who employ the long-term unemployed of all ages – to help people back into the world of work, including the over 50s who are currently suffering disproportionately high rates of long-term unemployment.
- A targeted national training, guidance and support initiative to recognise and encourage the huge potential of the new wave of older entrepreneurs.
- Action on residual ageist attitudes in the workplace.

HEALTH AND CARE

How we care for our elders is a measure of a civilised society. To improve both the quality of care and the quantum of care the nation provides, we are calling for:

- The Care Quality Commission (CQC) to inspect and regulate care commissioners, with the objective to drive higher quality standards in care.
- CCTV monitoring available as a matter of course if the individual and their family request it, subject to CQC guidelines.
- Support for family carers, including more respite care.
- The removal of the artificial division between local authority and health authority budgets, and faster progress towards full health and social care integration.
- Hospitals and local authorities should be given incentives to work together to ensure safe discharge of elderly patients back into their homes with proper support.

- Care assessments should be person-centred to a benchmarked nationwide standard, to make the postcode lottery for care a thing of the past. If local authorities cannot assess care needs it should be open to other accredited bodies to conduct assessments.
- Fairer ways to pay for care, including the ability to liberate tax-free cash from pensions if it is used to pay care costs, as well as tax-exempt care savings plans to which families can contribute.
- Tax relief on the costs of care.

73%

wanted an in/out referendum on our membership of the EU

Survey polled over 11,000 over 50s

BRITISH VALUES, BRITAIN AND EUROPE

In August 2014, our polling showed that people aged 50 and over possess a clear and consistent view of what the core British values are. Justice and the respect for the rule of law emerge as the key elements supported by 89% of respondents. A belief in personal and social responsibility and treating others as you would wish to be treated followed with 83% support each, then the right to free speech with 81% support. In fact, it appears that the older you are the more emphasis you place on tolerance. Our respondents balanced a stout defence of justice, the rule of law and free speech with a marked emphasis on tolerance.

We only have to look at the world's trouble spots to know what a prize we have in achieving this balance and maintaining it through decades of rapid change. A majority of respondents (76%) favoured tolerance being instilled during the education of the young.

Europe

In July 2013, we polled over 11,000 people over 50, and a significant majority (73%) wanted an in/out

referendum on our membership of the EU. Support for such a referendum rose as the age of our respondents rose, and fell somewhat as social class rose, although still two-thirds of ABs supported such a move. Two thirds of our sample wanted the referendum to take place before the coming General Election. The Coalition did not oblige. Whichever Party wins the next General Election; an in/out referendum should not be unduly delayed.

Fairness for Scotland vs England

Research amongst more than 10,000 over 50s reveals overwhelming support for the concept of 'English votes for English laws'. More than three quarters (76%) of our respondents supported the view that Welsh, Northern Irish and Scottish MPs should be excluded from voting in Westminster on matters affecting England where those matters have been devolved to their respective assemblies.

BENEFITS, MONEY & COST OF LIVING

Benefits

Baby boomers paid their contribution towards the gradually improved benefits and pension levels of the elderly generations preceding them. A true intergenerational contract would acknowledge that they too should be entitled to at least the level of benefit that they were funding during their working lives. What lesson does it teach those young and in work if they see the State taking away benefits

for those about to turn pension age when they have spent their working lives sustaining those very benefits? It conveys that the State breaks its word, and that people in work cannot be confident that, in the future, they will enjoy the benefits for which they are currently paying. Indeed, this is the very recipe for inciting a selfish society. With this in mind, we will be asking the Party Leaders if they pledge to keep pensioner benefits as they are.

A Saga Populus survey of some 10,000 over 50s indicated that pensioner benefits were of huge importance, with widespread opposition to giving them up or paying tax on the value of the benefits. Opposition to the removal or taxation of the benefits was most strongly felt for free prescriptions (85%), followed by eye tests (75%), bus passes and winter fuel allowance (59%) and TV licence (51%). Although opposition did fall if the extra money raised was directed towards extra care for the elderly, there was still a very healthy majority who opposed any change.

To avoid an annual debate about the winter fuel allowance, it may be better instead to consider moving towards requiring energy companies to provide a free allocation of energy for the elderly. This will ensure that they can use their heating without worrying about the actual cost, as they would be insulated from the ups and downs of the actual cost of the energy.

Given the level of profits earned in the energy sector, it might be reasonable

A Saga Populus survey of some 10,000 over 50s indicated that pensioner benefits were of huge importance, with widespread opposition to giving them up or paying tax on the value of the benefits.

for the power companies to share some of this cost with the Government as the social price to pay for their near monopoly position.

Inflation

The Coalition gave an admirably fair deal to pensioners through the triple-lock guarantee of CPI inflation, earnings growth or 2.5% – whichever is greater.

The main issue with the current triple lock is the CPI inflation component. This is a measure of inflation for the whole UK population. The reality is that inflation rates vary across demographic groups. Elderly households, particularly elderly households who are dependent on the State Pension for income, spend relatively more on essentials such as food and utilities than the average UK household. This means that during periods of high utility or food price growth – a feature of much of the post-financial crisis period – inflation tends to be much higher for this demographic.

Cumulatively, between Q4 2007 and Q4 2014, while prices rose by 21% on the CPI measure, prices for the over 65s have risen by 23% according to the Saga Price Index for over 65s inflation measure. This reflects several periods of rapid growth in food, gas and electricity prices since the financial crisis, which have hit low-income pensioners particularly hard.

This suggests that the triple lock system for the State Pension may not sufficiently protect pensioners during times of rapidly rising prices. An alternative policy would be to replace the CPI element of the triple lock with the equivalent Saga inflation measure for the over 65s. Our analysis suggests that, if this policy had been in place since 2007, the basic state pension would be £2.15 per week (£112 per year) higher in 2015 than is currently the case.

Given recent oil and other commodity price developments, it is likely that pensioner inflation will be fairly modest over the next five years, so this new triple lock will not necessarily be more expensive than the current triple lock. What it will do, however, is provide pensioners with assurance that the basic State Pension will rise sufficiently to allow them to maintain their living standards if food, gas or electricity prices rise significantly.

Cumulatively, between Q4 2007 and Q4 2014, while prices rose by 21% on the CPI measure, prices for the over 65s have risen by 23% according to the Saga Price Index for over 65s inflation measure.

Pension planning and advice

Greater pension freedom is something that Saga has lobbied long and hard for on behalf of the over 50s. Flexibility will boost confidence in long-term savings. It is great that the Government recognised that people who have saved hard can be trusted to make decisions about how to make the most of their retirement savings. It is estimated that the new pension freedoms that come into effect in April 2015 will result in an additional £1.5 billion of pension savings above amounts normally released during 2015 alone. Although fears that people would go wild are unfounded, a Saga survey of some 10,000 people found only 54 people who said that they planned to use the freedom to buy themselves a sports car, more than three quarters plan to use their pension fund to secure a sustainable future income.

It will be important for people to make the best use of these pension

freedoms. Getting the right advice or guidance about how much to spend and how to invest for future needs will be crucial for both the wealth and happiness of the over 50s. There needs to be a review of how the Citizens Advice Bureau and The Pensions Advice Service operate to ensure that they provide the right quality of guidance and help to achieve the right outcomes for people. We also believe that providers who help people liberate money from their pensions should conform to, or subscribe to, a code of conduct set out by the Government and regulator. It should also be easy for customers to understand to whom they can turn.

AGE AND EMPLOYMENT

The last Saga Manifesto called for retirement to be viewed as a process rather than a step change, and to this end called for the abolition of the Default Retirement Age (DRA). The DRA was duly abolished in 2011.

At a time of economic uncertainty the Saga Generations, people aged 50 and over, have helped sustain Britain through the economic difficulties by returning to work in staggering numbers. Employment amongst 50-64 year olds rose by 810,000 between May 2010 and December 2014 (+11%) and among those aged 65 or over by 326,000 (+41%). There are now more than a million people aged 65 and in work and it should be borne in mind that not only is every new employee creating wealth within the economy, but each new employee is likely to be less dependent on the state and on the younger working population.

Many have peddled the myth that older workers were in effect 'job blocking'. However, in the same way as women entering the labour market after the war didn't lead to fewer jobs for men, history is repeating itself and we now

A billion pounds of spending by the over 50s creates 10% more jobs than a billion pounds of spending by the under 50s, and 12% more youth jobs.

see greater employment across all age groups. Our analysis has shown that older workers, through their increased spending power, are creating more jobs for people of all ages, and in particular in youth employment.

A report by CEBR in 2014 found that in 2013 the expenditure of the over 50s supported about 878,000 full-time equivalent youth jobs in the UK. The number of full-time equivalent youth jobs supported by the expenditure of the over 50s is forecast to rise from 878,000 in 2013 to 916,000 in 2018. Spending by the over 50s is more effective at creating UK jobs than spending by the under 50s. A billion pounds of spending by the over 50s creates 10% more jobs than a billion pounds of spending by the under 50s, and 12% more youth jobs. Far from being the villains of the piece, older workers are contributing disproportionately to the recovery and to the creation of new jobs for the young.

Nevertheless, we have intergenerational responsibilities, and youth unemployment and long-term unemployment remains problematic. Saga has long argued that Employer's National Insurance should be cut, if not abolished for the under 21s to encourage employers not to waste their talent. We are pleased that there will be cuts for employing younger people in 2016. This exemption should be extended to reward businesses that help the long-term unemployed get back into work. Nearly half of all those over 50

are classed as long-term unemployed.

We believe that the majority of employers value the stability, purposefulness and experience of older workers but in some areas attitudinal problems remain. High profile cases include the BBC who, when picking presenters, seem to worship at the shrine of youth.

In addition to the increasing numbers of older workers remaining in the workforce, many are opting for self-employment. Saga's latest employment report, with analysis from the well-respected CEBR, shows that in Q2 2014, 1,960,000 people aged over 50 self-employed. This is equivalent to 43% of all self-employed people. Whilst some have suggested this shift towards self-employment is driven by necessity, Saga's research of more than 11,460 over 50s shows that the reality is somewhat different. In fact, for almost four out of five self-employed over 50s, their main reason for becoming self-employed was the sense of independence that working for themselves offers. By contrast only 5% of all self-employed respondents stated that they would rather be working for someone else.

This entrepreneurial ambition by the over 50s is matched by their thoughtful and savvy approach. Research suggests that businesses founded by people over 50 are some 60% more likely to be in business five years later.

With one in ten over 50s thinking that rather than wind down, they would consider self-employment,

the Government needs to support these older entrepreneurs unlock their potential. This would be done through better guidance and support for them to take the plunge, not least from the banks, bearing in mind they have been bailed out by the Boomers.

THE ELDERLY AND THE NHS: MUST DO BETTER

Some 64% of older people think health and care staff do not always treat older people with respect for their dignity, according to ICM research. As time passes and people age, become more dependent, perhaps lose a supportive partner, the danger – and often the fear – is that those responsible for care may be patronising or treat people inappropriately. The vast majority of health care workers are dedicated and caring, but more training is needed to ensure that all treat people as we ourselves would wish to be treated.

In 2010, the Saga Manifesto said, *“We still hear of patients being denied life-saving or potentially helpful drug treatments on account of cost. Some of the areas where these problems have occurred – in treatment of Alzheimer’s disease, age-related macular degeneration, and rheumatoid arthritis, for instance – tend to be diseases particularly afflicting the elderly. What is not taken into account by NICE are the benefits of treatment to those caring for the patients as well as the patients themselves, nor the social benefits of a drug, which enables a patient to stay in or return to the workforce and home. This cannot be right.”*

We repeat this criticism today. New guidelines need to be issued to NICE so that in evaluating the value for money of treatments they take into account the wider benefits to society (including to carers) of enabling people to remain mobile, active and lucid. It

appears that in the evaluation system some treatments as well as drugs are being rationed or denied to older patients. Why, for example, is breast cancer screening being extended up to the age of 73, but not beyond?

Hospital parking

The nation’s over 50s are heavy users of the health service and in a Saga poll of 10,080 people aged over 50, two-thirds (67%) said hospitals were wrong to levy parking charges. Objections were even stronger in Scotland (80%) and Wales (84%). In addition, 1 in 8 people (12%) said they would cut short hospital visits and 1 in 5 (18%) said they would visit less often because of parking charges. Objections to parking charges are across all socio-economic groups but the impact is most felt by the poor, with half of people in the socio-economic category DE saying that parking charges affected their visits to comfort sick friends and relatives. Levying this ‘visitors tax’ is a stealth tax on the compassion of the relatives of the sick and makes the nation’s hospitals more lonely and isolated places for many people in need of companionship to aid their recovery. While the current Health Secretary has recognised this is an issue, the NHS needs to be told to do the right thing. Hospital car parking



charges are a rip-off for patients, their families and often NHS staff. They should be abolished.

Hospital food

People have regularly reported concerns to us about the standard of food in NHS hospitals. 70% of over 50s say that good, nutritious hospital food is important to them. We recently asked 6,000 over 50s about their NHS hospital experience and 29% said they rated the food as poor. Conversely, 83% of those who had been treated in a private hospital rated the food as good. It should not be difficult to provide the sick and needy with wholesome nutritious food. The NHS needs to do much better.

CARE IN THE HOME

Britain is becoming an older society with people living healthier, more active lives for longer. Today, there are three million octogenarians in the UK and this is predicted to reach more than eight million by 2050. However, living longer also means that many of us will need care, provided by our families or by the State.

In the 1950s care was often provided by families who may have lived locally or even with their elderly parents, and care providers were overwhelmingly women. Today, Britain's families are more geographically dispersed

88%

want to be
cared for
in own home

Survey research amongst more than
10,000 over 50s

Today, there are three million octogenarians in the UK and this is predicted to reach more than eight million by 2050.

and women play a full part in the employed workforce.

These social trends, combined with the need to address an unprecedented and unsustainable budget deficit, have resulted in increased demand and fewer resources for local authority social services budgets. Local authority paid for care has become more about meeting acute immediate need and has become more functional. Yet taking time out of care is the unkindest cut of all, a civilised society should enable those in need to live a life, rather than just exist. We need to put the individual and his or her family at the centre of care plans, move away from commissioning care inputs and start specifying and measuring outcomes.

Saga's research amongst more than 10,000 over 50s shows that nine in ten of us (88%) want to be cared for in our own home should the need arise. It has been well publicised that far too many elderly people find themselves on NHS wards for weeks due to bureaucratic delays and a fragmented health and social care system. We need to speed up care assessments and provide the right support for care in the home.

The problem created by the artificial division between local authority and health authority budgets has been identified and whilst we see trials of full health and social care integration, most notably in Manchester, these need to be accelerated to ensure seamless service for the nation's needy and vulnerable.

There are justifiable calls for more resources for care and for the need to

prioritise spending on it. However, the longer-term solution is for politicians to be more honest about the need for a shared responsibility to pay for care in years to come. As well as care funded by the taxpayer, much care is provided by or paid for by individuals themselves or by their family. Individuals and families should be encouraged as far as possible to make prudent provision for their elderly years, and more support needs to be offered to family carers. There should also be a judicious use of tax incentives to encourage saving for or spending on care.

The proposed cap on social care costs of £72,000 from 2017 has been criticised as too high, and indeed there is still widespread confusion amongst families about when the meter will start ticking and what costs are included within the cap. There needs to be greater transparency so that individuals and their families can properly plan and prepare, and encourage saving for or spending on care.

How we care for our elders is a measure of a civilised society. Saga believes it is time to put the 'care' back in caring, and address the issues of the quality of care and the quantum of care. In order to deliver this Government needs to ensure the following.

- Good care starts with those providing it and we need to support family carers and also make being a care worker a career of choice.
- Care plans should be person centred rather than coldly functional, and assessments should be fully portable

nationwide so that the post-code lottery for care becomes a thing of the past.

- If local authorities cannot assess care needs then it should be open to other accredited bodies to conduct an assessment that will be accepted by all care providers.
- Hospitals and local authorities should be incentivised to work together to encourage the discharge of elderly patients safely back into their homes with appropriate home-care.
- More respite care should be available to enable family carers to continue to provide care for as long as possible.
- The Care Quality Commission (CQC) should publish a Good Commissioning Guide to promote good practice and inspect commissioners and hold them to account if they fail to act properly.
- There should be a drive for higher quality standards in care, mediated and enforced by the (CQC). CCTV monitoring should be available as a matter of course if the individual and their family request it (subject to the CQC guidelines).
- Tax relief for those paying for care for themselves or others.
- Ability to liberate tax-free cash from pension schemes if used to pay care costs.
- Tax exempt care savings plans to which families can contribute.

FREEING UP THE HOUSING MARKET FOR THE ELDERLY AND THE YOUNG

Currently, the UK's housing stock is limited and tends to be broadly focused on housing for families. Incentives for first-time buyers are also heavily skewed to small family houses and very few new build properties take into account the needs of our ageing population.

Subject to affordability people have a choice as to where, and in what type or size of house, they live. For many people a house is more than bricks and mortar, it is a place imbued with memories and is where they wish to stay. However, it is also true that there are many who find themselves living in a place that is now too big for them and they would like to right-size. However, a combination of the lack of appropriate accommodation and the cost of moving, prevents them from 'right-sizing'.

The numbers are not small. The 2011 Census found some 3.4 million households aged over 65 who were potential right-sizers; 1.1 million had one spare bedroom and 2.3 million had two or more spare bedrooms. Saga research has shown that 7 in 10 over 50s would like to 'right size' in retirement, but many do not feel the current housing stock is aimed at them.

Retirement living is still in its infancy in the UK. According to a 2011 study by the Housing Learning and Improving Network, just 1% of Britons aged over 60 in the UK live in retirement accommodation, compared with 17% in the US and 13% in Australia and New Zealand.

Many want to move to aspirational properties where lifestyle is the overriding factor, not developments where the volume of properties that can be crammed on a plot appears to be the mission.

Retirement living is still in its infancy in the UK. According to a 2011 study by the Housing Learning and Improving Network, just 1% of Britons aged over 60 in the UK live in retirement accommodation, compared with 17% in the US and 13% in Australia and New Zealand. By making the lifestyle of retirement living more appealing, as is done abroad, there is a huge opportunity to help people live well in retirement, create jobs and free up under-occupied housing.

Saga's research also shows that the cost of moving is a barrier to people changing home in retirement. Stamp duty imposes an effective tax on their doing so. The stamp duty on the average-priced UK house is around £3,700.

A stamp duty exemption could remove this disincentive if, say, over 65s could have one stamp-duty free move if they right-size. The independent economists Cebr have estimated that 224,000 bedrooms would be liberated with the reforms putting an additional 111,000 family houses on the market.

While on the face of it this sounds like a tax loss to the exchequer, it need not be the case. In instances where the stamp duty holiday would lead to a house sale that would otherwise have not taken place, the exchequer actually benefits from increased stamp duty and this is likely to stimulate both the housing market and the industries associated with it. The Cebr estimate that the net cost of this measure is likely to be modest and indeed the exchequer could see a net gain in stamp duty revenue. This is because the cost of stamp duty

forgone would be counterbalanced by an estimated extra £461 million of stamp duty generated by higher volumes of consequential house sales.

FAIRER TAXES

Energy Costs

In December 2013, a Saga Populus poll found that 84% of respondents over 60 were worried about the rising cost of fuel; the previous month a majority of respondents opposed paying higher costs for Green Energy to fund the cost of otherwise unviable alternative energies. Energy policies are misbegotten if they impoverish those who they are meant to protect. Green energy subsidies effectively paid by consumers, both domestic and commercial adds to the cost of energy in the UK to consumers and business, and has a disproportionate impact on the most vulnerable who are most reliant on warmth in winter. The Government should review its energy policy with a view to introducing more competition and not adopt policies that cost more than their notional benefit.

Vehicle Excise Duty (VED) and Fuel Duty

Owning a car is essential for many people to maintain a healthy social life as well as for life's essentials. Whilst many over 50s are still in work, the reason for the majority of car journeys they make is for essential every day activities such as shopping and to carry out personal business. As well as being desirable for keeping the over 50 economically active, cars also play an essential role in keeping them socially active.

84%
of respondents
over 60 were
worried about the
rising cost of fuel

Currently the Exchequer taxes motorists in a variety of ways, including car tax or VED, which brings in some £6.2 billion and fuel duty £27 billion. Abolishing VED and only levying fuel duty would more directly link the tax paid to usage and the social costs of motoring.

If VED were abolished and the same money were raised via fuel duty, fuel duty would rise by 10.9 pence per litre. Of course, the Government could choose to continue the policy of lessening the overall burden on the motorist by not passing on the full impact of the change.

While the average UK motorist would be no better or worse off – it would affect different groups depending on their own individual mileage driven and the fuel economy of their vehicle. There would be an additional cost for drivers between 30 and 59. The average driver in their 50s would pay an extra £20.29 a year. However, younger drivers aged 21-29 would be on average £11.22 per year better off and older drivers in their 60s would

The Government should review its energy policy with a view to introducing more competition and not adopt policies that cost more than their notional benefit.

gain an average £21.20. Drivers over 70 would gain £84.70 per year (or about £281 million). This is because many over 70s use their car for essential but short journeys and currently they pay a disproportionate amount in VED.

Inheritance Tax

The current Inheritance Tax regime is seen as unfair and needing change even by those who do not think their estates will be affected by IHT. When a Saga panel was asked to think about inheritance tax, three-quarters of respondents (74%) thought that the threshold for paying inheritance tax should be raised by more than the rate of inflation. Agreement is highest among older respondents (79% of 80-89 year olds vs. 67% of 50-59 year olds), and among AB respondents (78% vs. 56% of DE respondents).

There is a strong view that the family home ought to be excluded from IHT calculation with seven in ten supporting this idea, whilst a similar proportion (65%) think IHT should simply be increased significantly so only the very rich are affected.

Just under half (48%) think IHT should be scrapped altogether, while two fifths (41%) worry about the amount of inheritance tax beneficiaries will have to pay on their estate.

Any moves that would allow more people the chance to pass on their hard-earned wealth to families and loved ones, and either excluding the family home or linking future increases in IHT to house price inflation, would be welcome. There are many parts of the country where just owning a relatively modest home puts you in the frame for paying IHT.

Air Passenger Duty

Scrapping Air Passenger Duty for children under 12 will be of great benefit to families – both parents and grandparents, many of whom pay for family holidays. We know that a quarter

of grandparents take their grandchildren on holiday and 42% of over 50s take their children away. A future Government should consider reducing or abolishing the tax for all travellers.

Meanwhile, Saga has welcomed the proposal to give the Scottish Parliament powers to vary Air Passenger Duty. We hope they will go on to use their powers to cut this tax and create competition and fairness for the travelling public. If Scotland can show that cutting the tax will boost travel and their economy, then they will do a great service to the UK and not just to those flying from Scottish airports a great service.

As part of helping to promote the other regions in the UK the same powers to vary APD ought to be given to the Welsh and Northern Irish Assemblies and the English regions. Promoting air travel and tourism to and from regional airports will aid economic recovery outside London and the South East.

Savers

Too many people pay tax on their savings. The system for reclaiming tax is cumbersome for some – meaning many poorer pensioners will be paying tax when they should not be liable. Pensioners should be paid interest gross rather than have to register to receive a tax refund.

When a Saga panel was asked to think about inheritance tax, three-quarters of respondents (74%) thought that the threshold for paying inheritance tax should be raised by more than the rate of inflation. Agreement is highest among older respondents (79% of 80-89 year olds vs. 67% of 50-59 year olds), and among AB respondents (78% vs. 56% of DE respondents).

FOR FURTHER INFORMATION PLEASE CONTACT:

Paul Green

Director of Communications
paul.green@saga.co.uk

or

Lisa Harris

Head of Communications
lisa.harris@saga.co.uk

