

PRESS RELEASE

Friday 7th September 2007

Savings Metrics: Consumer Attitudes towards and Behaviour in the UK Savings Market

- ***44.0% of consumers hold no pension or retirement savings whatsoever***
- ***55.4% of consumers lack confidence in their ability to save for retirement***
- ***a clear majority of consumers are willing to work part-time after retirement***

Introduction

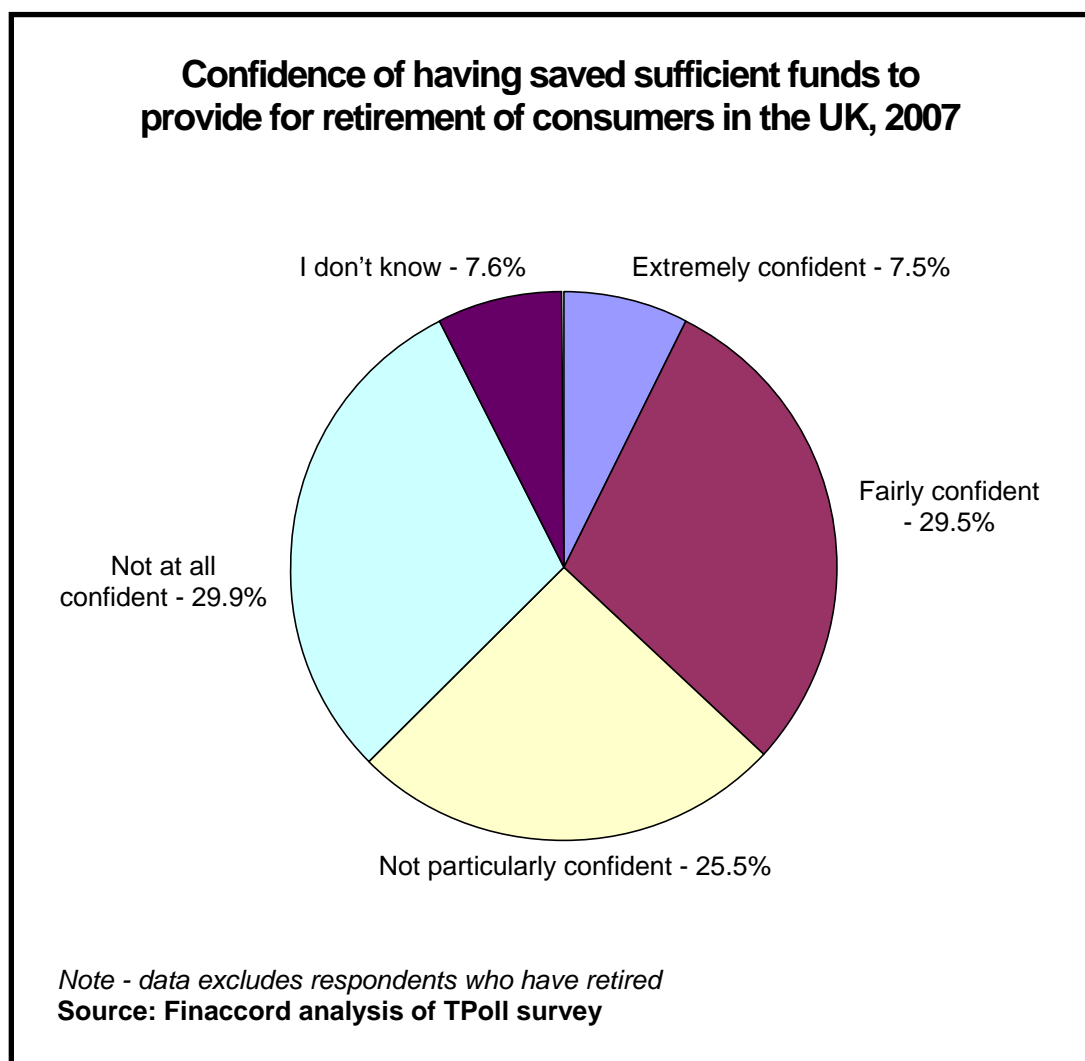
The information contained in the following press release is drawn from Finaccord's recently completed market research study titled *Savings Metrics: Consumer Attitudes towards and Behaviour in the UK Savings Market*. The research for this study was carried out during July and August 2007 using the Internet consumer panel of Tpoll with completed surveys having been filled in and submitted on-line by 1,550 consumers.

In essence, the publication offers a detailed and timely overview of a major tranche of the UK's consumer financial services market, delivering in a single volume insight and analysis covering a broad range of savings products. These range from no notice interest-bearing deposit and savings accounts, cash ISAs and National Savings & Investments bonds and certificates to less commonly held short-term and medium-term savings options such as investment trusts and venture capital trusts, guaranteed equity or property bonds and tax-free friendly society savings plans. In addition, the study also examines consumer approaches to a variety of pension and retirement savings products.

Moreover, not only does the report consider consumer usage of conventional retirement savings products, such as individual pensions and company or occupational pension schemes, but it also analyses the likely importance that they attach to other potential sources of retirement income, such as the property that they own, including second or holiday homes and property acquired for rental, or even, continuing part-time work following retirement. In addition, the report also investigates the opinions of consumers towards key issues such as the concept of compulsory retirement savings and government plans for a National Pension Savings Scheme.

Well over a half of consumers lack confidence that they will save enough for their retirement...

The following diagram provides an illustration of the confidence of respondents to the survey who have not yet retired that they will have saved a sufficient amount to adequately fund their retirement when they stop working. This underlines in unmistakable terms the insecurity that a majority of consumers feel towards this issue given that within the overall breakdown only 7.5% assert that they are extremely confident and 29.5% that they are fairly confident. In contrast, 25.5% declare that they are not particularly confident, 29.9% that they are not at all confident and 7.6% that they do not know. Indeed, other data gathered from the research indicates that as many as 44.0% of consumers currently hold no pension or retirement savings whatsoever.



... and uncertainty remains high even among respondents aged between 55 and 64

More worryingly, the breakdown for this question by age group of respondent, provided in the following table, indicates that while confidence increases in line with rising age, it does not do so decisively. Crucially, among respondents aged between 55 and 64, which is typically the age at which most consumers are fast approaching retirement, the combined percentage of 49.5% who are either not particularly confident or not at all confident in this domain still exceeds the 43.3% who are either fairly confident or extremely confident. Furthermore, confidence levels decline thereafter among the small number of respondents aged 65 or over who have not yet retired and who, therefore, are included in this analysis.

Confidence of having saved sufficient funds to provide for retirement of consumers in the UK, 2007 (segmentation by age group - data)

%	16-24	25-34	35-44	45-54	55-64	65 or over
Extremely confident	8.2%	5.3%	5.5%	8.0%	12.6%	5.9%
Fairly confident	18.4%	24.3%	26.0%	35.7%	32.7%	29.4%
Not particularly confident	20.4%	30.0%	27.4%	22.4%	23.8%	23.5%
Not at all confident	24.5%	31.3%	32.3%	29.3%	25.7%	41.2%
I don't know	28.6%	9.1%	8.8%	4.5%	5.1%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note - data excludes respondents who have retired

Source: Finaccord analysis of TPool survey

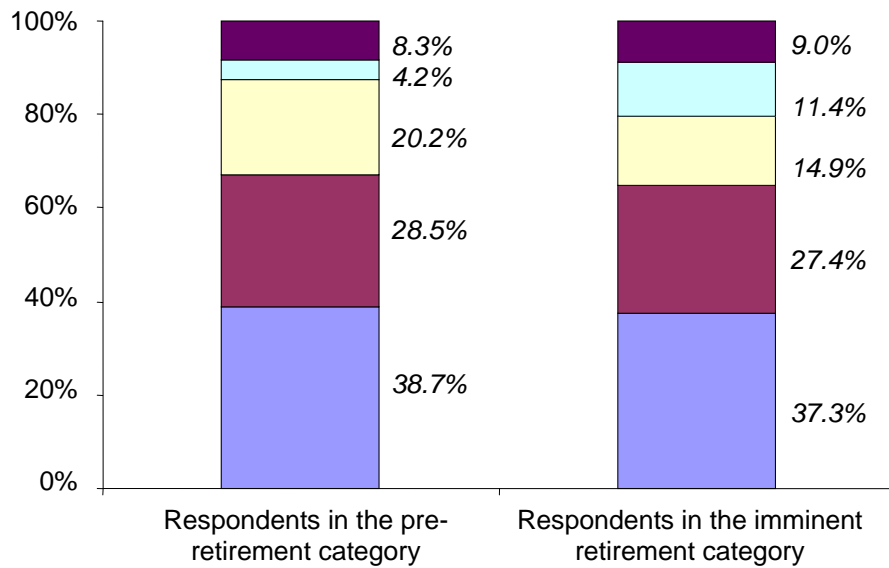
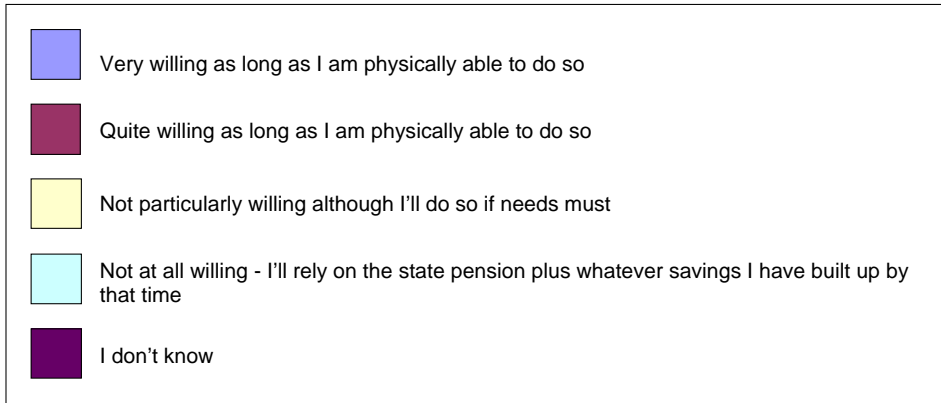
'Work until you drop' - a possible scenario for old age in the UK?

Elsewhere in the survey, a significant proportion of respondents who have not yet retired - 65.0% to be exact - express the view that income from continuing part-time work following retirement will be either quite important or very important as a source of income in the wake of their retirement from part-time work. Furthermore, 12.3% of those who do not plan to retire during the next five years believe that this will be their most important source of income following retirement. This willingness to continue working on a part-time basis is underlined by the survey results presented in the graphic overleaf.

These show that 38.7% of respondents in the pre-retirement category (ie. with no plans to retire within the next five years) state that they are very willing to continue working on a part-time basis as long as they are able to do so with 28.5% stating that they would be quite willing and 20.2% that they would not be particularly willing although would do so if needs must. In contrast, only 4.2% maintain that they would definitely not be willing and would rely on the state pension plus whatever savings they have built up by that time, with a further 8.2% not expressing an opinion.

Moreover, that these statistics are not merely the result of youthful optimism is underlined by the fact that a fairly similar pattern emerges from responses provided by the respondents in the imminent retirement category (ie. those planning to retire within the next five years). Within this constituency, 37.3% of respondents venture that they are very willing to continue working on a part-time basis as long as they are able to do so with 27.4% stating that they would be quite willing and 14.9% that they would not be particularly willing although would do so if needs must. Indeed, the 11.4% who would definitely not be willing still represent only a very small minority of the total.

Willingness of consumers to continue part-time work following retirement in the UK, 2007



Note - data excludes respondents who have retired

Source: Finaccord analysis of TPoll survey

Commented a Finaccord spokesperson:

“The results of the Savings Metrics survey re-emphasise the difficulty that many individuals in the UK will face when it comes to funding their retirement and pension providers are generally correct to assert that current savings levels are insufficient. Moreover, it is interesting to note that the research indicates that a majority of consumers are not necessarily averse to the concept of compulsory retirement savings. However, among other findings, the survey also finds that consumers who are currently further away from retiring are gearing up to fund their retirement through alternative means such as continuing part-time work and property ownership as well as traditional routes such as the state pension and company or occupational pension schemes. Indeed, in addition to the long-standing challenge of persuading consumers to make greater savings of any sort and to choose their own savings products as opposed to those of competitors, savings providers must also develop strategies to deal with the increasing inclination of consumers to save for the long term by means of property ownership.”

Savings Metrics: Consumer Attitudes towards and Behaviour in the UK Savings Market is being published in September 2007 and is available from Finaccord at a cost of £1,495.

About Finaccord

Established by a team of professionals with an extensive background in financial services, Finaccord specialises in the provision of market research, consulting services and published reports on the financial sector on an international basis. By offering a focused service, Finaccord aims to be the marketing services consultancy of choice for organizations with an interest in financial services worldwide and to provide insights that are sharper, more actionable and which represent better value for money than those of generalist consultancies.

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