

A quarter of UK adults are worried about paying for household basics reveals report from Schroders Personal Wealth

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The current economic environment of high inflation and the continued cost of living crisis has presented some serious financial challenges for many households, which are highlighted in a new report from Schroders Personal Wealth.

The latest Schroders Personal Wealth Money and Mind Report reveals that two-thirds (64%) of UK adults are currently concerned or very concerned about their finances. Of those concerned, a staggering 25% of UK consumers were worried they would not be able to afford household basics such as food.

The report, which surveys 1,000 UK adults aged 35 and above, looks at how the nation is feeling about their finances, how money matters are impacting their wellbeing and what they are doing about it, if anything.

Impact of the 'high inflation, high interest rate environment' on Financial Wellbeing

73% said that they are worried about the impact of the cost of living crisis on their finances, whilst 46% admitted they think about their finances more than they used to.

One in three (29%) said they felt stressed and anxious about their finances, whilst 87% said their mental wellbeing is impacted by their financial situation.

Less than a quarter (23%) are currently keeping more money as cash savings, whilst 22% admit they are worried about their savings and investments but don't know what to do. Despite these concerns only 5% say they have spoken with their financial adviser.

Just under a half (49%) of UK adults are likely to make a financial plan, whilst 20% are unlikely to make one. Only 9% already have a financial plan in place. For those who said they might put a plan in place, a third had not yet done so because they admitted they didn't know where to start. Over a quarter (26%) had not done so because they thought it would cost too much.

Financial priorities

The good news is that the majority (89%) of UK adults said that sorting out their finances was a priority. However, the reasons behind people prioritising their finances vary significantly.

Our research found that a higher emphasis is placed on shorter term goals, with 43% opting to build an emergency savings pot as the main financial goal. This was followed by 39% whose main goal was to pay off their mortgage and 38% who wanted to become debt free. Just over a quarter (28%) said they wanted to increase retirement contributions, whilst 19% said they wanted to build a nest egg for their children or grandchildren. Only 15% of those surveyed said that making a will was a top financial priority for them.

Commenting on the research, Ben Waterhouse, Chief Client Officer at Schroders Personal Wealth said:

“With the continuing cost of living crisis, it is a disheartening reality that one of the biggest stresses adults in the UK face is related to their finances.

Even if you have your basics covered, the ‘high inflation, high interest rate environment, which has prevailed for most of 2023 and is likely to be with us for some time yet, is squeezing household incomes.

This squeeze lessens the ability to save each month, which means people may not be able to afford the financial futures they had previously hoped for.

It’s concerning to see the impact the cost of living crisis is having on people’s wellbeing. Financial wellbeing doesn’t necessarily have to equate to being extremely wealthy. We believe it comes from being in control of your finances – knowing how much you need to realise your financial goals, and being confident you are on the right path to reach them. A great way to take control is by putting in place a well-structured financial plan. In other important financial areas most people engage an expert, such as a lawyer or accountant, to take on those tasks they deem too complex to do themselves. It’s worrying that people don’t attach the same importance to planning their financial future.

We want everyone to be aware of the importance of having a good financial plan in place, and to understand that being in control of your finances can reduce stress. “

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For further information, please contact:

Charlotte Banks, Head of Communications

Charlotte.Banks@spw.com / 07764 747818

Notes to Editors

About the research

Schroders Personal Wealth surveyed 1,000 UK adults aged 35 and over with household earnings of £50,00 and above between the dates of 11th -12th October 2023.

About Schroders Personal Wealth

Schroders Personal Wealth is a joint venture between Lloyds Banking Group and Schroders –two of the UK’s largest names in banking and asset management.

We were created to help more people across the UK benefit from financial advice. We have the advantage of solid foundations and a strong heritage. But we take a fresh, transparent and personal approach to financial planning.

We aim to provide clients with clarity and transparency in everything we do. This includes using technology to explain how long-term financial planning can add value to peoples' lives; to give people access to information about their financial wellbeing, and to communicate with their adviser when it's convenient for the client. Our heritage may be 400 years old, but our approach is built for the future.

For more information visit <https://www.spw.com>

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