

## Encourage saving and investment

Only by saving more can we finance investment for the future without being dependent on unsustainable inflows of capital from abroad. We will help stop the spread of means-testing by restoring the link between the basic state pension and average earnings, making it worthwhile for people to save. Other measures we will take to encourage saving include:

- reinvigorating occupational pensions and working with employers and industry to support auto-enrolment into pensions;
- working with the trade unions, businesses and others to address the growing disparity between public sector pensions and private sector pensions, while protecting accrued rights; and,
- when resources allow, starting to reverse the effects of the abolition of the dividend tax credit for pension funds.

We will reward those who have saved for their retirement by ending the effective obligation to buy an annuity at age 75. And we will raise the inheritance tax threshold to £1 million to help millions of people who aspire to pass something on to their children, paid for by a simple flat-rate levy on all non-domiciled individuals.

We must not let the mis-selling of financial products put people off saving. We will implement the Ombudsman's recommendation to make fair and transparent payments to Equitable Life policy holders, through an independent payment scheme, for their relative loss as a consequence of regulatory failure.

## Help households manage their debts

Going into the recession, Britain's consumer debt was the highest in the G7. A Conservative government will promote responsible consumer finance by creating a powerful Consumer Protection Agency (CPA) to take over the Financial Services Authority's consumer protection role. In addition, we will:

- give the CPA new powers to define and ban excessive borrowing rates on store cards;
- launch Britain's first free national financial advice service, funded in full through a new social responsibility levy on the financial services sector;
- introduce a seven-day cooling off period for store cards;
- require credit card companies to provide clear information; and,
- ensure that no-one is forced to sell their home to pay unsecured debts of less than £25,000.