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WEALTH KNOWLEDGE

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Workers in hardest-hit sectors face retirement savings crisis

Many workers in sectors that shut down during the COVID-19 lockdown could be facing a retirement savings crisis, according to a report.

Scottish Widows polled 5,757 savers for its annual retirement report, which was undertaken in March 2020 – during the height of the pandemic.

More than two-thirds (67%) of retail workers fear running out of cash if they ever retire, while 62% of construction workers admit they are not saving enough.

The report suggests that a retirement savings gap is widening for people working in these sectors, plus others in hospitality, tourism and culture.

As a result, these workers are now facing new financial pressures that make saving for the long-term even more difficult.

Pete Glancy, head of policy at Scottish Widows, said:

“The next 12 to 18 months is going to be about businesses getting back on their feet after the pandemic.

“But many individuals have taken a substantial hit to their finances and the fear is the gap cannot be closed.

“That means they face a lifetime of work as they struggle to afford to retire.”

Green homes grant to give £5,000 vouchers to homeowners

Homeowners and landlords in England will be given £5,000 in vouchers from next month to make their homes more energy-efficient.

Chancellor Rishi Sunak outlined the £2 billion green homes grant scheme in his economic statement last month. Sunak confirmed that eligible homeowners will be able to use the vouchers to pay for environmentally-friendly home improvements to reduce the nation’s carbon footprint.

These include installing loft, floor and wall insulation, double or triple-glazed windows, underfloor heating, boilers, heat pumps, and low-energy lighting.

The scheme aims to upgrade more than 650,000 homes across England, saving households an estimated £300 per year on their energy bills.

Sunak said: “This is going to be a green recovery with concern for our environment at its heart.

“The green homes grant will cut carbon by more than half a mega tonne per year. That is the equivalent to taking 270,000 cars off the road.”

The scheme will apparently involve a "whole-house approach", whereby a retrofit coordinator will determine what measures will ensure the best value for you and the taxpayer in your home.

More details are expected to be announced by the Government this month, prior to the scheme opening in September.

Homebuyers get stamp duty holiday on the first £500,000

Chancellor Rishi Sunak has announced a temporary stamp duty land tax holiday to revive the flagging property market in England and Northern Ireland.

The move aims to help buyers who have taken a financial hit due to the COVID-19 pandemic, while also seeking to stop house prices from falling further in the months ahead.

Average house prices fell for four months in a row between January and April 2020, while the Chancellor said property transactions were down 50% in May.

With effect from last month, the lower threshold at which the tax is paid has been temporarily raised from £125,000 to £500,000 until next spring.

That means most property purchases in England and Northern Ireland below £500,000 will not need to pay stamp duty land tax as long as the deal is completed before 31 March 2021.

The Treasury said almost nine out of ten people buying a main home will pay no stamp duty land tax at all until next April.

The 2% threshold, which applied on properties between £125,000 and £250,000, no longer applies until 1 April 2021.

At the time of writing, this measure does not apply to land transaction tax in Wales or land and buildings transaction tax in Scotland.

The temporary changes announced by the Chancellor also affect first-time buyers, who previously paid nothing on the first £300,000 for properties worth up to £500,000 while a rate of 5% applied between £300,000 and £500,000.

Someone who wishes to buy a second home would not pay stamp duty land tax up to £500,000, but would still be liable to pay the 3% surcharge on the whole purchase price.

8 July 2020 to 31 March 2021	Rate
Up to £500,000	0%
Over £500,000 to £925,000	5%
Over £925,000 to £1.5m	10%
Above £1.5m	12%
Source: HM Treasury	

UK economy rebounds slower than predicted after lockdown

The UK economy contracted by 19.1% in the three months to May 2020, suggesting hopes of a rapid post-lockdown rebound are wide of the mark.

The latest figures from the Office for National Statistics (ONS) revealed UK GDP grew by 1.8% in May, following declines of 6.9% in March and 20.4% in April.

Both the manufacturing and construction sectors grew 8% in May, while online sales in the retail sector surged to a new high.

But, as a result of big contractions in previous months, the ONS said the UK economy is now 24.5% smaller than it was in February 2020.

Many economists had predicted a V-shaped recovery to pre-pandemic levels for the UK economy as COVID-19 restrictions started to ease.

As more sectors of the economy reopened, the UK economy is expected to have performed better in June.

However, the path to full economic recovery looks set to be much longer than many experts first thought.