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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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.
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)

Proportion of individuals

Can’t afford to
Want to pay of debts first
Don’t need to
Would lose benefits
Too late
Don’t want to / haven’t got around to
Other

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.
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.
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 report saving

<table>
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<tr>
<th>Self-reported in 2010/12:</th>
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<td>Saving</td>
<td>49%</td>
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<td>-1,716 -15</td>
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Note: Sample is individuals in 2010-12 who are observed in both previous waves.
Source: Table 7.4
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<td>Saving for:</td>
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<tr>
<td>Unexpected expense</td>
<td>31%</td>
<td>6,947</td>
</tr>
<tr>
<td>Holiday or leisure</td>
<td>24%</td>
<td>9,538</td>
</tr>
<tr>
<td>Planned expense</td>
<td>15%</td>
<td>11,691</td>
</tr>
<tr>
<td>For others</td>
<td>12%</td>
<td>8,663</td>
</tr>
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<td>For retirement</td>
<td>11%</td>
<td>11,340</td>
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Note: Sample is individuals in 2010-12 who are observed in both previous waves.
Source: Table 7.4
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?"

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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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<tr>
<td>Savings/investments</td>
<td>50</td>
<td>40</td>
<td>35</td>
<td>39</td>
<td>51</td>
<td>41</td>
</tr>
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<td>39</td>
<td>51</td>
<td>41</td>
</tr>
<tr>
<td>Primary housing</td>
<td></td>
<td>24</td>
<td>30</td>
<td>31</td>
<td>25</td>
<td>18</td>
<td>28</td>
</tr>
<tr>
<td>Other property</td>
<td></td>
<td>14</td>
<td>10</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>Inheritance</td>
<td></td>
<td>28</td>
<td>27</td>
<td>19</td>
<td>12</td>
<td>3</td>
<td>21</td>
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<tr>
<td>Other</td>
<td></td>
<td>34</td>
<td>34</td>
<td>29</td>
<td>28</td>
<td>37</td>
<td>32</td>
</tr>
</tbody>
</table>

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

<table>
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<th>Source of Income</th>
<th>25-34</th>
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<td>46</td>
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<td>36</td>
<td>35</td>
<td>35</td>
<td>32</td>
<td>28</td>
<td>35</td>
</tr>
<tr>
<td>Savings/investments</td>
<td>13</td>
<td>8</td>
<td>5</td>
<td>5</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>Primary housing</td>
<td>4</td>
<td>7</td>
<td>8</td>
<td>5</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Other property</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
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</tr>
<tr>
<td>Inheritance</td>
<td>5</td>
<td>6</td>
<td>4</td>
<td>2</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Other</td>
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<td>10</td>
<td>7</td>
<td>11</td>
<td>11</td>
</tr>
</tbody>
</table>

Source: Table 7.5.
Expected retirement income sources and assets

Main source of retirement income:

- Private pension: 90%
- State pension: 42%
- Savings/investments: 50%
- Primary housing: 65%
- Inheritance: 65%
- Other property: 60%
Expected retirement income sources and assets

Main source of retirement income:

- Private pension: 82%
- State pension: 51%
- Savings/investments: 67%
- Primary housing: 93%
- Inheritance: 75%
- Other property: 79%

Percentage of individuals with primary housing wealth

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Expected retirement income sources and assets

Main source of retirement income:

- Private pension: 81% (Mean value: £25,106)
- State pension: 47% (Mean value: £6,231)
- Savings/investments: 73% (Mean value: £63,174)
- Primary housing: 72% (Mean value: £12,328)
- Inheritance: 70% (Mean value: £11,803)
- Other property: 77% (Mean value: £25,428)

Mean value of savings/investments:
Expected retirement income sources and assets

Main source of retirement income:

- Private pension: 13%
- State pension: 5%
- Savings/investments: 21%
- Primary housing: 13%
- Inheritance: 13%
- Other property: 56%

Percentage of individuals with other property wealth
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: