RESEARCH PAPER 09/02
9 JANUARY 2009

Saving Gateway Accounts Bill

Bill 3 of 2008-09

This short Bill establishes a government subsidised savings scheme for people of working age on low incomes. The Saving Gateway has been trialled in several regions; the Bill establishes a scheme for the whole of the country.

Timothy Edmonds

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ISSN 1368-8456

Summary of main points

The policy intention of the Saving Gateway is to:

• promote a saving habit among working age people on lower incomes by providing an incentive to save through a government contribution for each pound saved; and
• promote financial inclusion by encouraging people to engage with mainstream financial services.

The brief details of the scheme are that eligible savers will open an account with an approved provider. Any savings they make into the account, up to a limit, will be 'matched' by contributions from government payable when the account matures.

Eligibility for Saving Gateway accounts will be "passported" from certain benefits and tax credits. Eligible people will be able to open accounts with financial institutions that have been approved to provide Saving Gateway accounts by Her Majesty's Revenue and Customs (HMRC). Saving Gateway accounts will be of a fixed duration. At the end of the account's duration, the Government will make a contribution for each pound saved.

Several of the key aspects of the scheme are not set out in the Bill but will be introduced later by regulation. Government statements indicate that the matching funds are likely to be at a rate of 50 pence for every pound saved and an account will last for two years.

This legislation sets out qualifying conditions for eligibility for the Saving Gateway. It imposes a duty on HMRC to issue notices to those who are eligible and a duty to reimburse account providers for the payment of the government contribution, or "maturity payment", to account holders. Details of the requirements for providers and of the operation of accounts will be set out in regulations. The Bill contains additional provisions covering such matters as tax relief, the use of information, penalties and arrangements for appeals against decisions taken by HMRC in relation to the administration of the scheme.

The Saving Gateway was piloted twice between 2002 and 2007 and evaluations of both were broadly supportive of the scheme and its impact on target groups.

The estimated public expenditure cost of the scheme is about £100 million a year once fully established.

CONTENTS

I	Introduction		7
II	Policy Development and practical experience		7
	A.	Policy development	7
		1. Scheme announced April 2001	9
		2. A revised scheme: November 2001	9
	B.	The Pilot Schemes	11
		1. First trial	11
		2. The second trial	14
	C.	The proposed scheme	15
III	The Bill		16
		1. Scheme details	16
		2. Financial impact	17
IV	Reaction to the Bill		17

I Introduction

The Saving Gateway Accounts Bill is the second recent major piece of legislation to provide public subsidy to encourage private savings. The first was the *Child Trust Fund Act 2004*. This Bill shares many features of the earlier legislation; it defines eligibility for the scheme; it provides administrative powers for the revenue authorities, including the approval of scheme providers; and it sets out the duties of the providers.

The brief details of the scheme are that eligible savers will open an account with an approved provider. Any savings they make into the account, up to a limit, will be 'matched' by contributions from government of 50 pence in the pound payable when the account matures after two years.

The Saving Gateway, like the Child Trust Fund (CTF), falls into a category which has been dubbed 'asset-based welfare'. Instead of delivering improved welfare through income transfers or public expenditure, asset-based schemes seek to promote asset-holding to improve welfare partly though the accumulation of savings in themselves and partly to generate those benefits which the habit of saving is thought to inculcate.[1] The claimed for financial benefits include developing a habit of saving (which further encourages asset-ownership); security for sudden financial shocks ('rainy days'); greater comfort in retirement; long-term independence; and inter-generational mobility. The behavioural benefits, often described as the asset-effect, are said to include encouraging long-term planning and risk taking, self-reliance and stability.

Unlike the CTF, the Government has considerable empirical information about the potential impact of the scheme since it has been trialled in selected areas since 2002.

II Policy Development and practical experience

A. Policy development

As part of the Pre-Budget Report in 2000, the Government published a consultation paper – Helping People to Save which was the seventh in a series of papers under the title *The Modernisation of Britain's Tax & Benefit System*. In it, the Government set out its thinking on promoting saving.[2] It saw its role as:

- create the right environment for saving;
- create the right incentives for people to save; and
- provide information and education to help people make the right saving choices.[3]

As to the question of incentives, the Government's strategy was, it said to deliver:

- a tax system with greater incentives to save, particularly for low-income savers;

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1 John Bynner and Will Paxton, *The asset effect*, IPPR/ CLS (2001) p2

2 Helping People to Save: The Modernisation of Britain's Tax and Benefit System, Number Seven, HM Treasury, November 2000

3 Ibid. para 4.1

> •a tax and benefit system that does not unfairly penalise savers; and
> •lower charges on financial products to enhance the rewards to saving[4]

Individual Savings Accounts (ISAs) already provide tax relief on investment returns for savings within designated accounts up to specified limits. The paper, however, looked also to the example of a pilot scheme in the USA, the Individual Development Account (IDA) which might provide better targeting of savings incentives:

> 5.7 …. promoting saving through tax relief provides the greatest incentives to people with high incomes. It may not be easy for the very poorest to save, but the Government will continue to look at ways of encouraging people with low and moderate earnings to save.
>
> 5.8 Individual Development Accounts (IDAs), offering more generous incentives to low- income savers, have been piloted in the US since 1997. People saving for particular purposes –housing, business or education –have limited amounts of saving matched, typically at a rate of $2 for every $1 saved. The schemes are small-scale and locally run and offer a high level of personal involvement. The role of personal advisers and mentors has been a key factor in encouraging people to save, as well as the generous incentives. IDAs have succeeded in attracting regular saving from people with low incomes: one-third of participants had monthly household income less than $1,000 (for further details see Center for Social Development (2000) Saving patterns in IDA programs).
>
> 5.9 But there has not yet been any rigorous analysis of whether IDAs have encouraged new saving. Savings in IDAs may be transferred non-IDA balances (past saving) or saving that IDA participants would have done anyway. In both cases the match money (and the administration costs) represents a deadweight loss if the aim is to promote saving. Given that each dollar saved in an IDA costs at least two dollars this is a serious issue. There may be more efficient ways for the Government to promote saving – or to subsidise house purchase, business start-ups or education.
>
> 5.10 Also, the fact that IDAs require people to save for particular purposes runs counter to the spirit of ISAs which is that low income savers should have easy access to their savings. The experience with mini cash ISAs suggests that his has been important in encouraging low-income savers to take them out. The benefits of offering more generous incentives would need to be carefully balanced against any additional constraints on people’s saving this might require.
>
> 5.11 The Government is following the IDA pilots closely and will consider the possible lessons for the development of ISAs in the UK.[5]

The paper highlighted the key remaining problems that previous initiatives (the extension of stakeholder financial products for example) had not solved:

> However, research has shown that by 1997 one in ten households had no forms of savings at all (including housing, pensions and life assurance and all liquid

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4 Ibid. para 4.1

5 Ibid. para 5.7-5.11

financial savings, but excluding current accounts) and that this proportion had almost doubled since the beginning of the 1980s.[6]

1. Scheme announced April 2001

Proposals for a matched savings scheme for those on lower incomes - the Saving Gateway - were set out at a press conference in April 2001, accompanied by a *consultation document* which provided more details.[7] The key proposals were:

- New, targeted account
- Includes incentives to develop regular savings habit e.g. savings matching up to a set limit
- Includes financial education
- Consistent with existing tax and benefits policy
- Runs for limited time, after which saved assets are transferred into existing savings instruments e.g. stakeholder pension[8]

Various policy areas were as yet unresolved and the Government sought views on:

- how the Gateway should best be targeted at lower-income households;
- whether matching individual contributions was an appropriate non-tax-based incentive, and
- if so at what level matching ought to be provided;
- what limits on matched contributions should apply;
- how the savings incentives should be structured in order to foster a savings habit;
- how long the Gateway should run for;
- should savers have access to their funds only or to matched funds before the Gateway matures;
- should the scheme allow funds to be invested in different ways;
- what should the role of the private sector be in the Saving Gateway; and
- how should financial education be delivered under the Gateway?

2. A revised scheme: November 2001

In November 2001, the results of consultation were published together with some firmer details of the scheme.[9] The consultation produced fewer responses on the Saving Gateway than on the CTF and, in the words of the analysis, financial services providers appeared less engaged in the Gateway's practical issues. This was a factor in the initial decision that the Gateway would probably be provided by a single provider (which could nevertheless be a consortium) rather than by competing providers. A combination of low balances, high administration costs and the short duration of the account make it less commercially attractive than, for example, CTFs. A single provider, on the other hand, would, it was thought, be able to extract commercial economies of scale; be better able

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6 Ibid p7

7 *Saving and Assets for All: The Modernisation of Britain's Tax and Benefit System*, Number Eight, HM Treasury, April 2001

8 *Saving and Assets for All: The Modernisation of Britain's Tax and Benefit System*, Number Eight, HM Treasury, April 2001 Fig. 5.1

9 *The Modernisation of Britain 's Tax and Benefit System*, Number Nine, HM Treasury, November 2001

to provide financial education under the scheme; and make it easier to channel savers to the scheme. (In the event, multiple providers are allowed for in the legislation.)

The details of the Saving Gateway proposed in the November 2001 paper included:

- Eligibility via tax-credit or working-age benefit "passport "

  Simplicity – to reduce costs - is an element which has been emphasised in the Government's consultations. The plan was to link eligibility for the Gateway to an existing working age benefit or tax credit (or an income measure which is assessed as part of a tax credit). How those moving into paid employment for the first time could be targeted as well, remained undecided. That transition is thought to be one during which appropriate intervention might encourage longer term saving as a habit.

- Matching set at a fixed rate

  It was decided to match at a simple fixed rate rather than to use variable rates (for example to encourage progression). At this stage the Government's examples suggested £1 of matching funds for each £1 in individual contributions, but this would change.

- Saving limited to £25 per month

  The limit was designed to be realistic so as to provide an incentive to achieve it.

- Individuals' Saving Gateway accounts to last for five years (again this limit would change), with a maximum available match of £1,000 per account

  The term of the account, combined with the maximum monthly contribution, would provide a degree of flexibility for savers. It meant that savers would not lose eligibility for the maximum matching funds if they were unable to save £25 every month over the five year period. If a saver saved £25 each month (and received £25 each month in matching funds) that saver would reach the £1,000 ceiling after 40 months. However, those who were unable to save at that rate would still be able to accrue the maximum available matching funds if they had saved £1,000 over the full 60 month period.

  Savers might also interrupt their savings when they needed funds for urgent purposes ('rainy days'). Again, the structure of the proposed system was designed to allow them to do this. Access to funds for such needs was one of the underlying aims of the scheme.

- Savers to have access to their own savings, but not to matching funds until 'maturity'

  Savers would be able to withdraw their own saved funds before the end of the five year term. They would not be able to withdraw any of the matched funds until the end of the five year term (unless they have already saved the full £1,000 or they decided to close the account). If a saver withdrew any of their own funds,

they would not receive additional matching funds until the previous balance had been restored.

- Assets to be held as cash deposits, with no equity investment

  Although a minority of respondents to the consultation called for investment in a wide range of products to be permitted, most thought the accounts should be limited to cash. This makes it easier for funds to be withdrawn when they are needed.

- Assets to be exempted at maturity from annual limits for stakeholder pension or ISA contributions

  The Government considered how to permit the contents of a Gateway account to be transferred into other savings vehicles on maturity (such as a Child Trust Fund, stakeholder pension or Individual Savings Account). The idea is that savers would be able to transfer such funds in addition to the normal annual limits for these schemes.

- Financial education to be focused on three stages - opening and pre-opening, during account lifetime, and maturity

The next stage in the development of policy was the running of pilot schemes in selected areas of the country. The experience of these is described in the following section.

B. The Pilot Schemes

1. First trial

The first trial began in August 2002. 1,500 Saving Gateway accounts were opened in five locations, Cambridge, Cumbria, East London, Manchester and Hull.

- accounts were provided by the Halifax Bank;
- savers were recruited in conjunction with Community Finance Learning Initiative[10], by local organisations or by an invitation letter;
- accounts ran for 18 months;
- there was a £25 per month contribution limit;
- the maximum matchable amount was 15 months of the maximum contribution limit. This meant that an individual could miss a contribution in three of the months (these were referred to as "payment holidays") and still achieve the maximum match payment;
- the match rate was £1 for each £1 saved and the maximum balance that could be matched was £375;
- those eligible to open an account were of working age and-

[10] CFLI was a pilot project commissioned by the Department for Education and Skills (DfES) and H.M. Treasury in January 2002. They set out to test the delivery of services aimed at tackling financial exclusion in deprived communities.

working more than 16 hours per week and earning less than £11,000 per year, or earning less than £15,000 per year with children or a disability; or receiving benefits or out of work.

The Treasury's March 2008 document – *The Saving Gateway: operating a national scheme* summarised the findings of this first pilot based on work by researchers at the University of Bristol.[11] It said:

> **1.18**
> - the scheme generated both new savers and new saving. For example, among savers, the number of people saving regularly quadrupled and the amount they saved doubled;
> - there was evidence that the scheme led to a change in saving behaviour with 41% of savers still saving three or more months after the pilot finished and 32% of savers saying that they were more likely to plan for retirement;
> - the scheme encouraged a conversion of informal saving (i.e. money held in cash at home) to formal saving (i.e. the Saving Gateway); and
> - a high proportion of account holders (60%) agreed that saving into a Saving Gateway account had made them feel more financially secure.[12]

The work by the Bristol researchers was broadly positive towards the impact of the Saving Gateway as the table below, reflecting answers in a post pilot questionnaire, reveals:

Table 6.1 Thinking about the impact that the Saving Gateway has had upon you personally, how much do you agree or disagree with each of the following statements?
Row percentages

	Strongly agree	Tend to agree	Neither agree nor disagree	Tend to disagree	Strongly disagree	Base
I feel more in control of my own life	15	24	50	6	4	739
I feel more financially secure	19	41	29	8	2	747
I am more likely to plan for my retirement	8	24	44	16	7	711

Source: Maturity self-completion survey

The Bristol researchers' summary included a number of interviews with new account holders. The following represent a sample of the responses:[13]

> The depth interviews carried out after accounts had matured show that most of the people who felt more 'in control' or 'financially secure' had not been regular

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[11] *Incentives to save: Encouraging saving among low-income households*, Kempson, McKay, Collard, (Personal Finance Research Centre, University of Bristol, March 2005),
[12] *The Savings Gateway: operating a national scheme*, HM Treasury p 8-9
[13] Ibid p66

savers before opening their Saving Gateway account. The Saving Gateway had shown these people how to be more self-reliant through planning ahead financially.

It's made me feel more self-reliant… It has opened my eyes to the fact that I've got to try to help myself to save a little bit. I've got to you know, I've got to try. And there is definite satisfaction when you do make that effort… that yes even when things are the worst, I can still make the effort to look after myself and not lean on the state or other people all the time.

Indeed, a sizeable minority felt that participating in the Saving Gateway had improved their money management skills. This included learning to budget:

It's made me more organised with my money, because with my bills and stuff it made me realise that it is good to know what goes in and what is coming out of my account, it is good to know if I will be in credit or overdrawn at the end of the month, so it has made me budget better, it has made me think about my money a lot more, whereas before I wasn't in control with what was going on with my money as I should have been.

And keeping a closer eye on their spending.

It's changed my financial habits so I'm not spending as much I've got saving in mind so when I try to withdraw some money I think about saving, I'll say, 'Oh I won't spend that money because I don't really need to' and I put it aside for like, you know for putting into a savings account. So it's changed my personal habits of saving

.

A small number of the people who said that their money management skills had improved had opened their account in a CFLI area where money management training was offered. Most of them had taken up this opportunity and all but one of them felt the training had been of benefit.

It helped really a lot, they showed me how to save, how to like clear my debt and everything, They helped me how to draw up a chart, you know, the income and expenditure form. It really helped. I have yes, I've tried to follow it as close as I can and it's like really benefited. It was much better than before because otherwise money was everywhere. Like I couldn't tie up everything together. It really helped.

Participating in the Saving Gateway had also helped many who had not previously saved regularly to plan ahead and to see the benefits of having money set aside for unexpected emergencies.

It's made life a little more tolerable because I know I've got it, in the back of my mind now, I know I have got that little bit there if I desperately need it. Which I didn't have before… I would have been more worried about any unplanned for expense before. That would have been in the back of my mind all the time... Well now I know that I've got a bit more money to cover it.

A significant minority (32 per cent) of all participants also said that they were more likely to plan for their retirement as a result of participating in the Saving Gateway (see Table 6.1).

> *It's given me the encouragement to save for my future because I never used to. I never thought about my future. I just used to take it for like each day by day. If I had it I had it. Now I know I've got that little bit extra each month that I'm putting away that I know that I'm going to alright when I get older.*

2. The second trial

The second pilot scheme started in March 2005 and ran in the same locations, plus a new one in South Yorkshire. The new pilot experimented with different rates of 'matching' and different limits on monthly savings. Again the Treasury's March 2008 document – *The Saving Gateway: operating a national scheme* summarised the findings:

> **1.21** Evaluation of the pilot was carried out by Ipsos MORI and the Institute for Fiscal Studies. The final report was published in May 2007. Key findings were:
>
> - individuals were overwhelmingly positive about the effect of matching as a simple and easily understood incentive to save;
> - it was not necessary to offer match rates as generous as pound-for-pound in order to incentivise people to save;
> - there are benefits in having an account structure for regular savings – monthly contribution limits of £25 per month were affordable for those on lower incomes, those on higher incomes were able to save more;
> - a time-limited account kick-started a saving habit among those new to saving with most savers believing that they would continue to save after the Saving Gateway pilot ended;
> - the pilots led to new saving particularly among those on lower incomes and there was a positive impact on attitudes to saving especially among those new to saving. However, those on higher incomes were able to recycle existing savings;
> - those living closer to a Halifax branch were more likely to open an account than those who lived further away, demonstrating the importance of ease of access;
> - savers learnt through "learning-by-doing" and welcomed support and guidance at account opening and maturity. However, voluntary opt-in to financial education did not work; and
> - there were financial inclusion benefits from extending a structured matched savings account to people on lower incomes. Many of these benefits are around formalising informal savings, promoting regular saving and getting people to engage with financial institutions for the first time.[14]

The remainder of the March 2008 document set out the Government's detailed proposals for the national scheme and called for responses to these. Responses to these proposals were published in December 2008 - *The Saving Gateway: operating a national scheme Summary of responses*.

[14] Ibid p10

C. The proposed scheme

The basic aims of the scheme as set out in the explanatory notes to the Bill (see below) are to:
• promote a saving habit among working age people on lower incomes by providing an incentive to save through a government contribution for each pound saved; and
• promote financial inclusion by encouraging people to engage with mainstream financial services.

The key features decided upon by the Government were:

Individuals are eligible for the scheme if they are in receipt of any of:

- Working Tax Credit;
- Child Tax Credit paid at the maximum rate;
- Income Support;
- Incapacity Benefit or Employment and Support Allowance;
- Severe Disablement Allowance; and
- Jobseeker's Allowance

Eligibility will be on an individual rather than a household basis and is voluntary (unlike the auto-enrolment of CTF accounts). Individuals will receive confirmation of their eligibility from the Revenue and this will be used by the provider in setting up an account. The provider will calculate the matching funds element, make a payment and reclaim it from the Revenue.

The accounts will run for two years;

The Government will set a limit on the amount that will be matched each month. The Government is minded to set this limit at £25 per month. They propose, however, that savers will be able to make deposits over and above this limit into their accounts.

Savers will be able to withdraw money from their account at any time.

There can be multiple providers – to be approved by the Revenue in much the same way as CTF providers are approved.

Providers will be required to pay a return on money saved in a Saving Gateway account; and they will be required to send savers a statement at least once a quarter showing information on account activity and the match payment that has been achieved.

Further details were revealed by the Chancellor in his 2008 Pre-Budget Report speech. He said:

> To help them we are setting up a Saving Gateway – which will mean that the Government adds money to every pound saved. From 2010, up to 8 million people on low incomes, who put money into the Saving Gateway, will get 50

> pence added for each pound they save. The Saving Gateway will be widely available through a range of banks, building societies and credit unions and, I can tell the House, the Post Office. [15]

III The Bill

1. Scheme details

The *Bill* was introduced on 4 December 2008 with a second reading due on 13 January 2009. It is a short bill of 32 clauses and applies to the whole of the UK. *Explanatory notes* are available.

Clause 3 sets out the eligibility criteria and allows for later regulations to amend these. Clause 4 provides that the monthly contribution limit and conditions to be imposed on account providers will be set by regulations. Clauses 6 and 7 deal with the operation of accounts – again, regulations will follow. Clause 8 sets out how the maturity payment (the government contribution) will be calculated:

> 8 Maturity payments
> (1) The maturity payment in relation to a Saving Gateway account is to be calculated by multiplying A by B where—
> A is the number of whole pounds in the qualifying balance of the account, and
> B is an amount of money (in pence) specified in regulations.
> (2) The "qualifying balance" of a Saving Gateway account is the highest balance achieved during the maturity period.
> (3) In finding any balance for the purposes of subsection (2), the following are to be disregarded—
> (a) interest or other sums paid by the account provider under the terms of the account, and
> (b) any sums paid into the account in breach of the limit specified in regulations under section 4(3).
> (4) The account provider must pay the maturity payment to the account holder within a period, prescribed by regulations, beginning with the end of the maturity period.

From the Pre-Budget Report speech, 'B' is 50 pence and the maturity period two years. Clause 14 provides that the accounts may, by regulation, be exempt from income and capital gains tax.

Clause 16 provides for regulations to determine how a Gateway account can be transferred to another account upon maturity or cessation. Clauses 19 to 25 deal with the penalties and appeals against penalties; these might apply to either individuals or account providers in a range of circumstances from making false declarations as to eligibility or failure to make prescribed returns to the Commissioners (the Revenue).

Commencement is not stated on the face of the Bill but the Pre-Budget speech, above, indicates sometime in 2010.

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[15] HC Deb 24 November 2008 c502

2. Financial impact

The Explanatory Notes published with the Bill set out the financial impact of the Scheme.

> 139. Saving Gateway maturity payments will be funded from the Consolidated Fund. Initial estimates of the expenditure arising in 2012/13 (two years after the first Saving Gateway accounts are opened), based on the Government contributing 50p for every pound saved in Saving Gateway accounts, are £130m, then £110m in 2013/14 and £100m in 2014/15. Costs in 2010/11 and 2011/12 are negligible as the government contributions on accounts opened in 2010 will not be payable until 2012/13. The Government expects the annual cost of its contributions to fall to £60m per year in steady state. The expenditure in early years is higher because of the large number of people who will become eligible to open a Saving Gateway account when the scheme is introduced.
>
> 140. Estimated implementation and running costs for the Saving Gateway are detailed below. These are based on implementation in 2010. Expenditure in 2008/09 (£2.8 million) and 2009/10 (£5.4 million) includes the development costs of the new IT system. The cost for 2010/11 (£7.8 million) includes marketing and office costs to manage the initial influx of applications expected. Estimates currently show steady state running costs of £1.6m per annum from 2015/16.

IV Reaction to the Bill

Reaction in the press and from the financial service providers and other savings experts has been mixed. There has been a widespread hope that the Gateway will prove to be helpful in reviving the fortunes of local post offices, although no estimate as to the profitability of running such small accounts and the cost of the administration required by the scheme (producing quarterly statements etc) has yet been published. Other groups that hope to be involved have reacted positively:

> Maggie Craig, the Association of British Insurers' director of life and savings, said: "Any measures to promote the savings habit are to be applauded. While the Saving Gateway is specifically focused on people on low incomes over a relatively short period of time, it could and should act as a catalyst for longer-term saving for retirement," she said.[16]
>
> "Low-income households want to save but they need the framework in which to do it," says Mark Lyonette, chief executive of the Association of British Credit Unions. "Saving Gateway will allow payroll deduction and will be easy to pay into. Research shows that if you get someone into the habit of saving, they stay with it for the long term. It's getting that initial entry point which is the challenge.
>
> "A generation or so ago, low-income people had locally sold savings plans and Green Shield stamps - that was their entry point. Now we'll have Saving Gateway."

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[16] *Lower-paid offered 'free' 50p for every £1 saved*; The Times, 4 December 2008

> Mr Lyonette adds that the money saved is likely to be used as a cushion against unexpected expenses. "Having a rainy-day fund - however small - can be a massive confidence boost. You have something behind you. What if the washing machine breaks or you get an unexpectedly high bill? Savings are vital."
>
> Debt charities and consumer groups hope that if Saving Gateway catches on, it will squeeze some of the doorstep loan providers out of economically deprived estates, where they can charge interest rates in excess of 100 per cent a year.
> And it isn't just the traditional low-income groups that may benefit from the Gateway. People who are currently employed but subsequently made redundant in the coming recession should be able to sign up for the scheme and receive the savings top-up. "Those who find themselves out of work and in receipt of jobseekers allowance will be able to join the Gateway for two years. They will remain a member of the Gateway even if they find a job soon after being in receipt of jobseekers allowance," says Robin Williamson, technical director at the Low Incomes Tax Reform Group.[17]
>
> Rachel Le Brocq, of the Building Societies Association, says: "We welcome the opportunity for building societies to be involved in the Saving Gateway."[18]

However, the benefits to savers of the Gateway were contrasted with the lack of other measures in the Pre-Budget Report:

> Mike Warburton, of Grant Thornton, the accountant, says: "Limiting the Government's matching contribution to 50p per pound and the total payable per person to £300 is not very generous. The Government has largely ignored savers, which is why the savings ratio has fallen from about 8 per cent of income when it came to power to less than zero."
>
> One thing that the Chancellor did not do was announce any increase in the maximum that can be saved annually in an individual savings account (Isa). This limit is currently set at £7,200 and financial experts point out that this has risen by only £200 since Isas were launched in 1999.
>
> He also failed to address the Isa anomaly whereby savers in a cash Isa can transfer their money to a stocks-and-shares Isa with no loss of tax privileges, while investors in a stocks-and-shares Isa cannot move into a cash Isa. Critics say that this has been especially damaging in the past year as those who wished to convert their shareholdings into the safe haven of cash were not allowed to do so.[19]

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[17] *A springboard for saving: meet the new Green Shield stamps*; Independent on Sunday, 30 November 2008

[18] *Not so nifty for the thrifty*; The Times 29 November 2008

[19] Ibid