



# MIND THE SAVINGS GAP

Having a plan for the future can make the present feel less stressful

The number of people in the UK with no savings at all has risen year-on-year from eight million to over nine million, or 1 in 5 of the UK adult population, according to the 2014 Scottish Widows Savings Report. This brings the proportion of people who have savings (67%) down to a level not seen since 2011.

## ACHIEVING FINANCIAL WELL-BEING AND SECURING YOUR FUTURE

Having a plan for the future can make the present feel less stressful as it provides you with the knowledge that you have a helpful buffer for any unexpected events that may come your way. It's also essential to achieving financial well-being and securing your future. There are many different ways of accumulating wealth for your future. To discuss how we can help you, please contact us.

### Saving less

The total number of people who are managing to save something has dropped from 14.8 million to 14.4 million (31% and 30% of the adult population respectively), and more than half (54%) of those surveyed said they were saving less than they did two years ago.

The report found that family pressures are continuing to have a big impact on people's ability to save for the future. 41% of the population said they had loaned 'a substantial amount' of money to family members. A quarter of people had lent money to their children, most commonly to cover living expenses (35%), to put towards a house deposit (34%) or to pay off debt (28%).

### Lending money

The study found that lending to family members had a serious effect on parents' and grandparents' finances: a quarter (23%) of all parents and grandparents said they were saving less as a result of lending money to family members, and a fifth (17%) said they had to cut back on day-to-day living costs due to family lending.

Perhaps as a result of family pressures from generations above and below, those in the middle age bracket were found to be least likely to be saving anything at all. 1 in 4 (24%) 35-44 year-olds have no savings whatsoever, the highest of any age bracket, and those aged 35-44 years old and 45-54 years old had the lowest proportion of people who said they were saving at the moment (34% and 35% respectively).

### Major contributor

Debt was found to be a major contributor to this middle age group's inability to put money away for the future – a third of 35-44 and 45-54 year-olds (33% and 30% respectively) said they would be encouraged to save more were it not for the debt they currently owe.

It is concerning that despite economic improvements, the number of people who are able to set something aside for a rainy day is actually falling. The widening gap in fortunes between savers and non-savers highlights the impact that getting on the path to saving can have, even if it is just by putting aside a small amount every month.

### Short-termism

The research clearly shows that many people are still only thinking in the short term. For instance, worryingly, almost half of the people surveyed said they still prefer to spend their money rather than save, and almost two thirds said they know they are not saving sufficiently for their long-term needs. This problem is exacerbated by family pressures that eat further into people's savings, particularly for those in the middle age groups. ■

*Source data: The survey was carried out online by YouGov who interviewed a total of 5,221 adults between 30 October and 8 November 2013. The figures have been weighted and are representative of all UK adults (aged 18+). The statistics used (8 million, 9 million, 14.8 million and 14.4 million) are based on the 2011 Office of National Statistics (ONS) Census results whereby the UK adult population is stated to be 48.084 million.*