

The Scottish Widows Future Finances Index™ (FFI™) is compiled each quarter by S&P Global, using original monthly survey data collected by Ipsos MORI from a representative sample of 4,500 UK households.

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UK FAMILIES COMMITTED TO HELPING OTHER GENERATIONS DESPITE WEAK HOUSEHOLD SENTIMENT

- **10% of households saving more into their pensions to strengthen their future finances**
- **11% of households have delayed retirement plans due to current financial challenges**
- **UK household perceptions towards personal future finances is weakest since 2009**

Over three-quarters (77%) of UK households are still planning for the financial wellbeing of other generations in their families, despite a period of financial and economic uncertainty amongst UK households, according to the latest Scottish Widows Future Finances Index.

Around 68% of people stated the number of generations they include in their long-term financial plans remains unchanged from a year ago, while around 15% now plan for a greater number of generations. 44% of households would consider one other generation in their long-term financial plans, with a further 27% expecting to account for two generations. This could include covering the care costs for elderly relatives as well as helping younger generations to get on the housing ladder or cover the costs of further education. The recent rise in the cost of living (36%) and a new birth in the family (34%) are the most cited reasons for inter-generational financial planning.

Emma Watkins, Managing Director - Retirement, Scottish Widows said:

“The latest survey data tells us that UK households are clearly concerned about their financial outlook, but it’s positive to see that the tradition of passing a financial legacy to loved ones remains strong and has increased since a year ago. But in addition to that, around one in seven households now feel they need to support other relatives too – this may include helping the younger generation with one-off big purchases or covering cost of care for the older family members – which is likely to further impact already downbeat perceptions towards future finances.”

“However, despite the current financial challenges, it’s important that, where possible, households continue to plan beyond the here and now, and to strengthen their finances for the long-term to ensure financial security and stability for when they choose to retire.”

Retirement and Pensions

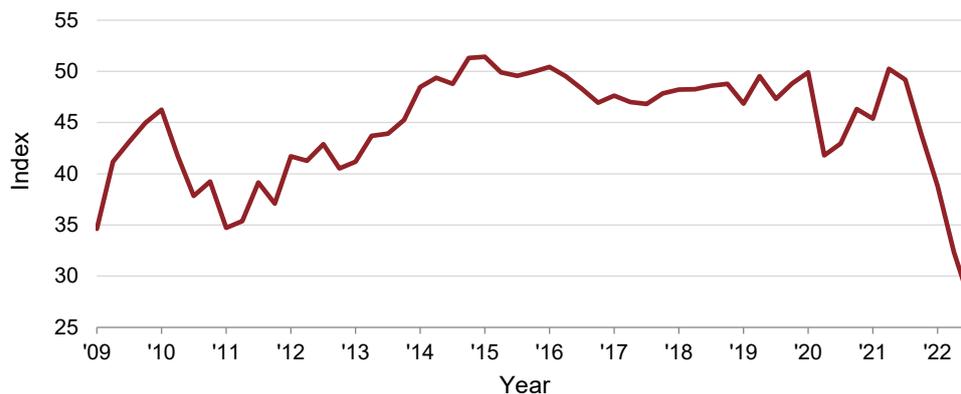
Current financial challenges and the sustained hike in living costs are impacting long-term financial plans. Compared with 12 months ago, around 11% of householders now plan to retire later, while 10% have increased their pension contributions in efforts to shape up their finances for their future. Notably, 28% of those surveyed reportedly had no pension plans at all.

UK Future Finance Index

The latest Scottish Widows Future Finance Index registered 27.5 in Q3, down from 32.4 in Q2. This continues the downward trend that began a year ago and signalled downbeat perceptions towards future finances in UK households, in the face of the ongoing cost of living crisis and a weakening economic outlook. Moreover, the latest figure was the lowest in the near 14-year history of the series.

Scottish Widows UK Future Finance Index

sa, >50 = improvement since previous quarter



Sources: Scottish Widows, S&P Global.

Ends

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Notes to editors**Survey methodology**

The FFI is a "diffusion index", which is calculated by adding together the percentage of respondents that reported an improvement plus half of the percentage that reported no change. The resulting index varies around the 50.0 "no-change" level, with readings above 50.0 signalling an improvement and readings below 50.0 a deterioration. The headline survey indices have been seasonally adjusted using the US Bureau of the Census X-12 programme. S&P Global do not revise underlying (unadjusted) survey data after first publication.

The Future Finances Index™ (FFI™) survey was first conducted in February 2009 and is compiled each quarter by S&P Global. The survey methodology has been designed by S&P Global to complement the Purchasing Managers' Index® (PMI®) business surveys, which are closely watched due to their timeliness and accuracy in anticipating changing business conditions. The FFI is intended to accurately anticipate changing consumer behaviour. The questionnaire is designed to be quick and easy to complete, incorporating a small number of key questions, which encourages regular participation among even high-level respondents.

The survey is based on monthly responses from approximately 1,500 individuals in the UK, with data collected by Ipsos MORI from its panel of respondents aged 18-64. The survey sample is structured according to gender, region and age to ensure the survey results accurately reflect the true composition of the population. Results are also weighted to further improve representativeness.

Prior to September 2010, the Future Finances Index was jointly compiled by YouGov and S&P Global based on monthly responses from over 2,000 UK households, with data collected online by YouGov plc from its representative panel of respondents aged 18 and above. The panel was structured according to income, region and age to ensure the survey results accurately reflected the true composition of the UK population. Results were also weighted to further improve representativeness. Prior to Q2 2022, the Future Finances Index™ (FFI™) was named the Household Finances Index™ (HFI™).

Index numbers

Index numbers are quarterly averages, calculated from the percentages of respondents reporting an improvement, no change or decline in each month. These indices vary between 0 and 100 with readings of exactly 50.0 signalling no change on the previous month. Readings above 50.0 signal an increase or improvement; readings below 50.0 signal a decline or deterioration.

Ipsos MORI technical details (Quarter three 2022 surveys)

Ipsos MORI interviewed 4500 adults aged 18-64 across the UK from its online panel of respondents. Interviews were conducted online between July 15th – 19th, 11th – 16th August, and 1st – 5th September 2022. A representative sample of 1500 adults were interviewed in each period, with quota controls set by gender, age and region and the resultant survey data weighted to the known UK profile of this audience by gender, age, region and household income. Ipsos MORI was responsible for the fieldwork and data collection only and not responsible for the analysis, reporting or interpretation of the survey results.

About Scottish Widows

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