SCOTTISH WIDOWS

Press Release

CLINICAL STUDY HIGHLIGHTS SAVINGS WORRIES RISK TO MENTAL HEALTH

- **Not saving for retirement has a proven detrimental effect on mental health**
- **Psychologists measure reactions of volunteer group as they watch footage that conveys retirement poverty**
- **The health of four in ten people (40%) in the UK has suffered due to financial concerns**
- **One in six of us (16%) have suffered mental health issues as a direct result of money concerns**

As the nation continues to open up on mental health issues, research released today as part of Mental Health Awareness Week (8-14 May 2017) by Scottish Widows shows that one in six of us has suffered psychological problems as a result of money concerns.

Nearly half (49%) say financial worries regularly impact their personal relationships and affect their ability to sleep (54%), with one in ten (11%) having their sleep hampered nightly. A further 30% of the 5,000 people polled said they get stressed just thinking about their financial situation in retirement, yet only 56%[1] of the population is saving enough for a comfortable retirement.

To further probe the findings, Scottish Widows commissioned a clinical study that suggests those people who are not saving enough for retirement feel it is too abstract or distant in the future to take action. The Scottish Widows study, *Mindful Retirement,* is part of its annual Retirement Report research and provides a unique illustration of the nation’s psychological and financial preparedness for later life.

The clinical experiment was designed by behavioural psychologist Jo Hemmings and involved observation of 54 men and women aged between 35 and 45 from across the UK as they watched films illustrating two opposing retirement situations.

[1] From the Scottish Widows Retirement Report 2016

The first film painted a happy picture of retirement while the second film drove home the financial hardship and unhappiness of poverty in later life. Wired up to oximeters that measured their pulse rates, the scientists monitored signs of relaxation and stress, including facial movements and body language. The group was then asked to share their feelings and whether the videos would make them revise their retirement savings.

An overwhelming majority of participants demonstrated clear signs of stress, including body twitching, uncomfortable fidgeting, crying and increased pulse rates, while watching the video highlighting the effects of not having adequate money for retirement. Over three quarters (78%) said that the video had made them worried about how much they were saving towards retirement and their own financial prospects later in life. But what was most surprising was that it took just 3.5 minutes of footage to make 90% of participants say they would review how much they are saving towards retirement. On average, the impact of the video resulted in participants pledging to increase their monthly pension contributions by an average of between 2-5%.

The experiment's scientific lead, Jo Hemmings, explains: "We were surprised that such a high proportion of participants said they would save more money towards their retirement after watching a mere three minutes of film. This kind of situation suggests that prior to the experiment the vast majority of participants had given little or no consideration to the financial reality of their retirement. Yet the stress they demonstrated showed that they did identify with aspects of the film they watched, and this created fear that it would become their reality unless they took action to do something about it.

"Denial of a situation that feels too distant in the future can create a false sense of security that prevents people taking action to resolve it. This is certainly true of retirement planning. The purpose of putting money away for a distant older life can feel too abstract and unreal in younger life and can therefore be ignored. But this study shows that the smallest injection of reality, in this case a short video, can change people's priorities and mind-set."

David Holton, retirement expert at Scottish Widows added: "The link between every day money worries and mental health is well known. What is less well known is the extent to which longer term retirement savings, and engagement with their associated issues, contribute to the nation's mental health. What's clear is that when people are forced to consider the reality of retirement they do recognise the need to be more prepared and are willing to put more money aside. This study shows that more needs to be done to help the UK face up to the reality of retirement and to save more money as early as they possibly can."

Cindy Brown, a 42 year old who lives in London and took part in the study certainly agrees: “I became teary watching the second video as I realised that this is an actual reality. When you become faced with certain possibilities it makes you think differently, so I’ll definitely start saving more towards my retirement now.”

Further quantitative findings released by Scottish Widows include:

- The health of four in ten people (40%) in the UK has suffered due to financial concerns
- 39% say our concentration at work has been impacted by money problems
- 49% say that money worries impact personal relationships – 35% admit that persistent financial worries are causing a strain on their personal relationships
- The appetite of more than a third (37%) has been affected by financial woes
- The biggest fears for retirement among those yet to retire include:
    - Not having enough money to pay for essentials – 28%
    - Not having enough money to do things they enjoy - 24%
    - Being bored - 13%
    - Cost of long term care – 8%
    - Being lonely - 8%

Brian Dow, from Mental Health UK*, which works to improve the lives of people with mental illness across the UK, said: “Mental illness doesn’t exist in a vacuum, as it can affect different areas of our lives, from our physical health, to our relationships or how we manage our money. There is ample evidence to suggest that there is a strong link between mental ill health and money problems, which is why this is a key area that we are currently working on, as we want to ensure that the appropriate help, support and advice are available to anyone affected.”

As money concerns are the number one cause of relationship breakdowns in the UK and can severely impact mental health, Scottish Widows has the following tips to help people become more mindful of their money and savings:

1. Visualise your ideal retirement – what do you really want to do or get out of retirement and how much money will you need to set aside to cover it.
2. Use financial calculators to understand what your pensions savings may translate to in the form of a weekly income in retirement – are you really saving enough? Take action where you can.

3. Review your current in-goings and out-goings – is there any room to put more money away for the future?
4. Check your bank balance and pension pot regularly to get your head around your own financial situation – don't bury it in the sand.
5. Speak to an expert, an independent financial adviser or similar.

www.scottishwidows.co.uk/reports

*Mental Health UK is Lloyds Banking Group's charity partner

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Note to editors

- The research was carried out online by YouGov across a total of 5,314 nationally representative adults in April 2017.
- Scottish Widows was founded in 1815 as Scotland's first mutual life office and is one of the most recognised brands in the life, pensions and investment industry in the UK.
- Last year, Scottish Widows was awarded the '5 Star' Service Award for both the Life & Pensions and Investment categories at the Financial Adviser Service Awards. Scottish Widows also picked up the 'Most Improved Provider' award.
- Mental Health UK is Lloyds Banking Group's charity partner. This exciting new two year charity partnership is with Mental Health UK, a new charity which has brought together the strength and expertise of Rethink Mental Illness, Hafal, Support in Mind Scotland and Mindwise.
- The partnership aims to promote awareness of the link between mental health and money problems, encourage discussion between customers and colleagues and raise at least £2 million per year in offices and branches across the UK. This fundraising will help to create a pioneering Mental Health and Money Advice Service which will offer support for people experiencing both mental health and financial difficulties.
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