

## Attitudes towards saving

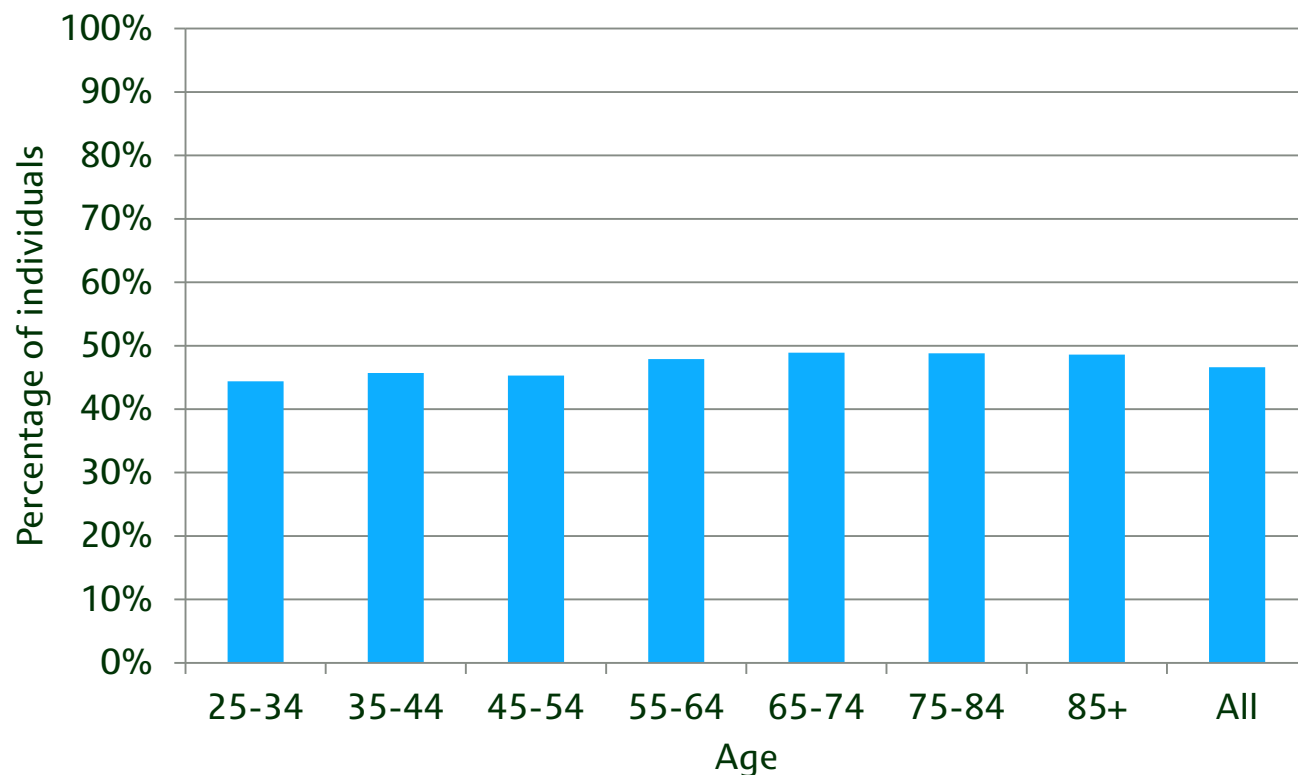
# Aspects of attitudes that we explore

- Self-reported savings behaviour
  - Who reports saving in financial assets
  - What are stated reasons for saving or not saving
- Expectations about future retirement income sources
- Who is trusted for advice about retirement saving

# Self-reported savings behaviour

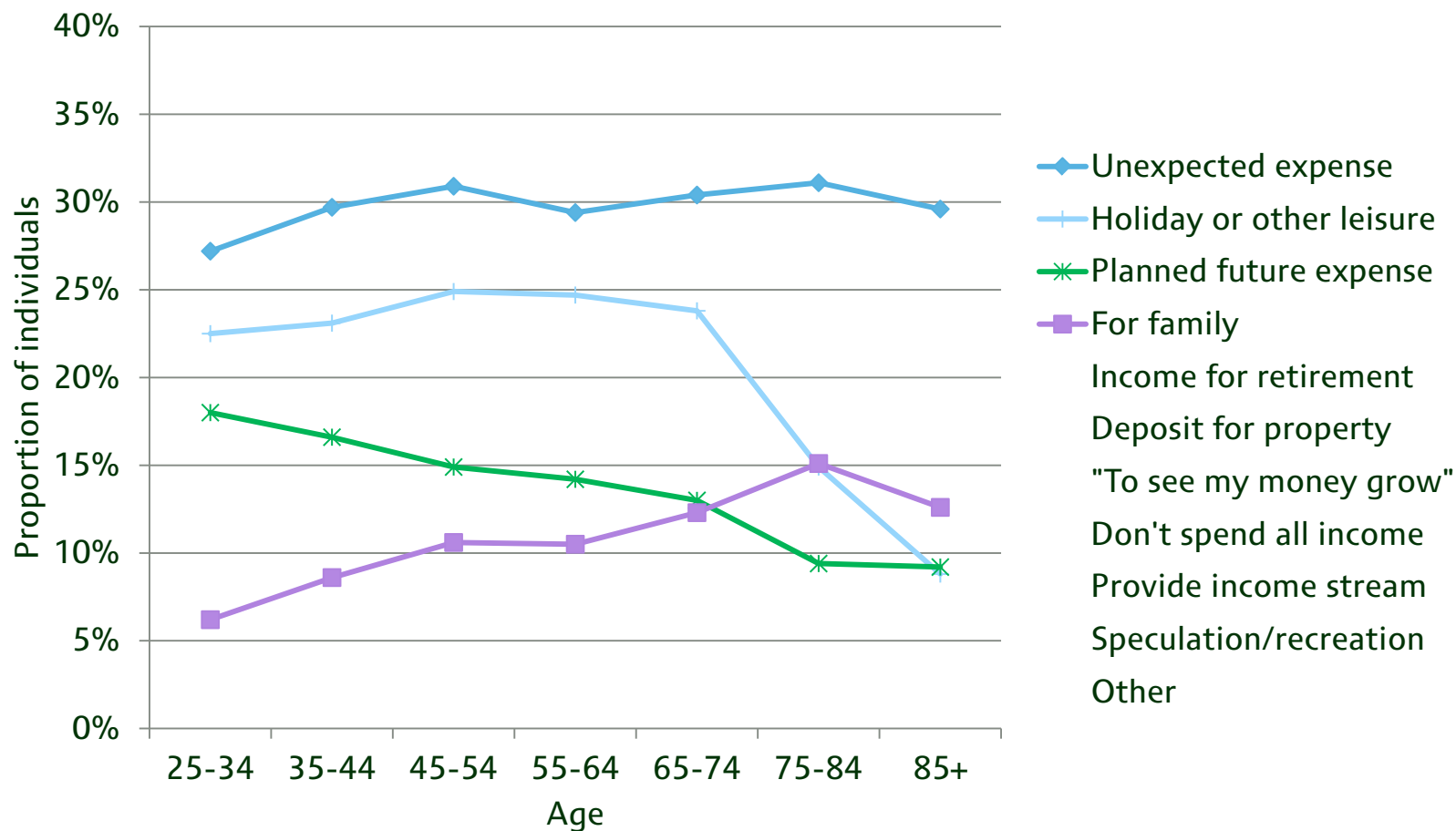
# Self-report financial saving (2010/12)

- “Have you saved any of your income in the last two years, for example, by putting something away in a bank, building society or Post Office account other than to meet regular bills? (*exclude pensions, include shares etc*)”



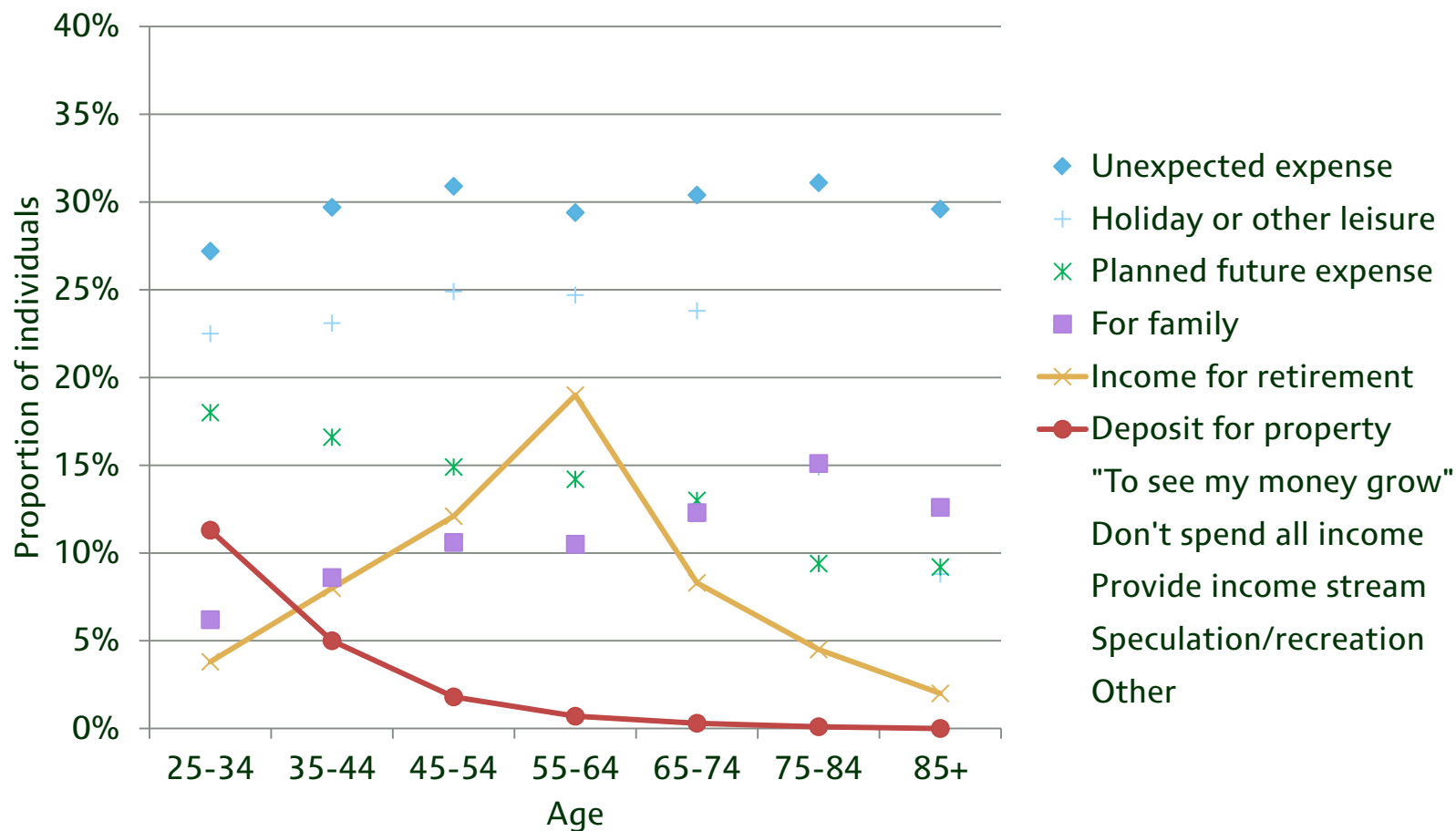
Note: Weighted cross section of all individuals aged 25 and over in 2010-12.

# Reported main reasons for saving (2010/12)



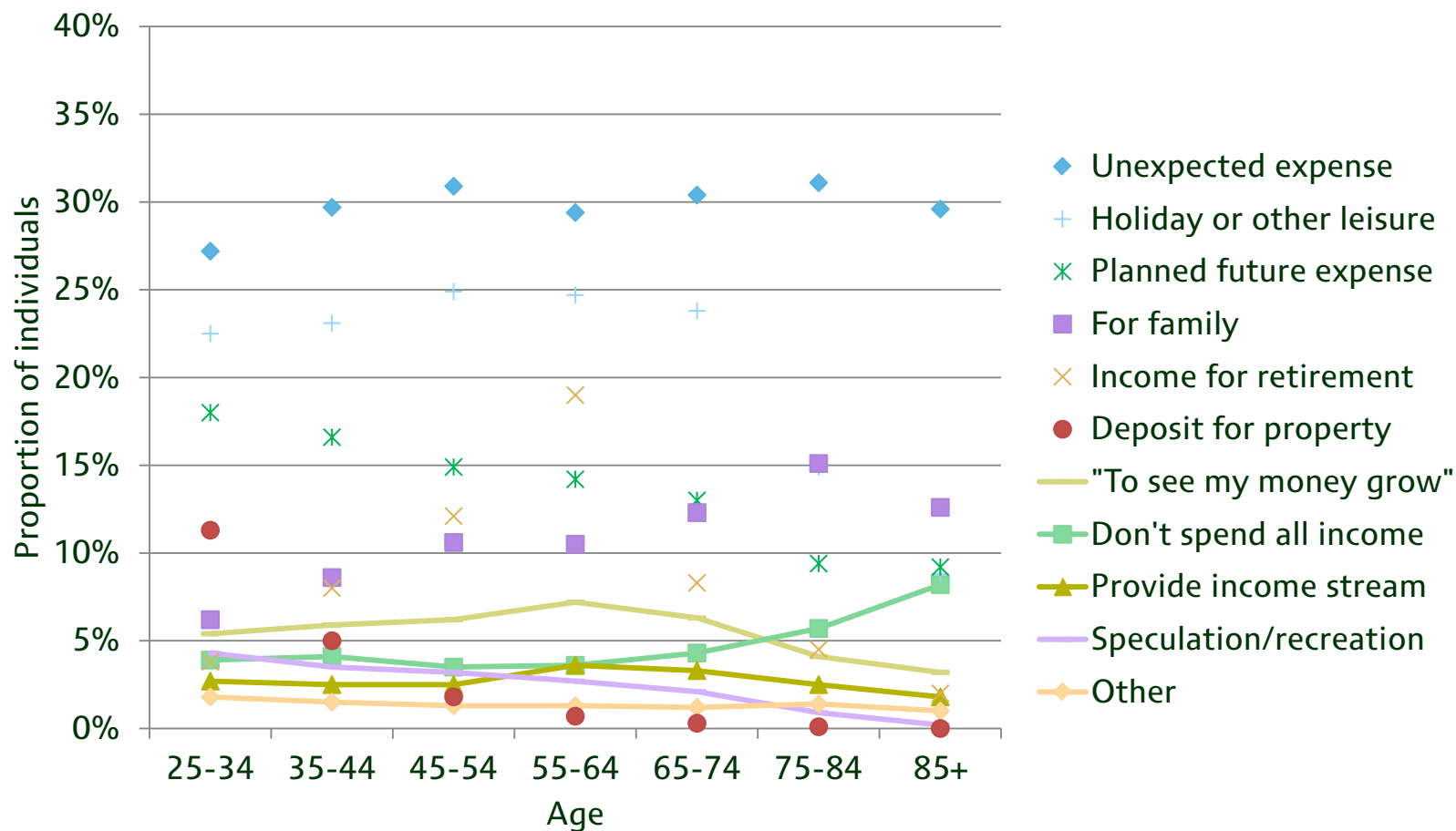
Note: Weighted cross section of all individuals aged 25 and over in 2010-12. Multiple main reasons for saving are permitted. Source: Figure 7.1 and Table 7.1.

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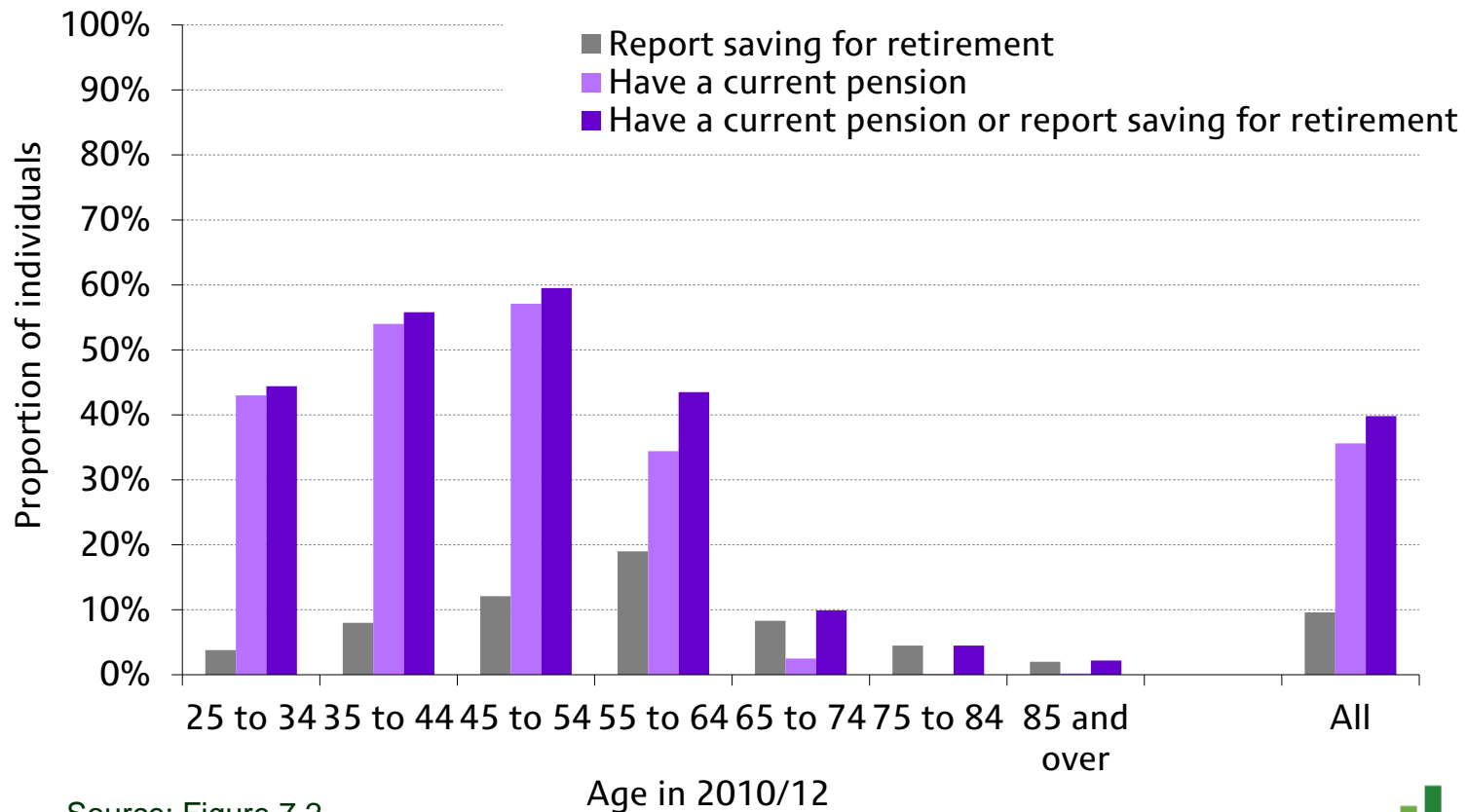
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# Overlap between saving in financial assets for retirement and pension membership

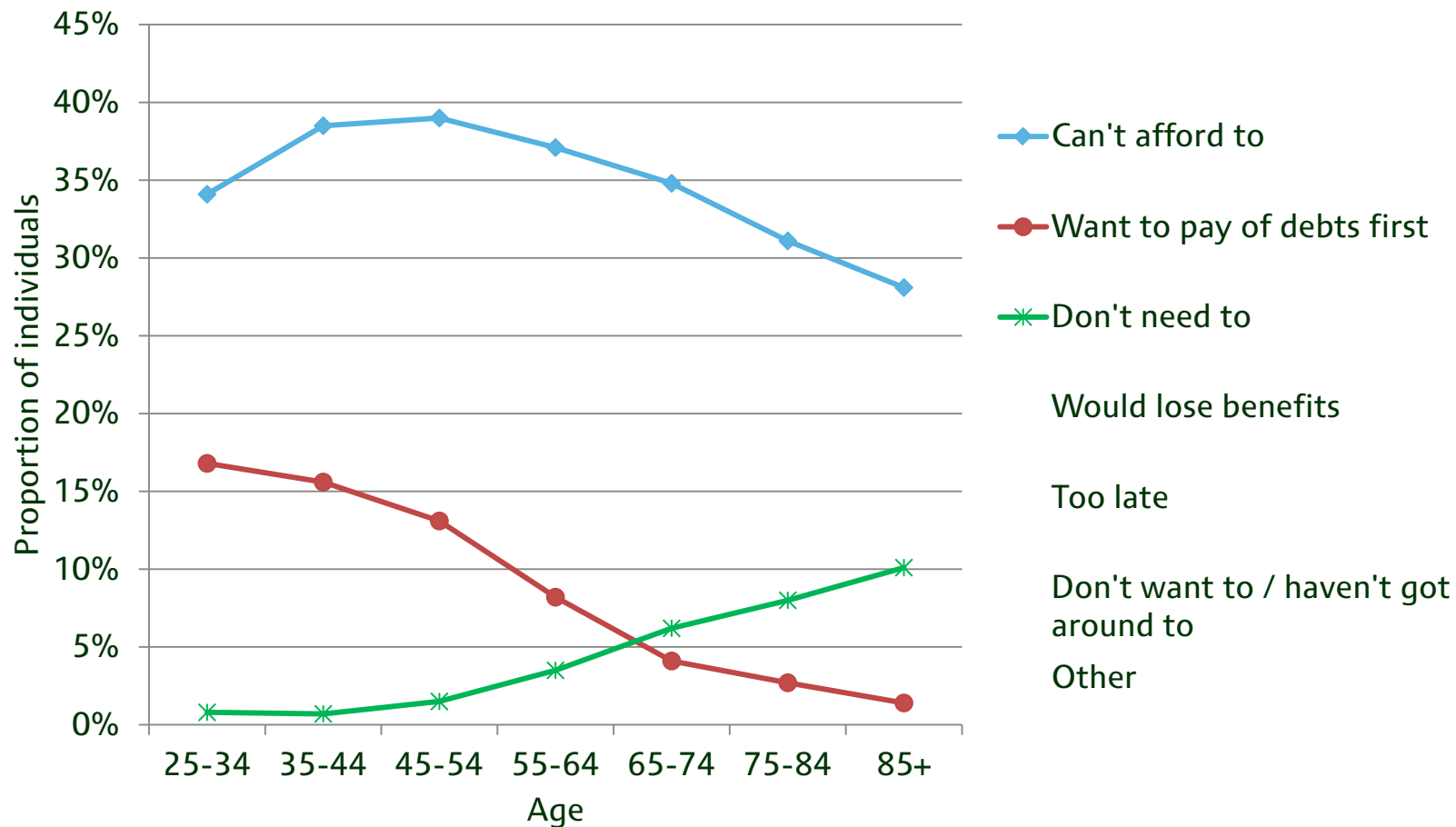
- Is saving in financial assets for retirement a substitute for saving in pensions?



Source: Figure 7.2.

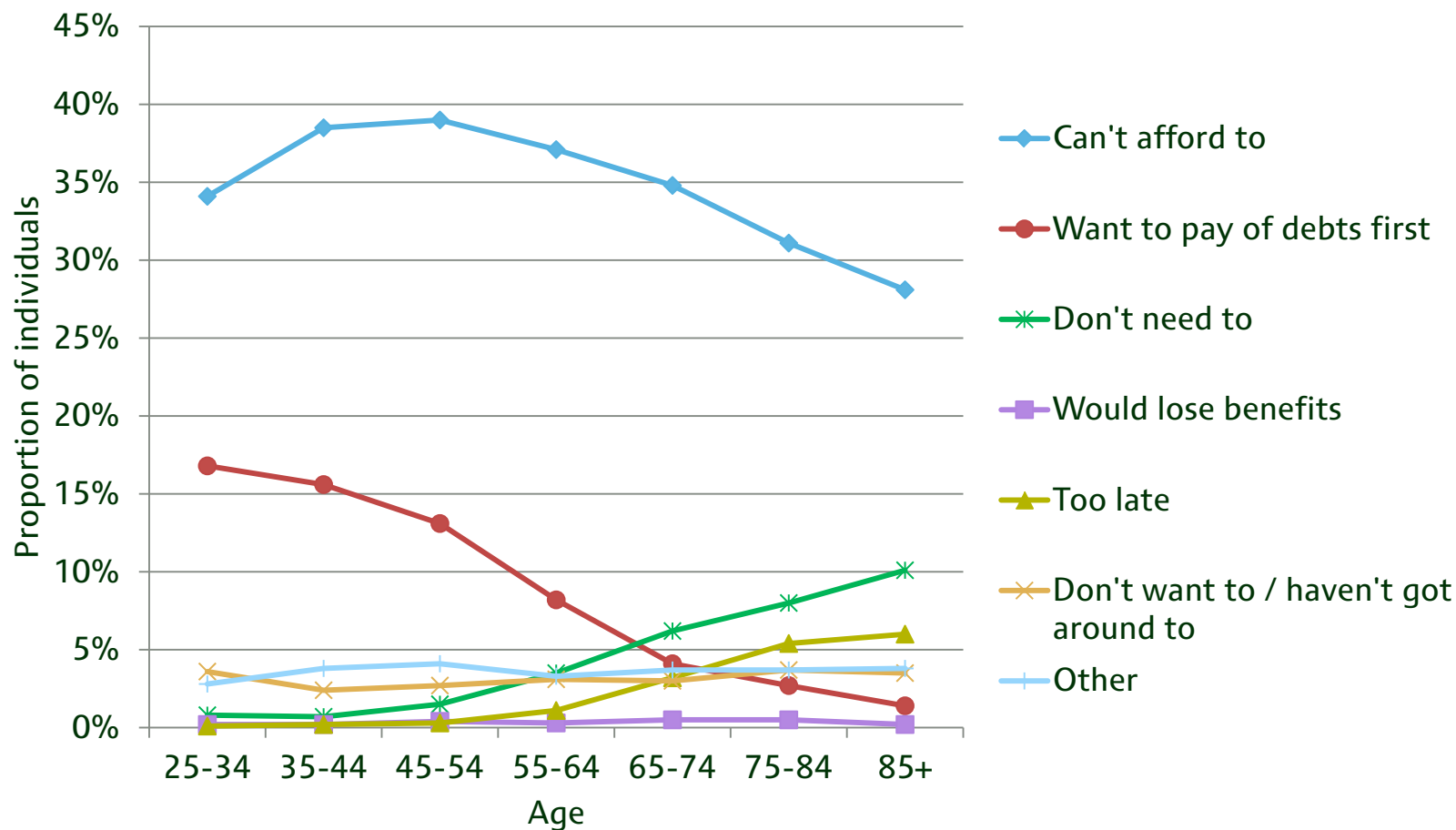


# Reported main reasons for not saving (2010/12)



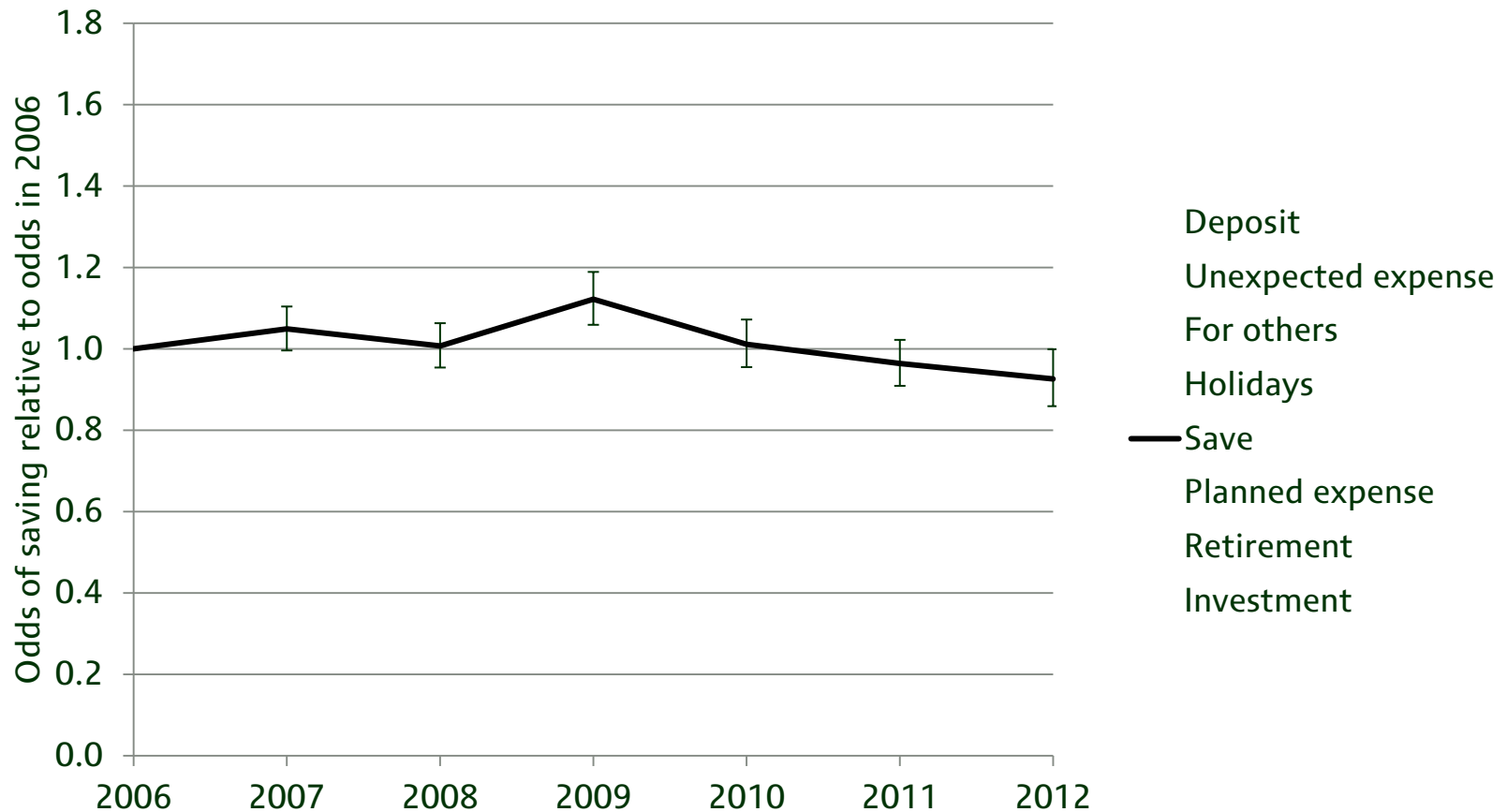
Note: Weighted cross section of all individuals aged 25 and over in 2010-12. Multiple main reasons for not saving are permitted. Source: Table 7.2.

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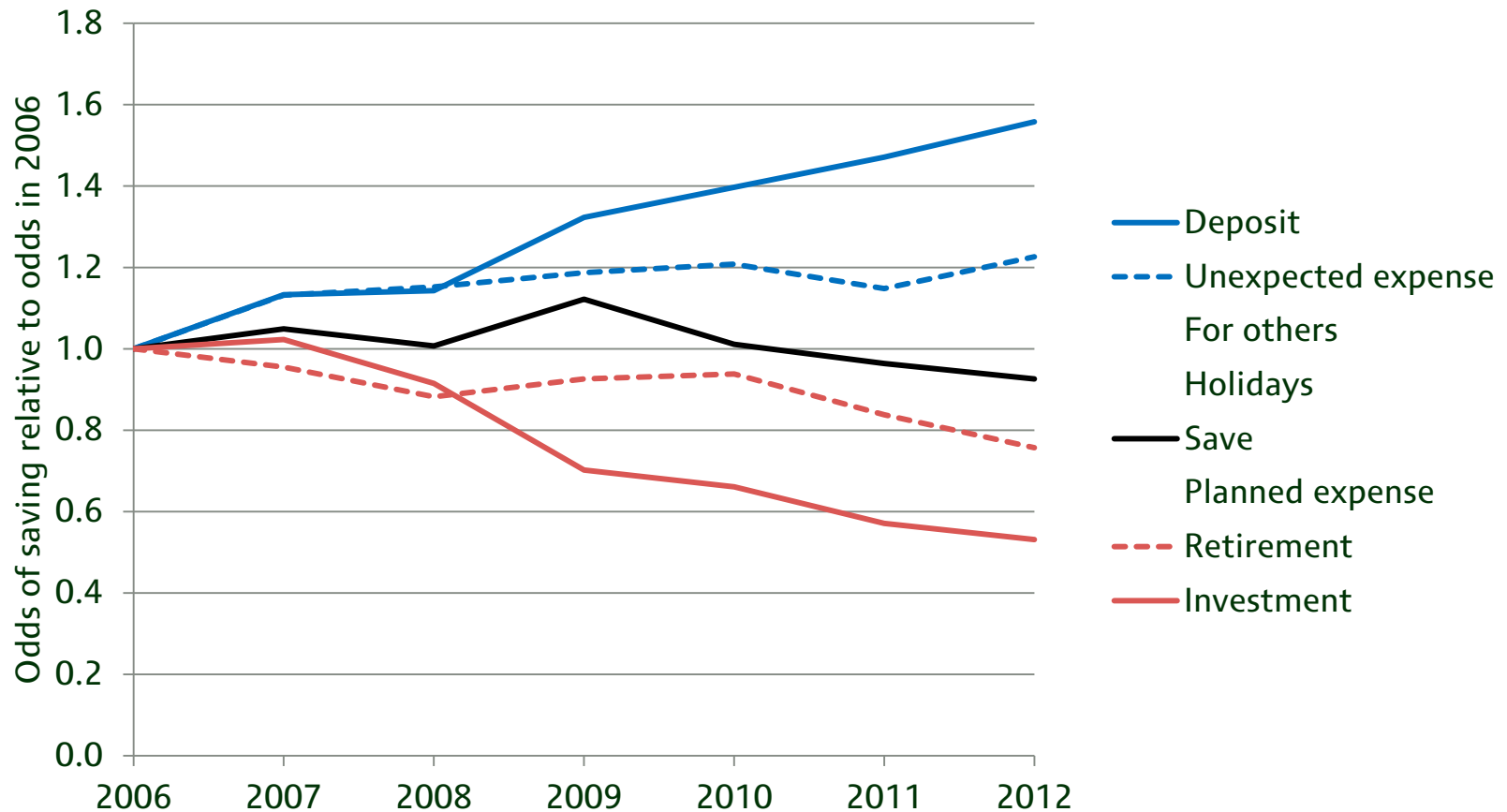
# Changes in reported saving over time



Note: Controlling for changes in individual characteristics over time.

Source: Figure 7.3.

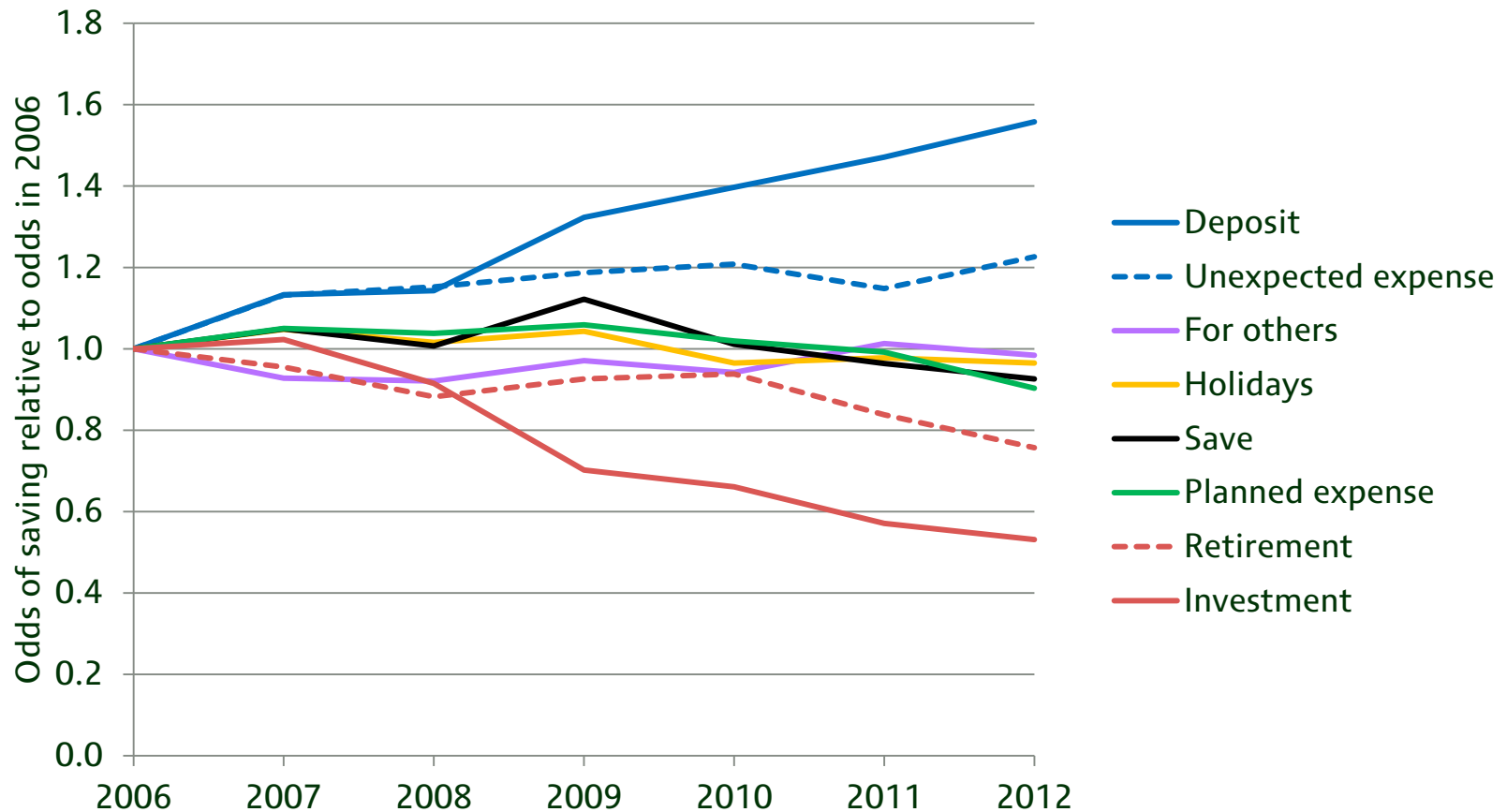
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# Individual characteristics associated with saving

- Many expected associations
  - Odds of saving (and for most reasons) greater for: those with higher education than lower education; higher earners than lower earners
- Odds of financial saving higher for those with other assets:
  - Those with current pensions (vs. those without current pensions)
  - Those with housing wealth (vs. those with mortgages and vs. renters)
- The odds of saving for others are less sensitive to individual circumstances than the odds of saving for other reasons

# Estimated active financial saving – by reported reason for saving

- Active saving in financial assets estimated for individuals observed in all 3 waves of WAS
- Compare this estimated active saving between 2008/10 and 2010/12 by whether/why individuals reports saving

Self-reported in 2010/12:	<i>% of individuals</i>	Estimated active saving	
		Mean	Median
<b>Saving</b>	<b>49%</b>	<b>2,831</b>	<b>750</b>
<b>Not saving</b>	<b>51%</b>	<b>-1,716</b>	<b>-15</b>

Note: Sample is individuals in 2010-12 who are observed in both previous waves.  
Source: Table 7.4

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<b>Saving</b>	<b>49%</b>	<b>2,831</b>	<b>750</b>
<i>Saving for:</i>			
Unexpected expense	31%	6,947	793
Holiday or leisure	24%	9,538	983
Planned expense	15%	11,691	1,225
For others	12%	8,663	1,506
For retirement	11%	11,340	5,336
<b>Not saving</b>	<b>51%</b>	<b>-1,716</b>	<b>-15</b>

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# Retirement income expectations

# Expected sources of retirement income (2010/12)

- “Which [of a list of options] do you expect to use to provide money for your retirement?”

---

	Percentage of (not yet retired) individuals aged...					
	25-34	35-44	45-54	55-64	65-74	All
<b>State pension</b>	76	83	90	94	93	86

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Note: Columns do not sum to 100 as individuals can expect to use multiple sources to provide retirement income.

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<b>Private pension</b>	56	61	63	66	64	<b>61</b>

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<b>Savings/investments</b>	50	40	35	39	51	<b>41</b>

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<b>Private pension</b>	56	61	63	66	64	<b>61</b>
<b>Savings/investments</b>	50	40	35	39	51	<b>41</b>
<b>Primary housing</b>	24	30	31	25	18	<b>28</b>
<b>Other property</b>	14	10	7	7	7	<b>9</b>
<b>Inheritance</b>	28	27	19	12	3	<b>21</b>
<b>Other</b>	34	34	29	28	37	<b>32</b>

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Source: Table 7.5.

# Expected main source of retirement income

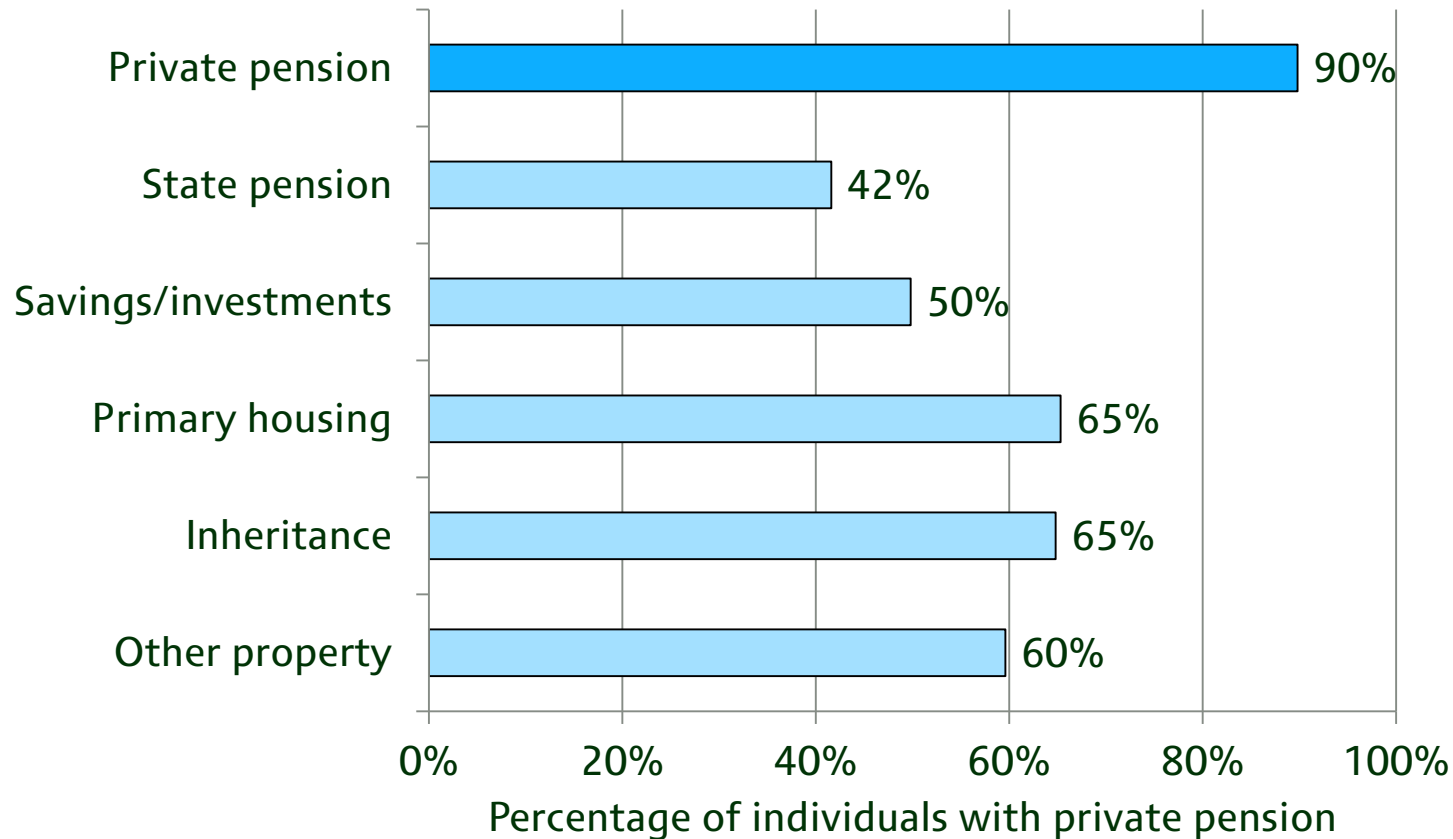
- “Which do you think will make up the largest part of your income during your retirement?”

	Percentage of (not yet retired) individuals aged...					
	25-34	35-44	45-54	55-64	65-74	All
<b>State pension</b>	23	28	35	46	42	33
<b>Private pension</b>	36	35	35	32	28	35
<b>Savings/investments</b>	13	8	5	5	10	8
<b>Primary housing</b>	4	7	8	5	6	6
<b>Other property</b>	5	4	3	2	2	4
<b>Inheritance</b>	5	6	4	2	1	5
<b>Other</b>	12	12	10	7	11	11

Source: Table 7.5.

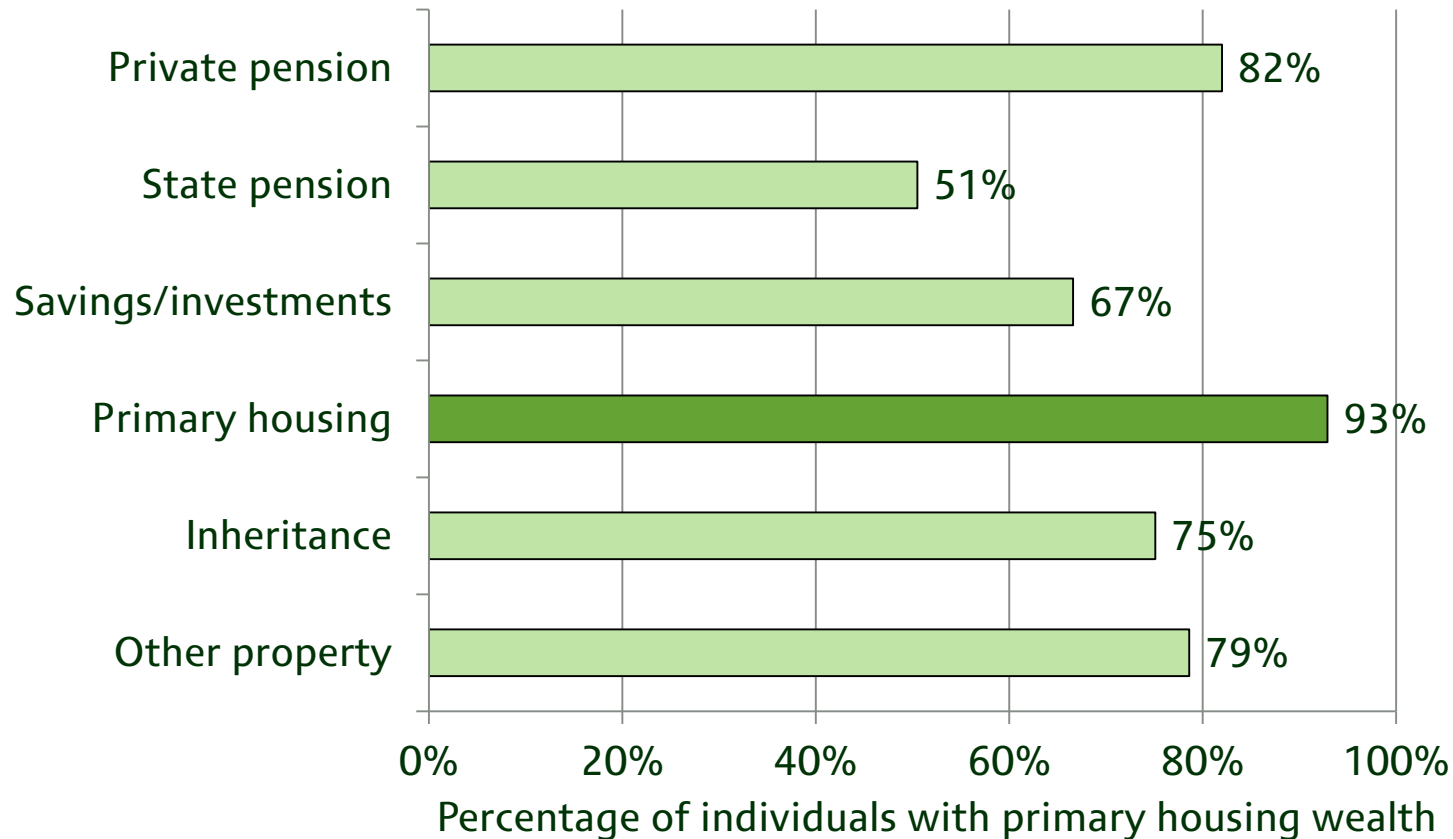
# Expected retirement income sources and assets

## Main source of retirement income:



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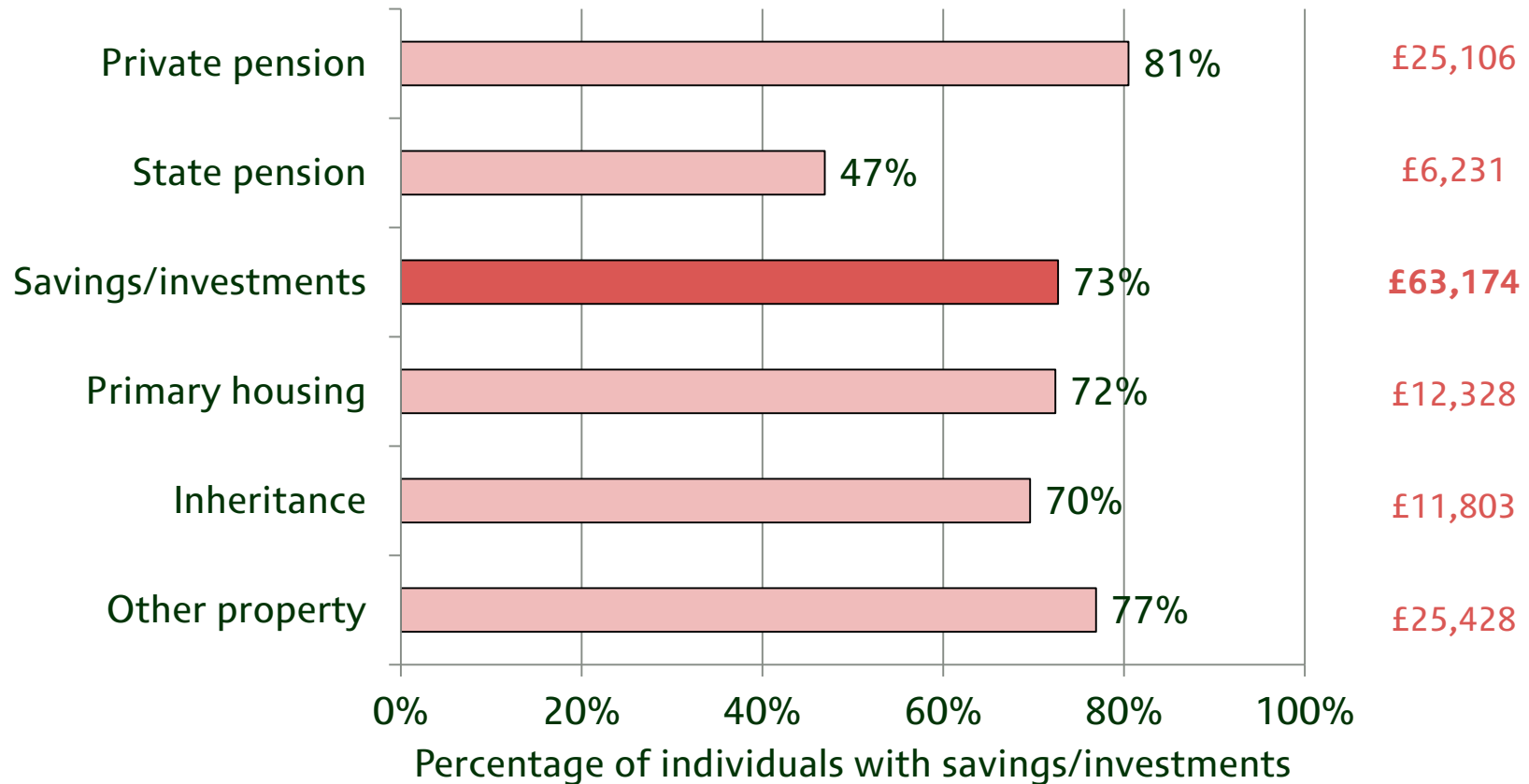




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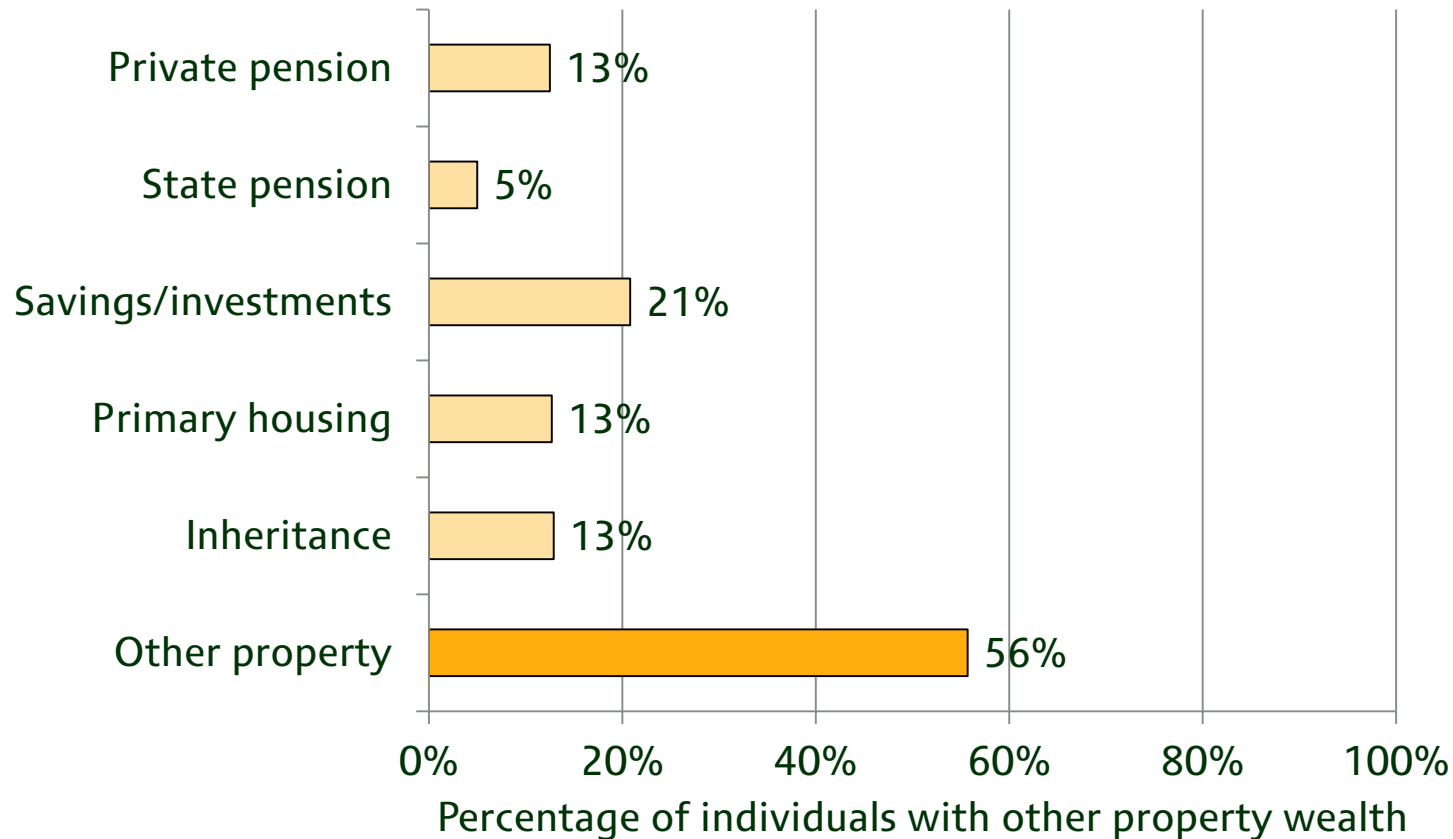
**Main source of retirement income:**

**Mean value of savings/investments:**



# Expected retirement income sources and assets

## Main source of retirement income:



# Attitudes towards saving - summary

- Around half of individuals report saving in financial assets over the previous two years
  - Most common reason for saving is for an unexpected expense, followed by for holiday/leisure, for a planned expense, for others
- Odds of saving basically unchanged between 2006 and 2012
  - Odds of saving for investment and for retirement have declined; odds of saving for a deposit or for an unexpected expense have increased
- On sources of money for retirement:
  - 61% expect something from a private pension, but only 35% expect it to be the main source of money
  - Some correlation between attitudes towards retirement resources and wealth holdings, but future accumulation will be key for some
- Will be interesting to see how these attitudes towards saving and retirement change over time

Thank you!

The full report is available online:

<http://www.ifs.org.uk/publications/8050>

Many thanks to the funders of this report:



DWP



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