TACKLING THE SAVINGS GAP

Consumer Savings and Debt Data Q2 2017

true potential LLP

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For Press Enquiries, please contact:
Peter Bould
T: 0871 700 0007
E: PeterBould@tpllp.com

FOREWORD

Through the political fog that descended in the weeks after the General Election, we saw the swift appointment of a new pensions minister.

Encouragingly the role has been expanded to also cover 'financial inclusion'. Hopefully, as is hinted, improving access to long-term savings products will be part of the remit.

Four years into our UK Savings Gap campaign, True Potential recognises that the complex and confusing nature of the financial services landscape stops many from saving for the future.

The agenda set out by the government, however, suggests that Whitehall also appreciates these challenges and is taking them seriously.

One of new pensions minister Guy Opperman's responsibilities is to oversee the merger of the three quangos, Pension Wise, The Pension Advisory Service and The Money Advice Service. The result will be a single port of call for members of the public seeking clear and unbiased financial guidance.

The minister is also tasked with solving the conundrum of welcoming the self-employed into auto-enrolment, amongst various other state private pension-related tasks.

Conservative plans to scrap the state pension triple lock in 2020, meanwhile, look to have been parked following the election result.

This is good news for savers nearing retirement, although it's unlikely that we've heard the last of the proposal given the economic challenges of the UK's ageing population.

Brexit talks are now underway and business lobby the CBI has forecast a "steady but subdued" economic outlook for the UK. Others such as Bank of England Governor Mark Carney remain equally cautious, while chancellor Phillip Hammond has spoken of avoiding a "cliff edge" as we leave the EU.

Yet the UK economy has so far outperformed expectations in the wake of the Leave vote. Growth has been resilient and gloomy predictions about the immediate aftermath of the vote failed to materialise.

Our survey this quarter shows that confidence levels among savers about Britain's non-EU future are generally high. We also find that post-referendum conditions have been particularly fruitful for those pension savers who refused to be spooked by the negative rhetoric.

As reported in this white paper, a Brexit bounce on the financial markets has left UK savers thousands of pounds better off. In the 12 months after the vote, the FTSE 100 soared in value, hitting an all-time high in June, giving savers 23% growth if they ignored 'Project Fear'.

Their fortunes illustrate the importance of playing the long game when it comes to saving and investing for retirement. If we are to close the Savings Gap, we need more of this steadfast attitude towards pensions.

The ability to tune out the political and market oscillations of the day and focus on the end goal – of funding a comfortable retirement – reaps rewards in the long term.

Getting this message out, through more readily available financial education and products that make a clearer link between current saving activity and end result, is essential.

Good progress is being made on these fronts so far but, as our data shows, there is much more to be done to rescue many from financial struggles in retirement.

David

David Harrison
Managing Partner, True Potential LLP

The opinions expressed are those of True Potential and the information contained herein should not be taken as financial advice and should not be relied upon by any other persons.

For Press Enquiries, please contact:
Peter Bould
T: 0871 700 0007
E: PeterBould@tpllp.com

THE SAVINGS GAP CAMPAIGN

It is a fact that only a minority of UK savers will have enough funds for a comfortable retirement, by their own definition. Our polling shows that an income of £23,000 is needed annually in retirement to live comfortably. Based on actual savings behaviour however, people in the UK are on course to receive an income of just £6,000 per year from their retirement fund.

The result is the Savings Gap.

Since we launched this campaign in 2013, we have polled 30,000 people. True Potential represents over 20% of the UK financial adviser market and we have empowered over two million clients to log in to their personalised True Potential client site to manage their finances.

We have vast amounts of data and an excellent understanding of consumer attitudes and behaviour. Our research helps us to develop the tools that will tackle the Savings Gap.

Campaign Update

True Potential is leading one of the largest campaigns into the Savings Gap in the UK. We believe radical ideas and innovative solutions are needed to in three areas to close the gap:

AGILE REGULATION

BETTER FINANCIAL KNOWLEDGE

TECHNOLOGY

KNOWLEDGE GAP

The True Potential Centre for the Public Understanding of Finance

Consumers today enjoy an unprecedented level of control over their finances.

Thanks to mobile banking they can save, invest and spend thousands within a few swipes of a screen.

They can fairly easily get their hands on their life savings too. Among the over 55s, entire pension pots can be drained and spent shrewdly or otherwise.

Online lenders have also made debt assumption an almost effortless process.

Yet largely absent from this rapid push for more control has been the education needed to help people better exert their new powers.

And this lack of awareness about the long-term implications of financial decision-making is one of the root causes of the Savings Gap.

Fighting back is the True Potential Centre for the Public Understanding of Finance (PUFin) – the financial education institution we run in partnership with the Open University.

In the last quarter, the total number of registrations for PUFin's free personal finance courses since 2014 passed the 250,000 mark.

The courses are based at the Open University Business School (OUBS) and accessible online via the FutureLearn and OpenLearn platforms.

Modules are aimed at improving the public's financial management skills, with money, investments and the individual's financial journey among various topics.

While the courses have been hugely popular, they have also had a proven positive impact on learners.

An OUBS survey found that 80 per cent of people who completed the Managing my Money course felt it had made a difference to their outlook. The vast majority (95 per cent) of respondents agreed that the course improved their personal finance skills.

Work has now begun on producing a version of Managing My Money for schools, focusing on 16 to 18-year-olds.

The project, sponsored by the Worshipful Company of Chartered Accountants in England and Wales, will produce another free online course for use in and out of school and is due to be launched this autumn.

Supported by funding from the Money Advice Service (MAS), excerpts from Managing My Money are also being adapted for use in the financial education of socially disadvantaged groups in the UK.

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Peter Bould
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E: PeterBould@tpllp.com

AGILITY GAP

The auto enrolment of workplace pensions is well on track to hit the government's target of 10 million people by 2018.

Eight million have now been auto enrolled, with 598,000 employers adhering to the scheme, recent figures show. Eligible savers put £87.1bn into workplace pensions last year – up by £3.8bn on the previous year.

There was no mention of extending auto enrolment to the self-employed by the Prime Minister in her Queen's Speech in June, despite previous pledges.

Analysts, however, are confident the move will happen, given that the policy's consumer-focused nature will appeal to all parties and should be well backed. With an auto enrolment review currently underway, the onus is on the government to ensure the momentum built up so far in the scheme continues.

As mentioned in our previous quarterly report, we strongly believe the scheme would have a much bigger impact on the Savings Gap if contribution percentages were ramped up.

The current minimum contribution is 2 per cent, half of which is paid by employers. This rises to 8 per cent in April 2019. Our projections tell us that only a figure closer to 16 per cent would be adequate to save millions of lower paid workers from struggles in retirement.

Meanwhile, the triple lock – which guarantees state pension increases every year by the higher of inflation, average earnings or 2.5 per cent - is another factor requiring parliamentary focus. Before the election, Conservatives planned to scrap it in 2020. Now work and pensions secretary David Gauke has said it will merely be "reflected on" in three years' time.

Another burning issue is the rise of pension scams. Pension freedoms introduced two years ago gave savers aged 55+ the option of withdrawing entire funds if desired. An unwelcome by-product of this has been the rise of unscrupulous pension scammers.

In March 2017 alone, some £8.6m was lost by 24 individuals to pension scams, according to City of London Police data. This was the highest reported monthly loss since May 2015 when £4.9m was stolen. A total of £42m has been lost to "pension liberation fraud" since 2014, the police said.

Legislation is needed to stop this growing threat endangering those who wish to make lump sum withdrawals. Proposals for a ban on pension-related cold calling were announced in November 2016 but, following a subsequent consultation, seem to have been derailed by the snap election.

A commitment on this or any other measures to clamp down on pension fraud is urgently needed to keep the pensions revolution moving forward.

10 million people are expected to be in a workplace pension via auto enrolment by 2018.

Eligible savers put £87.1bn into workplace pensions last year.

£8.6m

Was lost in March 2017 by 24 individuals to pension scams.

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TECHNOLOGY GAP

Technology has a crucial role to play in narrowing the Savings Gap. By making saving vehicles as fast, flexible and easy to access as possible, consumers can take control of their finances.

At True Potential, we believe in a hybrid financial services model, combining intuitive technology with expert professional advice. While we work with over 20 per cent of financial advisers in the UK, we also enable consumers to manage their own saving activity directly through impulseSave.

In the last 12 months, £80m has been saved through the online platform, which allows as little as £1 to be set aside for the future. Below is a breakdown of how people are taking advantage of the app.

Clients impulseSave the most on average (in terms of payment amount) around 6/7pm. However, most clients are making impulseSaves between 10am and 12pm

As the week goes on, the typical payment coming in increases (from £60 on Mon/Tues, £75 Wed, £100 Thur/Fri/Sat, £200 Sun). This contrasts with the volume of payments, which remains stable during the week then drops off by 60% for the weekend.

£80m total impulseSaved

6,500 clients using impulseSave

Over **32,000** payments made

Most common places;
Newcastle, Manchester, London

Men typically make **3 and a half times** as many payments as women, but put in 43% of what women would each time (men impulsesave £4,300 on average, women £1,900).

SURVEY CREDENTIALS AND BREAKDOWN

The True Potential Savings Gap survey was commissioned by True Potential LLP and conducted by an independent market research specialist with a nationally representative panel.

2,057 PEOPLE SURVEYED*

1000 MALES

1057 FEMALES

*Aged 18 and over. Nationally representative sample.

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HEADLINE FINDINGS

Our research shows encouraging signs that more people are taking action to secure a brighter financial future.However, the data also points to continuing challenges that hinder saving activity.

Overall, savers put an average of £354 during the quarter into pensions, with an additional £427 going into general savings.

These figures are relatively flat on previous quarters, while the proportion of people making no pensions contribution has stayed relatively low at 32 per cent.

The engagement of young people in pensions has been identified as an essential part of the national push to close the Savings Gap.

Our latest figures show that one in four people aged 25 to 34 are not currently paying into a pension. More work is clearly needed in promoting the importance of saving for retirement to this generation; although the ongoing march of auto enrolment may draw more young people into pension plans in the coming months.

Once again, figures suggest a lack of awareness and understanding of saving for retirement. We found that 51 per cent of savers believe pensions are 'hard' or 'very hard' to comprehend.

Our analysis of attitudes towards pensions risk also evidences poor financial management skills.

Unsurprisingly, the general risk strategy for people aged 55+ is cautious, as retirement nears and they protect their funds. But an aversion to risk among younger people could be leading many of them to disappointing returns upon retirement.

The 18 to 24 and 25 to 34 categories both have an average pensions risk score of 2.87 out of five; One means risk reduction is top priority and five denotes higher returns as the most important factor to the respondents.

Therefore, many young people are missing out on the stronger growth that comes with an aggressive risk approach over several years. Only 10 per cent of 25 to 34-year-olds put themselves at point five on the scale - where they arguably should be at their age.

This quarterly report also highlights the impact of the rise of the so called 'gig economy' on saving. Freelance and short-term contracts, and entrepreneurial side-lines, are playing an increasingly prominent role in the labour market.

According to our data, the extra income generated by these endeavours is not necessarily filtering through to pension pots.

Full time employees with a single job – perhaps with the stability to more easily manage their finances – put the most into pension pots.

Their £415 average compares to £300 for self-employed people with several ways of making money and £367 for self-employed people in a single role. Full-time workers with a side-gig, such as selling online, saved even less at £279.

These findings suggest the unpredictable nature of the 'gig economy' makes budgeting for long-term saving harder. Another threat to saving activity is the prevalence of debt repayments in household outgoings.

Of a range of household types, we found those with a single parent as the main earner were the most likely to use credit just to get by.

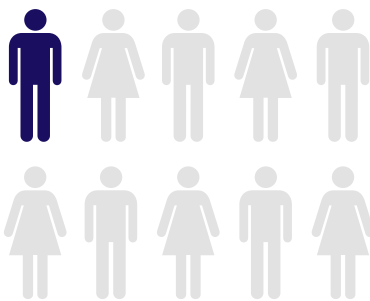
While the average Briton took on £560 in debt in the period, single parents with dependents below the age of 18 plunged £930 into the red. Single parents with adult dependents living at home took on £940 worth of debt.

Better access to financial education, and the ongoing drive to make saving just as easy as taking on debt, will be key in reversing these trends in future.

£354

£354: Average monthly amount savers added to their pension pot

32% of people saved nothing for retirement in the period



One in 10 people aged 25 to 34 added nothing to their pension pot in the quarter

Average pensions risk score out of five of 18 to 34-year olds (with one being the least risky and five the most)

For Press Enquiries, please contact:
Peter Bould
T: 0871 700 0007
E: PeterBould@tpllp.com

BREXIT BOOST FUELS RETIREMENT FUND GROWTH

Rising confidence in Britain's post-Brexit future is paying off for savvy savers in or nearing retirement, our research suggests. Confidence about the nation's EU exit has risen steadily in the year since the referendum among the over-55s; and their increased investment in that time is now reaping rewards.

While we found signs of growing optimism about Brexit in every age category, the over-55s are the most upbeat a year on from the referendum. Over 70 per cent said their confidence in post-Brexit Britain had held firm or increased in the year since the referendum; followed by 65 per cent for 25 to 34-year-olds, 61 per cent among people aged 35 to 44 and 55 per cent for 18 to 24-year-olds.

Our study also shows that this rising optimism has fuelled a wave of investment by the over 55s. In the three months immediately after the historic vote, they invested an average of £2260 into general savings and pensions. This soared by 45 per cent to £3280 in the following quarter as uncertainty gave way to rising confidence.

Increasing their stock market exposure has proven a shrewd move. The FTSE 100 rocketed in value throughout 2016 and hit a record high of over 7,500 points in May this year, up by around 30%* compared to the morning after the vote.

Positivity about Brexit shown by the over 55s has been echoed by British businesses in recent months.

A study** by the British Chambers of Commerce and DHL shows that the balance of manufacturers expecting turnover to rise in 2017 rose nine points to +43 in the last quarter.

A survey published earlier this year by business lobby the CBI***, meanwhile, shows that manufacturers' optimism about export prospects for the year ahead is up 30 per cent – the sharpest quarterly rise since 1973.

70% Said that their confidence in post-brexit Britain had held firm or increased in the year since the referendum.

65% of 25-34 year olds said that their confidence in post-Brexit Britain had held firm since the referendum.

30% the total increase which manufacturers predict export prospects to be for this year, which is the sharpest rise since 1973.

ACTION NEEDED ON DEBT DEPENDENCE

Single parent households are the most likely to use credit just to get by, according to our poll.

While the average Briton took on £560 in debt in the first quarter of 2017, single parents with dependents below the age of 18 plunged £930 into the red. Single parents with adult dependents living at home,meanwhile, took on £940 worth of debt.

Over 20 percent of single parents said they took on debt 'just to get by', compared to a national average of 15 per cent.

Co-habiting couples with no dependents are statistically the least exposed to debt, taking on a below-average-amount of £350 debt in the quarter, with only 11 per cent using it to get by.

Other reasons for UK households taking on debt included changing career, taking on a new job and funding parental leave.

We also asked respondents how much debt they needed to be in before they recognised it as a problem.

The average debt threshold was £1797, with men (£1960) seemingly less concerned about getting into debt than women (£1645). Adults under 25 had the lowest debt tolerance, at £748, compared to the highest, among 45 to 54-year-olds, at £2299.

Regionally, North East of England households had the highest debt threshold at £2664 and also took on the most debt in the period, with an average of £956. The lowest was in the East of England, at £411, despite having a debt threshold of £2352.

20% of single parents said they took on debt just to get by.

15% the national average of single parents who took on debt just to get by.

11% of co-habiting couples took on a below average amount of debt to get by.

* FTSE 100 on June 24th 2016 – 5788.74.
FTSE 100 on May 16th 2017 – 7533.70. https://uk.investing.com/indices/uk-100-historical-data

**The Quarterly International Trade Outlook published in February 2017 by BCC and DHL http://www.britishchambers.org.uk/BCC%20QITO%20Q4%202016.pdf
***The CBI Industrial Trends Survey for Q1 2017 http://www.cbi.org.uk/news/uk-manufactured-goods-in-demand-with-strong-domestic-and-export-performance.

For Press Enquiries, please contact:
Peter Bould
T: 0871 700 0007
E: PeterBould@tpllp.com

GIG WORKERS FACE HEIGHTENED DEBT THREAT

Workers in the so called 'gig economy' are more reliant on debt and saving less for the future than full-time employees, according to our data.

Growth in the gig economy – the labour market with a prevalence of freelance and short-term contracts – helped the number of self-employed people in the UK to soar by 148,000 last year to 4.8 million.

Gig workers enjoy flexible hours, for firms such as Uber and Amazon, but some argue that they enable companies to shirk employee responsibilities.

Workers may be under the same level of control from their main or only client as full-time staff, yet usually receive no employee benefits such as sick pay or pensions.

They are also likely to be financially disadvantaged, according to our findings. Full time employees with a single job invested an average of £415 into their pension in the first quarter of 2017, the survey shows.

This compares to £300 for self-employed people with several ways of making money and £367 for self-employed people in a single role. Full time workers with a side-gig, such as selling online, saved even less at £279.

In terms of general savings, full-time workers set aside £479 in the period, against £467 for the self-employed working one trade, £314 for those with multiple roles and £247 for full-timers dabbling in the gig economy.

Although full-time workers took on more debt in the period (see below), their gig-working counterparts were more likely to use debt just to get by.

Working Status	Amount of debt taken on
In full-time employment, working one single job	£621
Self-employed in a single trade / profession	£398
Self-employed with multiple ways of generating income	£391
Employed in more than one part-time role	£538
Employed in a single part-time role	£413
Working full-time, with a freelance gig on the side	£993

Less than half (49 per cent) of the full-time employees questioned took on the debt 'just to get by', compared to 62 per cent of the self-employed in a single role and 64 per cent of full-time workers with a side-line. Among self-employed people with multiple income streams, this figure fell to 51 per cent.

The survey also shows that the average full-time employee in one role has seen their income increase by £140 in the last three years – while every other category experienced a loss (as shown below).

Working Status	Income change since 2014
In full-time employment, working one single job	+£140
Self-employed in a single trade / profession	-£339
Self-employed with multiple ways of generating income	-£387
Employed in more than one part-time role	-£229
Employed in a single part-time role	-£394
Working full-time, with a freelance gig on the side	-£111

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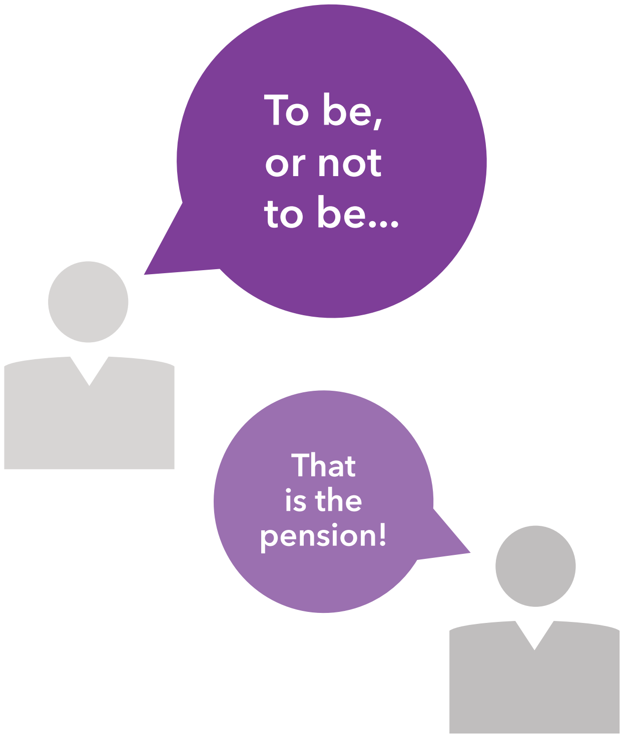
Peter Bould
T: 0871 700 0007
E: PeterBould@tpllp.com

PENSIONS AS COMPLEX AS THE BARD, SAY SAVERS

Half of UK savers are struggling to understand pensions, with many finding them more complicated than the offside rule and almost as tricky as Shakespeare.

Our poll shows that pensions are statistically harder to grasp for consumers than other household financial matters like utility bills and monthly budgeting.



Over half (51 per cent) of respondents said pensions were 'hard' or 'very hard' to understand. This compares to 24 per cent for 'knowing how much to save each month' and 23 per cent for utility bills.

Pensions also ranked highly among some of life's other great complexities in the difficulty stakes; the offside rule was deemed a little easier to comprehend, with 43 per cent admitting that they struggled to understand it.

Shakespeare's work was only considered marginally more complex than pensions, with 57 per cent describing it as 'hard' or 'very hard'.

Proportion (by age) of people who find topic 'hard' or 'very hard'

Topic	Average	Between £1001 and £5000	Between £501 and £1000	Between £301 and £500	Between £1 and £300	Nothing
Monthly savings	24%	23%	28%	25%	25%	19%
Utility bills	24%	28%	25%	24%	23%	21%
Pensions	51%	40%	49%	55%	54%	46%
The offside rule	43%	45%	37%	39%	43%	53%
Shakespeare	57%	48%	50%	59%	65%	59%

WINNERS AND LOSERS AMONG UK HOUSEHOLDS REVEALED

Workers who are married, self-employed and 30 something are among those making the most of current economic conditions, our analysis of British household finances reveals. Younger people and part time employees, meanwhile, are statistically struggling to make ends meet.

We charted savings, debt and income against a range of factors such as age, location, employment status and household type. The results expose wide variations in the ability of different types of households to save for the future and avoid or manage debt. It also shows vast differences geographically and demographically in the movement of household income in recent years.

Our findings include:

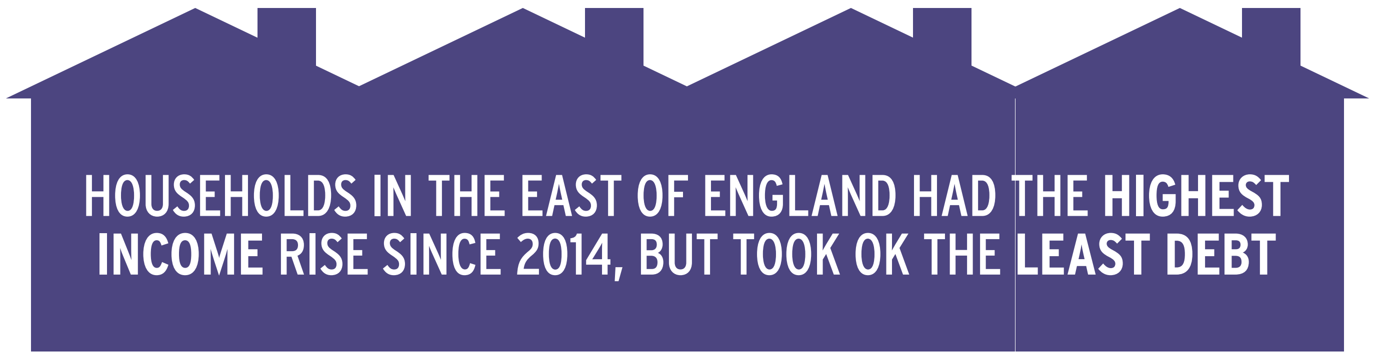
By age
Households with workers aged 25 to 34 have seen the highest increase in income in the last three years, with 55+ respondents the only one to see an average fall in come (-£47). Residents aged 18 to 24 saved the least and took on the most debt in Q1 2017.

By employment
Only full-time workers in a single job registered an average increase in income since 2014, with part-time staff - including those with multiple jobs – suffering the steepest fall. Full-time employees are the most reliant on debt but are also the best at saving for the future.

By location
Households in the East of England had the highest income rise since 2014 and are taking on the least amount of debt on a monthly basis. Londoners are saving the most, and are among the least likely to dip into savings or overdrafts each month. Northeasterners saved the least and took on the most debt. Scottish households took the heaviest hit in income in the last three years at -£495.

By household type
Households without dependents came out on top financially. Two adults with no dependents saved the most and acquired the least amount of debt. Single parents with grown up children living at home, and households with care responsibilities for an elderly relative, fared the worst.

See page 20 for a full breakdown of our household finances study.



For Press Enquiries, please contact:
Peter Bould
T: 0871 700 0007
E: PeterBould@tpllp.com

HOUSEHOLD SAVINGS, DEBT AND INCOME

Household income

Respondents were asked how their household income had changed since 2014. Overall it has remained relatively flat, with an average annual drop of £37, a £122 rise for men and a £189 decrease for women. Notable differences can be seen when analysed by employment status, region, age group and household make-up, however.

By region

With a £677 variable between the best and worst performing regions, wages have been relatively static across the country in the last three years. The East of England experienced the highest rise, at £253, with workers in Scotland suffering an average drop of £495.

Region	Av. Income change since 2014
East	+£253
North East	+£143
North West	+£83
London	+£67
Northern Ireland	+£45
South West	-£3
West Midlands	-£33
Yorkshire and the Humber	-£54
South East	-£113
East Midlands	-£138
Wales	-£284
Scotland	-£495

By employment status of sole or main earner

The only workers to experience a rise – albeit by a modest £140 – were those in full time employment, working a single job. Individuals involved in the so-called 'gig economy' (freelance or short-contract work) fared less well.

Working Status	Av. Income change since 2014
Full-time, working one single job	+£140
Working full-time with a small side-line	-£112
Employed in multiple part-time jobs	-£229
Self-employed in a single profession / trade	-£339
Self-employed with multiple income streams	-£387
Employed in a single part-time role	-£394

By householder category

Carers and single parents have taken the biggest hit in income since 2014. Parent couples with grown up children living at home have seen their income increase more than adults with no dependents – perhaps indicative of sons and daughters staying at home for longer and therefore contributing more to the family pot.

Members of the household	Av. Income change since 2014
Two parents with grown up children (over 18s) still living at home	+£60
A single adult with no dependents	-£16
Two adults (married or otherwise) with no dependents	-£14
Two parents with children below the age of 18	-£17
A single adult with grown up children (over 18s) still living at home	-£119
A single adult with dependents below the age of 18	-£390

By age of main earner in household

Householders at the mid-point of their working life have taken by far the biggest reduction in wages. The most common reasons for this, as cited by 35 to 44-year-olds, is a change in role (36 per cent), followed by a career change (19 per cent) and becoming a parent (10 per cent). Workers in the 25 to 34 category have seen the sharpest wage rise.

Age	Av. Income change since 2014
18-24	+£140
25-34	-£112
35-44	-£229
45-54	-£339
55+	-£387

For Press Enquiries, please contact:
Peter Bould
T: 0871 700 0007
E: PeterBould@tpllp.com

RELIANCE ON DEBT

The average household overall took on £560 of debt in the quarter. Our study also found that £1797 is the average debt threshold - the amount of debt people are in before they become concerned about it.

Single parents are statistically the most exposed to debt, while men appear more willing to get into debt than women. 'Just to get by' was the most common reason debt was acquired.

How much debt are you prepared to take on before you realise it is an issue?

£1960

£1645

By employment status of sole or main earner

Topic	Full-time employment, working one job	Self-employed in a single trade / profession	Self-employed with multiple income streams	Employed in multiple part-time jobs	Employed in one single part-time role	Working full-time, with a small side-line
Amount of debt taken on in Q1 2017	£621	£398	£391	£538	£413	£993
Debt tolerance level	£1,959	£1,433	£1,734	£939	£1,622	£1,485
Reason for taking on debt:						
Just to get by	33%	36%	21%	17%	42%	14%
Changing job role	13%	4%	2%	16%	8%	9%
Becoming a parent	8%	10%	10%	10%	6%	9%
Redundancy to household earner	11%	21%	25%	13%	11%	14%
Household earner changed career	9%	5%	2%	7%	2%	9%
Absence through long-term illness by household earner	7%	10%	13%	3%	6%	9%
Parental leave by either parent in household	6%	7%	14%	27%	5%	17%
Other	13%	7%	13%	7%	20%	9%

For Press Enquiries, please contact:
Peter Bould
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E: PeterBould@tpllp.com

RELIANCE ON DEBT (CONT'D)

By Region

Topic	East	LDN	East Mids.	North East	North West	N Ireland	Scot	South East	South West	Wales	York	West Mids.
Amount of debt taken on in Q1 2017	£411	£652	£538	£956	£505	£786	£502	£450	£472	£532	£519	£723
Debt tolerance level	£2352	£1831	£1968	£2664	£1618	£2088	£1833	£1694	£1379	£2261	£1297	£1531
Reason for taking on debt:												
Just to get by	44%	26%	36%	32%	33%	38%	34%	32%	33%	42%	19%	19%
Changing job role	7%	12%	10%	6%	11%	12%	14%	11%	8%	9%	18%	18%
Becoming a parent	6%	12%	9%	6%	9%	6%	5%	11%	0%	4%	16%	16%
Redundancy to household earner	7%	16%	13%	17%	10%	13%	8%	16%	15%	13%	10%	10%
Household earner changed career	10%	8%	7%	8%	4%	3%	11%	3%	13%	6%	8%	8%
Absence through long-term illness by household earner	10%	8%	3%	8%	10%	0%	8%	5%	8%	4%	11%	11%
Parental leave by either parent in household	1%	11%	8%	6%	4%	6%	9%	9%	10%	4%	10%	10%
Other	14%	7%	13%	17%	19%	22%	11%	13%	13%	18%	8%	8%

By household type

Topic	A single adult with no dependents	A single adult with dependents below the age of 18	A single adult with grown up children (over 18s) still living at home	Two adults (married or otherwise) with no dependents	Employed Two parents with children below the age of 18	Two parents with grown up children (over 18s) still living at home	Adult(s) with an elderly parent requiring care / supervision
Amount of debt taken on in Q1 2017	£623	£930	£940	£350	£595	£456	£383
Debt tolerance level	£1485	£1381	£1297	£1995	£2150	£1535	£1443
Reason for taking on debt:							
Just to get by	35%	30%	15%	31%	35%	41%	33%
Changing job role	15%	14%	8%	12%	8%	9%	0%
Becoming a parent	1%	10%	15%	5%	16%	9%	8%
Redundancy to household earner	14%	11%	26%	15%	9%	9%	25%
Household earner changed career	13%	11%	3%	6%	5%	2%	9%
Absence through long-term illness by household earner	10%	7%	13%	8%	7%	6%	8%
Parental leave by either parent in household	2%	6%	9%	8%	9%	5%	17%
Other	10%	11%	11%	18%	11%	19%	0%

For Press Enquiries, please contact:
Peter Bould
T: 0871 700 0007
E: PeterBould@tpllp.com

RELIANCE ON DEBT (CONT'D)

By Age

	18-24	25-34	35-44	45-54	55+
Amount of debt taken on in Q1 2017	£837	£730	£624	£381	£301
Debt tolerance level	£748	£1418	£2013	£2299	£2076
Reason for taking on debt:					
Just to get by	20%	26%	39%	47%	38%
Changing job role	20%	13%	8%	6%	7%
Becoming a parent	10%	14%	7%	7%	1%
Redundancy to household earner	21%	15%	9%	6%	11%
Household earner changed career	7%	11%	6%	4%	4%
Absence through long-term illness by household earner	7%	6%	9%	8%	8%
Parental leave by either parent in household	11%	9%	6%	3%	2%
Other	4%	6%	16%	19%	29%

Ability to save for the future. By employment status of sole or main earner

	Full-time employment, working one job	Self-employed in a single trade / profession	Self-employed with multiple income streams	Employed in multiple part-time jobs	Employed in multiple part-time roles	Working full-time, with a small side-line
Amount saved in pension in last 3 months	£415	£367	£300	£242	£169	£280
Amount added to general savings in last 3 months	£479	£468	£314	£305	£291	£247
Av. No. of times per month that households dip into savings or overdraft	0.99	0.72	1.19	1.44	1.21	1.07

By Region

Topic	East	LDN	East Mids.	North East	North West	N Ireland	Scot	South East	South West	Wales	York	West Mids.
Amount of debt taken on in Q1 2017	£301	£495	£290	£253	£344	£298	£410	£379	£265	£237	£312	£397
Amount added to general savings in last 3 months	£368	£581	£361	£308	£470	£461	£433	£408	£328	£326	£418	£458
Av. No. of times per month that households dip into savings or overdraft	1	1.09	0.92	0.97	0.98	0.96	0.86	1.01	0.76	1.13	1.02	1.48

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T: 0871 700 0007
E: PeterBould@tpllp.com

RELIANCE ON DEBT (CONT'D)

By household category

	A single adult with no dependents	A single adult with dependents below the age of 18	A single adult with grown up children (over 18s) still living at home	Two adults (married or otherwise) with no dependents	Two parents with children below the age of 18	Two parents with grown up children (over 18s) still living at home	Adult(s) with an elderly parent requiring care / supervision
Amount saved in pension in last 3 months	£326	£298	£358	£362	£416	£298	£274
Amount added to general savings in last 3 months	£416	£310	£294	£503	£435	£422	£279
Av. No. of times per month that households dip into savings or overdraft	1.15	1.45	1.29	0.8	0.96	1.14	1.05

By age

	18-24	25-34	35-44	45-54	55+
Amount of debt taken on in Q1 2017	£294	£334	£384	£376	£356
Amount added to general savings in last 3 months	£447	£427	£436	£379	£460
Av. No. of times per month that households dip into savings or overdraft	1.31	1.45	1	0.78	0.66

CONCLUSION

This report exposes the many forces holding back long-term saving, including debt, needlessly complicated products and unstable income.

We see the rise of the 'gig' economy which is contributing to the ever-more fluid nature of today's job market.

Traditionally, pension products have been tuned into one track, full time careers with predictable and incrementally rising pay packets.

If the new normal is going to be short-term contracts and potential fluctuations in monthly earnings, financial services must adapt.

Workers will increasingly require saving vehicles that are entirely flexible and easy to access and add funds to.

The popularity of our own impulseSave platform – which enables pension pot top-ups of as little as £1 – underlines this point. Auto enrolment for the self-employed will also be a step forward in better catering for today's world of work.

Yet again, we see reliance on debt creeping up; hampering household saving plans and threatening economic stability. Getting into debt remains all too easy in the UK; in contrast to saving for the future which, respondents tell us, is as complicated as Shakespeare and the offside rule.

This quarter's study polled savers two years on from major reforms to UK pension rules.

Pension freedoms have given millions of people more choice than ever before about what to do with their pension pot.

Concerns about trusting the over 55s with total access to their hard-earned funds seem to have been largely misplaced.

Pension withdrawals data suggests sensible decision-making rather than rash purchases like Bentleys and luxury cruises. HMRC figures show that £6.45bn was withdrawn from pensions in lump sums by 393,000 people in 2016/17. This gives a modest average of about £16,400; barely enough to service a supercar or cruise halfway across the Atlantic.

Before our next update we hope to see more progress on addressing some of the issues that arose with the new freedoms. This recent introduction of a 1 per cent cap on early exit fees was a good start. The next challenge is clearing up the uncertainty around advice on switching.

Current rules dictate that anyone transferring out of a so-called 'gold-plated' defined benefit scheme worth £30,000 or more must seek financial advice.

But press reports suggest many advisers are unsure about where they stand should a client swap their pension for cash and then regret it years later.

As our research has repeatedly shown, financial advisers have a vital role to play in this ongoing pensions revolution. Giving them the confidence and clarity they need to help liberate pension funds is an essential duty of the financial authorities.

Clearly, there are many other issues contributing to the UK Savings Gap which require attention by both private and public sector decision-makers.

On the whole, however, we are upbeat that things are moving in the right direction. Pensions are in the spotlight like never before and people are thinking about their financial future on a scale not seen in recent decades. We go into the second half of the year full of optimism.

David

David Harrison
Managing Partner, True Potential LLP

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TACKLING THE SAVINGS GAP®

True Potential LLP
Head Office: Gateway West, Newburn Riverside, Newcastle upon Tyne, NE15 8NX

T: 0871 700 0007 E: discover@tpllp.com

www.tpllp.com