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It is of some comfort that the Chancellor has considered the needs of those in or approaching retirement by raising the savings limit for pension credit to £10,000 and by planning to increase pensions by 2.5% even if the RPI is negative. Similarly, the steps to bolster the housing market such as the rise in the stamp duty threshold, albeit temporarily, are to be welcomed. However, it is disappointing that one anomaly closely related to both the retirement and housing sectors remains ignored. The principal and often the sole

assets of the elderly are their homes. A simple method of improving the sometimes desperate financial circumstances of retired homeowners would be to make cash releases under regulated equity release schemes outside the scope of income support and pension credit assessments.

As the home itself is excluded when assessing eligibility to pension credit, there is no logic for including savings which derive from, say, lifetime mortgages which are designed to enable pensioners to remain in the same home. Means testing on this basis discourages the elderly from improving their standard of living, an absurd consequence of a rigid interpretation of the rules. The Treasury have clearly not yet recognised that equity release plans are an effective method of improving pension provision at negligible cost to the taxpayer.

The early implementation of the higher ISA limit for those aged over 50 will be well received even while the returns from retirement savings are so modest. The increase should encourage better off pensioners to reinvest in equity markets.