TACKLING THE SAVINGS GAP

Consumer Savings and Debt Data Q2 2016

true potential LLP

simple. effective. unique.

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FOREWORD

Our last edition of Tackling the Savings Gap came on the eve of the Brexit vote, with Britons poised to shape the nation's future on one momentous day.

In the subsequent aftermath, we've since seen a government dismantled and rebuilt under new leadership and an opposition thrown into turmoil with a slew of resignations.

With Labour now in the throes of a leadership battle and Prime Minister Theresa May getting to grips with her new role, the future is harder than ever to predict.

The darkest prophecies of 'project fear', however, have not materialised. They said unemployment would rise, but it has fallen. They warned interest rates would go up, but they have been cut. And we were told that the markets would tank, but they're higher than pre-Brexit levels.

No wonder the public has such little trust or faith in the 'expert predictions' of politicians, overseas onlookers or the media, many of whom backed in the Remain campaign so hard that the public got really fed up. The result, in my opinion, shows what happens when the views of ordinary people are ignored.

In fact, faced with the potential to tap into new opportunities further afield and through the UK's impending self-governance, investors appear to be largely upbeat about the decision.

Two thirds of the investors we surveyed said they expected their portfolios to soar in value as a result of the leave vote.

The FTSE's return to pre-Brexit levels and a 0.6% rise in GDP contributed to rising confidence, as investors ignored scare stories and took a more pragmatic view of the vote.

Our own multi-asset, multi-manager portfolios, with over £850m invested in them, have grown by more than 8% since June 23. And, across the entire £4bn worth of assets under administration (AUA) on our platform, there has been no evidence of post-Brexit panic among investors.

Aside from impact of external market forces on the nation's finances, there remain a number of barriers stopping people from saving for the future.

We launched our Tackling the Savings Gap campaign in 2013 to quantify the nation's savings crisis and to identify solutions. More personal finance education, technology and more agile regulation are the tools to close the nation's Savings Gap.

We have certainly seen an improvement in terms of people saving for retirement in that time, as demonstrated in this report. But there is more to be done.

As a provider of simple, effective and unique solutions to consumers and the UK financial services industry, we are leaders making savings products easily accessible and simple to understand.

Our industry and the government must do more to raise awareness of the realities of funding retirement. Auto-enrolment is working and we are helping to deliver it to thousands of workplaces across the country. But there is a vast gulf between the level of funds many savers would hope to live off in retirement and what they are on track to receive.

If we can continue closing this gap, our economy will be all the stronger as Britain ventures out into the world independently.

David

David Harrison
Managing Partner, True Potential LLP

The opinions expressed are those of True Potential and the information contained herein should not be taken as financial advice and should not be relied upon by any other persons.

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THE SAVINGS GAP CAMPAIGN

It is a fact that only a minority of UK savers will have enough funds for a comfortable retirement, by their own definition. Our polling shows that an income of £23,000 is needed annually in retirement to live comfortably. Based on actual savings behaviour however, people in the UK are on course to receive an income of just £6,000 per year from their retirement fund.

The result is the Savings Gap.

Since we launched this campaign in 2013, we have polled more than 22,000 people. True Potential represents 20% of the UK financial adviser market and we have empowered over 1.3m clients to log in to their personalised True Potential client site to manage their finances.

We have vast amounts of data and an excellent understanding of consumer attitudes and behaviour. Our research helps us to develop the tools that will tackle the Savings Gap.

Campaign Update

True Potential is leading one of the largest campaigns into the Savings Gap in the UK. We believe radical ideas and innovative solutions are needed in three areas to close the gap:

AGILE REGULATION

BETTER FINANCIAL KNOWLEDGE

TECHNOLOGY

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KNOWLEDGE GAP

The True Potential Centre for the Public Understanding of Finance

Our partnership with the Open University continues to empower members of the public to take control of their finances confidently.

The True Potential Centre for the Public Understanding of Finance (PUFin) was launched in 2014 and we have committed to provide £1.4 million in funding to support the Centre's work. Among several initiatives related to the Centre is the online personal finance course, Managing My Money.

We have now published a white paper in partnership with the Open University Business School, examining the social impact of the course.

We found that it has made a big personal difference to respondents, with more than half (57%) of those questioned being financially better off as a result of taking the course.

In 2014 the Massive Open Online Course (MOOC) was made freely available on the social learning platform FutureLearn. The topical nature of the course has proved immensely popular with more than 53,000 people registering for the course since the first presentation. The course forms part of a suite of personal finance MOOCs from True Potential PUFin. The other courses in the suite are Managing My Investments and Managing My Financial Journey.

Managing My Money has proved consistently more popular with women than men and the age profile suggests that more young people aged 25 or under have begun registering for the course - 22% for the third presentation compared to 9% for the first presentation. Registrations have also grown among people aged 26-45 when the financial pressures of home and family are likely to be high.

Throughout the three years that Managing My Money has been running, the majority of people who studied the course have done so for personal interest. This highlights a clear demand for personal financial education in what is increasingly a financial savvy society.

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AGILITY GAP

Through this campaign, we have made the case that ISAs represent a better chance to close the Savings Gap than pensions, due to their popularity and simplicity.

The detailed proposals we put forward in January for an enhanced ISA included a 25% top up, tax-free withdrawals and a £20,000 annual limit. The proposals were adopted by the Chancellor in March, when the Lifetime ISA (Lisa) was announced.

Calls from disgruntled pension companies to delay the launch of the Lisa must be ignored; the benefits it offers cannot come quickly enough for UK savers, our research shows.

The Brexit result shows what happens when the views of the public are ignored in favour of powerful elites. Pension companies are, unsurprisingly, not very keen on the Lisa. The Government must stand strong.

The scheme, announced by former chancellor George Osborne in March, offers 18-40-year-olds a state bonus on savings of up to £4,000 per year.

Its launch is slated for next April, yet several providers say they need more time to develop adequate products.

Our research suggests the Lisa should be launched at the earliest opportunity. It also shows that the Lisa would be even more impactful in terms of narrowing the Savings Gap if employers could contribute to it as they now do to pensions. This is one tweak to the current Lisa proposal that is essential to its success.

Our recent study found that 60% of people plan to use some or all of their Lisa allowance.

We also found that twice as many people higher up the income scale say they will have both a pension and a Lisa compared to those at the other end. If the Lisa ends up as a complementary product it will be one used mainly by the better off, and that would be a huge missed opportunity.

Opening up the Lisa to employer contributions would level the playing field and is essential to its overall success. It will give consumers the viable choice they so clearly want. Without this, an innovative idea will be strangled before it has had a chance to breathe. The beauty of the Lisa is that it is both flexible and simple.

Savers can withdraw their money tax free and with no penalties to help fund a first home purchase or for retirement. Our polling shows that consumer opinion is split 50/50 over whether to use the Lisa for buying a home or retirement. But among the 18-24 age group, 64% intend to use a Lisa to save for a first home.

Accepting employer contributions into the Lisa and then limiting them to the retirement part of the product is both overly paternalistic and risks eroding the simplicity of ISAs. Pensions have become far too complicated and we do the same to ISAs at our peril.

We await concrete proposals from HM Treasury and clear guidance from the Financial Conduct Authority. The clock is ticking but if both are forthcoming sooner rather than later, True Potential will be offering the Lisa from April 2017 while pension companies dither and delay.

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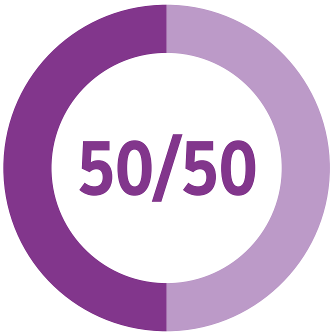
Savers can withdraw money from their Lisa tax free and with no penalties when they wish to buy their first home or for retirement from the age of 60.

Among the 18-24 age group, 64% intend to use a Lisa to save for a first home.



Polling shows that consumer opinion is split 50/50 over whether to use the Lisa for buying a home or retirement.

TECHNOLOGY GAP

Through technology we are enabling UK savers and financial advisers to access some of the most diversified portfolios around.

Since our last quarterly report, we have opened up our range of multi-asset, multi-manager portfolios to all UK financial advisers.

This has effectively granted access for all clients to investments that are among the most diversified on the market; previously they were only available to 20% of advisers using our services.

As one of the fastest growing financial technology firms in the UK, we are passionate about delivering simple but effective, technology-driven solutions.

It was therefore imperative that the True Potential Portfolios could be accessed 24/7, in the fastest, most convenient way possible.

Clients can now log into our personal-ised client site and invest as little as £1 in a matter of seconds, thanks to our impulseSave® technology.

The portfolios bring together funds from True Potential's Wealth Strategy fund ranges, where managers include True Potential Investments, UBS, Goldman Sachs, Schroders, SEI, 7IM, Allianz Global Investors, Close Brothers Asset Management and Columbia Threadneedle.

They have consistently delivered high returns for investors amid continued market volatility. Since the portfolios were launched last October, investors have seen their portfolios grow by between 8.74% and 20.18%. They have over £850 million invested in them and work by blending multi-asset funds, giving more growth opportunities while managing volatility.*

True Potential has a dedicated team of experienced investment professionals, which is responsible for rebalancing the portfolios on a forward looking basis using technology developed in-house. Clients benefit from different manager styles, asset and geographic regions in their professionally-managed portfolios.

Market volatility in the wake of Brexit and rising investor demand for diversification led us to opening up the portfolios to all advisers and their clients.

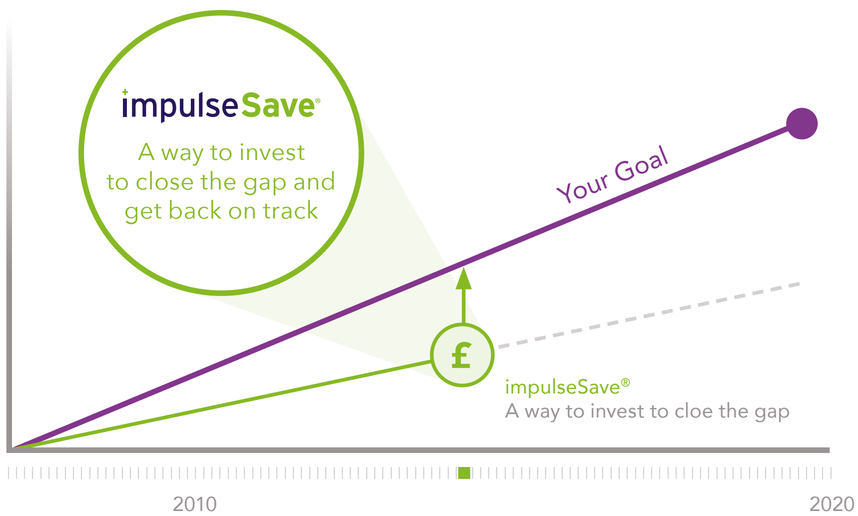
Via their smart phone, tablet or PC, clients can track the performance of their portfolios, which have access to 150,000 individual holdings, 20 different asset classes and eight world class fund managers with the aim of helping clients reach their goals.

Meanwhile, our new auto enrolment system, available to businesses through True Potential Investor, continues to grow in popularity.

In Q2 2016, we saw 184% more auto enrolment impulse savings than in the whole of 2015 and 1752% more than 2014.

It's free to use and keeps employers fully compliant with the government's regulations. It is simple to set up and manage and has a dedicated support team. The system is fully integrated with payroll providers, allowing employers and their accountants to manage auto enrolment without the need for costly and time-consuming middleware. It even deals with all statutory communications to employees.

The number of employees who are benefiting from our auto enrolment system is in excess of 36,000 and growing fast. Employees can manage their pension online and via our iOS and Android apps, as well as make impulseSave® top-ups.



*October 2015 - August 2016

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SURVEY CREDENTIALS AND BREAKDOWN

The True Potential Savings Gap survey was commissioned by True Potential LLP and conducted by an independent market research specialist with a nationally representative panel.

2,002 PEOPLE SURVEYED*

984 MALES

1,018 FEMALES

*Aged 18 and over. Responses given in July 2016.

HEADLINE STATISTICS

Encouraging more people to take responsibility for their financial future by saving for retirement is at the heart of the Savings Gap campaign.

Our latest figures suggest contributions to pension funds are increasing, with a greater proportion of respondents putting at least a little aside each month for their later years.

While the average amount savers are putting into their pension pot has remained relatively flat year-on-year at £474 per month, the amount of saving activity generally is going up.

Our latest study shows 39% of people saved nothing in the second quarter of the year, down from 45% in Q2 2015.

Crucially, retirement fund saving among younger generations has risen significantly in the last year. In Q2 2016, 34% of 18 to 24-year-olds added nothing to their pensions, compared to 60% of the same age group that saved nothing in Q2 2015.

The proportion of 25 to 34-year-olds saving nothing has also fallen, from 40% in Q2 2015 to 26% this year. Even the 55+ generation has shown a marked rise in retirement savings, with only around a third (34%) paying nothing into their pension in Q2 2016, compared to more than half (56%) a year ago.

Alongside the Savings Gap campaign, the major contributing factor is clearly the government's auto-enrolment scheme for employers.

HMRC data shows that pension contributions exceeded £9bn in 2015/16 – 17 per cent more than in the 2010/11 tax year. Currently, employees pay an obligatory 1% of their salary into their pension, which is matched by their employer. By 2019 employee contributions will increase to 5%, with 3% paid by employers. Auto-enrolment has had a hugely positive impact on saving for retirement. With firms of 30 staff or less yet to pass their April 2017 auto-enrolment staging deadline, this trend looks set to continue. The longevity of the scheme, however, will be tested when the minimum employee contribution percentage rises in 2019.

Opt out rates have so far remained consistently low at sub-10% but, for many employees, the rise from 1% to 5% could simply be beyond their means and we may see opt outs increase in the coming years.

This is an area that we are particularly concerned about. We are undertaking research with our Open University partners to investigate the role of behavioral science and education in preventing future increases in opt out rates.

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£474: Average monthly contribution to pension pots

39% of people saved nothing during Q2 2016

34% of 18 to 24-year-olds saved nothing for retirement in the period

66%: Proportion of over 55s who contributed to their pension in Q2 2016

HEADLINE STATISTICS

One of several key causes of the national Savings Gap is the needlessly complex and difficult-to-access nature of financial products.

There have been several steps forward in addressing this issue since the Savings Gap campaign launched in 2013.

The ongoing success of our own impulseSave service, which has registered rapid growth in users with around £4m impulse saved each month, highlights the demand for simpler, more agile products.

By giving savers the ability to add as little as £1 to their pension at the swipe of a smartphone screen, we have enabled many millions of pounds' worth of savings to be set aside that would otherwise have been spent.

A similar approach comes from the Competition & Markets Authority (CMA), which has announced plans for a range of measures to make bank account switching as easy as possible. They include an app for managing multiple accounts from multiple providers in one place and a simpler switching process.

The results of our latest study suggest most savers are willing to shop around and assess their banking options, but a large minority are not – perhaps because of perceived barriers within the financial services market.

We asked people how their saving habits would change in light of the recent cut in the interest rate to 0.25%.

Around 40% of respondents said they would not make any changes to their savings habits, while only 32% said they would shop around at other banks and building societies. The rate change has already led to significant adjustments to what some bank accounts offer, yet four out of 10 people will not even consider their options.

As a campaigner for more simple, agile and easy-to-access financial products, we believe this inertia points to what many savers regard as the hassle associated with switching providers. But the truth remains that switching from high street bank A to high street bank B is unlikely to make much difference once juicy introductory offers expire. Savers get nothing on the high street and they know it. Worse, inflation even at today's low level eats up the measly interest.

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The only way to get real growth that beats inflation is to invest for the medium-long term and younger savers are the best positioned of all.

Those in their late 20s and mid-30s will be most active following the rate cut, with 73% of them saying it will spur them on to look for alternatives.

With 27% of people looking at investments rather than cash deposit accounts following the rate cut, the most popular choices are equities (39%); property (26%); and government bonds (24%).

For many, a simple stocks and shares ISA is the easiest and most familiar way to invest and the potential for growth is clear. Stocks and shares ISAs posted growth of 7.4% on average compared to 1.53% from cash ISAs in 2014/15. *

40%

Around **40%** of respondents said they would not make any changes to their savings habits following the rate cut

73%

73% of those in their late 20s and mid-30s say it will spur them on to look for alternatives

27%

27% of people are looking at investments rather than cash deposit accounts following the rate cut

Source: Moneyfacts

RAINY DAY FUNDS DRY UP

While we've seen an improvement in the level of contributions to retirement funds, saving for unexpected expenses is worryingly low in many households.

Almost a third of UK households have enough savings in place to last just 10 days should they be hit by redundancy or job loss, according to our research.

As the Bank of England forecasts 250,000 job losses if growth slows, our study suggests a widespread lack of preparedness for unexpected loss of income.

We found that 29% of UK households have just £500 or less of accessible savings, while 15% have no easy-to-access savings at all.

Our research also shows that the average UK household's monthly expenditure is £1,437, putting close to a third of households less than 10 days from bankruptcy should they lose their income.

At the same time, however, 72% of respondents believe that six months' worth of salary in savings is required as a 'rainy day' fund to cover unexpected bills or expenses.

Clearly, as with retirement fund aspirations, there is a large disparity between what many savers have and what they would ideally wish to have available to them.

That is why, in partnership with the Open University, we have led the way with free online courses that give people the knowledge and confidence to manage their money more effectively and build a more secure future.

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HOPES OF COMFORTABLE RETIREMENT FADE FOR MANY SAVERS

One of the aims of this project is to highlight the elephant in the room, which is the scale of the nation's savings black hole. As the message begins to get through, the reaction is understandably one of shock.

Over 60% of UK savers have given up hope of retiring at a reasonable age or living comfortably in their later years, our research shows.

Younger savers in particular are facing up to the harsh reality of the nation's retirement funding shortfall as they prepare for working longer and living on less.

As lucrative final salary schemes become increasingly unsustainable and rare, the reality for most nowadays is that they need to fund their own retirement, which means preparing for an event that may be 30 or 40 years away. That is beyond the horizon of the political establishment so we tend to hear very little about the true scale of the issue.

Our figures show that the minimum annual income people believe would provide them with a comfortable retirement is £23,000. At the same time, however, the average UK pension saver is inline to receive just £6,000 per year when they retire.

Once savers realise the size of their own Saving Gap, many are resigned to either living in financial discomfort in retirement or working far beyond their 67th birthday to make ends meet.

We asked respondents how they plan to fill their retirement Savings Gap, with 36% saying they will survive on less income than they would like. For 18 to 24-year-olds, this figure rose to 39%.

Overall, 28% of respondents said they plan to work longer to build a bigger pension pot. This figure was 34% for 25 to 44-year-olds; the first generation likely to bare the brunt of the post-baby boomers era in which well-paying, defined benefit pensions will be almost impossible to find.

One in four people, meanwhile, plan to downsize their property to plug their retirement fund savings gap.

Other options UK savers plan to use to finance their retirement include relying on inheritance (16%), taking rental income on a property they own (13%) and saving more to generate a bigger pension pot (23%).

But it needn't be this way. Investing in a way that beats inflation and starting early are two ways that savers can achieve their retirement aspirations.

A 27-year old investing £3.50 a day – less than the cost of a London pint – into a growth fund could build a pot worth over £310,000 by retirement. Added to state pension entitlements, that would give a healthy £20,000+ annual retirement income.

With True Potential Investor and impulseSave, we have made it possible for savers to set that pension up themselves in moments and make the daily top-up with a couple of swipes on any smart device.

Working into one's 70s followed by an impoverished retirement are not inevitable outcomes if savers take the right action early enough.

60%

Over **60%** of UK savers have given up hope of retiring at a reasonable age

£6,000

The average UK pension saver is inline to receive just **£6,000** per year when they retire

34%

34% of 25 to 44-year-olds said they plan to work longer to build a bigger pension pot

HOUSEHOLDS SWITCH SPENDING ON NON-ESSENTIALS TO BOOST SAVINGS

Nine out of 10 households are slashing their spending on non-essentials to boost savings amid increased job market uncertainty, our research shows.

Savers have recognised the need to put more aside for their own future and UK householders appear to be cutting back, with pubs, restaurants and fitness clubs among the most common areas where spending has been reigned in.

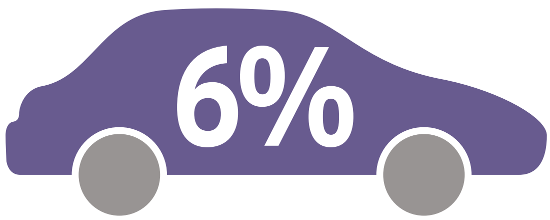
Over 90% of respondents to our survey said they had already made cuts to their monthly outgoings in recent weeks.

The biggest cuts have come to drinking and eating out (15%), fashion and beauty and entertainment events (both 14%) and holidays (12%).

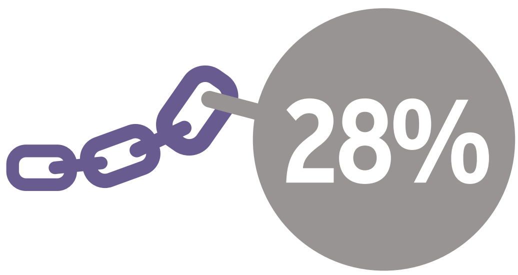
Gym memberships and media subscriptions have also taken a hit, but motoring appears to be off limits for most consumers, with just 6% cutting back on car and transport costs.

Those surveyed who had not made any cuts gave several reasons for their continued spending on non-essentials, including 'I prefer to live in the moment' (14%), 'I like the finer things in life' (10%) and 'peer pressure' (4%). Meanwhile, 28% of respondents said they had taken on new debt in the last three months to make ends meet.

The biggest cuts have come to drinking and eating out (**15%**)



Just **6%** have cut back on car and transport costs



28% of respondents said they had taken on new debt in the last three months to make ends meet

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REGIONAL SAVINGS AND DEBT Q2 2016

Approximately how much have you managed to put towards your pension pot(s) in the past three months, not including any employer contributions?

	Over £5000	Between £1001 and £5000	Between £501 and £1000	Between £301 and £500	Between £1 and £300	Nothing
Total	8%	14%	14%	11%	14%	39%
East Midlands	4%	18%	13%	12%	16%	37%
East / East Anglia	4%	12%	12%	13%	13%	46%
London	11%	18%	23%	10%	10%	28%
North East	9%	12%	21%	7%	10%	41%
North West	10%	11%	9%	10%	17%	43%
Northern Ireland	9%	15%	10%	15%	15%	36%
Scotland	9%	16%	14%	10%	11%	40%
South East	9%	11%	13%	12%	15%	40%
South West	7%	9%	12%	11%	17%	44%
Wales	6%	14%	19%	7%	12%	42%
West Midlands	2%	12%	14%	16%	14%	42%
Yorkshire & the Humber	9%	13%	9%	10%	20%	39%

Nationally, we can see almost 40% of people paid nothing into their pension in the second quarter of the year, with the highest proportion in the East of England.

REGIONAL SAVINGS AND DEBT Q2 2016

Approximately, how much have you managed to put towards your general savings in the past three months, not including pensions?

	Over £5000	Between £1001 and £5000	Between £501 and £1000	Between £301 and £500	Between £1 and £300	Nothing
Total	5%	19%	14%	13%	16%	33%
East Midlands	4%	20%	15%	13%	24%	24%
East / East Anglia	6%	23%	9%	11%	16%	35%
London	10%	23%	22%	11%	11%	23%
North East	7%	18%	16%	14%	15%	30%
North West	7%	17%	10%	17%	16%	33%
Northern Ireland	0%	21%	4%	15%	18%	42%
Scotland	6%	24%	14%	13%	13%	30%
South East	4%	20%	13%	12%	18%	34%
South West	4%	16%	10%	14%	20%	36%
Wales	6%	14%	9%	15%	15%	41%
West Midlands	3%	15%	13%	10%	20%	39%
Yorkshire & the Humber	2%	13%	14%	13%	14%	44%

A third of people across the country contributed nothing to their general savings in the second quarter of the year, with the highest proportion in Yorkshire and the Humber.

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Approximately, how much new debt have you taken on in the past three months, including traditional loans, credit cards, store cards and payday loans?

	Over £5000	Between £1001 and £5000	Between £501 and £1000	Between £301 and £500	Between £1 and £300	Nothing
Total	3%	6%	7%	5%	7%	72%
East Midlands	3%	7%	9%	4%	7%	70%
East / East Anglia	1%	6%	6%	3%	9%	75%
London	4%	12%	15%	8%	3%	58%
North East	4%	6%	5%	6%	9%	70%
North West	3%	3%	8%	3%	10%	73%
Northern Ireland	3%	0%	6%	0%	6%	85%
Scotland	1%	2%	5%	6%	8%	78%
South East	3%	8%	4%	4%	7%	74%
South West	3%	3%	3%	6%	6%	79%
Wales	2%	5%	5%	2%	6%	80%
West Midlands	3%	6%	12%	3%	3%	73%
Yorkshire & the Humber	3%	2%	5%	5%	7%	78%

London had the highest proportion of people taking on debt in the second quarter of the year, with the lowest in Northern Ireland.

GENDER SAVINGS AND DEBT Q2 2016

Approximately, how much have you managed to put towards your pension pot(s) in the past three months, not including any employer contributions?

	Over £5000	Between £1001 and £5000	Between £501 and £1000	Between £301 and £500	Between £1 and £300	Nothing
Total	8%	14%	14%	11%	14%	39%
Male	9%	16%	17%	11%	12%	35%
Female	7%	12%	12%	11%	16%	42%

More men than women paid into their pension during the quarter. Fewer women also made a contribution to their general savings in the period.

Approximately, how much have you managed to put towards your general savings in the past three months, not including pensions?

	Over £5000	Between £1001 and £5000	Between £501 and £1000	Between £301 and £500	Between £1 and £300	Nothing
Total	5%	19%	14%	13%	16%	33%
Male	6%	22%	16%	12%	13%	31%
Female	5%	16%	13%	13%	19%	34%

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Approximately, how much new debt have you taken on in the past three months, including traditional loans, credit cards, store cards and payday loans?

	Over £5000	Between £1001 and £5000	Between £501 and £1000	Between £301 and £500	Between £1 and £300	Nothing
Total	3%	6%	7%	5%	7%	72%
Male	3%	7%	6%	5%	6%	73%
Female	3%	5%	7%	5%	8%	72%

There was an even spread between genders in terms of the amount of debt being taken on in Q2 2016.

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CONCLUSION

Our latest research shows an improving picture in terms of the number of people saving for retirement and considering their financial future.

Better technology, education and government intervention are all playing their part in boosting pension pots and general savings and now is the time to move up a gear.

As challenges persist, we will continue to raise awareness of the realities of funding retirement and push to get financial services working for - not against - UK savers.

The year ahead is shaping up to be a period of sweeping change, both politically and economically, as the UK's post-Brexit shake-up continues.

The conditions and outlook for UK savers could change dramatically over the next 12 months, but we are looking forward with optimism.

In Richard Harrington we have a newly installed pensions minister with a remit to drive further reforms to improve future pensions.

How he approaches the 2017 auto-enrolment review will be particularly significant. Once all companies are part of the scheme, most employees will still not be saving enough for a comfortable retirement.

His challenge is to increase contributions without pushing up opt-out rates. He must also work out how to get those excluded from the scheme, namely the nation's 4.5 million self-employed, involved.

The opposition will also have increasing influence on pension-related reforms once the internal machinations of its leadership battle are done.

Hot topics at Whitehall will include the unsustainability of many final salary schemes and pension tax relief inequalities between high and low earners.

The Lifetime ISA (Lisa), due to be launched next April, will also fuel much debate. The new savings account for under-40s will be a welcome addition to market, but we believe it should be tweaked so that employers can contribute to it. Otherwise, it will merely be a complementary product for wealthier people, with lower earners having to choose between it and their auto-enrolled pension.

With a number of providers already asking for the launch date to be put back to enable them to develop adequate products, it may be some time until savers are reaping its rewards - although we strongly urge the government to ignore these calls. Once it has finally launched, its potential impact on narrowing the Savings Gap could be huge.

In summary, rather than being swept up by the negative Brexit rhetoric about uncertainty and the threat of recession, we believe savers have plenty to be positive about in the year ahead.

Funding retirement is more prominent on the political agenda than ever before, pension reform continues at pace and the opportunities to invest savings are becoming increasingly diverse.

If more can be done to remove the regulatory red tape that is hindering innovation in financial services, our next update should report further progress on closing the UK Savings Gap.

David

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