

SaveOurSavers.co.uk



The Rt Hon George Osborne
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

15th August 2011

Dear Chancellor,

We are writing on behalf of Britain's savers and pensioners, most of whom are not wealthy and regularly make financial sacrifices to live within their means.

When in opposition you recognised that the climate for savers had become difficult, saying in December 2008, "Savers and pensioners are the forgotten victims... They are innocent bystanders and it's simply not good enough for the Government to walk on by." From these and other comments, it is clear that you understand the vital role that savers play in the UK economy. As the Prime Minister said in January 2009, "We need to make a really big change: from an economy built on debt to an economy built on savings."

The current economic conditions are particularly tough for savers, who are seeing their capital whittled away by a prolonged period of negative real interest rates. Compounding these problems, savers are required to pay income tax on the interest they receive, as if it is a gain, even though the real value of their savings is declining.

We ask, therefore, for a temporary relief for savers in the form of a suspension of income tax on savings interest. This moratorium should continue until we return to a more normal environment where positive real interest rates prevail.

This is, of course, very similar to a plan you yourself mooted shortly before the coalition government was elected. Although the economy is in a delicate state, this move would not only help to restore confidence among the millions of UK savers and pensioners, but also declare an intent that, in future, the economy will give more balance to savers than in the past decade.

Attacking the previous Labour government's policies, you said, "While the Prime Minister may have forgotten about Britain's savers, the Conservatives have not. We will take action to help." Almost three years later, savers need that help more than ever.

Yours sincerely

Jason Riddle

Simon Rose