

Get Saving 2006

A report by RAKM for IFA Promotion

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Summary

Introduction

Thrift was once a way of life for the majority of the population. Goods and services were only available to those who could afford them – if they were immediately unaffordable then money was saved until they became affordable; if they were a necessity then regular consumption was sacrificed to enable the funds to be made available. Borrowing money, even to fund property purchase, was thought of as a last resort as the debt held significant stigma for the individual.

Banks only lent money to those who could show they had sufficient security to guarantee the loan, while building societies required prospective borrowers to prove they had the ability to maintain their mortgage payments by saving a substantial deposit with the institution before a loan would be granted. In a similar way retailers were only allowed to offer finance either after a significant deposit was paid or by limiting the period of indebtedness to less than 12 months. The incentive to save was high, especially as the desire to save was often fuelled by a clearly defined purpose; during periods of high inflation perceived returns on savings were high, although often the real return was negligible.

The evolution of the UK's, and indeed the world's, economy saw a significant change in the way debt and savings were treated, driven by legislative change "Debt" became "Credit", and "Thrift" became an archaic idea. Saving as a concept did not entirely die out; indeed the same events that opened up the supply of finance to the population also broadened the opportunities available for putting spare money to work, as the economies expanded rapidly substantial gains could be made by those investors who were willing to speculate. As markets and returns continued to grow, the perceived risk of investment fell and thrift became marginalised by the desire to speculate; traditional saving mechanisms were unable to compete with the returns from equity based products and were hampered by falling inflation and the associated decline in interest rates. However, when equity growth rates became unsustainable the necessary market adjustments occurred and many ordinary investors saw their gains almost, if not entirely, wiped out.

The current situation finds many people unsure about their choices - consumption is still encouraged on one hand and criticised on the other, a new culture of saving is being promoted yet debt is still being made freely available to support an economy that is becoming increasingly dependent on consumer consumption.

This document seeks to understand the current relationship between consumption, debt and saving. It will draw on a number of different sources in the course of its examination, these sources include government statistics, industry statistics and the results of consumer research especially commissioned for IFA Promotion by RAKM among a nationally representative sample of individuals aged 15+. The fieldwork for the research was carried out by the Omnibus division of BMRB International in September/October 2005, where available the latest data from government and industry sources are used.

Figure 1 examines the latest data from the Bank of England on savings and borrowing by the individual. The savings data only relates to monies placed in building societies and banks it does not include monies placed with investment companies and life offices investment savings scheme.

Figure 1 Individuals, Banks and building societies savings and borrowing, outstanding balances, Q1 2001 – Q2 2005

	Savings			borrowing		
	Changes in balances outstanding	Balances outstanding	Index 2000=100	Changes in balances outstanding	Balances outstanding	Index 2000=100
2001						
Q1	+5.1	382.3	110	+5.6	476.0	111
Q2	+7.3	389.7	112	+13.4	489.4	114
Q3	+6.9	396.7	114	+13.3	501.7	117
Q4	+6.3	403.0	116	+13.2	514.8	120
2002						
Q1	+7.1	410.1	118	+12.1	525.7	123
Q2	+10.0	420.1	120	+16.3	540.6	126
Q3	+4.6	424.0	122	+19.7	560.1	131
Q4	+9.5	433.5	124	+16.8	575.8	135
2003						
Q1	+9.3	442.8	127	+5.0	573.3	134
Q2	+11.0	453.8	130	+16.4	588.5	138
Q3	+7.3	461.1	132	+18.3	606.8	142
Q4	+15.4	476.5	137	+17.5	620.8	145
2004						
Q1	+8.0	484.5	139	+11.1	631.5	148
Q2	+11.4	496.4	142	+18.5	647.4	151
Q3	+9.2	505.5	145	+16.1	650.4	152
Q4	+12.8	518.5	149	+16.5	666.7	156
2005						
Q1	+8.3	527.0	151	+2.4	666.8	156
Q2	+13.5	540.6	155	+8.2	673.7	158

Source: Bank of England/RAKM for IFA Promotion

While the amount that is saved with banks and building societies has grown, the rate at which savings increase is still less than the rate at which borrowing has risen, although the impact of raised interest rates has seen the gap between the two growth rates narrow for the first time since 2001. The figure recorded by the bank is only the capital amount. It does not take into account the interest that is accrued by the saving and the borrowing and thus to a certain extent, underestimates the gap between the amounts of saving and borrowing outstanding.

Figure 2 examines the savings placed in life funds.

Figure 2 individual new savings into life and pensions products, Q1 2000 – Q2 2005

	Regular Premiums				Single Premiums			
	Life	Pensions	CIS	Total	Life	Pensions	CIS	Total
2000	£m	£m	£m	£m	£m	£m	£m	£m
Q1	343	385	160	888	6,105	1,698	2,564	12,224
Q2	349	429	182	960	5,809	1,569	2,446	11,881
Q3	325	388	151	864	6,299	2,173	1,761	12,228
Q4	317	391	134	841	6,896	1,889	1,948	12,735
2001								
Q1	292	492	135	919	6,381	2,242	2,350	12,972
Q2	316	645	137	1,099	6,086	2,241	2,213	12,606
Q3	307	612	108	1,027	6,036	2,157	1,243	11,364
Q4	306	654	79	1,039	6,614	2,100	1,628	12,892
2002								
Q1	304	595	99	997	6,170	2,762	1,841	12,816
Q2	323	654	138	1,115	6,701	2,653	2,451	11,805
Q3	340	489	91	920	5,479	3,092	2,565	11,136
Q4	345	492	89	926	5,504	2,682	2,538	10,724
2003								
Q1	303	442	91	836	4,142	2,459	1,927	8,528
Q2	328	522	94	944	4,271	2,258	2,326	8,855
Q3	333	450	80	863	3,906	3,152	1,804	8,862
Q4	325	456	103	884	5,319	2,684	1,642	9,645
2004								
Q1	281	464	116	861	4,908	2,198	2,316	9,422
Q2	283	494	164	941	5,105	2,241	2,943	10,289
Q3	271	451	132	854	5,558	3,071	1,541	10,170
Q4	247	455	150	852	6,457	3,111	1,632	11,200
2005								
Q1	254	479	145	878	5,317	2,584	2,193	10,094
Q2	289	563	155	1,007	5,674	2,719	2,714	11,107

Source: Association of British Insurers/RAKM for IFA Promotion

Sales of regular premium products in the first half of 2005 have shown an improvement on the like for like sales seen in 2003 and 2004, however they are still substantially below those seen in the same period of 2002. Sales of single premium products have also shown an improvement over the same period in 2003 and are in quarter 2 2005 finally higher than those recorded in the same quarter of 2002. Sales of personal pensions have also shown signs of improvement in the first half of 2005 with like for like sales the highest since quarter 2 2002 in both regular and single premium forms.

The overall picture for savings is generally good when compared with the previous two years, banks and building societies have seen the effects of raised interest rates while the longer term savings such as the products included under the banner Collective investment Schemes (CIS) have also seen the impact of improvements in the performance of the stock markets. However, these improvements could be a reaction to changes in the economy rather than a dramatic change in the behaviour of individual; the rest of this report seeks to clarify some of the reasons behind the apparent improvement in savings character

.

Who are the savers and who are the borrowers?

In an ideal world the UK population would be divided between the majority of individuals who were savers and a minority who were borrowers, unfortunately the distinction is not so clear cut. IFA Promotion sought to identify the proportion of people who felt that they were savers, the proportion who thought they were borrowers, the proportion who believed they were a combination of both types and the proportion of the population who felt that they were neither a saver nor a borrower. The following classifications were used to divide the responses obtained:

Figure 3 Are you a saver or a borrower? 2002-05

Base: adults age 15+

	2002	2003	2004	2005
	%	%	%	%
I am an active saver with no borrowing	29	27	25	28
I am an active saver and borrower	17	15	18	14
I am an infrequent saver with no borrowing	15	13	13	13
I am an infrequent saver and borrower	18	9	10	9
I am neither a saver or a borrower	4	13	14	13
I am an active borrower and a saver	3	4	4	4
I am an infrequent borrower and a saver	2	10	4	10
I am an infrequent borrower with no savings	5	5	9	5

Source: BMRB/RAKM for IFA Promotion

- There has been a slight increase in the proportion of individuals who regard themselves as active savers with no borrowing, although this proportion is still below that recorded in 2002.
- The proportion of individuals who regard themselves as both active savers and borrowers has fallen to the lowest level so far recorded. However, the corresponding group who describe themselves as infrequent borrowers and savers has more than doubled suggesting that some people have only moderated their activity in the face of the increases in interest rates.
- The proportion of people who classify themselves as infrequent savers with no borrowing has remained constant for the last three years as has the group who classify themselves as neither a saver or a borrower – between them these groups represent slightly more than a quarter of the population (26%).

Figure 4 examines the responses of individuals by their gender.

Figure 4 Are you a saver or a borrower? By gender, 2003-05

	Male			Female		
	2003	2004	2005	2003	2004	2005
	%	%	%	%	%	%
I am an active saver with no borrowing	26	24	29	29	26	28
I am an active saver and borrower	16	20	15	14	15	14
I am an infrequent saver with no borrowing	12	11	13	13	15	14
I am an infrequent saver and borrower	9	11	11	9	10	8
I am neither a saver or a borrower	13	15	12	14	13	13
I am an active borrower and a saver	5	5	5	3	3	4
I am an infrequent borrower with no savings	6	3	4	5	5	5
I am an infrequent borrower and a saver	10	9	9	10	8	10

Source: BMRB/RAKM for IFA Promotion

- The proportion of men who describe themselves as active savers with no borrowing has increased to its highest recorded level, overtaking the proportion of women for the first time.
- There has also been a fall in the proportion of male respondents who describe themselves as neither a saver or a borrower, with only one admitted borrowing group increasing its proportion of male respondents (infrequent borrowers with no savings) it seems that those men who previously avoided either saving or borrowing have started to save.
- There have been no significant changes in the proportion of women in any of the savings groups, with more consistent responses seen over the four years that this study has been conducted women appear to be less volatile in their attitudes to saving and debt.

Figure 5 examines the responses of individuals by region.

Figure 4 Are you a saver or a borrower? By region 2005

	London %	South East %	South West %	Wales %	East Anglia %	East Mids %	West Mids %	Yorks/ Humber %	North West %	North %	Scotland %
I am an active saver with no borrowing	30	29	29	24	26	26	28	35	29	26	24
I am an active saver and borrower	14	11	19	14	16	15	15	15	12	12	21
I am an infrequent saver with no borrowing	13	15	13	21	13	14	15	9	14	6	11
I am an infrequent saver and borrower	8	10	5	11	10	10	8	8	7	19	12
I am neither a saver or a borrower	15	15	17	10	11	13	8	10	15	9	8
I am an active borrower and a saver	3	4	3	3	9	2	6	4	6	5	6
I am an infrequent borrower with no savings	7	4	5	6	8	6	3	3	4	3	4
I am an infrequent borrower and a saver	6	10	7	7	6	12	11	11	10	14	12

Source: BMRB/RAKM for IFA Promotion

- Slightly more than one in three people from Yorkshire & Humberside describe themselves as active savers with no borrowing compared with less than one in four people from Wales or Scotland.
- East Anglia has the highest proportion of people who regard themselves as active borrowers and savers; it also has the second highest proportion of people who describe themselves as active savers and borrowers (Scotland has the highest proportion of people in this group).
- The South West has the highest proportion of respondents who describe themselves as neither a saver nor a borrower. While the East Midlands has the smallest proportion of active borrowers, although they, along with Scotland, have the highest proportion of people who describe themselves as infrequent borrowers and savers.

Figure 5 examines the responses obtained over the last three years by gender of the respondent.

Figure 5 Are you in a position to increase your savings? by gender, 2003-05

	All			Male			Female		
	%	%	%	%	%	%	%	%	%
	2003	2004	2005	2003	2004	2005	2003	2004	2005
Yes, I am	32	29	28	36	37	32	28	23	25
No, I am not	67	68	70	64	61	66	70	75	73

Source: BMRB/RAKM for IFA Promotion

- The proportion of people who say that they are not in a position to increase the amount that they save each month has risen this year to 70% of the population.
- It appears that the overall rise in the proportion of people who say that they cannot increase the amount they save each month is a result of the increase in the proportion of men who fall into this category. The rise reverses the decline recorded in 2004 and has the proportion of men who are not in apposition to increase their savings at a high of 66%.
- The proportion of women who say that they are not in a position to increase the amount they save fell slightly this year to 73% of the population, with 25% of women saying that they are in a position to increase the amount they save and closing the gap on the proportion of men who can afford to save more (32%).

Figure 7 examines the responses by age and again shows the trend that has developed over the previous three years.

Figure 6 Are you in a position to increase your savings? by age, 2003-05

	16-24			25-34			35-44			45-54			55-64			65+		
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
	2003	2004	2005	2003	2004	2005	2003	2004	2005	2003	2004	2005	2003	2004	2005	2003	2004	2005
Yes, I am	43	33	38	36	34	33	32	31	29	29	21	30	32	25	23	22	25	18
No, I am not	56	61	61	63	65	66	68	68	69	70	68	68	67	72	73	75	77	79

Source: BMRB/RAKM for IFA Promotion

- The proportion of people aged 16-24 who say that they cannot afford to increase the amount they save has remained the same over the last two years, while the proportion who say that they can afford to save more has increased this year although it is still less than the proportion recorded in 2003.
- Since 2003 the proportion of 24-34 year olds who cannot afford to increase the amount they save has been increasing steadily, as has the proportion of 35-44 year olds. It is only

among the 45-54(as well as the 16-24 year olds mentioned earlier) year olds that the proportion has remained the same as last year.

- In all cases for the age groups 25+ the proportion of people who say that they can afford to save more has fallen.

Figure 8 examines the responses for this year by region.

Figure 7 Are you in a position to increase your savings? by region, 2005

	All %	London %	South East %	South West %	Wales %	East Anglia %	East Mids %	West Mids %	Yorks/ Humber %	North West %	North %	Scotland %
Yes, I am	28	33	25	27	28	32	27	29	32	25	26	28
No, I am not	70	66	72	73	70	68	72	68	64	71	61	70

Source: BMRB/RAKM for IFA Promotion

- One in three people living in London say that they are in apposition to increase the amount they save, while almost the same proportions of people with the ability to increase the amount they save are found among people who live in Eat Anglia and Yorkshire & Humberside.
- Only one in four people who live in the South East and North West say they are in a position to increase the amount they save.
- The North has the lowest proportion of people who said that they were not in a position to increase the amount that they save, however they do not have the highest proportion of people who can increase the amount that they save, there is a very high proportion (12% of the population) who do not know their financial position.

Figure 9 examines the responses by the savers typology.

Figure 9 Are you in a position to increase your savings? By savers typology, 2003

	Savers			Savers and borrowers			Infrequent borrower with no savings			Neither saver or borrower		
	2003 %	2004 %	2005 %	2003 %	2004 %	2005 %	2003 %	2004 %	2005 %	2003 %	2004 %	2005 %
Yes, I am	37	30	30	37	33	35	7	7	7	15	24	11
No, I am not	63	68	68	63	66	63	93	93	90	83	73	87

Source: BMRB/RAKM for IFA Promotion

Slightly more people who describe themselves as both a saver and a borrower are in a position to increase their savings this year compared to last, although the proportion of pure savers without any borrowing has not changed from last year (30%).

What is the biggest barrier to saving?

IFA Promotion then asked the respondents who indicated they were in a position increase the amount they save but were not willing to do so, why this was so?

Figure 10 examines the responses by the gender of the respondent.

Figure 10 Why aren't you increasing the amount you save? By gender, 2003-05

	All			Male			Female		
	2003 %	2004 %	2005 %	2003 %	2004 %	2005 %	2003 %	2004 %	2005 %
It's not worth it. The returns are too low	10	7	4	8	8	4	12	5	3
I'm already saving enough	34	40	28	32	41	28	37	38	29
I plan to start saving in the next 12 months	-	15	16	-	13	11	-	17	22
I am paying off my debts first	16	13	14	17	13	13	16	11	15
I enjoy spending my money	14	17	18	16	16	20	11	19	15
I don't need to save, I am expecting to receive an inheritance/bonus/windfall/award in the future	3	4	2	3	4	3	3	2	2
I don't need to save, I have a company pension	n/a	n/a	10	n/a	n/a	11	n/a	n/a	8
None of these	6	5	6	8	5	9	4	7	6

Source: BMRB/RAKM for IFA Promotion

- There has been a clear decline in the proportion of respondents who say that the returns on savings are a barrier to increase the amount that they save each month, this is a reflection of the increase in interest rates seen over the last two years, coupled with the improved performance of the stock market.
- There has also been a significant decline in the proportion of people who say that they are already saving enough, the decline was more marked among men than women.

- The proportion of women who say that they are planned to start saving in the next 12 months has grown since last year, while among men the proportion has fallen.
- There has been a small increase in the proportion of women who say that they are paying off their debts first, and a fall in the proportion who said that they preferred to spend the money rather than save it, again the opposite was found for men with the proportion who said that they would rather spend than save rising this year.

Figure 11 examines the responses by the age of the respondent.

Figure 11 Why aren't you increasing the amount you save? By age, 2005

	All %	16-24 %	25-34 %	34-44 %	45-54 %	55-64 %	65+ %
It's not worth it. The returns are too low	4	2	2	6	6	6	1
I'm already saving enough	28	13	27	22	38	43	36
I plan to start saving in the next 12 months	16	33	16	17	12	8	0
I am paying off my debts first	14	10	28	20	8	6	1
I enjoy spending my money	18	30	18	18	20	7	9
I don't need to save, I am expecting to receive an inheritance/bonus/windfall/award in the future	2	4	4	3	1	1	0
I don't need to save I have a company pension	10	3	3	4	9	18	34
None of these	7	5	1	11	7	11	18

Source: BMRB/RAKM for IFA Promotion

- It is noticeable that three times more people aged 35-64 than aged 15-34 said that the low returns were a barrier to increasing their savings reflecting the older respondents experience of high returns on investments and savings seen in the 1980's and 1990's.
- A third of people aged 16-24 say that they plan to start saving in the next 12 months, while a similar proportion (30%) say that they will not increase the amount they save any more because they would rather spend the money instead.
- More than one in three of the people aged over 45 believe that they are already saving enough while nearly one in five people agreed 55-64 and more than one in three people

aged 65+ say that they do not have to save any more because they have a company pension. However, further analysis of the responses by the individuals working status suggests that the vast majority of these people are already retired.

Figure 12 examines the responses regionally.

Figure 12 Why aren't you increasing the amount you save? 2005

	All %	London %	South East %	South West %	Wales %	East Anglia %	East Mids %	West Mids %	Yorks/Humber %	North West %	North %	Scotland %
It's not worth it. The returns are too low	4	6	2	2	0	0	3	7	7	8	0	0
I'm already saving enough	28	30	21	43	34	24	30	27	33	28	24	24
I plan to start saving in the next 12 months	16	9	15	25	18	22	11	23	10	19	11	20
I am paying off my debts first	14	19	11	12	3	8	16	15	18	11	14	17
I enjoy spending my money	18	17	27	5	25	26	23	12	9	5	23	31
I don't need to save, I am expecting to receive an inheritance/bonus/windfall/award in the future	2	1	3	0	2	0	0	2	2	7	5	0
I don't need to save I have a company pension	10	6	13	0	5	8	17	7	13	21	10	3
None of these	7	11	7	14	13	12	0	7	8	2	13	4

Source: BMRB/RAKM for IFA Promotion

- Some 43% who could afford to increase the amount they save and lived in the South West said that they were already saving enough, while only 5% enjoyed spending their money rather than adding to their savings.
- Nearly a third of people (31%) living in Scotland said that they would rather spend their money than save any more than they already were, with around one in four people living in the South East, East Anglia and Wales agreeing with them.
- Around one in five people from London and Yorkshire & Humberside were concentrating on repaying their debts before they thought about increasing the amount that they saved.

Figure 12 examines the ownership of savings vehicles by age; the data from this table is taken from the survey carried out annually by the Department of Work and Pensions.

Figure 12 Ownership of individual types of savings vehicles by age, 2005

	All adults	16-24	25-34	35-44	45-54	55-59	60-64	65-74	75-84	85+
	%	%	%	%	%	%	%	%	%	%
Current account	87	83	89	89	89	89	87	85	79	73
Post Office account	4	4	4	3	4	4	5	5	7	9
TESSA	5	0	2	4	6	9	11	11	8	5
ISA	27	12	21	24	30	37	40	38	28	18
Other account	45	27	43	47	50	50	49	49	49	47
Stocks & Shares	17	3	11	17	21	24	24	23	19	14
PEPs	6	*	2	4	7	10	11	12	7	3
Unit Trusts	4	*	1	3	4	6	6	7	5	2
Gilts	1	*	*	*	*	1	1	2	1	2
Premium Bonds	16	5	8	13	20	25	24	27	23	19
National Savings Bonds	3	1	1	1	1	3	1	6	9	10
Company Share/profit sharing schemes	3	*	4	5	4	2	1	0	0	0
Any Account	92	88	92	93	92	93	92	92	90	88
Average number of accounts	310	223	278	303	328	353	352	357	325	290

*less than 0.5%

Source: DWP Family Resource Survey 2005 /RAKM for IFA Promotion

The data produced by the DWP (based on a sub sample of approximately 28,700 households) is useful in identifying the range and penetration of savings products owned by the population. The current account is the most universally held product; however, it does not enjoy 100% penetration with less than 9 in 10 adults holding such an account. The next most popular product, the ISA,

only reaches slightly more than one in four of the population, although this rises to more than one in three of the population aged between 55 and 74.

The next two types of products that record significant ownership are stocks and shares and premium bonds, both offering the opportunity for significant returns but with differing levels of risk to the initial capital investment. Both products show similar ownership patterns by age, this is also true by region, working status and income. There is however, a difference recorded by ethnic group, with people from both the Asian and Chinese ethnic backgrounds more likely to own stocks and shares than Premium bonds.

All other savings products recorded ownership of less than 10% of the population as a whole and fewer than 15% for any individual age group.

The consumption catch

IFA Promotion then sought to establish what people might be spending their money on rather than saving it. The necessary replacement of items that have worn out or broken cannot be regarded as competing against savings, neither can everyday expenditure on food and household bills, so the research focussed on the purchase of luxury items that were not used to replace broken or damaged items already owned. To find out how many such purchases were made the following question was asked:

“Have you replaced any major items in the last 12 months for reasons other than that they were Broken?”

Figure 13 examines the results obtained by the respondents' gender.

Figure 13 Have you replaced any of the following in the last 12 months for reasons other than that they were broken? By gender, 2004 and 2005

	All		Male		Female	
	2004 %	2005 %	2004 %	2005 %	2004 %	2005 %
Car/van/motorbike	17	18	18	21	15	16
Home entertainment items (e.g. TV/video/DVD/hi-fi/stereo equipment)	29	31	30	31	28	30
Furniture/home furnishings	27	30	28	29	26	31
Computer/laptop	13	16	17	18	10	14
Mobile phone	26	32	28	35	25	29
Luxury clothing or accessories (e.g. suit/winter coat/handbag/briefcase)	34	39	30	34	37	44
White goods (e.g. washing machine/dishwasher/vacuum cleaner etc)	22	24	23	25	21	24
None of these	31	24	30	24	32	25
Have made a major purchase	69	76	70	76	68	75

Source: BMRB/RAKM for IFA Promotion

- Compared with the responses collected in 2004 some 7% more of the population have made a major purchase in the last 12 months.
- As in 2004 there were differences in purchases between men and women; men were more likely to have replaced their car/van/motorbike, while women were more likely to have spent money on luxury clothing or accessories.
- Men were also more likely to have brought a new mobile telephone than women, they were also slightly more likely to have brought a new computer/laptop, although the difference between men and women buying this item was less marked than last year.
- When activity was compared between the two years as well as more people buying items it also became clear that the number of items brought by individuals had also increased, with the biggest increase in unnecessary luxury expenditure seen among women.

Figure 14 examines responses by socio economic group.

Figure 14 Have you replaced any of the following in the last 12 months for reasons other than that they were broken? By social group, 2004

	AB		C1		C2		D		E	
	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005
	%	%	%	%	%	%	%	%	%	%
Car/van/motorbike	21	24	13	19	20	21	18	13	9	8
Home entertainment items (e.g. TV/video/DVD/hi-fi/stereo equipment)	28	35	29	31	36	29	27	29	22	24
Furniture/home furnishings	34	33	25	31	32	32	20	28	18	26
Computer/laptop	16	21	17	19	13	15	9	13	4	4
Mobile phone	29	37	27	32	33	40	21	22	15	23
Luxury clothing or accessories (e.g. suit/winter coat/handbag/briefcase)	45	46	31	42	36	40	27	30	21	29
White goods (e.g. washing machine/dishwasher/vacuum cleaner etc)	23	25	21	22	27	25	20	27	15	26
None of these	21	17	32	22	26	24	33	32	48	32
Have brought an item	79	83	68	78	74	76	67	68	52	68

Source: BMRB/RAKM for IFA Promotion

- Comparing the results obtained in 2004 with those obtained this year it is clear that some socio economic groups have increased their purchasing activity more than others, the only group that showed no real change in the proportion of members making a purchase was the C2D socio economic group. There were notable increases in purchasing among respondents from the E socio economic group with increased numbers of people buying White Goods, Furniture, Mobile Phones and Luxury Clothing.
- Purchases from the members of the AB socio economic group have increased to 83% of the population up from 79% recorded in 2004. Most of this increased expenditure has been focussed on Home Entertainment items and Mobile Phones, with smaller increases in purchasing of computer/laptops and Cars/Van/motorbikes.
- People from the C1 socio economic groups have shown a significant increase in the proportion purchasing unnecessary luxury items increasing from 68% of the population in 2004 to 78% of the population in 2005. Significant increases in expenditure on Cars/Van/Motorbikes, Furniture and Luxury Clothing and Accessories are recorded along with smaller increases in the proportion purchasing new Mobile Phones.

- By contrast the proportion of the members of the C2 socio economic group making unnecessary luxury purchases was little changed, however there was a shift in the pattern of purchases made. There was a significant increase in purchases of Mobile Phones but a corresponding significant decrease in the proportion purchasing Furniture.
- People from the D socio economic group showed little change in the proportions who brought unnecessary luxury items, but again there was a change in the types of items purchased. There was an increase in the proportion of this population buying Furniture and White Goods, with a corresponding decline in the proportion buying Cars/Vans/Motorcycles.
- Purchasing of unnecessary luxury items in 2005 has seen an increase in volume but possibly not an increase in the value of goods brought – the indulgence sectors (Luxury Clothing and Accessories and Mobile Phones) showed significant increases in the proportion of people buying across all the socio economic groups; while big ticket items (Cars/Vans/Motorcycles and Furniture) showed either little change in purchasing volumes or an actual fall in the proportion of people making the purchase.

Figure 15 examines the responses by age.

Figure 15 Have you replaced any of the following in the last 12 months for reasons other than that they were broken? By age, 2004

	16-24		25-34		35-44		45-54		55-64		65+	
	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005
	%	%	%	%	%	%	%	%	%	%	%	%
Car/van/motorbike	11	14	23	22	22	26	16	22	16	17	11	7
Home entertainment items (e.g. TV/video/DVD/hi-fi/stereo equipment)	32	31	29	31	32	34	33	32	27	28	20	27
Furniture/home furnishings	22	25	33	38	36	35	28	31	24	30	18	21
Computer/laptop	16	22	19	19	17	18	11	19	11	12	7	5
Mobile phone	40	43	40	45	31	39	25	33	18	25	8	9
Luxury clothing or accessories (e.g. suit/winter coat/handbag/briefcase)	49	55	46	49	33	38	30	40	25	36	22	22
White goods (e.g. washing machine/dishwasher/vacuum cleaner etc)	21	14	23	24	29	26	22	29	20	27	16	25
None of these	24	22	24	15	26	24	29	20	29	24	45	39
Have made a purchase	76	78	79	85	74	76	71	80	71	76	55	61

Source: BMRB/RAKM for IFA Promotion

- .Again a very mixed picture of purchasing appears by age; the proportion of youngest adults, aged 16-24, show little overall change in consumption although there are notable increases in purchases of Computers/Laptops and Luxury Clothing and a notable decline in the purchasing of White Goods.
- There was a significant increase in the proportion of 25-34 year olds making unnecessary luxury purchases rising from 76% in 2004 to 85% in 2005. The vast majority of this increased activity is found in two sectors, Furniture and Mobile Phones, with all other sectors but one showing no change or only slight change in activity – the exception being Cars/Vans/Motorcycles which showed a fall in purchasing activity.
- People aged 35-44 showed a similar activity pattern to last year, with only the purchasing of Mobile Phones showing any notable increase on the previous year, however, this age group have recorded an increase in the number of people purchasing Cars/Van/Motorcycles.
- The 45-54 year olds increased the proportion indulging in the purchase of unnecessary luxury goods, rising from 71% of the population in 2004 to 80% of the population in 2005. The largest increase in purchasing activity was seen around Luxury Clothing and Accessories which saw a 10% increase in the number people purchasing; White Goods, Computer/Laptops and Mobile Phone purchases also grew significantly.
- The 55+ age groups also saw a slight increase in activity with significant increases in the purchase of White Goods and Furniture among the 55-64 year olds and Home Entertainment items among those aged 65+.

Figure 16 examines the responses by the ability to increase the amount they save each month.

Figure 16 Are you in a position to save more analysed by the replacement of luxury items, 2005

	All %	Yes, I am %	No, I am not %
Car/van/motorbike	18	24	30
Home entertainment items (e.g. TV/video/DVD/hi-fi/stereo equipment)	31	37	53
Furniture/home furnishings	30	35	53
Computer/laptop	16	20	29
Mobile phone	32	43	51
Personal Stereo/ipod/MP3 player	14	17	12
Luxury clothing or accessories (e.g. suit/winter coat/handbag/briefcase)	39	47	71
White goods (e.g. washing machine/dishwasher/vacuum cleaner etc)	24	29	46
None of these	24	17	61
Number of items purchased	2.28	2.69	2.12

Source: BMRB/RAKM for IFA Promotion

- People who are not in apposition to increase their savings were significantly less likely to have brought an unnecessary luxury item.
- This attitude was particularly true when it came to the larger ticket items such as Cars/Van/Motorbikes, Furniture and Home Entertainment items, only 73% of these people brought items compared with 83% of people who said that they could afford to save more.
- These people on average brought 2.69 items compared with only 2.12 items for the people who could not afford to save more money.

IFA Promotion then sought to clarify how some of these purchases were made. It was clear from the research that in some cases purchases had been made from several sectors, so respondents were asked how they funded the most expensive item brought in the previous 12 months.

Figure 17 examines the responses by age and gender.

Figure 17 How did you fund the most expensive item that you purchased? By gender and age, 2005

	All	Male	Female	16-24	25-34	35-44	45-54	55-64	65+
	%	%	%	%	%	%	%	%	%
Paid for it using my general savings	34	39	30	30	29	27	34	44	43
Saved specifically for its purchase	5	4	6	3	7	10	1	4	6
Paid for it out of my regular income	20	22	18	23	24	22	20	12	15
Paid for it using money from an inheritance/windfall/bonus	1	1	1	1	2	1	0	2	1
Paid for it with a credit card	12	10	14	4	12	13	15	14	14
Took out a bank loan/overdraft to pay for it	3	2	3	2	4	3	5	3	2
Took out a loan offered by the retailer	4	4	3	3	4	4	5	3	2
Used a store card	1	1	2	3	2	1	*	1	0
Took out a loan from another source (other than a bank) to pay for it	1	1	1	1	2	1	1	1	*
<i>Borrowed</i>	21	18	23	13	24	23	26	22	18
Some other method of payment	14	12	16	17	13	15	14	14	13
Can't remember	1	1	1	3	0	1	1	0	0

Source: BMRB/RAKM for IFA Promotion

- Men are more likely to have purchased their most expensive item using their general savings, Women are more likely to have paid for their most expensive item using their credit card, women, however, are slightly more likely to have saved specifically for the item that they purchased.
- Women are more likely to have borrowed money to fund their purchase, while more men said that they paid for the item out of their regular income.
- A third of all people paid for their most expensive luxury purchase from their existing savings, only 5% of people planned their purchase. One in five people paid for their purchase from their regular income, a similar proportion paid for their item using some form of debt.
- .Those people aged 16-24 were the least likely to use debt to fund their purchases, however, the actual availability of credit is most likely to be the reason for this behaviour

rather than fiscal prudence. People aged 25-34, the next recorded age band were the second heaviest users of debt to fund their purchase.

- The 45-54 year olds were the most likely to succumb to impulse purchases, with only 1% saving specifically for the most expensive luxury purchase that they made, this age group were also the most likely to fund their purchase with debt.
- Nearly half (49%) of people aged 65+ used their savings (either general savings or specific savings) to fund their most expensive luxury purchase, this age group were also the second lowest users of credit cards to fund their purchase.

Figure 18 examines the responses of individuals by the region in which they live.

Figure 18 How did you fund the most expensive item that you purchased? By region, 2005

	London %	South East %	South West %	Wales %	East Anglia %	East Mids %	West Mids %	Yorks/ Humber %	North West %	North %	Scot- land %
Paid for it using my general savings	29	34	33	35	58	37	30	36	37	23	36
Saved specifically for its purchase	4	3	10	1	7	6	7	4	8	6	6
Paid for it out of my regular income	21	25	18	21	7	17	19	17	17	28	18
Paid for it using money from an inheritance/windfall/bonus	2	1	3	0	3	1	2	0	*	0	1
Paid for it with a credit card	19	13	13	11	2	10	10	10	10	11	14
Took out a bank loan/overdraft to pay for it	3	3	1	4	0	2	3	5	1	4	5
Took out a loan offered by the retailer	5	3	1	3	7	1	2	3	5	7	7
Used a store card	0	1	2	1	0	5	3	*	0	0	0
Took out a loan from another source (other than a bank) to pay for it	1	1	1	0	6	0	2	0	2	0	1
Funded through borrowing	28	21	18	19	15	18	20	19	18	22	27
Some other method of payment	10	13	15	11	5	14	18	21	17	16	10
Can't remember	1	0	0	3	2	4	0	1	0	1	0

Source: BMRB/RAKM for IFA Promotion

- People from London were the biggest users of credit to finance their purchase and the second lowest group of people to use their savings to fund their most expensive purchase.

- People from East Anglia are the least likely to use credit to fund their most expensive luxury purchase and the most likely to use their savings to make the purchase, people from this region are also the least likely to fund their purchase from their regular income.
- Respondents from the South East were the most likely to fund their most expensive luxury purchase from their regular income.
- Purchaser from Wales were the least likely to save specifically for their most expensive luxury purchase, while the people living in the South West of the country were the most likely to have saved up the item that they brought.
- .When responses were analysed by the individual's ability to increase their savings, it became clear that those who had the ability to increase their savings were more likely to fund the purchase from their savings and slightly less likely to use debt to fund the purchase.

Rediscovering Thrift

IFA Promotion sought to establish the respondents' willingness or not to develop the habit of thrift. To this end respondents were asked:

"Would you be prepared to give up or reduce the amount you spend on things you regularly buy that are not essential, in order to save for the long term and to increase the amount you are already saving for your retirement?"

The responses are analysed below. Only the answers of those respondents who were not yet retired were examined.

Figure 19 illustrates the responses by the gender and age of the respondent.

Figure 19 Would you reduce unnecessary spending in order to save more for your retirement, by gender and age, 2005

	All %	Male %	Female %	16-24 %	25-34 %	35-44 %	45-54 %	55-64 %	65+ %
Yes	45	46	44	69	58	45	37	34	10
No	51	51	51	29	39	52	60	62	78
Don't Know	4	3	4	2	3	3	3	3	12

Source: BMRB/RAKM for IFA Promotion

- Slightly more than half of the population (51%) would not be willing to reduce their expenditure to save more for their retirement, this is a slight reduction of the figure of 55% recorded in 2003 and 54% in 2004 suggesting that a slight change in attitude towards future financial needs is occurring.

- The willingness to sacrifice consumption declines significantly with age, this follows the pattern established in the previous years, however, what is encouraging is the dramatic increase in the proportion of people aged under 34 who would be willing to sacrifice consumption to improve their savings for retirement, suggesting that the risks of financial hardship in retirement has started to hit home among this age group.

Figure 20 examines the responses by the region in which the respondent lives.

Figure 20 Would you reduce unnecessary spending in order to save more for your retirement? By region, 2005

	London %	South East %	South West %	Wales %	East Anglia %	East Mids %	West Mids %	Yorks/ Humber %	North West %	North %	Scotland %
Yes	51	46	36	34	33	49	42	43	52	39	53
No	43	51	62	60	65	46	50	56	44	59	46
Don't know	6	3	1	6	2	5	8	1	5	2	2

Source: BMRB/RAKM for IFA Promotion

- There are some significant differences in attitudes towards sacrificing consumption to increase savings for retirement by region, in three regions (London, North West and Scotland) more than half of people would make a sacrifice, while in two regions (Wales and East Anglia) only one in three would make the sacrifice.
- The three regions which have recorded no responses from more than 60% of their population are some of the more closely associated with the retired (South West – 62% no, Wales 60% - no and East Anglia – 65% no).

In the previous figures we looked at the results of asking respondents their reaction to cutting their spending to increase their long term saving, IFA Promotion then asked the respondents the following question:

“If your regular household income increased by a quarter, what would you spend the extra income on?”

Figure 20 examines the responses by the age and gender of the respondent, multiple responses were allowed with this question.

Figure 20 If your household income increased by a quarter how would you spend the extra money? By gender and age, 2005

	All %	Male %	Female %	16-24 %	25-34 %	35-44 %	45-54 %	55-64 %	65+ %
Holidays	63	60	66	65	65	61	68	64	57
Home improvement	54	52	56	53	60	61	59	52	42
Pension/long term savings	44	45	43	36	52	52	52	44	29
Paying off debts	40	39	41	47	57	55	37	30	15
Car	27	30	24	48	29	20	27	25	19
Clothes	46	41	51	75	58	47	37	35	30
Short term savings	46	44	49	51	51	45	46	51	40
Entertainment	45	49	41	67	53	51	39	34	29
Hobbies	42	46	38	60	46	40	39	42	31
Other	17	17	16	14	18	19	17	14	15
<i>Average no. of responses</i>	<i>4.24</i>	<i>4.23</i>	<i>4.25</i>	<i>5.16</i>	<i>4.89</i>	<i>4.51</i>	<i>4.21</i>	<i>3.91</i>	<i>3.07</i>

Source: BMRB/RAKM for IFA Promotion

- It is perhaps an indication of the level of stress that most people face in their life that the most popular option for spending their increased income is on a holiday with nearly two thirds of people indicating that option. Home improvements are the next most popular choice for spending the additional income followed by clothes and short term savings, settling debts and increasing long term savings and pension provision are the least popular of the main options examined.
- Women were the most enthusiastic about taking a holiday with their increase in income, and the least enthusiastic about increasing their long term savings or pension provision. Women were significantly more likely to want to spend some of their increased income on clothes and far less likely to want to invest some of the additional income in a hobby. Men appear to be more hedonistic in their plans with more of them wishing to spend their extra income on entertainment and cars.
- It appears that people are becoming more selective in the way in which they would spend their additional income, when this question was asked in 2004 and 2003 more choices were made. When the results by age were compared with previous years responses there was a significant increase in the proportion of 25-44 year olds who would increase their pension provision, however there was also a significant decline in the number of 16-24 year olds who would choose this option this year(36% - 2005, 43% - 2004).
- The importance of home improvement declines with age with only 42% of the 65+ choosing this option compared with 61% of the 35-44 year olds. Proposed spending on clothes declines dramatically with

age, 75% of 16-24 year olds would choose this option falling to 30% of the 65+ group, the same is true for entertainment, cars and hobbies.

Figure 21 examines the responses by the region that the respondent lives in.

Figure 21 If your household income increased by a quarter how would you spend the extra money? By region, 2004

	London %	South East %	South West %	Wales %	East Anglia %	East Mids %	West Mids %	Yorks/ Humber %	North West %	North %	Scot- land %
Holidays	55	63	65	47	64	67	67	64	67	71	63
Home improvement	54	51	53	65	59	46	50	48	57	65	60
Pension/long term savings	47	46	48	33	43	42	36	46	45	43	45
Paying off debts	43	42	40	42	38	37	28	32	40	39	55
Car	24	29	25	29	29	24	31	27	26	21	30
Clothes	46	46	38	34	38	49	44	48	49	59	52
Short term savings	45	47	49	43	58	39	47	41	49	53	46
Entertainment	47	44	39	34	44	55	44	44	45	48	43
Hobbies	41	43	42	42	48	46	42	32	42	51	41
Other	22	16	13	11	21	17	16	14	16	15	20
Average no. of responses	4.24	4.27	4.12	3.8	4.42	4.22	4.05	3.96	4.36	4.65	4.55

Source: BMRB/RAKM for IFA Promotion

- People living in the North of the country are the most likely to spend their theoretical addition income on a Holiday and Home Improvements, this region also made the highest number of choices with what to do with the additional income should they receive it.
- Respondents from Wales were the most selective over the way that they might spend the additional income, choosing on average only 3.8 areas of expenditure (with home improvements the most popular choice among 65% of the Welsh) as opposed to the people from the North who chose on average 4.65 areas.
- The least popular item that people indicated that they would spend any additional income on was a car, with a maximum proportion of 31% among people from the West Midlands saying that they would spend extra income on a car.

- Clothes showed the biggest regional variations when it came to a desire to spend, 59% people from the North would spend some of the extra income on clothes, while in Wales only 34% would spend money on clothes.
- Spend on hobbies would be highest in the North (51%) and East Anglia (48%), while only 32% of people in Yorkshire and Humberside would increase their expenditure on hobbies.
- Over half (55%) of people from the East Midlands would spend extra money on entertainment, while only slightly over a third of people from Wales would spend money on entertainment.
- Paying of debt is the biggest concern of the Scots with 55% of people choosing that option, while only 28% of people from the West Midlands were concerned with debt management.
- In most regions there was a similar attitude towards both long term and short term savings, the exceptions were:
 - Wales where 43% would add to short term savings but only 33% would add to their long term savings;
 - East Anglia where 58% would add to short term savings but only 43% would add to long term savings;
 - West Midlands where 47% would add to short term savings and 36% would add to long term savings;
 - North where 53% would add to short term savings and 43% would add to long term savings.

Figure 22 examines the responses by the respondents' willingness to increase the amount of money that they saved.

Figure 22 If your household income increased by a quarter how would you spend the extra money? By willingness to increase savings, 2005

	All %	Yes, I am %	No, I am not %
Holidays	63	62	64
Home improvement	54	60	53
Pension/long term savings	44	44	44
Paying off debts	40	41	40
Car	27	35	24
Clothes	46	51	45
Short term savings	46	47	47
Entertainment	45	53	42
Hobbies	42	44	41
Other	17	20	15
Average number of responses	4.24	4.57	4.14

Source: BMRB/RAKM for IFA Promotion

- There is only one area where those people who say that they are unable to increase the amount they save record a higher proportion on proposed expenditure this is when it comes to choosing to spend the addition income on holidays.
- Both those who can save and those who cannot save record almost the exactly the same responses when it comes to saving or paying of debt.
- Those respondents who already are in a position to increase their savings would still choose to spend a proportion of any additional income on increased consumption.

IFA promotion then sought to see what would happen if the respondent faced serious financial problems, last year the research asked the question:

“If you faced a crisis that required you to pay out a significant sum of money, where would you turn for the money?”

The responses received are included in this years document as an introduction to the more detailed questions asked this year, Figure 23 examines last years responses by gender and age.

Figure 22 If you faced a financial crisis, where would you turn, by gender, 2004

	All %	Male %	Female %
I would take the money from my savings	19	19	19
I would be able to claim from an insurance policy that covers me/us for such eventualities	10	9	11
Family	22	22	22
My bank	21	22	19
My employer	1	1	0
The social services/some other government department	1	0	1
I would take out a loan secured on my property	2	3	2
I would borrow the money from some other source	3	2	3
I would sell something of value to cover the amount	1	2	1
Don't Know	13	12	15
None of these	7	8	7

Source: BMRB/RAKM for IFA Promotion

- When facing an expensive crisis 22% of respondents would turn to their family for financial help, while 21% would turn to their bank, with a further 19% taking money from their savings – 20% of respondents would not know what to do should such a situation arise.
- There is no difference in the responses obtained from Men and Women

Respondents were this year asked:

“Have you ever felt out of control of your finances?”

Figure 23 examines the responses obtained by the age and gender of the respondents.

Figure 23 Would you say you have ever felt out of control of your finances? By gender and age 2005

	All %	Male %	Female %	16-24 %	25-34 %	35-44 %	45-54 %	55-64 %	65+ %
Yes, I do currently	3	3	3	5	4	4	3	3	1
Yes, for a period of less than a week	4	4	5	10	8	5	2	2	*
Yes, for a period of less than a month	7	8	6	13	11	7	6	4	4
Yes, for a period of less than a year	6	6	6	4	9	10	5	6	2
Yes, for a period of more than a year	4	4	4	1	5	6	7	4	1
I've never felt IN control of my finances	4	4	5	7	5	6	5	2	2
I've never felt OUT of control of my finances	68	68	69	54	56	61	69	77	88
Don't Know	2	2	2	5	1	1	3	1	3

Source: BMRB/RAKM for IFA Promotion

- Nearly a third of the population (32%) have felt out of control of their finances at one point in their lives, with 7% of the overall population currently in crisis.
- Nearly half of all 16-24 year olds (46%) have felt out of control of their finances, with nearly as many 25-34 year olds (44%) feeling the same way, one in eight of the 16-24 are currently in crisis and nearly one in ten of the 25-34 are in crisis.
- Only 12% of the 65+ feel that they have lost control of their finances at some point in their lives, with 23% of the 55-64 year olds feeling the same way; however 5% of the 55-64 year olds are currently in crisis and 3% of 65+ age groups feel that they have lost control of their finances.
- There is a clear distinction between the experiences of the over 55s and the under 55s with many more of the younger people having suffered financial crisis during their working lives There is a steady increase in the proportion of adults who have been in crisis for more than year up to age 54 after that age there is a drop in numbers accepting that they have been in that situation.

Figure 24 examines the responses by region.

Figure 24 Would you say you have ever felt out of control of your finances? By region, 2005

	London %	South East %	South West %	Wales %	East Anglia %	East Mids %	West Mids %	Yorks/ Humber %	North West %	North %	Scot- land %
Yes, I do currently	5	2	4	4	8	1	2	2	5	2	1
Yes, for a period of less than a week	5	3	5	3	4	5	7	7	3	3	3
Yes, for a period of less than a month	6	7	6	10	10	11	6	5	7	3	10
Yes, for a period of less than a year	7	5	7	5	14	4	5	5	3	12	7
Yes, for a period of more than a year	5	1	8	6	5	2	3	4	4	1	8
I've never felt IN control of my finances	5	5	4	6	0	2	4	5	6	1	5
I've never felt OUT of control of my finances	64	75	64	62	58	72	69	71	69	75	62
Don't Know	4	1	1	2	0	4	4	1	2	2	3

Source: BMRB/RAKM for IFA Promotion

- There are significant differences in the regional experiences of financial management, 42% of people living in East Anglia say that they have felt out of control of their finances at some point in their lives, while 25% of people have felt in crisis in the north and the South East.
- The highest number of people who currently feel that they are in crisis over their finances are found in the North West of the country with 11% feeling out of control; some 10% of people living in London and Wales currently feel out of control of their finances. By contrast the regions with the lowest proportion of people who feel out of control of their finances are the East Midlands and the North with only 3% of people feeling that they are in that situation.
- Some 8% of people living in Scotland and the South West have felt out of control of their finances for more than a year compared with only 1% of the people living in the South East and the North of the country.

Figure 25 examines the responses by the marital status and tenure of the respondents.

Figure 25 Would you say you have ever felt out of control of your finances? By Marital Status and Tenure, 2005

	All %	Married %	Single %	Widowed %	Divorced/ separated %	Owned with mortgage %	Owned outright %	Rented council %	Rented privately %	Rent Free %
Yes, I do currently	3	3	4	0	5	4	1	7	5	2
Yes, for a period of less than a week	4	4	7	*	6	6	1	3	7	6
Yes, for a period of less than a month	7	6	12	3	7	8	3	5	7	6
Yes, for a period of less than a year	6	7	5	4	7	9	3	5	7	7
Yes, for a period of more than a year	4	4	5	3	5	5	2	4	5	5
I've never felt IN control of my finances	4	4	6	4	4	3	2	6	10	3
I've never felt OUT of control of my finances	68	72	59	82	65	65	87	58	55	62
Don't Know	2	1	2	4	2	1	1	4	2	4

Source: BMRB/RAKM for IFA Promotion

- Single people are more likely to have felt out of control of their finances, with 41% of them suffering financial crisis at some point in their lives this group is closely followed by the 35% of divorced and separated people who have faced financial crisis at some point in their lives. Only 18% of widowed respondents have felt out of control of their finances, as anecdotally the majority of these people are women it is likely that they relied on their husband to manage their finances during their lives.
- Currently 10% of single people and 9% of divorced separated people feel in financial crisis.
- A high proportion of those people living in rented accommodation have felt out of control of their finances at some point in their lives, with 45% of people living in privately rented accommodation and 42% of people living in council/housing association accommodation suffering a financial crisis at some point in their lives.
- Some 15% of people in privately rented accommodation and 13% of people in council/housing association accommodation are currently in financial crisis.

Figure 26 examines the responses to this question by the saver types.

Figure 26 Would you say you have ever felt out of control of your finances? By saver type, 2005

	All %	Savers %	Savers and Borrowers %	Infrequent borrower with no savings %	Neither saver or borrower %
Yes, I do currently	3	1	4	4	5
Yes, for a period of less than a week	4	4	7	5	0
Yes, for a period of less than a month	7	5	9	8	8
Yes, for a period of less than a year	6	4	9	7	5
Yes, for a period of more than a year	4	2	7	4	3
I've never felt IN control of my finances	4	2	3	10	5
I've never felt OUT of control of my finances	68	79	57	59	70
Don't Know	2	1	2	1	3

Source: BMRB/RAKM for IFA Promotion

- Some 43% of those people who classify themselves as both savers and borrowers have felt out of control of their finances for some time in their lives, while 41% of those people who classify themselves as infrequent borrowers with no savings have felt out of control, with 14% of this group currently in financial crisis.
- Those people who describe themselves as Savers have only 21% of their members who have felt out of control of their finances at some point in their lives, with most being in crisis for a period of less than one month. Only 3% of this group is currently in financial crisis.

Planning

IFA Promotion then asked respondents about their every day financial planning, specifically about their ability to know how much money they had available to them, the research asked the question:

“Thinking about your budgeting (income and expenditure), which of the following best reflects on how closely you keep track of your finances on an on going basis?”

Figure 27 examines the responses by gender and age.

Figure 27 Do you keep a close track on your finances? By gender and age, 2005

	All %	Male %	Female %	16-24 %	25-34 %	35-44 %	45-54 %	55-64 %	65+ %
To the nearest £1	8	10	7	3	8	8	9	9	10
To the nearest £10	22	22	23	30	26	22	20	21	18
To the nearest £100	21	24	18	21	24	31	23	18	9
To the nearest £500	3	3	2	1	3	5	4	1	1
To the nearest £1,000	1	2	1	0	1	1	1	1	1
Less closely than any of these	1	1	0	1	1	1	1	1	1
I know exactly what my financial position is	32	27	38	20	28	24	35	35	48
I/we do not monitor our finances at all	8	10	7	18	6	6	5	7	8
Don't know	3	2	4	5	3	2	1	4	5

Source: BMRB/RAKM for IFA Promotion

- Slightly less than a third of the population (32%) know exactly what their financial position is. Women appear to be in more control of their finances, with 38% saying that they know exactly what their financial position is compared with only 27% of men.
- Only one in five 16-24 year olds know exactly the state of their finances, this rises to 28% of 25-34 year olds before falling back to 24%, slightly less than one in four, of the 35-44 year olds.
- Nearly half of the 65+ (48%) know exactly what the state of their finances is, with a further 28% knowing their financial position to at least the nearest £10.
- Some 18% of the 16-24 year olds do not bother to monitor their financial position, compared with only 5% of 45-54 year olds, surprisingly some 8% of the 65+ age group do not bother to monitor the state of their finances.

Figure 28 examines the responses to this question by region.

Figure 28 Do you keep a close track on your finances? By region, 2005

	London %	South East %	South West %	Wales %	East Anglia %	East Mids %	West Mids %	Yorks/ Humber %	North West %	North %	Scot- land %
To the nearest £1	6	9	9	2	21	8	5	5	8	11	11
To the nearest £10	19	26	24	31	24	25	17	19	18	20	22
To the nearest £100	23	19	18	25	16	26	21	23	24	11	20
To the nearest £500	5	3	3	0	2	3	1	5	1	1	1
To the nearest £1,000	*	2	2	0	0	1	1	1	0	0	1
Less closely than any of these	2	1	1	0	0	1	1	1	0	0	1
I know exactly what my financial position is	32	27	32	27	27	23	40	35	37	44	35
I/we do not monitor our finances at all	9	9	6	11	8	7	6	8	11	8	6
Don't Know	4	3	5	4	0	5	7	1	1	4	2

Source: BMRB/RAKM for IFA Promotion

- Again there are significant differences between the regions when it comes to the importance of keeping close track on the individuals' money. In the East Midlands only 23% of the population know exactly what their financial position is compared to 40% of the population who live over the boarder in the West Midlands. The most financially aware group of people are found in the North of England, where 44% of the population know exactly what their financial position is.
- Slightly more than one in ten of the population (11%) of Wales and the North West of England do not monitor their financial position at all. Whereas the only 6% of people living in the South West, West Midlands and Scotland do not know bother to monitor their financial position.
- The majority of people in the regions know their financial position to at least £100, the exception being the North region where only 42% know their position to within £100 although as mentioned above 44% know their exact position.

When this data was examined by marital status of the respondents, it was found that 50% of the widowed population knew exactly what their financial position was compared to only 26% of the single population, while 12% of single people do not bother to monitor their finances at all. In a similar vein, some 46% of the retired population know exactly what their financial situation is compared to only 27% of those in full time work. Again when the results were examined by tenure 45% of those people who own their property outright know exactly what their financial position compared with only 27% of those people who are buying their home with a mortgage.

Figure 29 examines the responses by the individual's saver typology.

Figure 29 Do you keep a close track on your finances? By saver type, 2005

	All %	Savers %	Savers and Borrowers %	Infrequent borrower with no savings %	Neither saver or borrower %
To the nearest £1	8	8	9	8	9
To the nearest £10	22	22	23	27	19
To the nearest £100	21	19	29	21	11
To the nearest £500	3	2	4	1	2
To the nearest £1,000	1	1	1	1	3
Less closely than any of these	1	1	1	1	2
I know exactly what my financial position is	32	37	24	30	39
I/we do not monitor our finances at all	8	7	7	10	12
Don't Know	3	2	2	*	5

Source: BMRB/RAKM for IFA Promotion

- Those people who are neither a saver nor a borrower have the largest proportion of people who know exactly what their financial position is with 39% of this group selecting that option and a further 12% saying that they do not bother to monitor their finances at all.
- Some 37% of those people who classify themselves as savers with no borrowing also know exactly what their position is. However, only 24% of active borrowers know exactly what their financial position is but in both cases only 7% do not bother to monitor their position at all.

Financial comfort

This year IFA Promotion sought to expand their research to include some questions on the impact of the economy on the individuals' personal financial comfort and confidence, a number of questions were asked to test these factors out the first three being how the individual's level of comfort had changed when:

Making a major purchase;

Using their credit card to make a purchase;

Saving for the future.

The results of these questions are examined by gender and age in Figure 30.

Figure 30 Has your level of financial comfort changed in the last 12 months? By gender and age, 2005

	All %	Male %	Female %	16-24 %	25-34 %	35-44 %	45-54 %	55-64 %	65+ %
Major purchases									
More comfortable	20	20	20	33	21	23	18	15	12
About the same	52	53	51	46	50	49	51	57	58
Less comfortable	22	21	24	18	24	26	27	24	16
Using credit cards for purchases									
More comfortable	16	18	15	24	17	13	19	12	15
About the same	42	42	41	33	37	40	42	52	45
Less comfortable	19	17	21	17	23	29	18	16	12
Saving for the future									
More comfortable	24	23	25	46	32	25	20	17	10
About the same	46	47	45	35	41	46	44	53	53
Less comfortable	24	23	25	16	25	26	29	25	21

Source: BMRB/RAKM for IFA Promotion

- When it comes to making a major purchase slightly over half (52%) of people are about as comfortable as last year, with slightly more men than women feeling this way.
- Nearly a quarter (24%) of women are however, less comfortable about making a major purchase than they were 12 months ago.
- A third of the youngest respondents aged 16-24 were more comfortable about making a major purchase now than they were 12 months ago, by contrast only 12% of the 65+ age group were

more comfortable about making a major purchase although 58% were feeling about the same as 12 months ago.

- Those who felt the least comfortable about making a major purchase were aged 45-54 with 27% of this age group choosing that option, members of the 35-44 age group were only slightly less likely (26%) to say that they were less comfortable about making a purchase than they were 12 months ago.
- When it came to using a credit card to make a purchase only 42% felt about as comfortable to do this as they had 12 months ago with 19% less comfortable and a further 23% who were unable to answer this question – although a high proportion of this group may not currently hold a credit card.
- By age 52% of people aged 55-64 felt about as comfortable as they had been 12 months ago to make a purchase with a credit card, with only 33% of 16-24 year olds and 37% of 25-34 year olds feeling the same way.
- Some 29% of the 35-44 year olds feel less comfortable about using their credit cards than they did 12 months ago, falling to 12% of the 65+ year olds – again there was a high proportion (29%) of this group unable to answer the question again reflecting the lower penetration of cards among this group
- When it comes to saving for the future 46% of people feel about the same as they did 12 months ago, again there are slightly more men than women feeling this way.
- By age 53% of those people aged 55+ are as comfortable with saving for the future as they were 12 months ago.
- Nearly half (46%) of people aged 16-24 are more comfortable about their ability to save for the future than they did 12 months ago, by contrast only 10% of those people aged 65+ felt the same way.
- The members of the 45-54 year old group were the least comfortable about their ability to save for future, with 29% of this group choosing that option.

Figure 31 examines the responses by region.

Figure 31 Has your level of financial comfort changed in the last 12 months? By region, 2005

	London	South East	South West	Wales	East Anglia	East Mids	West Mids	Yorks/ Humber	North West	North	Scotland
Major purchases	%	%	%	%	%	%	%	%	%	%	%
More comfortable	18	21	14	9	13	24	24	21	22	22	24
About the same	48	54	47	55	48	55	48	54	53	56	56
Less comfortable	26	21	29	32	29	20	20	21	20	18	15
Using credit cards for purchases											
More comfortable	15	14	15	10	3	22	21	16	21	17	16
About the same	44	40	50	35	51	35	43	39	43	37	40
Less comfortable	20	21	14	26	19	19	14	19	17	24	23
Saving for the future											
More comfortable	24	23	25	25	27	32	21	23	22	27	24
About the same	42	46	47	43	44	41	44	48	47	42	54
Less comfortable	27	22	26	29	17	24	26	23	24	28	19

Source: BMRB/RAKM for IFA Promotion

- There is a clear North South divide when it comes to people being less comfortable about making major purchases; in London, South West, Wales and East Anglia the proportion of the less comfortable ranges from 26% in London to 32% in Wales, while in the North of the country the level of discomfort ranges from 18% in the North to 21% in Yorkshire & Humberside. This trend is further reflected in the proportions of people who are more comfortable to make a major purchase than they were 12 months ago the proportion of comfortable people in the south ranges from 9% in Wales to 18% in London; and in the North the range is from 21% in Yorkshire & Humberside to 24% in the Midlands and Scotland.
- When it comes to using their credit card for purchases in all but two regions less than half of people feel as comfortable as they did 12 months ago, the exceptions are the South West with 50% of people and East Anglia with 51% of people as happy as they were 12 months ago. The lowest proportion of people who felt the same about using their credit card as they did 12 months ago are found in Wales and the East Midlands who both only recorded 35% of people choosing this option.

- However, the East Midlands was also one of the regions that recorded the highest proportion of people more comfortable about using their credit card than 12 months ago, with 22% of people choosing this option. In the West Midlands and the North West 21% of the population also were more comfortable about using their credit cards, while at the other extreme only 3% of people in East Anglia were more comfortable about using their cards.
- Only one region recorded more than 50% of their population as comfortable as last year about saving for the future, this was Scotland with 54% of people choosing this option. Only 41% of people living in the East Midlands and 42% of people from London and the North were as happy as 12 months previously about the idea of saving for the future.
- Nearly a third of people (32%) living in the East Midlands were more optimistic about saving for the future, with 27% of people from the North and East Anglia feeling the same. Only 21% of people from the West Midlands and 22% from the North West felt the same.
- When it came to feeling less confident about saving for the future than 12 months ago some 29% of people from Wales and 28% from the North were not as happy as 12 months ago. While in East Anglia 17% were less confident and 19% of people from Scotland felt unhappy about the thought of saving for the future.

Figure 32 examines the responses by the ability of people to save and their saver typology.

Figure 32 Has your level of financial comfort changed in the last 12 months? By ability to save and saver typology, 2005

	Yes, I am	No, I am not	Savers	Savers and Borrowers	Infrequent borrower with no savings	Neither saver or borrower
	%	%	%	%	%	%
Major purchases						
More comfortable	25	18	21	28	20	16
About the same	54	52	55	45	49	46
Less comfortable	17	25	19	25	31	24
Using credit cards for purchases						
More comfortable	19	15	20	15	17	11
About the same	41	42	43	43	43	33
Less comfortable	19	20	13	29	21	15
Saving for the future						
More comfortable	37	19	27	21	22	10
About the same	42	47	47	54	47	43
Less comfortable	17	27	20	22	26	30

Source: BMRB/RAKM for IFA Promotion

- The majority of people are feeling about the same as 12 months ago when it comes to making major purchases, however there is a clear distinction between those people who are in a position to increase their savings and those who are not; 25% of people who could afford to save more are more comfortable about making major purchases compared with 18% of people cannot afford to save any more. While 25% of those who are unable to save any more are less comfortable about making a major purchase compared with 17% of those people who are in a position to increase their savings.
- When people are broken down into their saver typology a different picture appears; only 45% of people who are both savers and borrowers are as comfortable as last year compared to 55% of savers, however 28% of savers and borrowers are more comfortable about making a

major purchase compared with 21% of savers and 16% of people who are neither savers or borrowers. The people who are less comfortable about making major purchases (31%) are those people who classify themselves as infrequent borrowers with no savings.

- There is no significant difference in attitude towards using credit cards for purchase for people who are able to save more and those who are unable to increase the amount they save.
- Some 29% of people who classify themselves as both savers and borrowers feel less comfortable about using a credit card for purchases than they did 12 months ago, this compares with only 13% of savers who feel this way about using their credit card. Those people who classify themselves as savers are the most comfortable (20%) with the idea of using their credit card for purchases while those people who describe themselves as neither a saver nor a borrower only have 11% of their group more comfortable about using their credit card.
- When it comes to saving for the future 27% of people who say that they are unable to increase the amount they save feel less comfortable than they did 12 months ago about saving for the future. Some 37% of people who are in a position to increase the amount they save feel more comfortable about saving for the future.
- When it comes to the savers typology some 30% of people who classify themselves as neither savers nor borrowers feel less comfortable about saving for the future as do 26% of people who classify themselves as Infrequent borrowers with no savings. However, 22% of this group feel more confident about their ability to save for the future as do 27% of those people who classify themselves as savers. More than half (54%) of people who classify themselves as savers and borrowers feel the same about saving for the future as they did 12 months ago.

Financial Confidence

IFA Promotion then sought to understand the level of peoples' financial confidence in the future. The first question they asked was:

“Are you concerned that the amount of borrowing you have might affect your lifestyle in the future?”

Only those people who had categorised themselves as borrowers were asked this question. Figure 33 examines the responses obtained by gender and age.

Figure 33 Are you concerned that the amount of borrowing you have might affect your lifestyle in the future? By gender and age, 2005

	All %	Male %	Female %	16-24 %	25-34 %	35-44 %	45-54 %	55-64 %	65+ %
A lot	10	9	10	8	11	10	9	14	2
A little	26	28	24	19	37	24	23	33	9
Not at all	44	43	45	39	36	45	57	38	54
I've never really considered it	19	19	19	34	15	19	12	15	27

Source: BMRB/RAKM for IFA Promotion

- Just over a third of people are concerned that their level of borrowing might affect their lifestyle in the future with 10% fearing that it will have a significant impact on their lifestyle.
- Men (37%) are slightly more concerned than women (34%) about the impact of borrowing on their lifestyle although in both cases 19% of them have not really thought about the impact.
- A third (34%) of 16-24 year olds have not considered the future impact of their borrowing on their lifestyles with a further 39% believe that their current level of borrowing will not affect their lifestyle in the future. The proportion of people who have not considered the impact of borrowing on their lifestyle falls by more than half (15%) for the 25-34 year olds and the proportion who believe it will impact their lifestyle jumps from 27% of 16-24 year olds to 48% of 25-34 year olds.
- Only 12% of 45-54 year olds had not considered the impact of their borrowing on their future lifestyle, with nearly a third (32%) fearing that it might have a detrimental affect on their lifestyle. Only 11% of 65+ felt that their borrowing level would have a detrimental affect on their lifestyle.

Figure 34 examines the responses by region.

Figure 34 Are you concerned that the amount of borrowing you have might affect your lifestyle in the future? By region, 2005

	London %	South East %	South West %	Wales %	East Anglia %	East Mids %	West Mids %	Yorks/ Humber %	North West %	North %	Scot- land %
A lot	9	12	10	6	0	7	9	4	8	17	13
A little	32	28	32	25	26	29	20	31	19	21	21
Not at all	37	38	39	54	53	37	53	49	50	44	46
I've never really considered it	19	20	17	9	14	25	18	16	23	18	21

Source: BMRB/RAKM for IFA Promotion

- People from the south West are most concerned about the affect of their borrowing on their lifestyle with 42% saying that they believed that their level of borrowing would have either a little or a lot of impact on their future lifestyle. People living in London (41%) and the South East (40%) also felt the same way, people living in East Anglia had the lowest proportion of people who felt that their borrowing would have an impact on their future lifestyle with only 26% feeling it would have a slight impact and no one feeling that it would have a major impact on their future lifestyle.
- The highest proportion of people who had not considered the impact of their borrowing on their future lifestyle were found in the East Midlands with 25% and the North West with 23% not considering the impact of their borrowing.
- Only 9% of people from Wales had not considered the impact of their borrowing on their lifestyle, with 54% feeling that their level of borrowing would have no effect on their future lifestyles. Some 53% of people from East Anglia and the west Midlands also felt that their level of borrowing would have no effect on their future lifestyles.

Figure 35 examines the responses by the ability of these people to increase their level of savings in the future.

Figure 35 Are you concerned that the amount of borrowing you have might affect your lifestyle in the future? By ability to save, 2005

	Yes, I am %	No, I am not %
A lot	8	11
A little	29	25
Not at all	44	43
I've never really considered it	20	19

Source: BMRB/RAKM for IFA Promotion

- Some 36% of people who are not able to increase the amount that they are saving are concerned about the impact of their borrowing on their future lifestyle, a similar proportion (37%) of those who are in a position to increase their savings are also concerned about the impact of their current borrowing on their future lifestyle.

Figure 36 analyses the responses by the respondents' marital and working status.

Figure 36 Are you concerned that the amount of borrowing you have might affect your lifestyle in the future? By marital and working status, 2005

	Married %	Single %	Widowed %	Separated /Divorced %	Full time %	Part time %	Not working %	Retired %
A lot	8	11	0	16	10	12	9	7
A little	26	30	0	25	30	18	27	13
Not at all	47	34	61	48	42	58	38	53
I've never really considered it	18	24	22	12	18	11	26	23

Source: BMRB/RAKM for IFA Promotion

- Some 41% of single people and people who are separated/divorced are concerned about the impact of their level of borrowing on their future lifestyle, none of the widowed people have any concern about the impact of their borrowing on their future lifestyle, although care must be taken with these responses because this group was represented by a very small sub sample of the research.

- Nearly a quarter (24%) of single people had not considered the future impact of their borrowing on their lifestyle compared to only 12% of the separated/divorced respondents.
- Some 40% of those people who were working full time were concerned by the impact of their current borrowing on their future lifestyle, compared with only 20% of those who were already retired.
- The majority (58%) of those people working part time felt that their level of current borrowing would have little affect on their lifestyle in the future, with 53% of the retired feeling the same way.
- Some 26% of those people who were acknowledged borrowers and were not working had not considered the impact of their current borrowing on their future lifestyle, compared to 11% of those people who are only working part time.

The next question asked of those people who were acknowledged borrowers was:

“Would you be more or less likely to choose higher risk savings because of your concern over personal debt?”

Figure 37 examines the responses to this question by the gender and age of the respondents.

Figure 36 Would you be more or less likely to choose higher risk savings because of your concern over personal debt? By gender and age, 2005

	All %	Male %	Female %	16-24 %	25-34 %	35-44 %	45-54 %	55-64 %	65+ %
More likely	14	20	7	24	13	13	10	12	48
No difference	21	22	19	14	21	33	8	15	52
Less likely	64	56	71	56	65	53	80	71	0

Source: BMRB/RAKM for IFA Promotion

- Nearly two thirds of people (64%) who were borrowers would be less likely to choose higher risk savings because of their concern over their level of personal debt. This attitude was more apparent in women (71%) than men (56%), with one in five men (20%) more likely to choose a riskier investment despite their concerns over their personal debt.
- The respondents aged 65+ recorded no one who felt less likely to make a riskier savings product because of concern over their level of debt, with 48% more likely to choose a higher risk savings product. This response was at odds to the responses of most other age groups, with only 10% of 45-54 year olds more likely to choose a higher risk savings product, and only 13% of 25-44 year olds and 12% of 55-64 year olds choosing this option.

- Some 80% of 45-54 year olds would be less likely to choose higher risk savings products compared to 53% of 35-44 year olds and 56% of 16-24 year olds.

Figure 38 examines the responses to this question by region.

Figure 38 Would you be more or less likely to choose higher risk savings because of your concern over personal debt? By region, 2005

	London %	South East %	South West %	Wales %	East Anglia %	East Mids %	West Mids %	Yorks/ Humber %	North West %	North %	Scot- land %
More likely	27	23	7	8	26	13	6	0	25	0	2
No difference	30	13	16	9	0	24	14	33	24	35	22
Less likely	42	63	77	83	74	63	78	67	51	65	66

Source: BMRB/RAKM for IFA Promotion

- No one in East Anglia felt that their level of savings would have no impact on whether they would choose to a higher risk savings product, with nearly three quarters (74%) saying that they were less likely to choose a higher risk savings product and 26% more likely to choose such a product.
- No one in Yorkshire & Humberside or the North felt that they were more likely to choose a higher risk savings product because of their concerns over the level of their personal debt. Some 27% of people living in London were more likely to choose a higher risk savings product despite their concerns over their level of debt.
- Some 83% of people living in Wales were less likely to choose a higher risk savings product as a result of their concerns over the level of personal debt. 78% of people from the West Midlands and 77% of the people from the South West felt the same way compared with only 42% of people from London feeling the same.

Figure 39 examines the responses by the ability of the individuals to increase the amount that they save each month

Figure 39 Would you be more or less likely to choose higher risk savings because of your concern over personal debt? By ability to save, 2005

	Yes, I am %	No, I am not %
More likely	18	11
No difference	20	22
Less likely	60	66

Source: BMRB/RAKM for IFA Promotion

- The people who are in a position to increase the amount they save each month (18%) were more likely to choose a higher risk savings product than those who were not in a position to increase the amount they save each month (11%).
- Two thirds (66%) of those who were not in a position to increase the amount they save each month felt that they were less likely to choose a higher risk savings product because of the impact of their current level off borrowing.

Figure 40 examines the responses by the individual's marital and working status.

Figure 40 Would you be more or less likely to choose higher risk savings because of your concern over personal debt? By marital and working status, 2005

	Married %	Single %	Widowed %	Separated /Divorced %	Full time %	Part time %	Not working %	Retired %
More likely	14	15	0	11	13	7	18	21
No difference	26	17	0	11	22	5	23	30
Less likely	59	65	0	79	64	82	56	49

Source: BMRB/RAKM for IFA Promotion

- Some 79% of those people who were separated/divorced were less likely to choose a higher risk savings product because of the impact of their borrowing. Nearly two thirds (64%) of single people were less likely to choose a high risk savings product while 59% of married people were also less likely to choose such a product.

- The retired were the most inclined to say that they would be more likely to choose a higher risk savings product, with 21% choosing this option compared with only 7% of people working part time.
- Some 82 % of people working part time said that they were less likely to choose a higher risk savings product because of their current borrowing, this compared with 64% of people who were working full time and felt the same way.

When we examined the responses to this question by the tenure of the borrower we found that 38% of people who rented from the council would be more likely to choose a higher risk savings product compared with only 11% of those borrowers who were buying their own home with a mortgage. Some 69% of people who rent privately would be less likely to choose a higher risk savings product compared to 28% of people who owned their home outright.

Appendix 1

Key official data

There are various official values placed on the savings of private individuals, this first such analysis is derived from the data produced by the Inland Revenue:

Figure 40 Identified Personal Wealth, estimated wealth of individuals in the U.K., 2002

Range of net assets (lower limit) values		Securities			Cash		
£	000	000	£m	Average £	000	£m	Average £
0	2,982	197	648	3,289	695	2,033	2,925
10,000	1,187	369	2,314	6,271	1,046	8,977	8,582
25,000	1,366	613	2,093	3,414	1,187	13,993	11,789
40,000	777	279	2,082	7,462	642	6,916	10,773
50,000	757	274	2,726	9,949	671	8,700	12,966
60,000	1,405	619	7,302	11,796	1,260	18,075	14,345
80,000	1,235	653	4,580	7,014	1,104	14,619	13,242
100,000	2,208	1,332	16,720	12,553	1,982	46,168	23,294
150,000	1,507	936	13,488	14,410	1,411	43,427	30,777
200,000	1,349	1,030	30,809	29,912	1,310	52,542	40,108
300,000	896	768	48,940	63,724	846	52,376	61,910
500,000	421	362	59,215	163,577	400	35,021	87,553
1,000,000	118	102	41,286	404,765	108	22,265	206,157
2,000,000	60	53	86,704	1,635,924	59	39,958	677,254
Total	16,267	7,589	318,908	42,022	12,271	365,069	29,751

Notes on the Table: This table presents the estimate of identified personal wealth of the population of adults in the United Kingdom in 2002. It is on a "year of death" basis, derived from statistics relating to cases sampled up to June 2004 of estates where death occurred in 2002.

Source: Inland Revenue/RAKM for IFA Promotion

A further source of data on the value of savings is gathered for the ONS publication Social trends, here the data is gathered on a household rather than an individual basis and the figures are adjusted to take in to account the effects of inflation on the previous years totals.

Figure 41 Composition of the wealth of the household sector, at 2003 prices

	1991	1996	2001	2002	2003	%change 91-03
	£bn	£bn	£bn	£bn	£bn	
Financial assets						
Life assurance and pension funds	814	1,211	1,627	1,447	1,620	+99.0
Securities and shares	347	511	591	450	511	+47.3
Currency and deposits	522	576	711	752	808	+54.8
Other assets	109	116	131	131	137	+25.7
Total assets	3,730	4,103	5,690	5,740	6,500	+74.3
<i>Index</i>	<i>100.0</i>	<i>110.0</i>	<i>152.5</i>	<i>158.2</i>	<i>174.3</i>	

Source: ONS Social Trends 2005/RAKM for IFA Promotion

Figure 42 examines the distribution of net wealth – this is the difference between what people have saved and what they still owe, the net wealth also includes the value of fixed assets such as property and land.

Figure 42 Distribution of adult population by individual net wealth

	Percentages of Population with less than				
	£5,000	£15,000	£50,000	£100,000	Total adult population
	%	%	%	%	000
1992	27	45	78	93	44,765
1993	26	44	79	93	44,897
1994	26	43	78	92	45,007
1995	25	40	75	92	45,121
1996	28	43	75	91	45,191
1997	27	41	72	91	45,422
1998	28	40	66	89	45,654
1999	27	39	68	89	45,654
2000	29	40	65	86	47,828
2001 (Provisional)	26	35	57	84	45,459
2002 (Provisional)	28	37	59	85	45,947

Source: Inland Revenue

Figure 43 examines the data from the Inland Revenue in terms of the concentration of the net wealth, i.e. how the value is shared out among the adult population.

Figure 43 Concentration of wealth among adult population

	Most Wealthy Percentages of Population					
	1%	2%	5%	10%	25%	50%
	Percentages of Wealth Owned					
1992	18	25	38	50	73	93
1993	18	26	38	51	73	93
1994	19	27	39	52	74	93
1995	19	26	38	50	72	92
1996	20	27	40	52	74	93
1997	22	30	43	54	75	93
1998	23	30	43	55	75	94
1999	23	31	44	56	75	95
2000	23	31	44	56	75	95
2001 (Provisional)	22	29	42	54	72	94
2002 (Provisional)	23	30	43	56	74	94

Source: Inland Revenue