

# Age, wealth and income

A few write in here to express anger that older people are on average wealthier than young people. They demand higher taxes on the old so the state can spend their money instead. More write in to complain that the elderly are overtaxed, penalised for their prudence in saving when younger, or robbed for daring to be successful in business or as investors.

It is normal for older people to own more wealth than younger people. Most people go on a financial journey. As children we have no wealth and survive through our parents spending their money on our food and shelter. As young adults we start accumulating the tools and furnishings for a grown up life, and can start saving to buy a home of our own. Many save for retirement. In later years many benefit from earlier sacrifices, seeing their home rise in value, the mortgage paid off and the pension and other savings reach the point where a comfortable retirement is an option. Not all do this. Some are unable to and some choose not to, preferring to spend everything they earn as they earn it. The state helps those more who reach old age without owning a home and having private savings for whatever reason. It rightly helps those most who are disabled or ill, where incapacity has impeded or prevented paid work.

Most of us find ageism unacceptable. We live in a multi generational world of families, where many of the better off members of a family help the family members who are struggling. People in their fifties and sixties who may often have the most wealth and income in a family are usually helping both their parents and their children at the same time. The Bank of Mum and Dad is a great source of grants and loans for property deposits, education and training costs and those one off larger items young householders need but cannot afford. It may also be paying for one offs to improve the life of elderly Parents, or helping with care costs, or providing free board and lodging or a holiday for an elderly relative.

No-one can take their money with them when they die. None of us know how long we will live, so some overdo the acquisition of wealth and income and die before they have enjoyed it or spent enough if it. Others spend too much too soon and end up poor in very old age. All the money is given to others on death or is taken by the state to spend on others. Many people think it wrong of the state to take large sums on death. Others think that is the best time for the state to take it, disliking the way some get a large windfall from a dead relative when others belong to families with no money to inherit. Some rich people think their children are rich enough or do not like their children, so they give their money on death to good causes or to others who were good to them in life.

A lot of older people also give generously of their time to younger and older family members. Many grandparents give up paid work in order to offer free child care to their grandchildren, and many older people care for a very elderly relative instead of them entering a care home. The army of volunteer careers work for love, not money, losing opportunities to take paid

employment.

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## Taxing the better off

The majority of you who responded by email or blog post to my piece on the four millionaires thought none of them was rich. A few of you thought they were and thought I should concentrate on more representative people from amongst my constituents. They should study modern Britain more closely. Most of my constituents own their own house. Many of them own homes worth £250,000 to £1 million. Many also have savings, especially through company or individual pension funds. If they have provided for a pension of £10,000 that's another £200,000 of assets. Many look forward to larger pensions than that.

It is true I am talking here mainly about the older half of my electors. I write regularly about education, training, acquiring a first home and then a family home, and the need for more better paid jobs, all very relevant to the younger half. People in the age range 18 to their early 50s tend to be acquiring homes, paying off mortgages and accumulating pensions, whilst people from their 50s onwards often own their own home, have repaid their loans and have savings. Younger people are also of course interested in wealth taxes as they may be involved in the finances of their parents in older age.

Let us now look at the taxes that impact people with homes, savings and pension pots. Two things emerge. The first is tax has a big impact on how people hold their wealth. The second is many feel they have been cheated by the state over the years as successive governments have changed the rules and broken previous government promises.

We were encouraged to save as young workers for our retirement through tax privileged pension funds. Instead of using our savings to invest in a business or improve our homes or to boost our living standards as younger people we duly put the money away. Years later government decided to change the rules, saying if you had saved too much ( a level never mentioned before) or been good at investing those savings they were going to tax it after all. Large sums are now locked up in pension funds people do not wish to use because of the big tax hit if they do.

George Osborne promised to exempt £1m of assets from Inheritance tax for each family. This was a surprisingly popular pledge, given how few people will be in the position of receiving such a large inheritance. He then failed to deliver, keeping the sum at £650,000 with complicated rules about family homes as a top up in some cases. Many people go to great lengths to avoid any possibility of IHT through the many legal ways it can be avoided.

Elderly people who bought themselves good family homes, or built or improved

a home, now find they are hit by sky high Stamp duties if they want to trade down to something smaller or wish to move closer to their children. Younger people are also clobbered as they try to move up the property ladder. Stamp Duty encourages immobility, poor use of the housing stock and is a direct tax on aspiration and personal happiness.

Capital Gains tax also immobilises a lot of wealth. People with second homes and or share portfolios are reluctant to sell these assets where they are sitting on taxable gains. They keep homes they would rather switch to a different location, or switch into different assets altogether. Many share owners tell their investment managers not to take profits above the tax free allowance each year.

Our tax system over the years has favoured investment in your own home and in a pension portfolio of large company shares and bonds, limiting entrepreneurship and more interesting ways of saving. Because so many people responded to these tax reducing ways of saving governments then cheated people by finding ways of taxing them after all. We need fewer and lower taxes on changing assets around to encourage better use of capital. There are too many homes held by people who do not need them or want something more suited to their latest needs, and too many shareholdings only held because they sit on big gains when the money could be used for something the person needs more, or to reinvest in a better prospect.

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## **Bank holiday parking in Wokingham is not all free**

Some of the car parks and on street parking is free tomorrow and on other bank holidays and some is not. Do check the complex rules carefully before parking, as Wokingham does enforce parking charges on Bank holidays. Don't ruin a great day by running up a parking fine.

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## **Wokingham car parks**

I have asked the Council about the closure of the Euro car park on Denmark Street. They remind us this is a private car park, and they like some of my constituents are against its closure. They are in discussion with the owners.

The council agrees we need to keep sufficient parking places close to the centre to assist its success. People have many shopping and leisure choices

so Wokingham needs to be welcoming to people coming by private vehicle.

I have seen a number of constituents struggling with the new car park pay machines. The ever vigilant Parking attendants are willing to explain the new system to those who want help. You do need to memorise your vehicle registration and type that in first. Then you have to decide between paying by cash through the coin slot or by card.

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## France, Germany and the USA

There are those who seem to think the UK is too small and too unimportant to be an independent country. They think we need to choose between submerging our identity with the EU and accepting their government, or being a junior partner of the USA and accepting US decisions and standards. The people who think like this favour us being controlled by the EU, and spend their time running down the USA at every opportunity. This doctrine is reflected in the EU's spin, with President Macron warning us we will be opting for junior status in some kind of USA Union if we dare to implement our wish to leave the EU.

This view is absurd. There are many advanced successful countries in the world who are neither members of the EU nor client states of the USA who are considerably smaller than the UK in population, in total wealth and military power. From New Zealand to Singapore, from Australia to Canada, there are prosperous countries that have alliances with many but are ruled by none other than themselves.

It is also a dangerous myth that the EU or Europe is in some way capable of defending itself. Most European countries like the UK are members of NATO, and rely on the US defence umbrella and the NATO guarantee of mutual assistance for their defence against potential large aggressors. NATO is a better arrangement than the EU, offering mutual support but not enforcing a legal obligation on each NATO member to provide troops and weapons to every NATO action. For many years it has helped keep the peace in Europe and ensured the continuing commitment of potentially huge US forces to the defence of the West.

If we look back at our history we will see that we have in the last 250 years been at war with France, with the USA and with Germany. The war with the USA was in stark contrast to the war with the other two. The UK lost, with many in Britain unhappy about taking up arms against US settlers from the UK who had similar views of liberty, limited government and taxation to the home country. The USA triumphed not only by might but also by right, and since then relations have usually been mutually supportive.

In the cases of the long wars against France and Germany the UK's role was totally different. Here the UK stood alongside the small and oppressed

countries of Europe that had been invaded and quelled by the imperial powers, and fought successfully for their liberation. Once again might and right combined to ensure a happy outcome after terrible violence. These victories made the UK a good European, and showed that many people and nations did value self determination and self government. When British armies finally reached France at the end of the Napoleonic wars and Germany in 1945 those nations were relieved and surprised that the British army was banned from looting, rape and commandeering supplies, and duly paid for food and other items needed. It made the point that this was no army of occupation or oppression, but liberators of Europe from tyranny who planned to go home as soon as their job was done.

Today the threat is of course not from violent conquest but from clumsy bureaucracy and poor EU wide economic policies stifling opportunity and limiting the political expression of democratic electorates. Architects of the EU project itself say the UK will become a colony of the EU if we dare to leave. This worrying language or poor joke sums up what is wrong with their analysis. The UK does not have to choose between staying in a centralising EU or accepting poor terms from the USA for a deeper and closer relationship with her. The UK can continue to champion global free trade, democratic self government and a world diplomacy to try to settle world problems. We will continue to need NATO to help with our defence and with our contribution to global security, and we will continue to trade with the EU and the USA with or without free trade deals. We need only accept a Free Trade deal if it works for us as well as for them.