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BRITAIN’S SAVINGS CULTURE IN CRISIS, SAY THREE IN FOUR PEOPLE

The financial crisis has dented Britain’s savings culture, says NOW: Pensions, as new research from the workplace pensions’ provider finds more than one in four (28%) people in Britain stopped saving in light of the recession and have not saved since.

The research gives a worrying snapshot of the current state of savings in Britain, as three quarters (74%) claim that Britain has no savings culture. Figures show that one in three (32%) people have less than £500 in savings – and as many as one in five (15%) has no savings at all.

The economic climate has posed a major barrier to saving as one in four (25%) blame frozen wages and rising bills for their lack of savings, while one in ten (10%) believe there is no point in saving when interest rates are so low. However, meeting everyday costs such as running the home is the biggest savings barrier for 72% of cash-strapped consumers.

While seven in ten (70%) people in Britain are worried about their current lack of savings, apathy is still preventing one in ten (11%) from putting aside money for a rainy day.

Savings habits of a generation

Recessionary strain has had the greatest impact on the savings habits of the baby-boomer generation (51-71 year olds), as one third (32%) say they have put an end to regular contributions since the crisis began. Worryingly, one in ten (11%) adults aged over 51 say they have no savings at all. In contrast, the financial crisis has had a more positive impact on Generation Y (18-31 year olds) with four in ten (38%) claiming they are saving more since the crisis began.

Re-creating Britain’s savings culture

In order to tackle this problem, over half (58%) of those surveyed believe better financial education in schools is needed to encourage people to want to save, while one in five (22%) believe workplace education is the key. Looking at other measures, one third (34%) want the Bank of England to raise interest rates, 18% are calling for a cut in VAT while 17% say the Coalition should raise the Cash ISA limit. Over half (53%) of consumers believe the new changes to workplace pensions, auto-enrolment, will play a big part in helping to ensure younger generations have a more financially secure retirement.

Morten Nilsson, CEO of NOW: Pensions said: “With low interest rates and the rising cost of living, saving has inevitably taken a back seat for many. But the recession isn’t solely to blame for the lack of
a savings culture in Britain. As credit has become more accessible and acceptable, the motivation to save has diminished. To transform this, more needs to be done to help people recognise the value of saving, for both their short and long-term financial security.

“The changes to workplace pensions will go some way to helping instil a positive culture of saving in Britain but employers need to ensure they drive home the benefits of staying opted in to the scheme. While we are still some way off having a pension system that is entirely fit for purpose, the current changes to the pension landscape do offer opportunities for savers to start building up a pension pot and this opportunity shouldn’t be missed.”

- Ends -

Tweet us @nowpensions to tell us what you are saving for #getsaving

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Notes for editors:

Research conducted by OnePoll in May 2013 with 2,000 respondents.

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NOW: Pensions is a multi-employer trust. The investments are managed by NOW: Pensions Investments, a subsidiary of ATP in Denmark, and the administration is carried out by Paymaster, an established UK third party administrator.

The NOW: Pension Trustee Directors, whose role is to safeguard the interests of members, comprises well-known industry figures with different areas of expertise:

- Nigel Waterson, former Shadow Pensions Minister
- Imelda Walsh, former Group HR Director of Sainsbury’s
- John Monks, member of House of Lords and former General Secretary of ETUC and TUC
- Christopher Daykin, former Government Actuary
- Win Robbins, former Head of European Fixed Income at Barclays Global Investors

NOW: Pensions is committed to developing a better workplace pension provision in the UK by offering a simple, high quality, cost efficient and systematically risk managed pension product that delivers better retirement savings for UK employees. With over 45 years’ experience providing Denmark’s working population with stable and consistent pensions returns, NOW: Pensions is set to transfer the knowledge acquired in Denmark to the UK pension market. Charges are just £1.50 per month administration charge (reduced administration charge of £0.30 - £1.00 to be applied during auto enrolment phasing for lower earners) plus a 0.3% annual product investment management charge, with no hidden charges.
In April 2013, NOW: Pensions became the first master trust to attain the NAPF’s new PQM Ready Standard. The benchmark shows employers that NOW: Pensions is a well governed pension scheme with low charges and good member communications.

The ATP Group [www.atp.dk](http://www.atp.dk)

Arbejdsmarkedets Tillaegspension (ATP) / Danish Labour Market Supplementary Pension is a statutory pension fund. It was established as an independent entity in 1964 with the objective of ensuring a greater retirement income for the Danish population. ATP has since developed to become the largest pension fund in Denmark. Together with the tax-financed basic state pension, ATP provides basic income security in old age for the Danish population.

ATP covers almost the entire Danish population representing 4.7 million members and 160,000 employers. In addition to the ATP Scheme, the ATP Group administers a number of pension and social insurance schemes, including several for the Danish state.

The ATP Group total assets under management amounted to DKK 624 billion/approximately GBP 68.4bn (i.e. assets: DKK 540 billion/GBP 62.3 billion + reserves: DKK 84 billion/GBP 9.2bn) at 31 December 2012. ATP invests in a wide variety of assets globally. Investment categories are broadly: equities, interest rates, credit, inflation and commodities.