



# More than a third of Britons plan to maintain new saving habits

Coronavirus (COVID-19) pandemic has brought savings back into sharp focus

A combination of financial concern and falling household spending means that those whose incomes have survived the coronavirus (COVID-19) pandemic so far have been keener than ever to save their money.

More than a third (36%) of Britons plan to maintain new saving habits adopted since the arrival of COVID-19, according to the latest research into changing attitudes and behaviours towards household finances<sup>[1]</sup>.

## PRESSURE ON PERSONAL FINANCES

The findings look at the impact of lockdown restrictions and pressure on personal finances during the coronavirus pandemic. It shows that nearly two-thirds of people (64%) have become more of a saver, while 36% have become more of a spender.

It's more important than ever that households have as much visibility over their finances as possible to help them weather further shocks caused by the pandemic. Yet many do not, or cannot, access regulated professional financial advice. This means large swathes of the UK are acting alone in planning their financial future.

## SEEKING TO BUILD A SAVINGS BUFFER

However, changing attitudes towards saving have been partly driven by the shutdowns to the leisure, hospitality and retail sectors limiting recreational spending opportunities, which has left some households with spare disposable income. The trend is also likely to be influenced by people seeking to build a savings buffer to guard against the economic downturn.

The research highlights that those over the age of 45 are more likely to maintain new savings habits (41%) than people under the age of 45 (31%). Continuing with new savings habits rises to 45% among those aged 55-64, while falling to just over a quarter (28%) in the 25-34 age group.

## HOUSEHOLD CASH SAVINGS INCREASED

Bank of England data points to the scale of Britain's savings spree since the arrival of

COVID-19. Household cash savings increased by £76bn between March and July 2020<sup>[2]</sup>, matching the total increase over the previous 16 months. Consumers also repaid five years of credit card debt during the lockdown period, causing borrowing to drop to a level last seen in 2015<sup>[3]</sup>.

However, consumer credit borrowing increased by £1.2bn<sup>[2]</sup> in July alone – the first rise for five months – as the economy began to reopen. Despite this, the research reveals that many adults plan to make permanent or long-term spending reductions to save more in future.

## ACCESSING MONEY IS BIGGEST PRIORITY

The most common areas in which people intend to reduce their outgoings are eating out (32%); entertainment, recreation or holidays (25%); and personal goods (22%). With typically less discretionary spending, those under the age of 45 are more likely than the UK average to seek





# ROBERTS MACKIE WINSTANLEY

## INDEPENDENT FINANCIAL ADVISERS

to cut back on food, alcohol consumption and leisure goods<sup>[1]</sup>.

The ability to access money is individuals' biggest priority when deciding where to place any savings or investments in the current climate (33%), suggesting that savers are taking a more cautious and flexible approach to saving.

### ENGAGED WITH OUR PERSONAL FINANCES

Only 14% of people are prioritising achieving the biggest return for their savings, compared with 20% whose biggest priority is to take the lowest risk. Those aged 55-64 are the least bullish, with only 11% saying that achieving the biggest return is their most important priority.

Ensuring we're engaged with our personal finances and understand how to make sure our savings are working as hard as possible is crucial to making sure our money is protected from the downturn and potential future inflation rises caused by the pandemic.

### ACHIEVING FINANCIAL SECURITY

**Set clear and achievable goals – Be realistic.**  
Review your income and expenditure levels for each of the last six months to get an idea of your current spending habits. Then set incremental changes each month to ensure you begin to save more without negatively impacting your living standards

**Understand your current savings and projected retirement fund** – Identifying how much your exact level of current savings and monthly saving contributions will leave you with in retirement can help you adapt your long-term financial goals.

**Take control with the help of professional financial advice** – If you are able to, accessing regulated professional financial advice will provide you with expert guidance to confidently plan your financial future. ■

#### Source data:

[1] Research of 2,000 UK consumers conducted on behalf of Aviva by Censuwide, August 2020.

Censuwide is a member of ESOMAR – a global association and voice of the data, research and insights industry. Censuwide comply with the MRS code of conduct based on the ESOMAR principles.

[2] <https://www.bankofengland.co.uk/statistics/tables-Table A4.1>

[3] <https://www.bankofengland.co.uk/statistics/tables-Table A5.6>

[4] <https://www.ons.gov.uk/peoplepopulationandcommunity/personal-and-household-finances/expenditure/articles/more-than-one-fifth-of-usal-householdspendinghas-been-largely-prevented-during-lock-down/2020-06-11>

INFORMATION IS BASED ON OUR CURRENT UNDERSTANDING OF TAXATION LEGISLATION AND REGULATIONS. ANY LEVELS AND BASES OF, AND RELIEFS FROM, TAXATION ARE SUBJECT TO CHANGE. TAX TREATMENT IS BASED ON INDIVIDUAL CIRCUMSTANCES AND MAY BE SUBJECT TO CHANGE IN THE FUTURE. ALTHOUGH ENDEAVOURS HAVE BEEN MADE TO PROVIDE ACCURATE AND TIMELY INFORMATION, WE CANNOT GUARANTEE THAT SUCH INFORMATION IS ACCURATE AS OF THE DATE IT IS RECEIVED OR THAT IT WILL CONTINUE TO BE ACCURATE IN THE FUTURE. NO INDIVIDUAL OR COMPANY SHOULD ACT UPON SUCH INFORMATION WITHOUT RECEIVING APPROPRIATE PROFESSIONAL ADVICE AFTER A THOROUGH REVIEW OF THEIR PARTICULAR SITUATION. WE CANNOT ACCEPT RESPONSIBILITY FOR ANY LOSS AS A RESULT OF ACTS OR OMISSIONS.

### READY TO START YOUR CONVERSATION?

We believe your future is more than just finances, it's about the life you want to lead. We therefore focus on building a financial plan to assist you in achieving this. Whether you are looking to start saving for your family, preparing for life after work or protecting your estate, we offer trusted professional financial advice at any stage of your life. To find out more, please contact us.



#### Roberts Mackie Winstanley

Jonathan Scott Hall, Thorpe Road, Norwich NR1 1UH

T: 01603 628403 F: 01603 661223 E: [enquiries@robertsmackie.co.uk](mailto:enquiries@robertsmackie.co.uk) W: [www.rmw-ifa.co.uk](http://www.rmw-ifa.co.uk)

Partners: Andrew Mackie • Iain Mackie

Authorised and regulated by the Financial Conduct Authority

