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Why is falling savings and spiralling debt not a major election issue?

As part of its ongoing drive to push personal finance issues higher on the election agenda, Interactive Investor (www.iii.co.uk) is today contacting each of the three major political Parties to ask, “Why is falling savings and spiralling debt not a major election issue?” The company is also inviting a representative from each Party to an event it is running in London before the election entitled ‘The UK Savings & Debt Debate’. Here a spokesperson from each Party will put their own plans up against their political rivals, the press and industry representatives.

Since New Labour first came to power in 1997, the UK savings ratio has plummeted and a major pensions crisis has taken root threatening to leave future generations facing a worse standard of living in retirement than pensioners currently enjoy. This will be the first time this has ever happened in the UK. At the same time, consumer debt has risen to unprecedented levels, breaking through the £1 trillion barrier for the first time last summer.

Whilst the Government is not solely responsible for all of these problems in totality, their actions over the last two terms have contributed very heavily. Taking £5 billion a year out of UK pension funds has seriously deepened the pensions crisis. And reducing tax incentives to save outside pensions by slicing £5000 a year off the amount that can be sheltered from tax in an ISA (in place of PEPs and Tessas) has seen the UK savings ratio halved, from 11.6% pa in 1992 to 5.6% in 2004. On top of this, regulation of the savings industry has been made increasingly onerous, while credit card and loan companies have continued to enjoy a far lighter and ineffective regime. It remains far easier to sell someone dangerous levels of personal debt than a sensible amount of regular savings.

In the light of the extent of these problems and their serious consequences for the future of the country, Interactive Investor has expressed its surprise as to why savings and debt hasn't been a higher profile issue in the election debate to date.

Tomas Carruthers, CEO of Interactive Investor said,

“Given its record, it is not at all surprising that the Government wants to gloss over the problems, as indeed they have attempted to do in their election manifesto published this week. It would have us believe that things have only got better and that there is no pensions

crisis when in fact the opposite is true. And by deferring to the Pension Commission, timed to report after the election, they have a convenient method of sweeping the crisis under the election carpet.

But an almost complete lack of public attack on this record by the main opposition parties is not only surprising, it is not good for the electorate or indeed the democratic process in this country. Solving the savings crisis and controlling the escalating personal debt issue in the UK may well be a complex challenge, but this is not an excuse to isolate it from the pre-election debate. Pushing it to the back of their manifestos and leaving the issues un-debated before polling day does no one any good at all – except of course the current Government who would prefer us to believe there is no crisis.”

By inviting each of the three main parties to a debate on the savings and debt crisis, and by sharing it with its 1.5 million users and the media, Interactive Investor is determined to push these issues into active and high profile election debate.

The response of each Party to the invitation to the “UK Savings & Debt Debate” event will be shared with Interactive Investor’s users and the media, as of course will the results of the debate itself.

- ENDS -

For further information or comment, please contact:

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Notes for Editors

- **Interactive Investor started its Savings Campaign by lobbying the Chancellor Gordon Brown in an open letter to make ISAs more attractive, sharing the unambiguous results of in-depth customer research it had carried out with its 1.5 million users. The Treasury’s resounding refusal, communicated by Minister Stephen Timms, has been shared with Interactive Investors users and the press.**
- **The one positive part of Timm’s response was the invitation for the business and its users to contribute further feedback via an email address: Ministers@HM-Treasury.gov.uk. Interactive Investor has encouraged its 1.5 million users to write to the Treasury to pass on their views.**
- Interactive Investor (www.iii.co.uk) is one of the UK’s leading online financial services providers. It offers independent and transparent tools and information to enable users to solve all their financial needs throughout their lives. Interactive Investor has 1.5 million registered users and over 400,000 active portfolio users.
- Last November Interactive Investor was voted the Best Share Trading Site 2004/5 in the prestigious Online Finance Awards.

- Last October, Britain's biggest selling consumer web magazine – 'Web User' – gave the new Interactive Investor website its highest accolade with a five-star rating and its coveted Gold Award ("hard to see how it could be improved").
- Interactive Investor, previously known as Ample, was acquired from AMP by CAPACC (Capital Accumulation Limited). CAPACC is headed up by Tomás Carruthers, the former CEO of interactive investor plc.
- Interactive Investor Trading Limited, trading as "Interactive Investor", is authorised and regulated by the Financial Services Authority.