

# Tackling the Savings Gap

Consumer Savings and Debt Data Q2 2019



## Foreword

Our latest findings show that, even with the best intentions to save for retirement, there will invariably be unforeseen barriers that stop people from doing so.

Around four in five people saved at least something in the last quarter, while pension saving among younger workers was relatively high - with 78 per cent of 18 to 24-year-olds saving for retirement.

Yet we also see that when unexpected bills arise, it is often later-life saving activity that suffers first.

Dipping into saving pots ranks among the most popular means of covering those nasty financial surprises that few households are immune to.

As ever, debt is another thorn in the side of long-term saving. This quarter, almost half (46 per cent) of respondents took on no debt, which is encouraging.

Significant funds that might otherwise have ended up in savings accounts continue to be swallowed up by debt, however, with an average of £916 in debt taken on per person over the three months.



Despite these challenges facing people saving for the future, our survey shows a commitment to at least try to secure a comfortable retirement.

As we report, most workers would be willing for their employer to be given new powers to nudge them into being more financially responsible.

After the success of auto-enrolment, would this be a route to further progress in the push to close the UK Savings Gap?

Introducing such measures would need to be carefully managed but any new innovation that boosts retirement fund saving is worth considering.

Current measures and conditions, although delivering positive results, still have many people on track for an uncomfortable retirement.

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.*

## 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 more than 44,000 people. True Potential represents over 20 per cent 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:

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**BETTER  
FINANCIAL  
KNOWLEDGE**

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**AGILE  
REGULATION**

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**TECHNOLOGY**

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## 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.

**2,027**  
PEOPLE SURVEYED\*

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**1,083**  
MALES

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**926**  
FEMALES



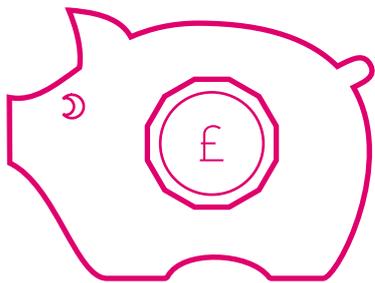
**NORTHERN  
IRELAND**

provided the  
fewest respondents

**THE  
SOUTH EAST**

provided the  
most respondents

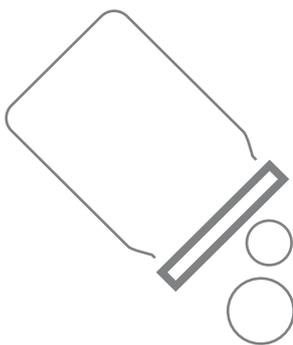
## Headline Findings



**£342:** Average amount savers added to their pension pot in the last three months



**30 per cent** of people saved nothing for retirement in the period



**£2041:** Average amount added to general saving and investments, not including pensions, in the quarter



**£916:** Average amount of debt taken on by UK consumers in the last three months

## The £900 toll of unexpected bills

How nasty financial surprises are setting back savers and pushing people into debt.

**The average UK consumer takes a £900 hit every year due to unexpected bills, but only half have the savings to cover them.**

Our data suggests that the annual value of unexpected bills - including those for dental costs, household maintenance and car repairs - is an average of £900.

The study shows that one in two consumers dips into their long-term savings to cover these costs; denting their efforts to save for major life events such as retirement or a first home.

More worryingly, however, 17 per cent of consumers turn to bank and payday loans to cover these bills, putting them at risk of falling into unmanageable debt.

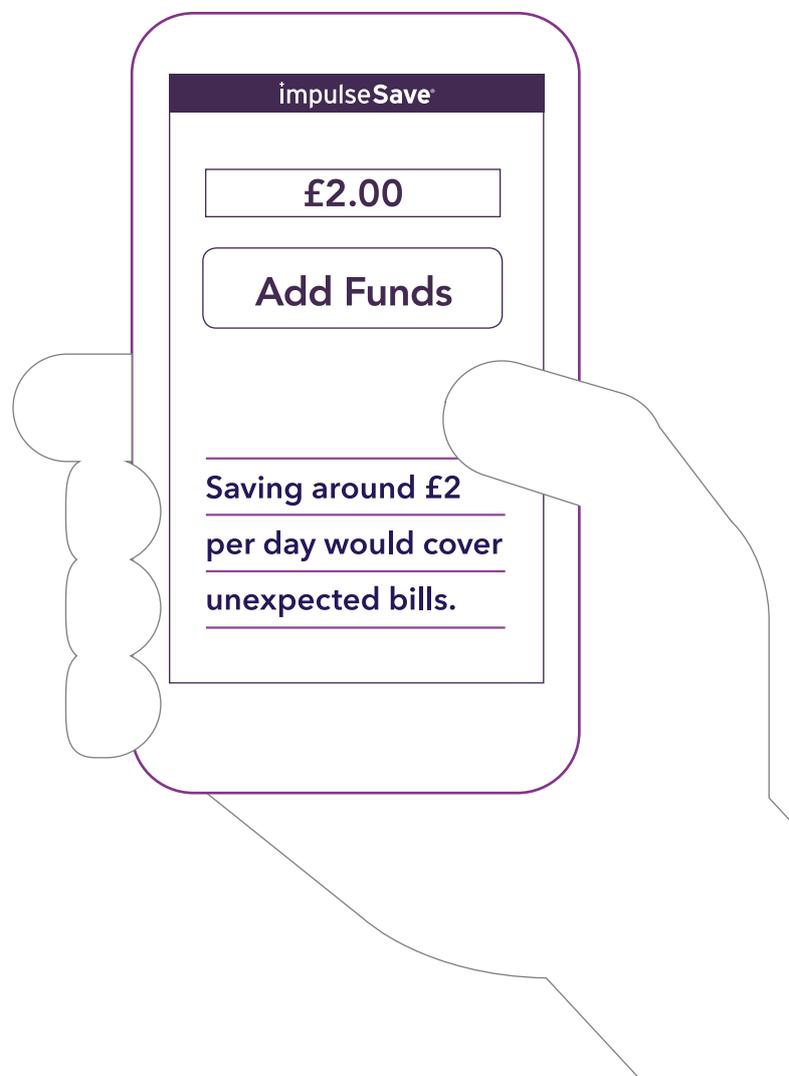
A fifth rely on family and friends to lend them the money - thus creating more personal debt and hindering the ability others to save for the future.

Our findings also highlight how ill-prepared many individuals are when it comes to their finances, with only a third checking online banking, finances and investments every day.

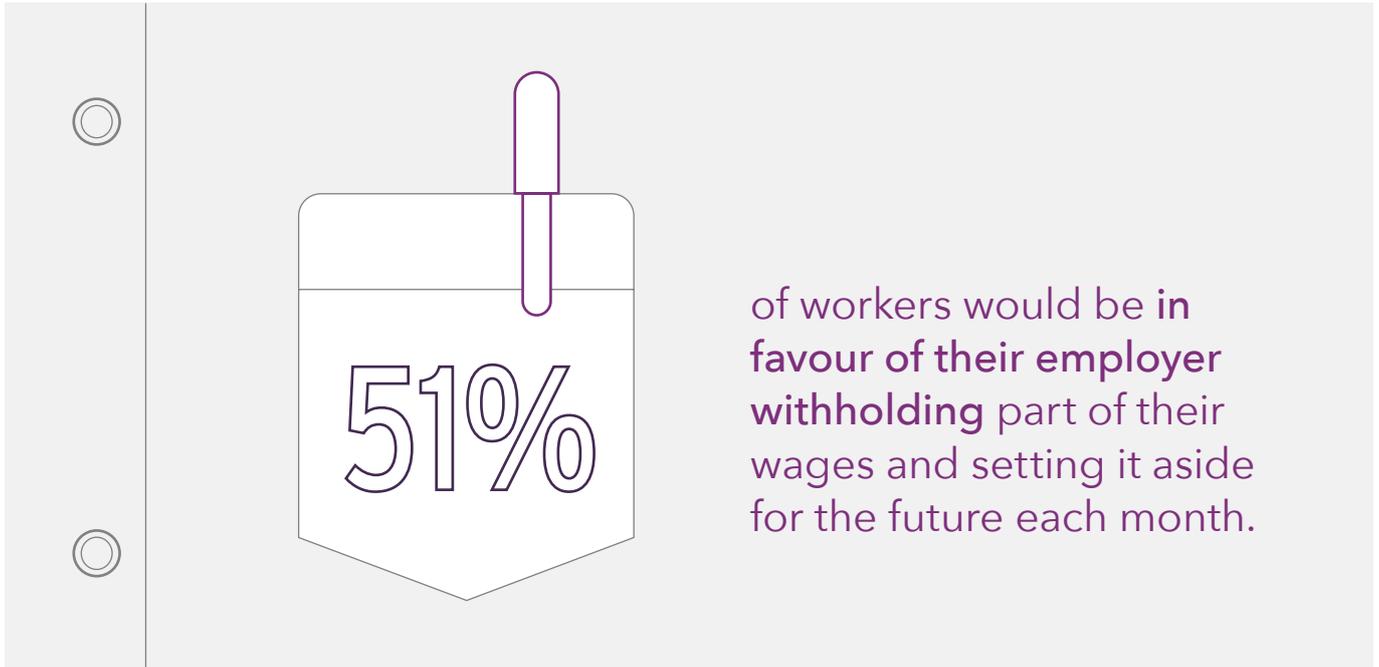
David Harrison, chairman of True Potential, said: "Our latest findings lay bare the full impact on long term savings of dreaded unexpected bills. The data also suggests a worrying number of people are generally ill-prepared when it comes to their finances and saving for their future.

Sometimes debt is unavoidable and borrowing from a friend or loved one is always more advisable than taking on expensive debt. Even better, however, is having a 'rainy day' fund that can bear the brunt of any nasty financial surprises without threatening your financial stability.

"Saving around £2 each day would cover unexpected bills. Our impulseSave technology makes such small daily savings possible. Over time, they all add up and can cover unexpected bills so that long-term savings are left intact."



## Let bosses save on our behalf, UK workers urge



of workers would be in favour of their employer withholding part of their wages and setting it aside for the future each month.

**Half of UK workers want employers to take money from their pay packet and save it on their behalf before they've had a chance to spend it.**

The findings reflect the difficulties many workers face in saving regularly for the long term. It shows that only a quarter of workers are regularly saving 'rainy day' or emergency funds when they get paid each month or week.

Meanwhile, young people in particular feel that their boss could be doing more to help them put away funds each month; more than 20 per cent of 18 to 24-year-olds believe their employer could influence them to save more.

David Harrison, chairman of True Potential, said: "After the success of auto enrolment in recent years, we could see employers play an increasingly prominent role in helping employees to save for their future and become more resilience to financial turbulence.

"The fact half of all workers are keen to have some of their wages diverted directly into saving pots shows a willingness to secure financial stability, and is certainly encouraging, despite the struggles many have in saving on a regular basis."

## Regional Savings and Debt

Approximately, how much new debt have you taken on in the past three months, including traditional loans, credit cards, store cards and payday loans?

	Over £5000	Between £1001 and £5000	Between £501 and £1000	Between £301 and £500	Between £1 and £300	Nothing
<b>Total</b>	7%	16%	12%	7%	13%	45%
<b>East Midlands</b>	7%	14%	10%	8%	18%	43%
<b>East / East Anglia</b>	9%	14%	16%	6%	13%	42%
<b>London</b>	9%	16%	17%	8%	10%	40%
<b>North East</b>	5%	13%	13%	8%	13%	46%
<b>North West</b>	4%	18%	10%	8%	15%	45%
<b>Northern Ireland</b>	6%	13%	12%	4%	15%	50%
<b>Scotland</b>	7%	15%	10%	2%	11%	55%
<b>South East</b>	7%	14%	14%	7%	11%	47%
<b>South West</b>	3%	20%	6%	9%	12%	50%
<b>Wales</b>	6%	17%	12%	9%	13%	43%
<b>West Midlands</b>	4%	17%	12%	8%	14%	45%
<b>Yorkshire &amp; the Humber</b>	5%	13%	12%	12%	13%	45%

Approximately, how much have you managed to put towards your general savings in the past three months, not including pensions?

	Between £1 and £100	Between £101 and £250	Between £251 and £500	Between £501 and £1000	Between £1001 and £2000	Over £2000	Nothing
<b>Total</b>	16%	18%	19%	13%	10%	2%	22%
<b>East Midlands</b>	21%	18%	18%	12%	14%	1%	16%
<b>East / East Anglia</b>	13%	14%	22%	15%	13%	1%	22%
<b>London</b>	11%	19%	18%	17%	12%	2%	20%
<b>North East</b>	20%	19%	13%	7%	3%	3%	35%
<b>North West</b>	14%	20%	20%	12%	6%	3%	25%
<b>Northern Ireland</b>	12%	19%	23%	17%	8%	6%	15%
<b>Scotland</b>	16%	18%	20%	19%	7%	1%	24%
<b>South East</b>	14%	15%	16%	14%	12%	2%	27%
<b>South West</b>	22%	15%	15%	9%	11%	2%	26%
<b>Wales</b>	17%	22%	18%	7%	9%	2%	25%
<b>West Midlands</b>	14%	16%	23%	12%	14%	1%	20%
<b>Yorkshire &amp; the Humber</b>	17%	21%	19%	9%	13%	1%	20%

## Regional Savings and Debt

Approximately, how much have you managed to put towards your pension pot (s) in the past three months, not including any employer contributions?

	Between £1 and £100	Between £101 and £250	Between £251 and £500	Between £501 and £1000	Between £1001 and £2000	Over £2000	Nothing	Don't Know
<b>Total</b>	10%	13%	16%	10%	5%	1%	30%	15%
<b>East Midlands</b>	12%	14%	15%	10%	5%	1%	29%	14%
<b>East / East Anglia</b>	9%	13%	15%	9%	6%	1%	31%	16%
<b>London</b>	9%	14%	16%	14%	7%	1%	27%	12%
<b>North East</b>	9%	8%	15%	10%	0%	1%	37%	20%
<b>North West</b>	12%	15%	15%	12%	4%	2%	27%	13%
<b>Northern Ireland</b>	4%	21%	17%	17%	6%	2%	19%	14%
<b>Scotland</b>	8%	18%	17%	11%	6%	1%	27%	12%
<b>South East</b>	13%	18%	13%	9%	4%	22%	31%	10%
<b>South West</b>	10%	11%	14%	11%	5%	2%	31%	16%
<b>Wales</b>	9%	15%	12%	4%	2%	1%	32%	25%
<b>West Midlands</b>	14%	12%	15%	14%	8%	1%	22%	14%
<b>Yorkshire &amp; the Humber</b>	11%	15%	18%	8%	4%	1%	27%	16%

## Gender Savings and Debt Q2 2019

Approximately, how much have you managed to put towards your pension pot(s) in the past three months, not including any employer contributions?

	Nothing	Between £1 and £100	Between £101 and £250	Between £251 and £500	Between £501 and £1000	Between £1001 and £2000	Over £2000	Don't Know
<b>Total</b>	30%	10%	13%	16%	10%	5%	1%	15%
<b>Male</b>	26%	9%	13%	19%	12%	7%	1%	13%
<b>Female</b>	35%	12%	14%	12%	7%	3%	1%	16%

More men than women paid into their pension during the quarter. Fewer women also made a contribution to their general savings in the period.

Approximately, how much have you managed to put towards your general savings in the past three months, not including pensions?

	Between £1 and £100	Between £101 and £250	Between £251 and £500	Between £501 and £1000	Between £1001 and £2000	Over £2000	Nothing
<b>Total</b>	16%	18%	19%	12%	11%	1%	23%
<b>Male</b>	13%	16%	22%	15%	12%	2%	20%
<b>Female</b>	19%	19%	16%	9%	10%	2%	25%

## Gender Savings and Debt Q2 2019

Approximately, how much new debt have you taken on in the past three months, including traditional loans, credit cards, store cards and payday loans?

	Over £5000	Between £1001 and £5000	Between £501 and £1000	Between £301 and £500	Between £1 and £300	Nothing
<b>Total</b>	6%	16%	13%	7%	13%	45%
<b>Male</b>	6%	16%	13%	7%	13%	45%
<b>Female</b>	7%	16%	14%	8%	11%	45%

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**TACKLING THE  
SAVINGS GAP.**

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