

## NS&I Savings Survey Reporting on five years of savings behaviour across Britain

# This autumn, NS&I's Savings Survey has been running for five years.

Since the survey began in autumn 2004 it has examined savings activity across Britain, reporting quarterly on who is saving, how much is being saved, savings targets, and whether average savings per head are increasing or decreasing.

During this time over 50,000 people have been surveyed providing a comprehensive overview of savings behaviour. The wealth of data collected and the accompanying trends that can be identified are particularly interesting given the changes in the economic environment that have occurred during this period.

As well as providing key insights into how the nation approaches savings and financial management, the data also reveals interesting differences between the genders, age and regional breakdowns.

The report refers to average annual figures, with data from:

- 2005 (December 2004 – November 2005)
- 2006 (December 2005 – November 2006)
- 2007 (December 2006 – November 2007)
- 2008 (December 2007 – November 2008)
- 2009 (December 2008 – November 2009)

### Savings snapshot 2009

Average monthly amount saved per head	£83.87
Average percentage of monthly take-home income saved	6.06%
Percentage of the Great British population regularly saving	47%

### Key trends 2005 – 2009

- ▲ Overall increase in the average monthly amount saved per head
- ▬ The average amount being saved as a percentage of take-home income has remained broadly constant (+/- 0.25%)
- ▲ Slight increase in the number of people regularly saving money
- ▲ Overall increase in amount saved by regular savers
- ▼ Although the average amount people want to save in pounds is higher in 2009 than 2005, savings targets as a percentage of income have declined slightly over this period

These trends are explored in more detail, with reference to annual figures.

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**Economic snapshot**

	2005	2006	2007	2008	2009
Bank of England Base Rate (September figures) <i>bankofengland.co.uk</i>	4.50%	4.75%	5.75%	5.00%	0.50%
FTSE 100 (September figures) <i>ftse.com</i>	5,477.7	5,960.8	6,466.8	4,902.5	5,133.9
Consumer Prices Index (September figures) <i>statistics.gov.uk</i>	2.5%	2.4%	1.8%	5.2%	1.1%
Gross Mortgage Lending £ – billion (September figures – CML) <i>cml.org.uk</i>	£27.8bn	£29.2bn	£30.6bn	£17.5bn	£12.5bn

**How much are people saving?**

The Savings Survey records an overall increase in the amount of money Britons have managed to set aside from 2005 to 2009.

- Five years ago the average monthly amount saved per head was £70.23
- This year the amount has increased to £83.87, its highest level since the Savings Survey began

This positive trend in the population’s average savings levels reflects the increases observed in the average monthly take-home income (income after tax, National Insurance contributions and other expenses). The data shows a year-on-year growth despite recent economic conditions, including well documented pay freezes.

- The average monthly take-home figure was £1,166.00 in 2005, increasing to £1,384.70 this year (2009). See figure 1.

**Figure 1: Average amount saved per head versus average monthly take-home income**



The correlation between these indices means that the average monthly amount saved as a percentage of income has remained broadly constant over the last five years, fluctuating around the 6% mark.

Despite the considerable variations in the economy over the last 18 months, the amount saved as a percentage of income remained stable in 2008 and 2009 at 6.06%. See figure 2.

**Figure 2: Amount saved as a percentage of income**

2005	2006	2007	2008	2009
6.02%	6.25%	5.86%	6.06%	6.06%

When considering the average amounts the population are managing to set aside it is interesting to review what savings goals the population is setting itself and how these have changed over the last five years.

**How much do people aspire to save?**

The data collected since 2005 reveals an increase in the average monthly amount that people want to set aside, their financial target in pounds.

- In 2005 this figure averaged £172.91. Over the past five years this has increased, with people currently aspiring to save £196.91 each month.

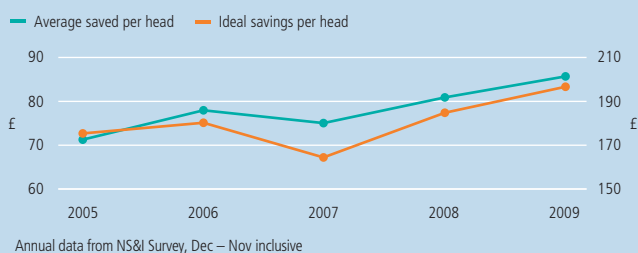
Given the increase in take-home income that has already been reported, it is encouraging that people appear to be regularly re-evaluating the amount they hope to save in line with their changing earnings.

It should be noted however that when reviewing savings ideals as a percentage of income a slightly more complicated picture emerges; one that is important when considering savings in the future.

Although the variations are not substantial, the data shows that this measurement is lower in 2009 than it was in 2005 or 2006. It has however increased from the levels recorded in 2007 and 2008. This could be because, while the population are re-evaluating their savings, they are either not able to set aside the same proportion of income or they are not considering that this is important.

As savings targets and ideals are important in driving the amounts that people actually set aside (see figure 3), and the continued discrepancy between how much people want to save and how much they are actually managing to save, it must be hoped that ideals continue to improve – both in pounds and as a percentage of income - to ensure that savings continue to remain above 6% of the average take-home income.

**Figure 3: Ideal savings per head versus amount saved per head**



**Is 6% of income enough?**

Given the consistency of this figure over the five-year period that the Savings Survey has been reporting, it is important to consider whether saving 6% of take-home income is sufficient to meet needs and wants, as well as ensuring financial security.

**Comment from Dr Robin Keyte, Certified Financial Planner, Towers of Taunton:**

**What proportion of income should people be saving?**

“The question of how much people should save is as broad as it is long - though it really does depend on individual circumstances and goals. In terms of saving for retirement, a good rule of thumb is between 10% and 15% per annum of earnings, which is too much for most people and why it is so important to join employer sponsored pension schemes.

“For a cash emergency fund it is 3-6 months earnings, and for goal focused savings that aim to achieve an objective five years or more in the future, it may be worth looking at making regular monthly investments into an investment product, which has the potential to provide higher returns although the risk is greater and your money can go down as well as up.”

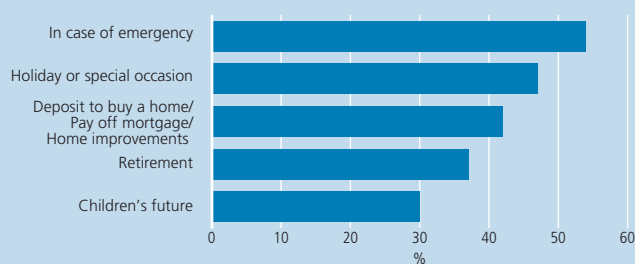
**What are people saving for?**

- This autumn, more than a quarter (26%) of savers said they had a savings goal and were saving for something specific.
- Having enough money in case of an emergency was seen as the most common savings goal with more than half saying this was their main priority (54%).

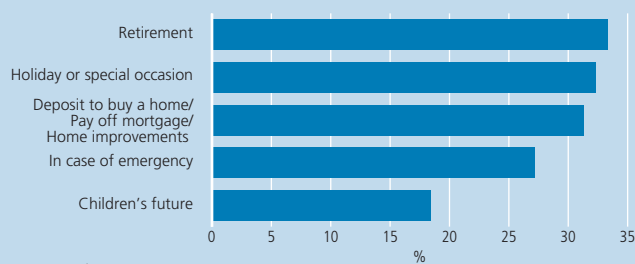
Looking back at past Savings Survey data it is interesting to note how these priorities have changed, perhaps as a result of the changing economic environment.

- Taking data recorded for winter 2006/2007 as an example for comparison, saving for retirement (33%) and setting money aside to afford a holiday or special occasion (32%) were the most frequently cited savings goals. Just 27% were saving for an emergency, half the number of people compared to autumn 2009 (54%) See figures 4 and 5. Since summer 2007, saving for an emergency has consistently been the most popular savings goal among the population.

**Figure 4: What are people saving for in autumn 2009?**



**Figure 5: What were people saving for in winter 2006/2007**



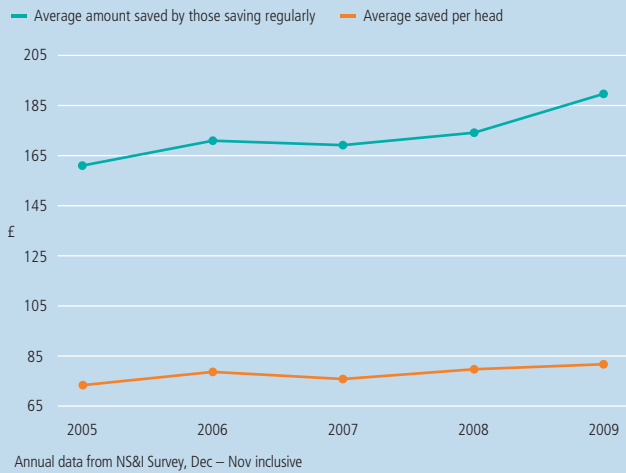
**Comment from NS&I's savings strategist:**

It's a good idea not to put all your eggs in one basket. Making sure you have money in a readily accessible rainy-day fund as well as some money in a hard working, long-term savings account is important and will provide a valuable safety cushion in the event of any unexpected emergencies.

Not all accounts and savings products offer the same level of reward, nor the same element of risk. Don't forget that external factors like market conditions can have a big impact on how your investments perform. It's worth spreading out your savings to maximise your returns.

Speaking to an Independent Financial Adviser will help you decide on which products suit you best.

**Figure 6: Monthly amount saved per head versus amount saved by regular savers**



**Regular savers achieving highest levels**

Over the past five years, regular savers have consistently saved more money than the rest of the population. See figure 6.

- Since 2005 the amount of money set aside by those saving regularly has increased from an average of £161.92 to £188.20 in 2009. This is the first time this index has exceeded £180.
- Compared to last year, regular savers are setting aside 8.29% more (2008: £173.80), the largest year-on-year increase for this index since the Savings Survey started.

While on average those people that regularly save money have slightly higher monthly take-home incomes than the wider population (£1,599.90 compared to £1,384.70 in 2009), this is not the only reason for them setting aside more. It is evident that they are also coming much closer to achieving their savings targets.

In 2009, while the average individual aspired to save 14.22% of their monthly take-home income, the group of people who regularly save were hoping to set aside a similar percentage, 14.31% of their income. However, while the average population managed to reserve just 6.06% of their income, regular savers set aside 11.76% – a figure much closer to their savings aspirations. Figure 7 displays the change in savings behaviour over the last five years.

**Who is regularly saving?**

Despite a regular savings habit seeming to correlate with achieving higher savings levels, closer to the savings ideals individuals set, the number of people who save money every month has consistently remained less than half of the population.

- This year, 47% of the population said they saved money every month, a slight increase compared to the figure recorded when the Savings Survey began (2005: 45%).
- This figure has fluctuated between 47% and 48% between 2006 and 2009, but the annual average has never exceeded 50%. See figure 8.

It appears that those people who regularly save are committed to setting aside money each month, even if their income is increasingly squeezed by economic conditions. However, others do not recognise that this can help them save more even when money is tight, and so the proportion of the population who save regularly is not increasing.

**Figure 7: Change in savings behaviour 2005 – 2009**

	2005	2006	2007	2008	2009
Average monthly amount saved per head across the GB population as a percentage of income (%)	6.02	6.25	5.86	6.06	6.06
Amount saved by regular savers as a percentage of income (%)	12.23	11.81	11.32	11.56	11.76
Ideal savings per head as a percentage of income (%)	14.83	14.36	12.84	13.98	14.22
Ideal savings for regular savers as a percentage of income (%)	15.20	14.86	13.57	14.42	14.31

**Figure 8: Percentage of people regularly saving each year**

	2005	2006	2007	2008	2009
Percentage who regularly save	45	48	47	48	47
Percentage who don't regularly save	55	52	53	52	53

**Recommendation from NS&I's savings strategist: best practice advice on saving regularly**

- Take some time at the start of each month to review how you could cut back on unnecessary expenditure. Total up how much you are likely to save in a month, or a year or even five years and see if you can implement some changes.
- Have a savings goal and set up a suitable savings vehicle to deposit money in regularly. Label it your savings goal so that you stay focused on what it is you'll gain at the end of the period.

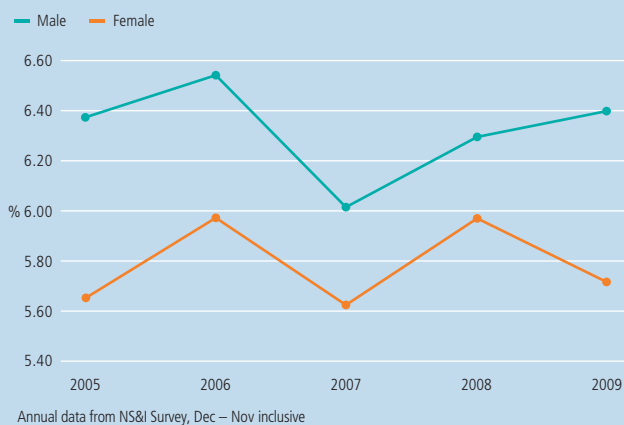
**Men consistently save more**

The data collected over the past five years reveals that male savers consistently save more money than women.

This is probably, at least in part, a result of average earnings for men always being higher than those for women. The Savings Survey shows 2009 figures of £1,601.10 and £1,156.30 respectively, and the annual average figures for men have consistently been between £375 and £450 more than their female counterparts.

The data also suggests that the amount of actual money available each month may not be the only reason that men save more. Instead findings show that over the last five years men have on average always saved more as a percentage of their income than women. See figure 9.

**Figure 9: Amount saved as a percentage of income**

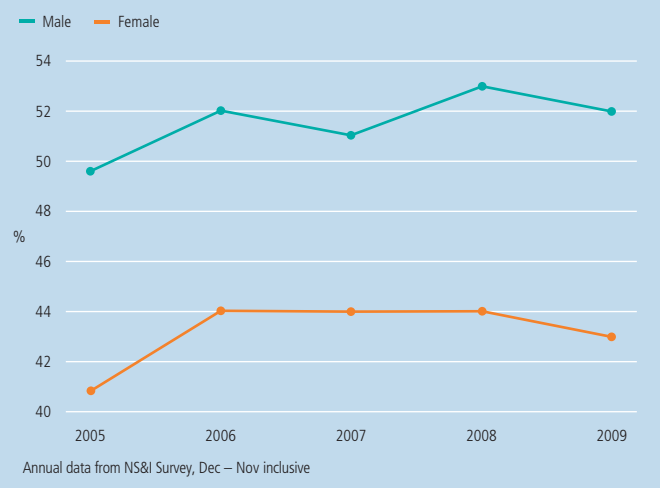


- In 2009, the average man saved £102.43 each month, 6.40% of his monthly take-home money, while the average woman set aside £66.26, only 5.73% of her disposable income.
- These figures compare to 2005's results of £86.41, 6.39% of income, for men and £54.91, 5.64% of income, for women.

The records also show that men are more likely than women to commit to saving money on a regular basis.

- Since 2006 more than half of all men state that they set money aside each month (2006, 52%; 2007, 51%; 2008, 53%; 2009, 52%). Only in 2005 when the survey began, did this dip slightly below half (49%).
- In contrast, the percentage of women making saving a habit in this way has always been less than half, with 43% regularly saving in 2009, a slight decrease from the 44% recorded in the previous three years (2006, 2007, 2008). See figure 10.

**Figure 10: Percentage of people regularly saving money**



Interestingly, those women who are saving regularly tend to save more as a percentage of their average income than men who are also saving regularly. See figure 11.

**Figure 11**

	2005	2006	2007	2008	2009
Female regular savers – amount saved as a percentage of income (%)	12.24	12.26	11.61	12.30	12.37
Male regular savers – amount saved as a percentage of income (%)	12.26	11.59	11.12	11.13	11.46

Across the population, women in general are consistently setting themselves higher targets regarding the percentage of their take-home income that they hope to save. Given the broad patterns described above, it seems that, despite these higher savings aspirations, women – particularly those who do not save regularly each month – are falling short.

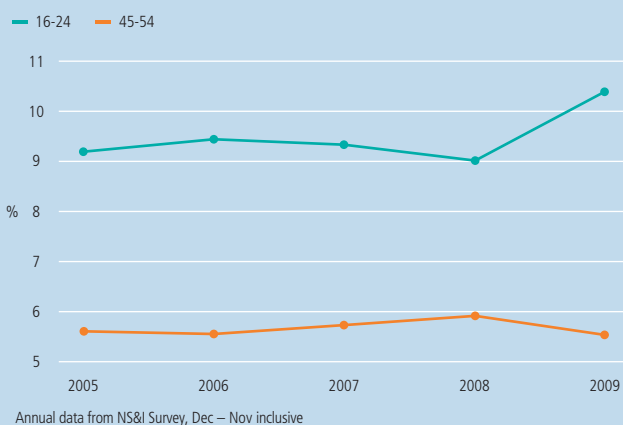
- This year women aspired to save 15.33% of their monthly income compared to men's savings targets of 13.48%.
- In 2005 these figures were 15.60% and 14.34% respectively.

**Younger savers remain committed**

16-24 year-olds have significantly increased the amount of money they save during the past five years. On average in 2009 this age group are saving over 10% (10.32%) of their income each month. This figure is the highest of all age groups and is much higher than the levels achieved by the 45-54 year olds; despite this age category taking home more money each month (savings per head are £91.57 compared to £88.41 for 16-24 year-olds), they are only managing to save 5.57% of their income every month. This measurement, along with many of the other savings indices, continues to decrease with age – see figures 12, 13 and 14. Disposable income seems to have been increasingly squeezed over the past five years. The data shows that the amount saved as a percentage of income has decreased in the period 2005 to 2009 for all age groups 45 and over:

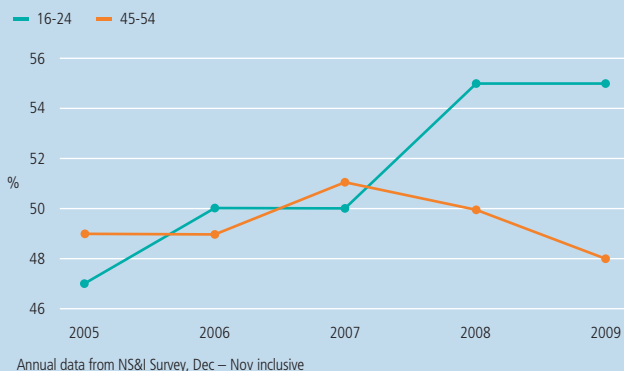
- 45-54 year-olds: 2005, 5.79% to 2009, 5.57%
- 55-64 year-olds: 2005, 5.64% to 2009, 5.01%
- 65+ year-olds: 2005, 4.57% to 2009, 4.03%

**Figure 12: Affect of age on the amount saved as a percentage of income**



The 45-54 year-olds seem to be particularly suffering. This was the only age group where the number of people saving regularly was lower in 2009 (48%) than it was in 2005 (49%). One reason this could be the case is that this generation, termed the sandwich generation, often provide care for both their children and parents.

**Figure 13: Affect of age on the number of people regularly saving money**



**Figure 14: Affect of age on ideal savings as a percentage of income**



The 65+ age category has also experienced a difficult five years. Despite the amount this age group save having increased slightly, up from £37.30 in 2005 to £44.52 in 2009, the amount of money saved as a percentage of income fell from 4.57% to 4.03%. This represents the lowest amount of any age group. With many people in this age group not earning a regular income, or earning significantly lower than they were previously, it is not surprising that they may struggle to save a higher proportion of their income. This may be combined with the fact that many of this group are parents of the 'boomerang generation' – their children are returning home to co-habit with their parents and therefore they are shouldering the additional, unexpected, costs of supporting their children as well as their day-to-day living.

# Savings indicators by region

Figure 15: Consumer savings pattern across GB regions

East of England		North East		South East		Wales	
% of income saved <sup>1</sup>	5.65%	% of income saved <sup>1</sup>	6.02%	<b>% of income saved<sup>1</sup></b>	<b>5.51%</b>	% of income saved <sup>1</sup>	6.23%
Average net income	£1,434.30	Average net income	£1,222.70	Average net income	£1,553.50	Average net income	£1,321.70
% who regularly save	47%	% who regularly save	47%	% who regularly save	46%	% who regularly save	49%
Average amount saved <sup>2</sup>	£186.80	Average amount saved <sup>2</sup>	£167.64	Average amount saved <sup>2</sup>	£196.56	Average amount saved <sup>2</sup>	£173.20
East Midlands		North West		South West		West Midlands	
% of income saved <sup>1</sup>	6.30%	% of income saved <sup>1</sup>	5.99%	% of income saved <sup>1</sup>	5.81%	% of income saved <sup>1</sup>	5.94%
Average net income	£1,294.17	Average net income	£1,250.50	Average net income	£1,365.50	Average net income	£1,319.90
% who regularly save	49%	<b>% who regularly save</b>	<b>44%</b>	% who regularly save	46%	% who regularly save	47%
Average amount saved <sup>2</sup>	£175.32	Average amount saved <sup>2</sup>	£185.43	Average amount saved <sup>2</sup>	£183.26	Average amount saved <sup>2</sup>	£175.80
London		Scotland		Yorkshire & Humberside			
<b>% of income saved<sup>1</sup></b>	<b>6.65%</b>	% of income saved <sup>1</sup>	6.37%	% of income saved <sup>1</sup>	6.52%		
Average net income	£1,568.35	Average net income	£1,387.63	Average net income	£1,192.90		
<b>% who regularly save</b>	<b>51%</b>	% who regularly save	49%	% who regularly save	47%		
Average amount saved <sup>2</sup>	£218.03	Average amount saved <sup>2</sup>	£192.65	Average amount saved <sup>2</sup>	£174.49		



<sup>1</sup> % of income saved for total population of the region  
<sup>2</sup> Average amount saved by those who regularly save

Annual data from NS&I Survey, Dec – Nov inclusive

Green – Highest % of savers      Orange – Lowest % of savers      Blue – Highest % of income saved      Pink – Lowest % of income saved

**Key trends 2005 – 2009**

Examining the five years of Savings Survey data, **Greater London** is consistently the region with the highest savings levels.

Since 2005 the annual average monthly amount saved per head, the mean saved by those saving regularly and the ideal savings per head have always been highest in Greater London compared to the other regions.

While London's figure for the amount saved as a percentage of income has always been one of the top regions, it has never been the highest until this year, 2009 when it reached 6.65%. Similarly, the number of people living in the capital who save regularly every month has for the first time been the highest across Britain at 51%.

The **South East** is another region with a strong savings record across the five years that the Savings Survey has been running.

Excluding Greater London, the South East has recorded the highest figures for two of the indices: the mean saved by those saving regularly (£196.56) and ideal savings per head (£207.05), the latter demonstrating high aspirations. In addition the average monthly amount saved per head has always been strong in this region.

Higher incomes in the South East may once again have an impact on some of the savings measurements. When considered as a percentage of income the amount saved and ideal savings in the South East are consistently some of the lowest across Britain.

From 2005 to 2009 **Scotland** has been an area of Great Britain with one of the highest levels of savings as a percentage of income (2009: 6.37%). The nation has always also recorded a high figure when considering the number of people setting money aside on a monthly basis (2009: 49%). 2008 saw the number of people regularly saving money in Scotland peak at 54%, the highest annual figure recorded across Great Britain since the Savings Survey began.

The **South West**, in contrast, usually has some of the lowest figures across the regions for both percentage of income saved (2009: 5.81%) and the number of people setting money aside every month; second lowest of all regions with 46% in 2009. In 2009 it was also the second lowest region for ideal savings as a percentage of income, 13.60%. Indeed, across all of the measurements of saving the South West does not generally perform that well.

In 2005 the lowest figure for the amount saved per head was found in the **North East** (£58.84) and this was the case again in 2009 (£73.95). Once again over the last five years for all indices this region is consistently one of the lowest across Great Britain.

People in **Yorkshire and Humberside** often do not seem to be putting aside large amounts in pounds; however for the last two years (2008 and 2009) the region has seen the highest ideal savings as a percentage of income, which has also translated into relatively strong figures for the amount saved as a proportion of take-home income.

Figure 16: Regional stats over time compared to national average

	Average saved per head		Average percentage of monthly take-home income saved		Percentage who regularly save money each month		Average amount saved by regular savers each month	
	2005 national average	2009 national average	2005 national average	2009 national average	2005 national average	2009 national average	2005 national average	2009 national average
<b>Scotland</b>	74.21 ▲	88.41 ▲	6.66 ▲	6.37 ▲	47 ▲	49 ▼	159.02 ▼	192.65 ▲
<b>North East</b>	58.84 ▼	73.95 ▼	5.78 ▼	6.02 ▼	43 ▼	47	139.92 ▼	167.64 ▼
<b>North West</b>	73.96 ▲	74.85 ▼	6.75 ▲	5.99 ▼	49 ▲	44 ▲	157.34 ▼	185.43 ▼
<b>Yorks/Humberside</b>	71.61 ▲	77.76 ▼	6.64 ▲	6.52 ▲	47 ▲	47	158.48 ▼	174.49 ▼
<b>East Midlands</b>	61.95 ▼	81.57 ▼	5.90 ▼	6.30 ▲	43 ▼	49 ▲	149.59 ▼	175.32 ▼
<b>West Midlands</b>	67.81 ▼	78.39 ▼	6.11 ▲	5.94 ▼	47 ▲	47	152.37 ▼	175.80 ▼
<b>East Anglia</b>	63.67 ▼	81.09 ▼	5.64 ▼	5.65 ▼	40 ▼	47	168.63 ▲	186.80 ▼
<b>Greater London</b>	82.42 ▲	104.27 ▲	6.12 ▲	6.65 ▲	44 ▼	51 ▲	198.98 ▲	218.03 ▲
<b>South East</b>	70.90 ▲	85.57 ▲	5.45 ▼	5.51 ▼	44 ▼	46 ▼	169.60 ▲	196.56 ▲
<b>South West</b>	65.82 ▼	79.33 ▼	5.42 ▼	5.81 ▼	45	46 ▼	149.28 ▼	183.26 ▼
<b>Wales</b>	60.46 ▼	82.39 ▼	6.16 ▲	6.23 ▲	46 ▲	49 ▲	140.59 ▼	173.20 ▼

Annual data from NS&I Survey, Dec – Nov inclusive

# Will people save more or less in the coming months?

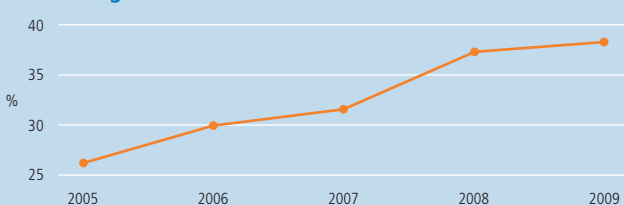
The savings outlook shows the likelihood of people saving more or less over the next three months

## Savers pessimistic about future saving levels

Examining the Savings Survey data collected over the past five years a strong trend emerges of people becoming increasingly pessimistic about their ability to save in the coming months. Since the Savings Survey began in 2005, the number of people who said they were less likely to save money in the next three months has increased every year.

- In 2005 just over a quarter of the population (26%) said they were less likely to save in the coming months, however this figure has increased to 38% in 2009.

**Figure 17: Percentage of people less likely to save in the coming months**



Annual data from NS&I Survey, Dec – Nov inclusive

People become more pessimistic with age – while 23% of the 16-24 age group think they are less likely to save more in the coming three months, this is true of 45% of the 65+ group.

## Will people save more or less in the coming year?

Figures from autumn 2009 show that:

- More than two fifths (42%) of the population cannot imagine changing the amount they save in the coming year.
- More than a quarter (28%) believe that they will save less in the next 12 months.
- However, a similar number, 27%, said they were more likely to set aside money during this period of time.
- A minority, 7%, said they were much more likely to save in the coming year.

The ongoing uncertainty within the economy appears to have polarised the population's savings outlook. Those who are optimistic could be confident of improving business opportunities in 2010, while those who are negative may be contemplating the reported ongoing insecurity in the job market.

### Survey methodology

The research was conducted via TNS PhoneBus, a telephone omnibus survey. A representative sample of 51,873 GB adults aged 16+ was interviewed. Interviewing was conducted by CATI. The report refers to average annual figures, with data from:

- 2005 (December 2004 – November 2005)
- 2006 (December 2005 – November 2006)
- 2007 (December 2006 – November 2007)
- 2008 (December 2007 – November 2008)
- 2009 (December 2008 – November 2009)

The sample has been weighted to represent the adult population of Great Britain aged 16+.

### Editor's note:

In winter 2006 some of the savings survey tracker questions were changed by adding extra value bands to the options respondents could select. This was to allow for more discrimination at the top end of the scales. To enable a like for like comparison and to ensure consistency in the annual figures that have been presented in this report, the annual data has been run using the original value bands. As a result it is not possible to directly compare the annual data with the quarterly data. Any quarterly figures will appear higher than the annual data.