

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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## MAJORITY OF HOUSEHOLDS WILLING TO SUPPORT RISE IN AUTO-ENROLMENT

- Nearly a quarter of households favour an increase in Auto-Enrolment contributions of 5% or more
- Rising costs prompt households to seek out financial advice
- Personal future finances have deteriorated to their weakest since at least 2009

A majority of households would support an increase in the minimum level of auto-enrolment contributions by employees despite households' perceptions of deteriorating future finances, according to the latest survey data from the Scottish Widows Future Finance Index.

When asked about minimum level auto-enrolment pension contributions, over three-quarters (76%) of those surveyed in the final quarter of 2022 were willing to support an increase. Moreover, the most favourable approach amongst respondents (24%) would be for an increase of 5% or more.

An acknowledgement of the need for an increase in pension contributions perhaps reflect a desire amongst households for greater financial security, especially in the context of over two-fifths (41%) of those surveyed having no retirement plans currently in place.

### Rising costs prompts households to seek out financial advice

Meanwhile, over a fifth of households (23%) have become more willing to seek out professional financial advice than 12 months ago. When asked what had prompted this change, households overwhelmingly pointed to the corrosive impact on their finances of rising prices (35%), increasing energy bills (28%) and higher inflation, national insurance, and taxes (32%).

Job security worries were also noted as a reason to seek out professional financial help (14% of respondents). With income from employment reported to also be declining for all but the top earners, as well as the increases in the cost of living, it was perhaps unsurprising to see the most significant deterioration in household futures finances in nearly 15 years.

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

*“Despite increases in the cost of living impacting household finances, it’s pleasing to see that there’s a significant rise in the support for long-term financial resilience through increased minimum level of auto-enrolment pension contributions. This is something Scottish Widows has advocated for a number of years, and growing household support should be welcomed by the industry and policy makers.*

*“The shift in attitudes towards financial advice is also very encouraging. It’s clear that households are increasingly seeing the value in seeking professional advice to better prepare themselves and their families for financial security in the future.”*

The Scottish Widows Future Finance Index, which measures households' overall perceptions towards future financial wellbeing, dropped to 25.1 in Q4, compared to 27.5, and its lowest level in 14 years of data collection.

### 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 four 2022 surveys)

Ipsos MORI interviewed 4500 adults aged 18-64 across the UK from its online panel of respondents. Interviews were conducted online between October 21st – 25th, 17th – 22nd November, and 8th – 10th December 2022. A representative sample of 1500 adults was



## Press Release

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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