# PML GROUP

Pensions Management
& Financial Services

## Welcome to Bulletin 108 | July 2020

**First a word on the Pandemic**

The events of the last 14 weeks have touched us all, and whilst none of us at PML have suffered directly, the changes to lives everywhere, inflicted both directly and indirectly by the pandemic won't become entirely apparent for quite a white yet. Meanwhile the return to at least partial normality is..., well, blissful!

Many of you will know that following lockdown on the 23rd March, we reduced our office presence to the bare minimum and maintained all of our essential trustee services through home-working. Thank you for your support and tolerance with us on this – and please accept our apologies should our accessibility or speed of response have fallen below the standards you would normally expect.

Well now we're back, mob-handed and keen to tell you that 'business as usual' has resumed at The School House!

It's been a long 3 months for us all – and whilst we hear that it's the Chancellor's strongest wish that we pull off a rapid 'return to normal', it will require unprecedented effort and heroic and sustained optimism from us all to bring this about. Our immediate economic future appears to hinge upon the appetite of us 'consumers', to not just return to our pre-Covid spending patterns – but to double-up on them. The gaping hole the pandemic punched into all trading activity, industrial production and service delivery will take time to repair.

Hand in hand with lost production comes the uncertainty of future demand. Will the extraordinary experience of lockdown have any lasting effects upon our aspirations, priorities or spending habits? Might consumer psychology have altered? We know that internet shopping has boomed during lockdown – for all the obvious reasons, but does this signal a sea change or simply a needs must bubble in demand? And will the protracted home-working experience of so many bring about a fundamental shift in work patterns, commuting and workplace needs?

When reported upon in mid-June, over 9 million jobs had been furloughed. Add to these, the support being given to 2 million of the self-employed, and the total represents about 1/3rd of UK' s workforce being 'stood down'. Next month sees the beginning of furlough withdrawal – and perhaps a toughening up of HMRC's requirements, but the scheme comes to an end in October – and the scale of the impact of its withdrawal will be huge.

Corporate uncertainty over economic prospects, future business direction, staffing needs and even post-furlough viability pose many unwelcome questions and yesterday's announcements from the Chancellor (8th July) acknowledged the seriousness of this headache. The bribes are welcome – but are they enough to have the desired effect?

Post-furlough worries and job insecurity are already blunting ambitions for post-Covid retail therapy. After all, where's the pleasure in the queuing, inconvenience and discomfort of shopping? Socially distanced travel, entertainment and get-together's lack most of their former pleasures... even with half-price meals! It seems to me that the new world that is now upon us is highly likely to bring changed imperatives for us all.



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Of the many lessons learned this year, the importance of savings and the comfort that a degree of financial independence would bring, figures strongly in many people's minds.
The need to develop – or re-develop, a strong savings habit is one of the more positive outcomes of lockdown. The Bank of England reports that money lodged into Deposit accounts in May increased by a startling £25 billion – more than twice the average for the month. Whether this was the result of fewer spending temptations – or a sharp reminder of the need to squirrel money away, we'll never know. But choosing to lodge cash into Savings accounts – especially with negative real interest rates – is the action of newly aware savers.

But why lose money on your savings? Redirecting income into pensions will always generate a positive return, irrespective of interest rates.
The tax credit automatically paid over for those in normal employment represents an immediate 25% boost in value – or a 66% boost for those taxed at higher rate. Accessibility may be different – but as this pandemic has demonstrated we have to think beyond the short-term – for as we know, our tomorrows aren't always in our own hands!
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