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Scotland Says “No” – Markets to Bounce Back

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Mark Dampier, Head of Investment Research, Hargreaves Lansdown

“From an investor's perspective, it is a relief to resolve this uncertainty and the markets look to react accordingly. Investors can continue to manage their savings, investments and pensions just as they did before the referendum. The UK remains one of the most stable countries in the world in which to invest and conduct business.

As a rule, investors should not make knee jerk reactions to these sorts of matters. Companies have a tendency to survive whatever politicians and economics throw at them, just look at Europe as an example. Big falls and rises are often come close together and investors on the side-lines risk missing out.

It remains business as usual - it's highly unlikely there will be any real devolution work done until after the general election, there will be plenty of time for companies to adjust to any changes, investors have no need to make quick decisions based in all probability on immediate analysis.

In the longer term there may be changes to investment rules and practices following further devolution but for now, the party conferences and the forthcoming general election will be the main focus of attention.”

Tom McPhail, Head of Pensions Research

“Westminster politicians have been given a scare and the fact that UKIP and the Scottish Nationalists are giving them a run for their money is a challenge to which they need to respond if they want to gain ground in the General Election next May. Expect to see bold and eye-catching policy announcements around tax and social justice. Investors who have the means to take advantage of tax breaks on pensions should make the most of them while they can.

In the longer term we expect devolution of powers from Westminster to Scotland (and potentially other regions too). This could lead to regional tax powers – Scotland already has limited powers to vary income tax - which could in turn impact on pensions and other savings plans, however we wouldn't expect to see any change this side of the general election.

State Pension levels and qualification ages will apply across the UK in accordance with the government's existing plans. Scottish pensioners will now be denied the possibility of drawing their state pension a year or two ahead of their counterparts in the rest of the UK.

The government's plans for the pension freedoms announced in the budget will all be implemented this side of the general election and remain on track.”

Annuities

Tom McPhail, Head of Pensions Research,

“This news is likely to boost confidence in the UK economy. In turn this could lead to earlier expectations of interest rate rises however such questions have been fiendishly difficult to predict in recent years. Investors who decide they want to buy an annuity should make sure they shop around for the best possible terms, as it can boost their retirement income by 20%. Anyone who prefers to defer buying an annuity, whether for a few months or for the long term, can use a low cost drawdown plan to access their retirement savings.”

Media Contacts

Mark Dampier

Head of Investment Research

Direct Line: 0117 980 9929

Mobile: 07979 652 185

Related Sectors:

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Scan Me:

Email: mark.dampier@hl.co.uk

Tom McPhail

Head of Pensions Research

Direct Line: 0117 988 9949

Mobile: 07957 273627

Email: tom.mcphail@hl.co.uk

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Company Contact:

Rage Communications

E. ragecomms@gmx.com

Additional Contact(s):
Mark Jones

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