



HM Treasury

# Help to Save Reform **Consultation**

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April 2023



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# Chapter 1

## Introduction

1.1 The government has a range of tax advantaged savings options to support individuals and households of all income levels to save. This includes: a Personal Savings Allowance of up to £1000 for basic rate taxpayers and up to £500 for higher rate taxpayers; the starting rate for savings which allows for tax free savings income of up to £5,000 if an individual earns less than £17,570; an annual ISA allowance of up to £20,000; and an annual allowance of up to £9000 that can be saved into a Junior ISA tax-free.

1.2 For lower income earners, tax advantaged savings options may be insufficient to provide enough incentives to save. For instance, lower income earners with minimal savings would not receive any immediate tax benefit from ISAs, as any interest received would be covered by their Personal Savings Allowance.

1.3 Launched in 2018, Help to Save is a government scheme, delivered by NS&I for HMRC, that aims to specifically incentivise working people with low incomes to support them to save and kickstart a lifelong savings habit. It offers low earners in receipt of certain benefits a savings account where they can save a maximum of £50 a month for 4 years and receive a 50% government bonus to match their savings. The scheme was originally planned to run for five years with no new accounts permitted to open from September 2023.

1.4 HMRC research found that three quarters of Help to Save customers were not regular savers before opening an account and 86% of customers are saving more than they did before Help to Save. There has been a steady increase in take up over time with over 350,000 Help to Save accounts opened to date and customers on average saving £48 per month. However average take-up within the eligible population remains low. While this may be reflective of the challenge to save for low-income earners, there may also be complexities or barriers in the current scheme design affecting uptake.

1.5 Following the government's announcement at Spring Budget 2023, Help to Save will be extended on its current terms for 18 months, until April 2025. The government is consulting on reform of the scheme design to ensure it is a well-utilised, simple and effective savings product beyond the extension period. The government also wishes to explore options beyond the maturity of the savings period so that a savings habit, once established is maintained.

## Purpose and scope of the consultation

1.6 This consultation invites interested parties to comment on the existing scheme design and provide evidence to help determine the extent to which Help to Save serves its purpose and how the scheme could be simplified to ensure it has: longevity as a key savings product for working people on low incomes; encourages take-up in the target group; and provides the best value for taxpayers.

1.7 The aim of simplification is to identify and address complexities that act as barriers to using the scheme, which could include changing the eligibility criteria, bonus mechanism or scheme duration in a way that improves consumer understanding and encourages greater take-up. This will inform future decisions on a new and improved targeted scheme.

1.8 Views are invited from any individuals or organisations with an interest in Help to Save, including but not limited to potential account holders, potential delivery partners, financial institutions, and civil society organisations. This consultation also welcomes views on simplification to the scheme design from financial institutions that would encourage them to deliver the new scheme beyond the extension period.

# Chapter 2

## Improving the scheme design

2.1 The government wishes to test all elements of the scheme design to improve incentives to save, while achieving the best value for taxpayers. This chapter seeks views on:

- eligibility for the Help to Save savings account
- process for paying into the account
- length of time an account can be open for
- structure of the bonus payments
- options for encouraging a continued savings habit when the account closes

### Eligibility

2.2 Help to Save was launched to help working people on low incomes to build up their savings, which is reflected in the eligibility criteria. Currently, the scheme is available to individuals who are in receipt of the following:

- Working Tax Credit (WTC)
- Child Tax Credit – and are entitled to Working Tax Credit
- Universal Credit (UC) while having take-home pay of at least £722.45 in their last monthly assessment

2.3 Individuals only need to meet the eligibility criteria when opening their Help to Save account. Once the account has been opened, there is no requirement for ongoing eligibility, and they can continue to use it even if their circumstances change.

2.4 This criteria was introduced to ensure the scheme is specifically targeted at working people on low-incomes who may not benefit from the other tax advantaged savings options (such as Personal Savings Allowance or ISAs). Help to Save will continue to be targeted at working individuals on low incomes, however the government would like to understand whether the eligibility criteria is effectively targeting that group.



### **Question 1**

Considering the focus on working people with low incomes, what changes, if any, would you recommend making to the eligibility criteria to reach the target group? How could that be implemented? Please provide details.

**2.5** Currently, savers are limited to one Help to Save account in their lifetime due to the generosity of the scheme. This means that if the account is closed at any time, another account cannot be opened, regardless of whether any bonus has previously been paid. Given the key objective of Help to Save is to incentivise savings habits for the long-term, could this act as a barrier for some people?

### **Question 2**

Do you think savers should be able to open another account after their first Help to Save account matures or is closed? Should there be any restrictions to doing so? What are your reasons?

## **Paying into a Help to Save account**

**2.6** Savers can pay into their Help to Save account as many times as they want, up to a maximum of £50 each calendar month. This means that if they make withdrawals or are unable to save anything in a month, the amount of bonus they earn will be affected. The monthly limit was introduced to incentivise a regular savings habit through a simple savings goal, whilst remaining consistent with other mainstream “regular savers” products.

**2.7** However, the government recognises that the financial circumstances of individuals using the scheme can change from month-to-month and this section is seeking views on whether any small changes could be made to reduce barriers to better incentivise saving for those whose circumstances change or encourage individuals to open an account in the first place, whilst ensuring the scheme remains cost-effective to the taxpayer.

### **Question 3**

To what extent does the limit on monthly savings act as a barrier to maximising the benefits and or objectives of the scheme? Without making the scheme substantially more costly to taxpayers, how could this be overcome? Please provide details.

#### **Question 4**

To what extent does the restriction on replacing savings that have been withdrawn act as a barrier to maximising the benefits and or objectives of the scheme? How could this be overcome? Please provide details

2.8 Currently, savers are only able to pay money into their Help to Save accounts by debit card, standing order or bank transfer. There is no facility to pay in cash directly without first depositing it into an existing bank account.

#### **Question 5**

Do you think the current limitations on ways to pay money into a Help to Save account presents a barrier for savers? If so, how could this be overcome? Please provide details.

### **Length of time an account can be open**

2.9 The Help to Save scheme was designed to create a regular, long-term savings habit by using a bonus as an incentive to save over a limited time period. A Help to Save account therefore matures and closes after four years and the government would like to understand whether the four-year term is the optimum period of time to create a savings habit, whether it means participants have to wait too long for their matched bonus and whether it is the best value for money for taxpayers.

#### **Question 6**

Do you think running the scheme for 4 years provides the best value for money for the taxpayer?

#### **Question 7**

Could incentivising a regular, long-term savings habit be better achieved over a different time period? Please provide details.

### **Bonus structure and calculation method**

2.10 Help to Save account holders can earn two tax-free bonuses over four years. After the first two years, the saver receives a bonus of 50% of the highest balance in their Help to Save account at any point in years one and two. After four years, they will get a second and final bonus of 50% of the difference between the highest balance saved in the first two years and the highest balance saved in the last two years. If a saver deposits the full £50 every month for the duration of the scheme and makes no withdrawals, they will be able to save a maximum of £2,400,

with a total of £1,200 earned in bonuses. This is based on the highest balance of £1,200 in years 1-2 and a highest final balance calculation in years 3-4 of £1,200 (highest balance years 3-4 £2,400, less the highest balance in years 1-2 £1,200), ensuring the final bonus is only paid on new savings in years 3-4.

**2.11** The bonus is calculated in this way so that individuals are not unnecessarily penalised for making withdrawals if they have urgent or unforeseen costs before the account matures. Savers can earn a bonus even if they withdraw money from their account; however, the highest balance in years three and four will have to exceed the highest balance in years one and two to earn the second bonus at the end of the four-year period. This means that many savers who withdraw a large amount after their first bonus would receive no further bonus for additional savings.

**2.12** Recent HMRC customer research found that fewer than half of the customers surveyed felt they understood how the Help to Save Scheme works completely, with the calculation of the 4-year bonus the least well understood aspect of the bonus scheme. This could present a barrier to them using and taking full advantage of the scheme.

### **Question 8**

To what extent does the bonus structure or calculation method for savers act as a barrier to maximising the benefits and or objectives of the scheme? How could this be overcome? Please provide details.

### **Question 9**

Without making the scheme substantially more costly to taxpayers, what changes, if any, would you suggest to the bonus structure or calculation method to improve customer understanding and uptake? Please provide details.

### **Question 10**

Do you think a change in bonus frequency would make it simpler to understand and/or create a bigger incentive for the target group to save? Please provide details.

**2.13** Any bonus earned is paid directly to the saver, into a nominated bank or building society of their choosing. This ensures that the government bonus is only paid on money that has been saved.

### **Question 11**

Are any complexities or barriers caused by paying the bonus to the saver outside of the Help to Save account? What changes would

you suggest to the way the bonus is paid to the saver? Please provide details.

## Savings options after account maturity

**2.14** When a Help to Save account matures, the money saved, along with the final bonus, is paid directly to the saver into a nominated bank account of their choosing. There is no incentive or natural path to a continuation of a newly formed savings habit without direct action from the customer.

### **Question 12**

Are there alternative options to encourage and make it easy to continue the savings habit?

## Other

**2.15** Help to Save accounts are currently provided exclusively through National Savings and Investments (NS&I), a non-ministerial department and state-owned savings bank.

### **Question 13**

Are any complexities or barriers caused by there being one provider of Help to Save accounts? How could this be overcome? Please provide details.

### **Question 14**

Are there any other areas of complexity, barriers or any changes you would suggest for Help to Save that have not been covered in this consultation?

# Chapter 3

## Responding to the consultation

**3.1** This consultation will run from 27th April until 22nd June. Responses should be sent by email to: [helptosave@hmtreasury.gov.uk](mailto:helptosave@hmtreasury.gov.uk). We are unable to respond to letters sent in the post at the moment. Please use the email address provided above to ensure your response is taken into account. When responding, please say if you are making a representation on behalf of a business, charity, individual, representative body or any other organisation. In the case of representative bodies, please provide information on the number and nature of people you represent.

### Processing of personal data

This section sets out how we will use your personal data and explains your relevant rights under the UK General Data Protection Regulation (UK GDPR). For the purposes of the UK GDPR, HM Treasury is the data controller for any personal data you provide in response to this consultation.

### Data subjects

The personal data we will collect relates to individuals responding to this consultation. These responses will come from a wide group of stakeholders with knowledge of a particular issue.

### The personal data we collect

The personal data will be collected through email submissions and are likely to include respondents' names, email addresses, their job titles, and employers as well as their opinions.

### How we will use the personal data

This personal data will only be processed for the purpose of obtaining opinions about government policies, proposals, or an issue of public interest.

Processing of this personal data is necessary to help us understand who has responded to this consultation and, in some cases, contact certain respondents to discuss their response.

HM Treasury will not include any personal data when publishing its response to this consultation.

## Lawful basis for processing the personal data

The lawful basis we are relying on to process the personal data is Article 6(1)(e) of the UK GDPR; the processing is necessary for the performance of a task we are carrying out in the public interest. This task is consulting on the development of departmental policies or proposals to help us to develop good effective policies.

## Who will have access to the personal data

The personal data will only be made available to those with a legitimate need to see it as part of consultation process.

We sometimes conduct consultations in partnership with other agencies and government departments and, when we do this, it will be apparent from the consultation itself. For these joint consultations, personal data received in responses will be shared with these partner organisations in order for them to also understand who responded to the consultation.

As the personal data is stored on our IT infrastructure, it will be accessible to our IT service providers. They will only process this personal data for our purposes and in fulfilment with the contractual obligations they have with us.

This consultation is being run in partnership with His Majesty's Revenue and Customs (HMRC), which means that we will be sharing your consultation response with them

## How long we hold the personal data for

We will retain the personal data until the consultation process has been completed and the policy is implemented. After this, we will only retain personal data if it is embedded in a response, but we will not use it for any unrelated purposes.

## Your data protection rights

You have the right to:

- request information about how we process your personal data and request a copy of it
- object to the processing of your personal data
- request that any inaccuracies in your personal data are rectified without delay
- request that your personal data are erased if there is no longer a justification for them to be processed
- complain to the Information Commissioner's Office if you are unhappy with the way in which we have processed your personal data

## How to submit a data subject access request (DSAR)

To request access to your personal data that HM Treasury holds, contact:

The Information Rights Unit  
HM Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ

[dsar@hmtreasury.gov.uk](mailto:dsar@hmtreasury.gov.uk)

## Complaints

If you have concerns about our use of your personal data, please contact the Treasury's Data Protection Officer (DPO) in the first instance at [privacy@hmtreasury.gov.uk](mailto:privacy@hmtreasury.gov.uk)

If we are unable to address your concerns to your satisfaction, you can make a complaint to the Information Commissioner at [casework@ico.org.uk](mailto:casework@ico.org.uk) or via this website: <https://ico.org.uk/make-a-complaint>.

### **HM Treasury contacts**

This document can be downloaded from [www.gov.uk](http://www.gov.uk)

If you require this information in an alternative format or have general enquiries about HM Treasury and its work, contact:

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