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**abrdn launches ‘**[**The Savings Ladder: A Manifesto to Get Britain Investing**](https://www.abrdn.com/docs?editionid=32fbecb2-9e87-4bbc-ac3c-b11b0099b280)**’, with recommendations welcomed by LSE, in bid to tackle growing savings crisis**

* **Only one in six (16%) UK adults favour pensions over property as an investment, with just one in five (19%) holding shares outside of their pension**
* **In the 25th ISA anniversary year, 3.4 million retail shareholders have no tax wrapper**
* **abrdn calls for the Government to broaden NatWest campaign to a wider investment movement, with other measures to help the nation step onto ‘The Savings Ladder’**

Home ownership has become central to how many of us think about our financial lives. Yet pensions, another significant financial asset, tend not to be treated with the same enthusiasm.

In an election year, and ahead of the Spring Budget, **abrdn** today publishes new research, launching ‘[**The Savings Ladder: A Manifesto to Get Britain Investing**](https://www.abrdn.com/docs?editionid=32fbecb2-9e87-4bbc-ac3c-b11b0099b280)**.’** **Five policy recommendations** explore how the UK’s devotion to the ‘property ladder’ could be applied to another critical issue – the savings gap.

**Free money falls flat**

Despite tempting ‘nudges’ like pension tax relief and employer contributions, **only one in six (16%) of UK adults think pensions are a better investment strategy than property,** according to research amongst 2,000 adults published today by **abrdn using Opinium Research**\*.Almost half (48%) favour property, illustrating the gaps in attitudes.

Outside of pensions, the most common ways people save and invest are current accounts (75%) and cash savings (72%). When people do invest, they are **almost twice as likely to own direct shares than more diversified pooled funds (19% vs 11%), which help spread risk.**

Illustrating the urgent need for ISA simplification and public education, only a fifth (19%) of the British public hold shares outside of their pension, and **four in 10 of these** **don’t hold them in an ISA**. That extrapolates to **3.4 million retail shareholders**. As dividend and capital gains tax allowances halve again in April, that’s more money for HMRC.

**abrdn’s manifesto response**

Most imminently, abrdn calls 1) for the Goverment’s **advertising campaign** around the **NatWest share sale to be broadened** and to include tax efficient investing; 2) ISA simplification 3) scrapping stamp duty on UK shares and investment trusts; 4) a **radical reimaging** of what minimum pension contributions should look like; 5) for UK **financial literacy levels to be measured**, paving the way for better policy, better funding, better long-term outcomes and a **shake-up** of **financial education in schools**.

**Stephen Bird, CEO, abrdn**, says: “With pressure on how far governments can go to support an ageing population, retirement pots will increasingly fall far short of what people need and deserve. The NatWest share sale could be a once in a generation opportunity for government to start a broader campaign.

“Just as the ‘property ladder’ concept has crept into cultural consciousness, we need to develop the same enthusiasm for a ‘Savings Ladder’ where people can see the benefits of starting early, building their pot, and investing to grow it. Minimum contributions into defined contribution pensions still need to radically increase, and ideally double. That’s not easy, but nor is an ever-increasing state pension age.

“As an asset manager with a significant footprint in the retail and adviser investment platform space, it’s certainly in our interest to see more people plan, save and invest for the future. But it’s also a critical challenge for our society. Getting on the Savings Ladder would be good news for everyone.”

**Commenting on abrdn’s Savings Ladder Manifesto,** **Julia Hoggett, CEO, LSE Plc, and Chair of the Capital Markets Industry Taskforce** says: “The development of a greater saving and investing culture in the UK, and having more straightforward ways to save and invest, are critical to people up and down this country securing the futures they want for themselves and their families.

“Ensuring that the UK has the right frameworks and products to provide savers with the returns that meet their needs and companies across the country with the funds they need to grow (and in turn to employ those same savers and their families) is a critical project. I welcome abrdn’s report which shines a straightforward light on a problem statement and solution that can seem complex, but in its intent is both simple and essential.”

**abrdn policy recommendations in more detail**

Whoever forms the next government, the short and long-term suggestions we set out today include both gentle nudges and a harder push, not least around the thorny issue of pension contributions. Taken together, they could make a substantial difference to the financial lives of millions of people.

**Recommendation 1**: **Start a national conversation**

The government needs to start a national conversation on the same eye-catching scale as ‘Tell Sid’. Crucially, any government campaign should **not** be solely focussed on the disposal of NatWest shares – it should be a broad campaign relating to investing. ISAs should be promoted as an easy and obvious part of share ownership (see following recommendation).

**Recommendation 2: ISA simplification**

Government should take forward ISA simplification proposals. We and many others have argued that the ISA brand has been stretched too far, with several different types of ISA potentially causing confusion. This is a barrier to engagement and getting started.

**Recommendation 3:** **Remove stamp duty on UK shares and UK domiciled investment trusts**

From stamp duty holidays under Labour in 2008 on homes up to £175,000, and in 2020 under the Conservatives on homes up to £500,000, UK investors have not had the same signals that share ownership is a habit worth supporting. Stamp duty is economically destructive, directing flows into other markets and assets. **Its removal could be the single biggest boost to UK share ownership.**

**Recommendation 4:** **Double the minimum payment thresholds into defined contribution pensions. And make default fund performance easier to track.**

This is a policy that could make a difference, on a phased basis. With the state pension age edging up, along with the income needed for even a moderate retirement, minimum contributions need to significantly increase from 8%, and ideally double, albeit on a phased basis.

abrdn’s pension proposals go a step further: default workplace pension performance needs to be easier to track.

**Recommendation 5: Boosting financial literacy**

The [OECD](https://www.oecd-ilibrary.org/finance-and-investment/oecd-infe-2023-international-survey-of-adult-financial-literacy_56003a32-en;jsessionid=qHRT2ISeOceUHQav3qRvMCFtVYL0-_mFLEYahny0.ip-10-240-5-41) collate and publish data on financial literacy levels across 39 countries - the UK does not take part. abrdn believes the UK should start to measure financial literacy, to help identify policy measures to better target and fund financial literacy at scale in the UK. abrdn also recommends:

* Extend mandatory financial education to primary schools and Sixth Forms in England.
* Embed financial education more closely into the curriculum in England, integrating finance into relatable subjects. Scotland already integrate personal finance across the curriculum - we would like to see consistency across the nations.
* With political appetite growing for a Skills Revolution around vocational qualifications, we would like to see discussion around a new qualification that focusses on financial skills.

**Ends**

**Enquiries:**

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**Notes to editors**

The research was conducted for **abrdn** by **Opinium Research** amongst 2,000 UK adults between 29 December 2023 – 3 January 2024.

abrdn's **‘The Savings Ladder: A Manifesto to Get Britain Investing’** is available [here](https://www.abrdn.com/docs?editionid=32fbecb2-9e87-4bbc-ac3c-b11b0099b280).

About abrdn

* abrdn is a global investment company that helps clients and customers plan, save and invest for the future. Our purpose is to enable our clients to be better investors.
* abrdn manages and administers £496bn of assets for clients (as at 30 June 2023).
* Our strategy is to deliver client-led growth. We are structured around three businesses – Investments, Adviser and interactive investor – focused on the changing needs of our clients.
* The capabilities in our Investments business are built on the strength of our insight – generated from wide-ranging research, worldwide investment expertise and local market knowledge.
* Our teams collaborate across regions, asset classes and specialisms, connecting diverse perspectives and working with clients to identify investment opportunities that suit their needs.
* As at 30 June 2023, our Investments business manages £368bn on behalf of clients - including insurance companies, sovereign wealth funds, independent wealth managers, pension funds, platforms, banks and family offices.

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