

6th March 2014

**PEOPLE WITH NO NEST EGG RISES TO OVER 9 MILLION
AS GAP BETWEEN SAVERS AND NON-SAVERS WIDENS**

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

For those who are managing to save the story has improved, with the average amount that people have in savings¹ boosted by £175 in 2013 in comparison to the previous year, from £10,000 to £10,200. However, the total number of people who are managing to save something has dropped from 14.8 million to 14.4 million (31% and 30% of the adult population respectively), and more than half (54%) of those surveyed said they were saving less than they did two years ago.

	2013	2012	2011
Have no savings	19%	17%	19%
Don't know how much have in savings	15%	15%	14%
Have over £50k in savings	12%	11%	11%
Have between £1 and £50,000 in savings	55%	57%	56%
Average amount in savings (for those with £1 - £50k in savings)	£10,200	£10,000	£9,800

The eighth annual Scottish Widows Savings Report, which studies the savings habits of over 5,000 people, found that family pressures are continuing to have a big impact on people's ability to save for the future. 41% of the population said they had loaned 'a substantial amount' of money to family members. A quarter of people had lent money to their children, most commonly to cover living expenses (35%), to put towards a house deposit (34%), or to pay off debt (28%).

Family member	Average amount borrowed
Children	£14,789
Parents	£5,210
Grandchildren	£3,443

¹ Excludes the 12% minority that have over £50,000 in savings

Siblings	£2,853
Wider family members	£3,724

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

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

Debt was found to be a major contributor to this middle age group's inability to put money away for the future – a third of 35-44 and 45-54 year olds (33% and 30% respectively) said they would be encouraged to save more were it not for the debt they currently owe. The average amount of debt that those aged 35-44 carried over each month in the last three months is £5,935. For those aged 45-54 it was £5,719.

David Lascelles, savings expert at Scottish Widows said: "It is promising to see that among those who are saving, the amount they have put aside has risen year-on-year. However, it is concerning that despite economic improvements, the number of people who are able to set something aside for a rainy day is actually falling. The widening gap in fortunes between savers and non-savers highlights the impact that getting on the path to saving can have, even if it is just by putting aside a small amount every month.

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

"We need to tackle this culture of short-termism and encourage people to adjust their priorities so they are thinking about protecting themselves for the future, and not just for the here and now. Having a plan for the future can make the present feel less stressful as it provides you with the knowledge that you have a helpful buffer for any unexpected events that may come your way."

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Notes to editors:

- 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.
- The eighth annual Scottish Widows Savings and Investments report takes an in-depth look at the habits and attitudes of the UK adult population in order to identify the implications for this emerging generation of non-savers.
- The survey was carried out online by YouGov who interviewed a total of 5,221 adults between the 30th October and 8th November 2013. The figures have been weighted and are representative of all UK adults (aged 18+).
- The statistics used in the two paragraphs of this news release; eight million, nine million, 14.8 million and 14.4 million, are based on the 2011 Office of National Statistics (ONS) Census results whereby the UK adult population is stated to be 48.084 million.