Close Brothers

Driving financial wellbeing

Changing trends of financial wellbeing

About us

We have been helping employees from some of the UK's best-known organisations to improve their financial wellbeing for 50 years.

We're passionate about helping people solve their money worries, feel more confident about taking control of their finances and plan for the future.

Our services help employers to provide an end to end wellbeing solution via financial education, financial planning, savings and investments.

Whether you want to implement a 'hire to retire' strategy or start by providing tailored support to specific employee groups, our services drive engagement across every element of financial wellbeing.

0800 028 0208 [1]

financialeducation@closebrothers.com

closebrothersam.com/employer

Close Brothers

Driving financial wellbeing

[1] Telephone calls made to any member of Close Brothers Asset Management may be recorded. For more information about how we process your data, please see www.closebrothersam.com/legal-centre/privacy-policy/.

Contents

Changing trends of financial wellbeing

Nothing could have prepared businesses or individuals for the unprecedented changes that the coronavirus has had on our lives and the economy as a whole.

It may take some time yet to understand the full effects this has had on the health of the nation, including any behavioural changes that it leaves as a legacy. So there may be a need for businesses, employees and the government to review their approach to how they support financial wellbeing going forward.

Even before Covid-19, there was a change happening in large organisations in the UK, with more focus on supporting employee wellbeing as part of the employer/ employee relationship, but also as a means for businesses to cement engagement, secure talent and improve their performance.

Over the last few years, we have seen financial wellbeing emerge into the mainstream of industry and government discourse. In February 2020, the Money and Pension Service (MAPS) rolled out a UK strategy for financial wellbeing – a ten-year framework which will help achieve the vision of everyone making the most of their money and pension. But while the work of this strategy is focussed on supporting the individual, it is recognised that this can only take place within a wider framework, with the workplace being a significant channel.

Against this backdrop, there is no longer a business case needed to convince UK plc that to deliver improved employee wellbeing there needs to be a coordinated and concerted effort to support physical, mental and financial wellbeing. Whilst the diagnostics and remedies for each are different, there is a co-dependency between these three elements that cannot be ignored.

To support financial health, providers must deliver a suite of financial products that can be tailored for the diverse life stages of employees. At the same time, employers must recognise that helping to improve employee financial health will also boost business performance – a win win. As the MAPS strategy document highlights, the lost productivity associated with poor financial wellbeing could impact businesses' bottom line by as much as 4%; in 2016, the UK economy lost £120.7bn and 17.5m hours to financial stress. And in 2018, 11% of UK workers reported a fall in their productivity at some point over the preceding three years as a result of poor personal finances.

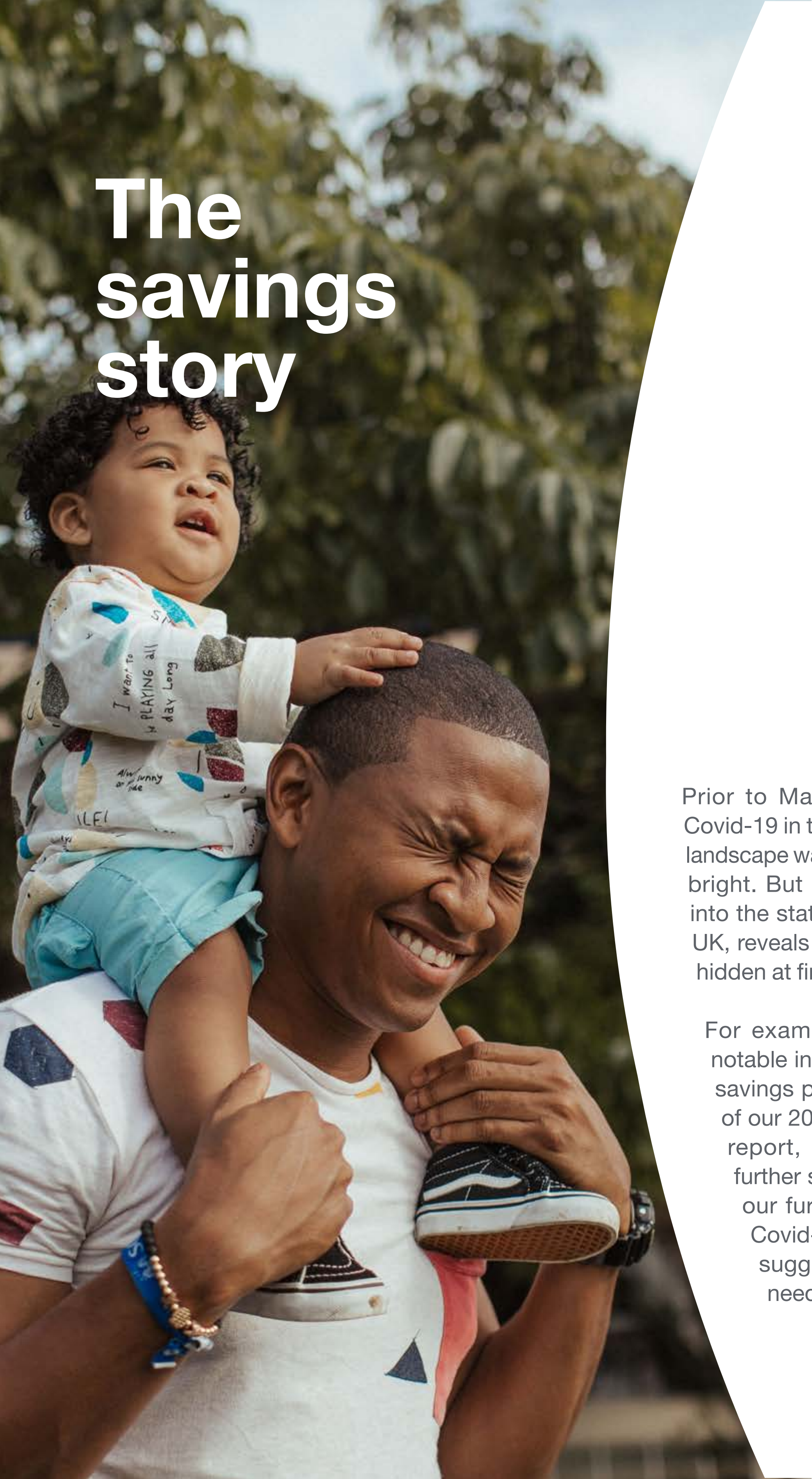
To shine a light on the role of financial health, in recent years, we've been examining the savings challenges facing employees across the UK, how to measure financial fitness across all areas of personal finance, the role of employers and the strategies that they have in place to improve financial wellbeing.

Both our **'Lifetime Savings Challenge'** and **'Financial Wellbeing Index'** reports offer granular analysis into the key aspects of financial wellbeing. Their insight has been championed across the industry, playing a key role in helping stakeholders understand the scale of the challenge that must be overcome, as well as the best strategies to achieve it.

So in 2020, how much progress has really been made? Are there any signs that financial health is improving? Are some employees being left behind? Are there some misconceptions still left to challenge and change? Vitally, for the good work that still needs to be done, what will really make a difference to change behaviours? And given the dramatic changes to all our lives brought about by the coronavirus, what has it done to financial health and will it leave us with any lasting legacies?

This research sets out to provide answers to all these questions and to add to the body of work that continues to enhance the depth of understanding and insight on UK employee financial health to inform, guide and support both employers and employees across the UK as they continue on their journey to improve their financial health.

The savings story



Prior to March 2020, and the onset of Covid-19 in the UK, the longer term savings landscape was, in the main, looking relatively bright. But our previously gained insight into the state of employee finances in the UK, reveals the complexities and nuances hidden at first glance.

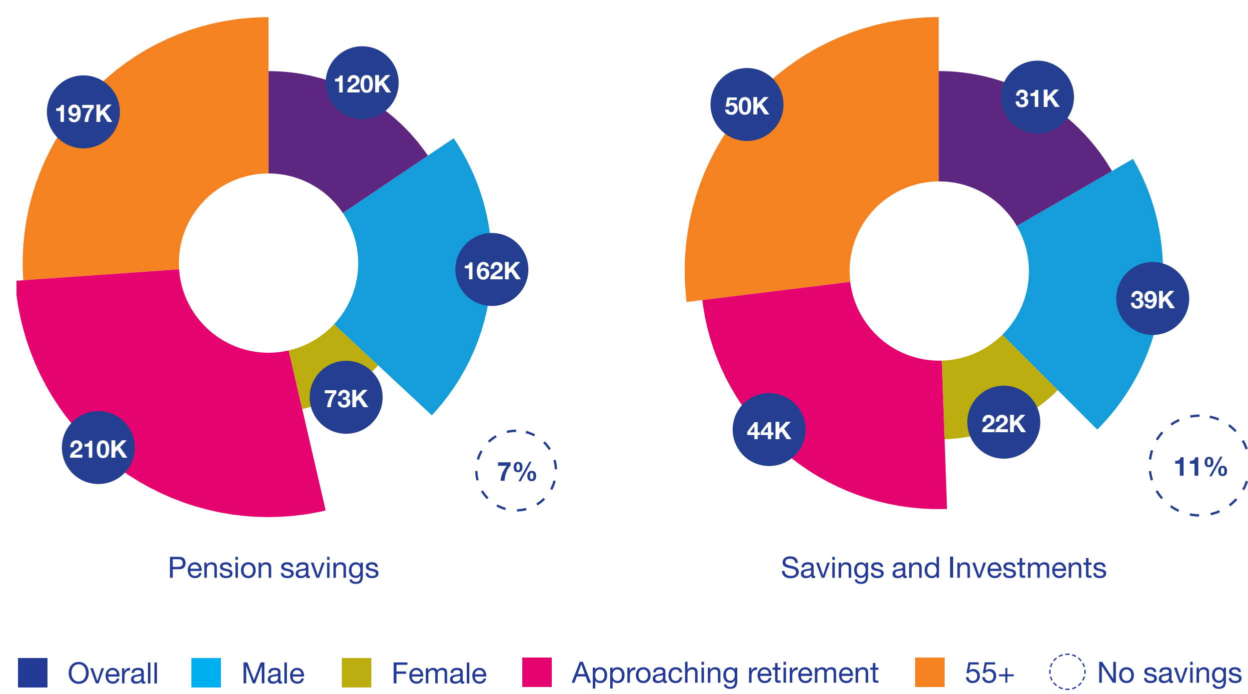
For example, while there has been a notable increase in the size of long-term savings pots, compared to the findings of our 2017 Lifetime Savings Challenge report, this progress is offset by a further squeeze on other savings. And our further insight into the effect of Covid-19 on personal financial health suggests other savings have been needed and used during this time.

Pensions

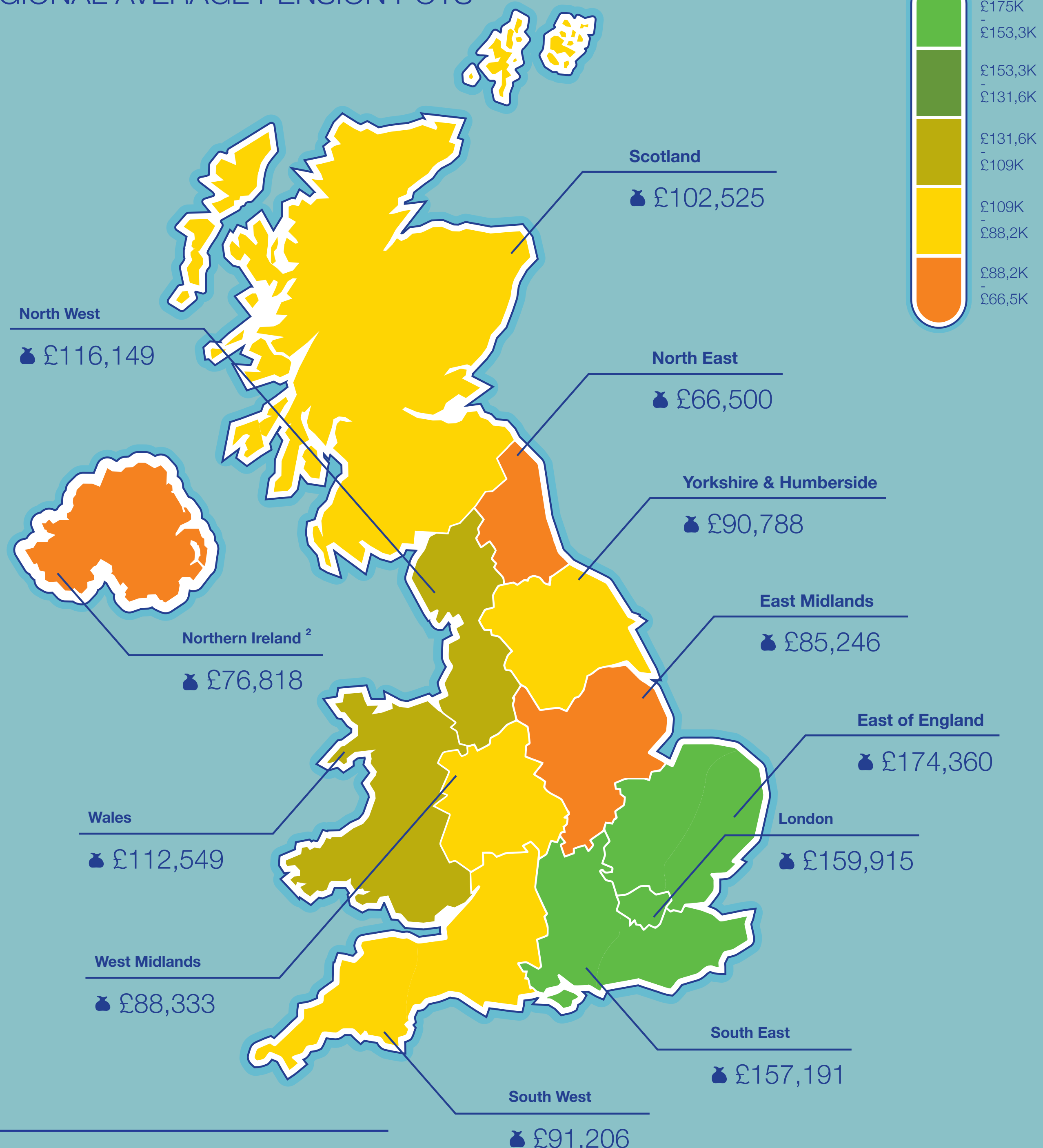
Around a quarter of employees admit that they don't know the value of their pension savings. But worryingly, this figure rises among older workers. A third (33%) of employees aged 55+ say that they don't know it, and 30% of those aged 65+ are revealed not to be in a position to even estimate the current total value of their savings across all workplace pension schemes. The figure in our Lifetime Savings Challenge report for those self-identifying as approaching retirement, is not much different – 35%.

The size of the pots has increased notably since 2017, typically growing by more than a third. But the gender savings gap shows little sign of closing.

UK EMPLOYEE SAVINGS



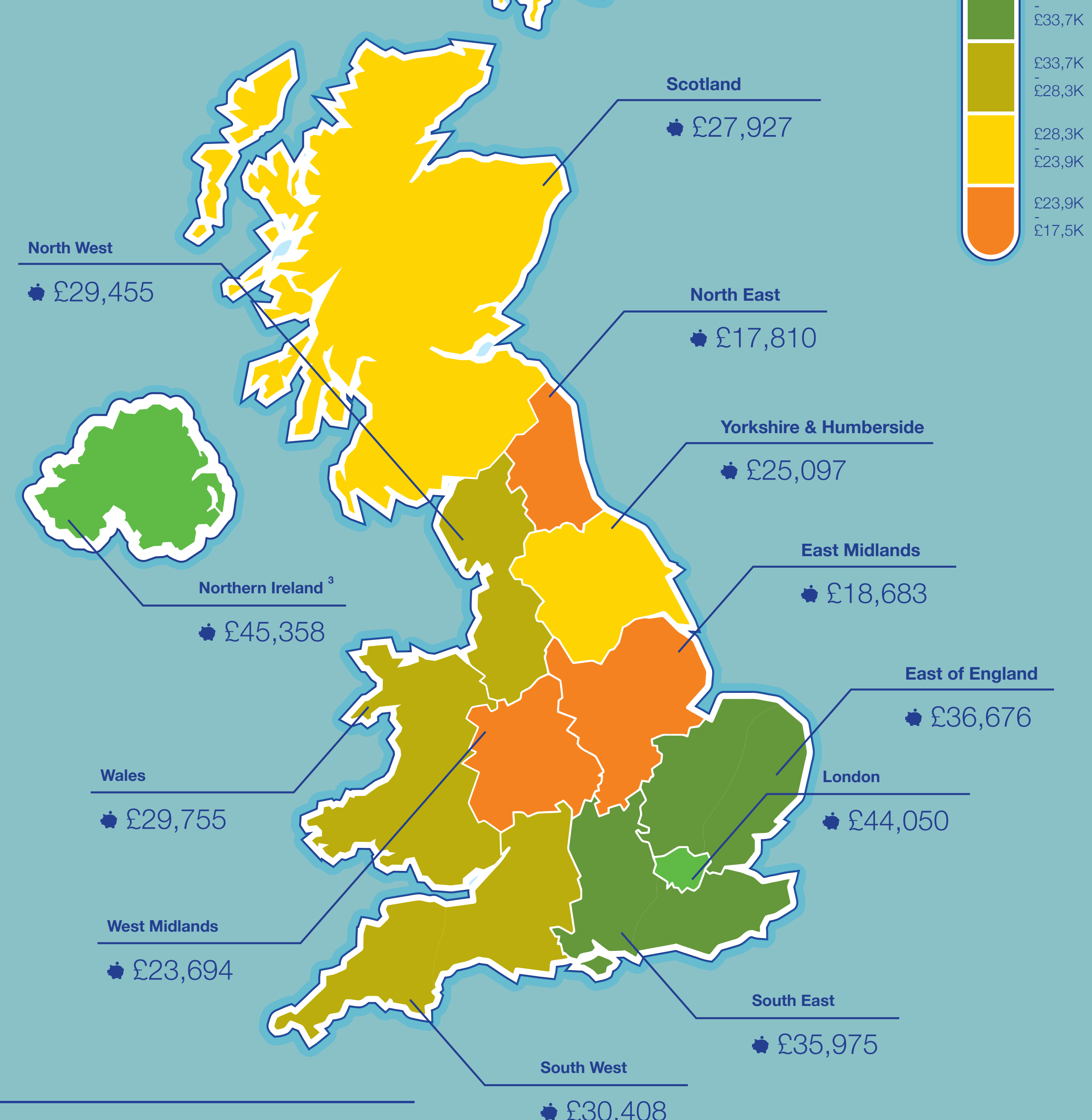
REGIONAL AVERAGE PENSION POTS



[2] For this datapoint the base size falls below 50 respondents, which means results here are indicative only.

REGIONAL AVERAGE SAVINGS AND INVESTMENT POTS

(EXCLUDING PENSIONS)



[3] For this datapoint the base size falls below 50 respondents, which means results here are indicative only.

Savings and investments

It's a mixed picture when it comes to other savings and investments of UK employees. The average has fallen slightly since the Lifetime Savings Challenge survey was carried out – down to £31k from £32k. But this headline masks a more interesting story.

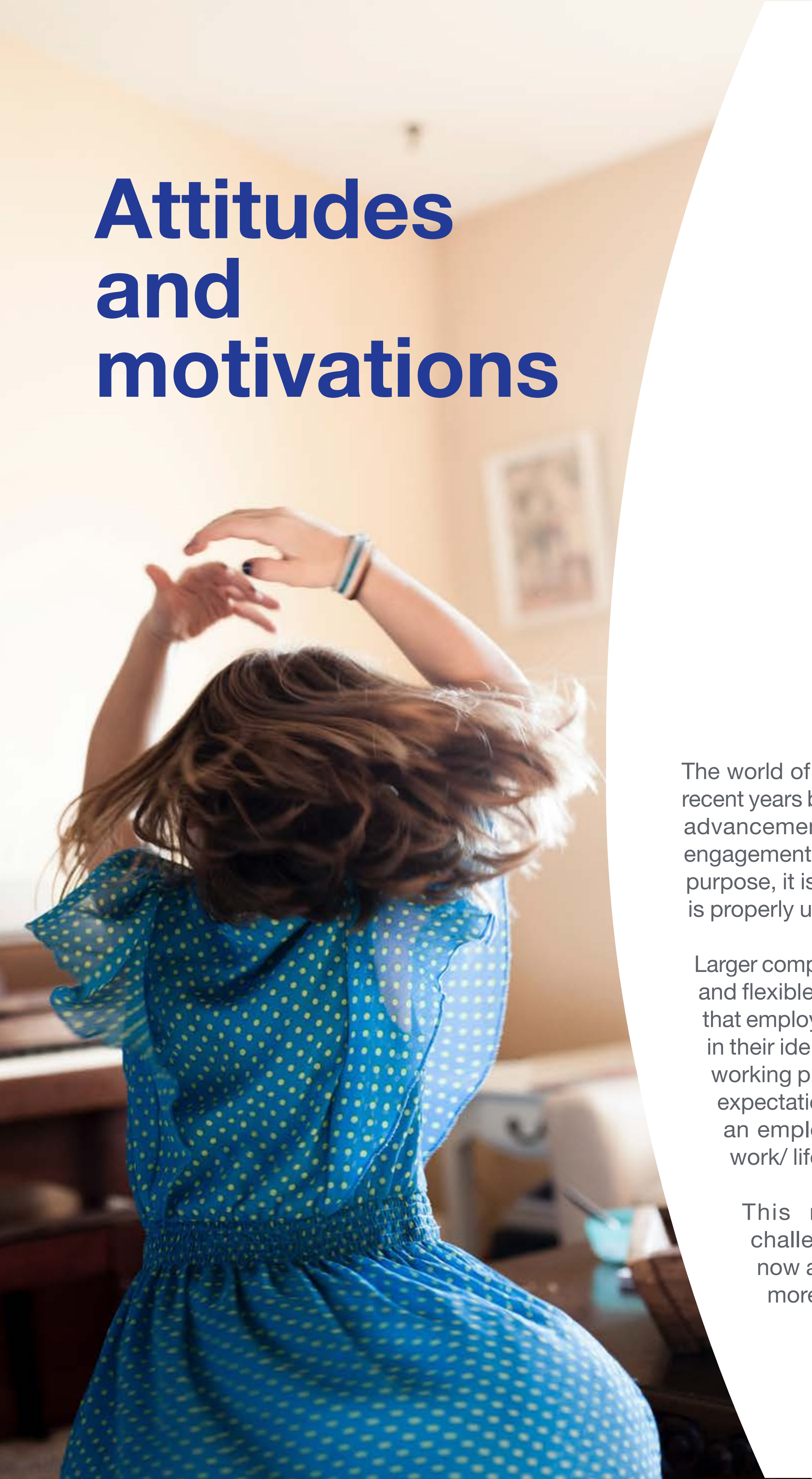
Among men, saving pots have increased by 9%, while their female counterparts have seen their savings squeezed significantly.

While the average saving and investment pot among female employees was £26k in 2017, this has now fallen by 15%. But hit harder still are those approaching retirement - their pot has fallen on average 24% over the last three years.

As well as more people having to draw on their savings during the coronavirus, there are some positives to have emerged when it comes to savings: 50% plan to make changes to their finances, with the top changes being to keep a closer eye on day to day spend and to put more into their rainy day fund.

All demographics have spent less in lockdown and all but 18-34 year olds have realised they can live happily on less, which bodes well for putting more aside into savings once the acute effects of the pandemic ease their finances.

Attitudes and motivations



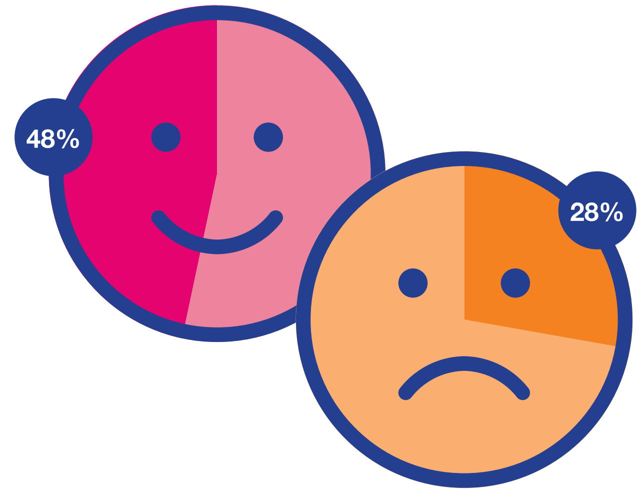
The world of work has been transformed in recent years by both technological and social advancements. To ensure that employee engagement and financial wellbeing is fit for purpose, it is essential that this new normal is properly understood and reflected.

Larger companies have an increasingly agile and flexible workforce, which often means that employees are more and more diverse in their identities, attitudes, requirements, working practices and location. Similarly, expectations around the relationship with an employer and the importance of a work/ life balance are changing.

This means that the financial challenges facing employees both now and in the future are likely to be more complex.

Our findings reveal that the key motivations at work for UK employees are money (60%), to save for their future (39%), to be financially self-reliant (37%), to develop their skills (31%) and feel like they are contributing to the household finances (23%). Female employees are more motivated than men to be self-reliant financially (40% to 35%).

Perhaps in line with expectation, older workers are more motivated by money, and far less so by developing skills or progression.



28% of UK employees are actively unhappy with their finances, and less than half say they are happy with them.

The coronavirus has also changed the way we work, with a significant majority of the UK having to work from home and all of us learning to use technology in different ways to stay connected with family and friends.

This time at home has given us more time to reflect, with 73% acknowledging lockdown has enabled them to focus on finances, but with 33% still yet to do anything about that.

The state of play

Taking a look at the current situation, less than half (48%) of UK employees say they are happy with the state of their finances, and more than a quarter (28%) state that they are actively unhappy with them. These figures have changed little since our 2018 Financial Wellbeing Index research – 51% and 28%.

Female employees are revealed to be half as likely as their male co-workers to be very happy with their finances (10% vs 20%). It is also evident that there is a real urgency to deal with the state of financial wellbeing among those coming to the end of their working life. Just over half (52%) of those approaching retirement (55-64) are happy with the current state of their finances and only 64% of those 65+ say the same. Conversely, 23% of those aged 55-64 say they are unhappy with the state of their finances and the same can be said for 15% of those aged 65+. Time is running out for this group to get their finances up to scratch before heading into retirement.

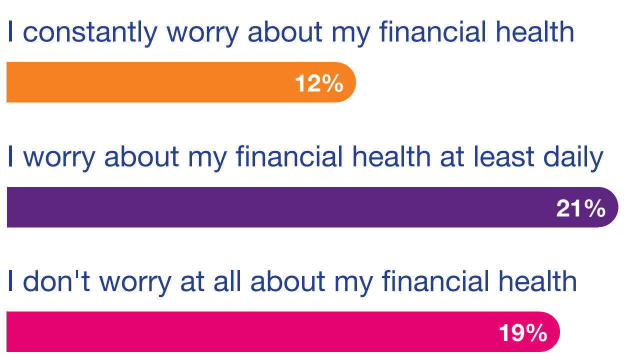
Impact of daily money worries

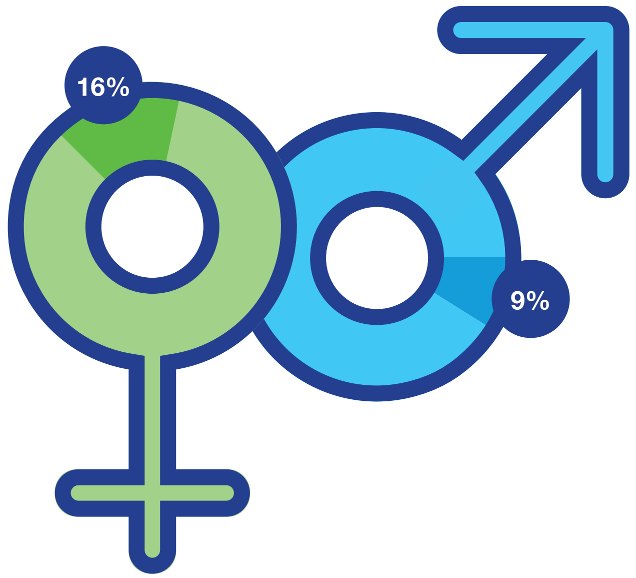
With only half of UK employees happy with their day-to-day finances, it stands to reason that one in five (21%) admit that they worry about the state of their financial health at least once a day. Around one in nine (12%) of employees say that they worry about it constantly, while only 19% say that they don't worry about their financial health at all.

Our findings also reveal that younger employees worry about their financial health more than older ones. Over a third (38%) of 18-24yr olds worry at least daily, compared to 19% of 35-54s and 12% of those aged 55+. Female employees are nearly twice as likely to admit to worrying about money constantly than male employees (16% vs 9%).

Back in 2018, nearly half of female employees (48%) worried about money either always or often compared to 31% of men, and 53% of those aged 18-34 worried about money always or often.

FINANCIAL HEALTH





16% of female employees constantly worry about money vs. 9% of male employees.

This suggests an improvement since our Financial Wellbeing Index research which found that 94% of employees worry about money, with 39% admitting that they worry about money either always or often.

What has demonstrably not changed though is the gender gap and that younger workers are the demographic most on edge about their finances.

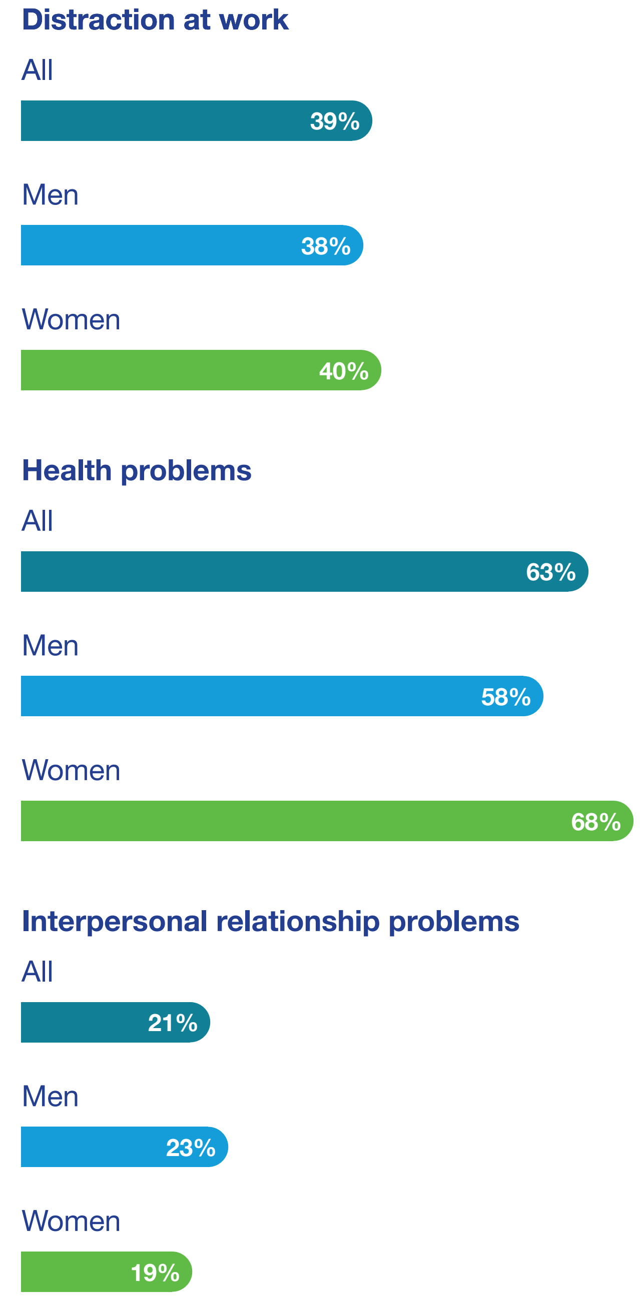
Our most recent findings show that the top money worries among UK employees are funding retirement (34%), being able to cope financially with a job loss (24%), paying off debts (23%), the state of the economy in general (22%), and how to make money last till payday (16%).

More than two fifths (44%) of those aged 65+ identify funding their retirement as one of their biggest money worries compared to 50% of those aged 55-64. The latter is the most concerned age group when it comes to funding their retirement.

These concerns are having a detrimental impact. More than two fifths of UK employees (42%) admit to having lost sleep due to money worries, a figure that rises to 46% among female employees. Younger employees appear to be particularly vulnerable, with 45% of those aged 18-24 having suffered mental health problems as a result of money worries. Three quarters (74%) of 18-24s have suffered some kind of health issue - 45% say their mental health has suffered, 20% their physical health, and 27% have suffered physical fatigue as a result of money worries.

45% of those aged 18-24 have suffered mental health problems as a result of money worries.

IMPACT OF MONEY WORRIES



Employers still disconnected

Our Lifetime Savings Challenge research found that around two thirds of employers (65%) think that the responsibility for improving employee's financial wellbeing should be shared between employers and employees themselves.

But when we look at saving in isolation, only around a third of employers (32%) believe responsibility to help employees access advice on how to achieve their savings goals, sits mostly with them. However, when looking specifically at those employees who were approaching retirement, just 7% said that their employer had proactively been in touch about the increase in State Pension age.

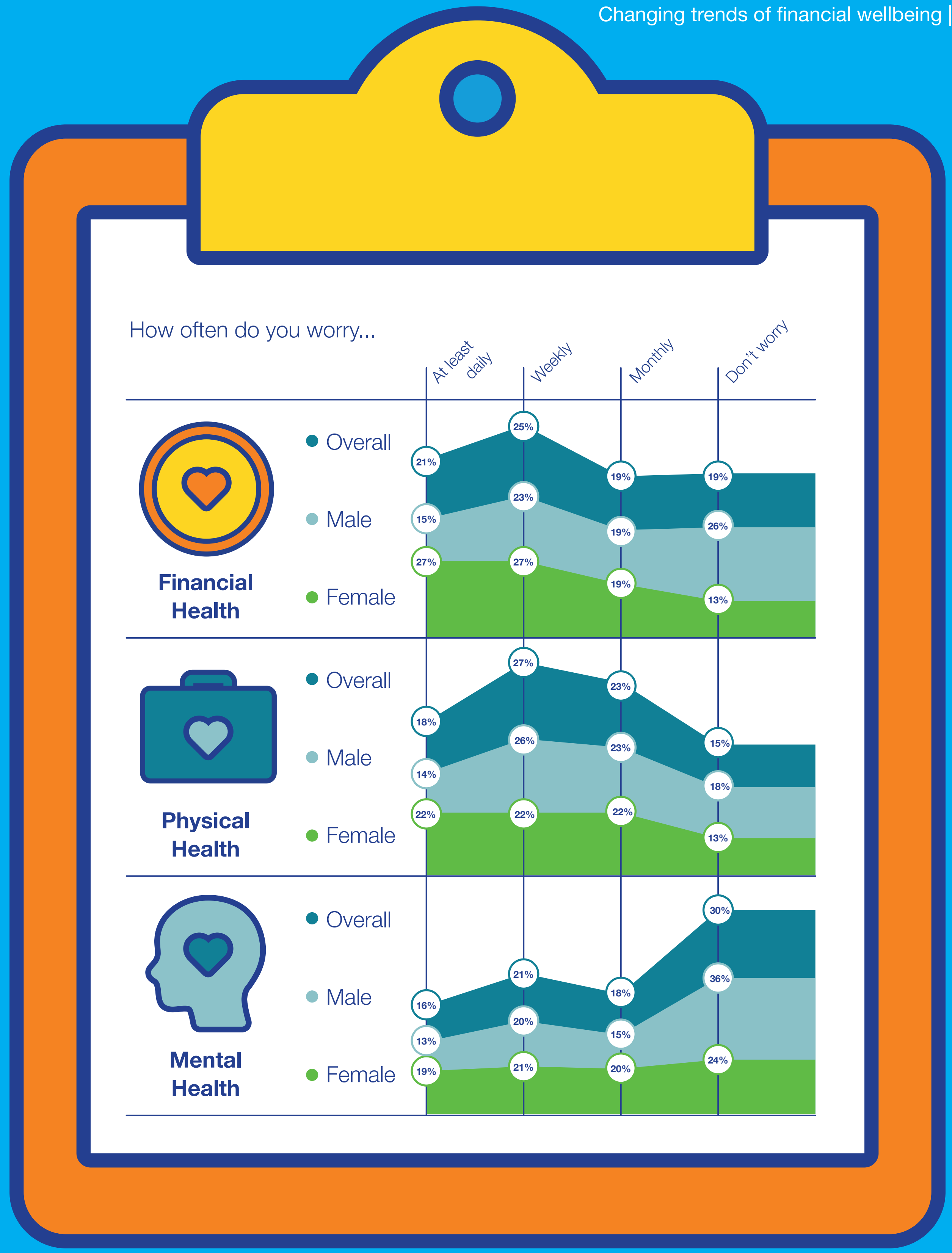
Which brings us to the current situation. Our most recent findings reveal that only a third of UK employees (33%) think that their personal financial health is important to their employer. Those sectors in which employers are perceived as taking their employee financial health seriously are IT and Electronics (46%), Financial Services (44%), and Consumer Goods and Services (41%).

The challenge remains, to encourage the provision of financial education and guidance in the workplace that looks at savings as a whole, as well as ensuring that employees at different career and life stages receive tailored and timely advice.

The impact of the coronavirus may well increase employee engagement with their financial health, with 50% saying they plan to make a change to their finances (almost a quarter already carrying out some changes during lockdown).

There are also positive messages for employers who do want to provide financial wellbeing support, with 21% of employees saying they will seek financial guidance from employers.

For those employers looking to make a business case for financial wellbeing, 36% of employees now worry more about their financial health than before Covid-19, this rising to 50% of 18-24 year olds, 44% for those aged 25 to 44, and for 37% of women.



Behavioural change

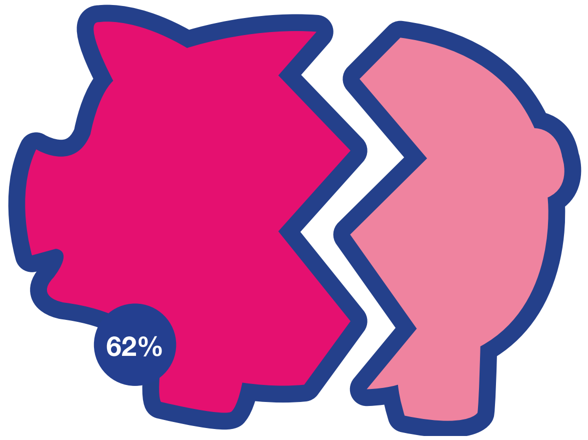
A change in financial health can only be caused by an active change in behaviour. Fundamental to improving employee financial wellbeing is recognising the behaviours that have led to the current situation, and how those can be successfully addressed and improved. By looking in detail at the key financial components of financial wellbeing, rather than just the overall feeling, it is possible to help employees achieve a more stable financial future. And the coronavirus has added some urgency and impact to the desire to change with 50% of employees wanting to make a change to their financial preparedness, including 29% of females and 34% of 18 to 35 year olds.

Financial wellbeing and confidence

In this study, and in the last 14 months since the last UK-wide measure, the Financial Wellbeing Index scores have improved in the overall level of financial wellbeing across the majority of demographics. But there remain areas which demand attention such as savings and investments.

Among those that identified a weakness in at least one of the key areas of financial wellbeing, there are two further levels of uncertainty; first about how best to rectify the situation; and second how long it is likely to take.

A sizeable two fifths (39%) of male employees don't think that they'll ever be confident when it comes to budgeting and planning, compared to only 28% of women. Alarm bells should be ringing that 42% of female employees stated they don't think they'll ever be confident when it comes to savings and investments. A similar fear arises when the attitude of older workers is examined. Among those aged 55+ who are struggling, 62% don't think they'll ever be confident when it comes to their retirement.



Among those aged 55+ who are struggling, 62% don't think they'll ever be confident when it comes to their retirement.

42% of female employees don't think they'll ever be confident when it comes to savings and investments.

The data highlights a further financial gender gap, with 15% of female employees stating that they aren't confident in their ability to save for their short-term financial goals, 20% for medium-term goals, and 31% for long-term goals. The corresponding figures for male employees are 11%, 12%, and 19%.

Identifying the hurdles

External factors can play a significant role, but individual behaviours are fundamental. Regardless of outside forces, poor personal money habits lead to poor levels of financial wellbeing. With education, guidance, and a desire to change, bad behaviour can be changed and financial confidence boosted.

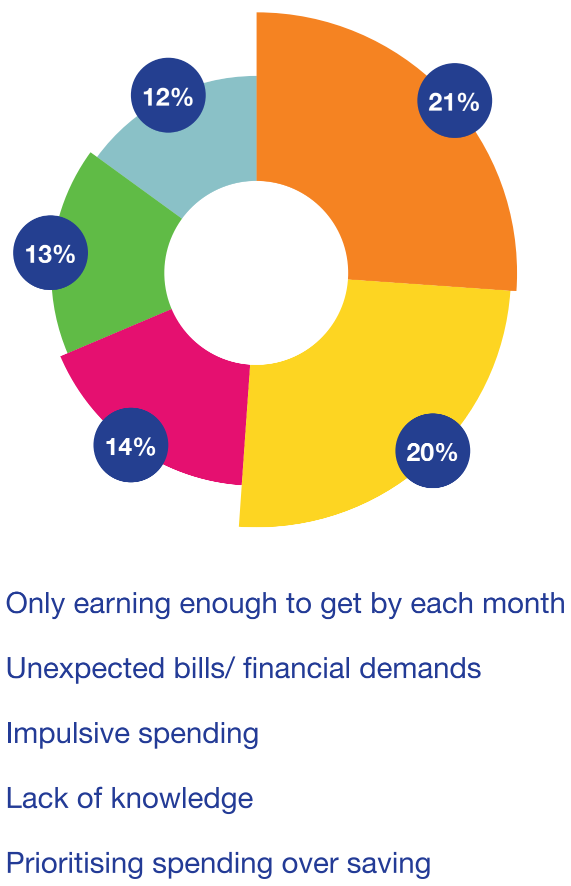
Nobody can know when a financial bolt can come out of the blue. That's why it's important to have a robust financial strategy. With the right forward planning and a well-stocked savings fund for emergencies, almost all storms can be weathered.

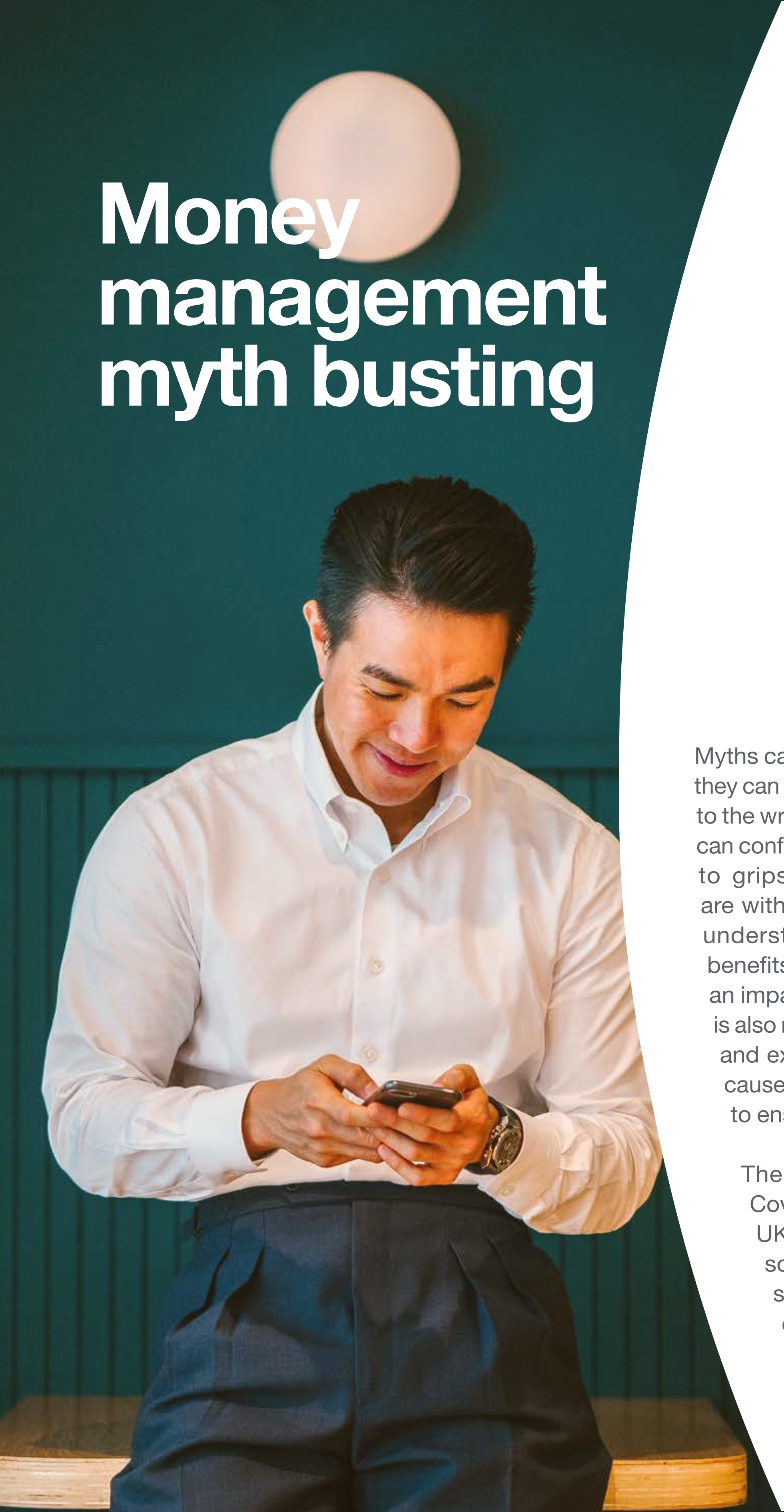
Female employees are twice as likely to identify 'only earning enough to get by each month' as one of the biggest barriers to better managing their money, than men (27% v 15%).

Building better habits

Factors most likely to encourage employees to save more money are higher interest rates (33%), more pension tax relief (19%), and economic certainty (15%). Almost one in five (18%) say that nothing would encourage them to save more. The findings showed that 9% would be prompted to save more money if they had personalised face-to-face financial advice and 8% personalised online financial guidance.

BARRIERS TO MANAGING MONEY





Money management myth busting

Myths can often be unhelpful: for employers they can mask the underlying problem or lead to the wrong conclusion; for employees they can confuse, disengage or misdirect. Getting to grips with how engaged employees are with their finances, and how well they understand and utilise their workplace benefits, is a pivotal element of delivering an impactful financial wellbeing strategy. It is also necessary to reflect employee needs and expectations. So, getting to the root cause and seeing behind the myths is vital to ensure success.

The dramatic lifestyle changes that Covid-19 has forced on everyone in the UK, may have helped people to dispel some of their own myths, with 44% spending less and 17% realising they can live happily on less each month.

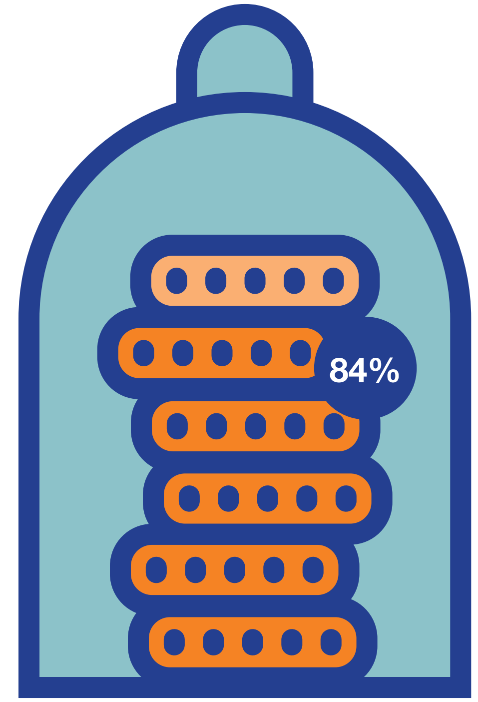
Pension perseverance

Providers and media commentators continue to prompt discussion about the role of pensions in a long-term saving strategy. However, the reality with savers contradicts this with our findings, revealing that 87% of UK employees say that it is important to save into a pension. It is also positive that the savings message appears to be getting through to younger employees as much as the older generations.

Among those aged 18-24, 84% say they think that it's important to save into a pension, as do 79% of 25-34 year olds.

Taking a glance at the regional data, even the lowest appetite for saving into a pension (in the West Midlands) still stands at 73% saying it's important.

When it comes to putting these attitudes into practice, around two fifths (39%) of UK employees say that they save the maximum they can afford into their pension on a consistent basis. But this figure is the same for those aged 35-54 and only 47% aged 55+. A further 31% of UK employees say that they save the minimum amount necessary in order to take advantage of employer matching.



84% of 18-24 year olds are aware of the importance of saving into a pension.

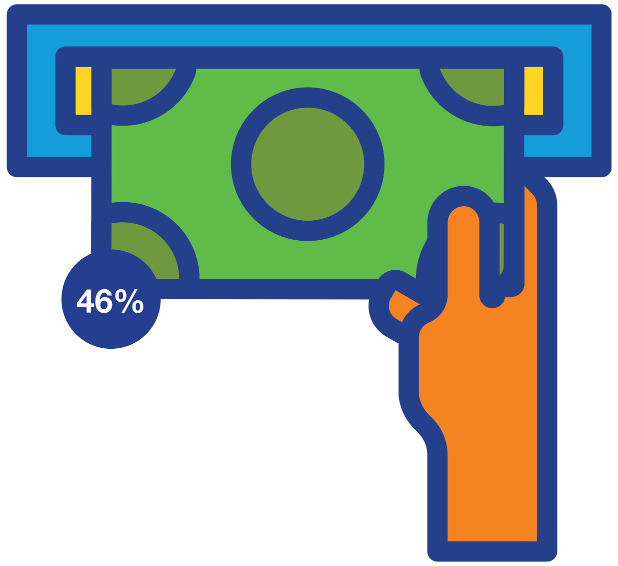
The impact of pension freedoms

In April 2015, the Government introduced Pension Freedoms. Pension freedom rules mean those aged over 55 no longer need to purchase an annuity to access their pension income. Instead, they can access their pension savings to do with as they see fit.

There have been concerns across the pension industry about the impact that these freedoms are having on the longer term financial stability of those in retirement. As the freedoms approach their fifth anniversary, HMRC figures show that around £32bn has been taken out already, and FCA figures reveal that in 2018/19, 48% of plans were accessed without regulated advice or guidance being taken by the plan holder.

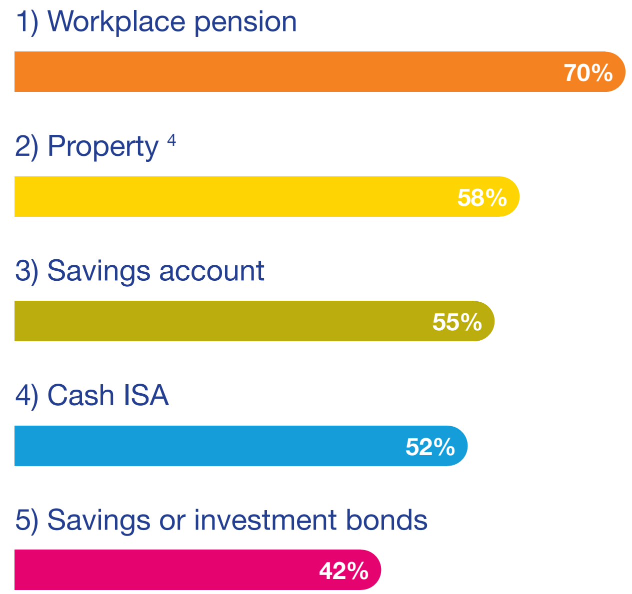
According to our findings, 22% of employees over 55 have accessed their pension pot to some extent via pension freedoms. Of that group, 4% say that they've taken all of it out, while around one in five (18%) have taken some of it out. Interestingly, female employees are found to be twice as likely to have taken all of it out as their male counterparts (6% vs 3%).

But it appears that the concerns over take-up are well founded. Only 58% of those who have already taken money out of their pension pot were aware that there is an annual limit on the amount that can be paid back in before a tax charge is applied. The data also reveals a significant gender disparity. Less than half of those female employees who have already taken money out (46%) were aware about the annual pre-tax limit. The corresponding figure is 65% for male employees.

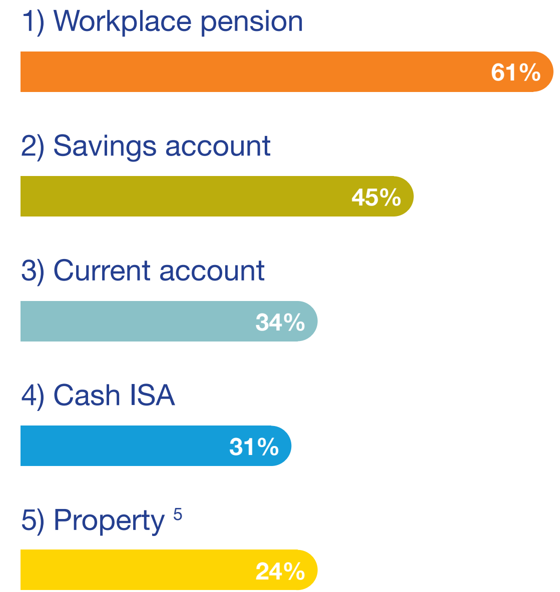


Only 46% of those female employees that have already taken money out of their pension pot were aware about the annual pre-tax limit (vs 65% of male employees).

COMMONLY KNOWN PRODUCTS FOR RETIREMENT SAVINGS



VS. PRODUCTS ACTUALLY BEING USED TO SAVE FOR RETIREMENT

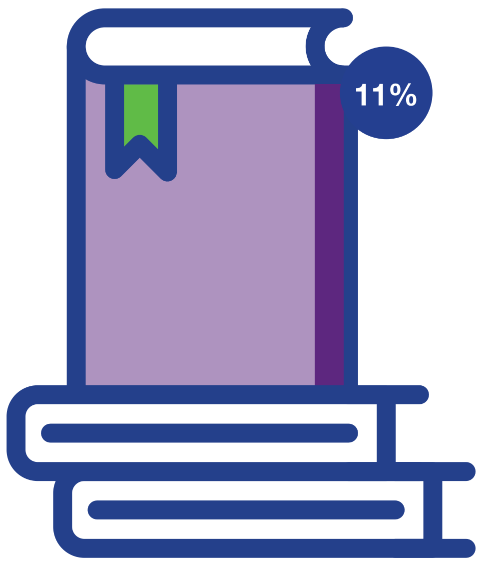


[4,5] If this refers to an individual's home (as opposed to investment property, second property or buy to let) then this can be difficult as a retirement savings strategy as this will need to be sold to fund lifestyle in retirement.

The role of the employer

It is now broadly acknowledged that employers have an important role to play in helping their employees improve their financial health and build a long-term, sustainable financial future.

Despite this, just 26% of UK employees in larger companies say that their current employer provides financial education. Furthermore, only 11% of employees say that their employer has provided them with financial education in the past 12 months.



Only 11% of employees say that their employer has provided them with financial education in the past 12 months.

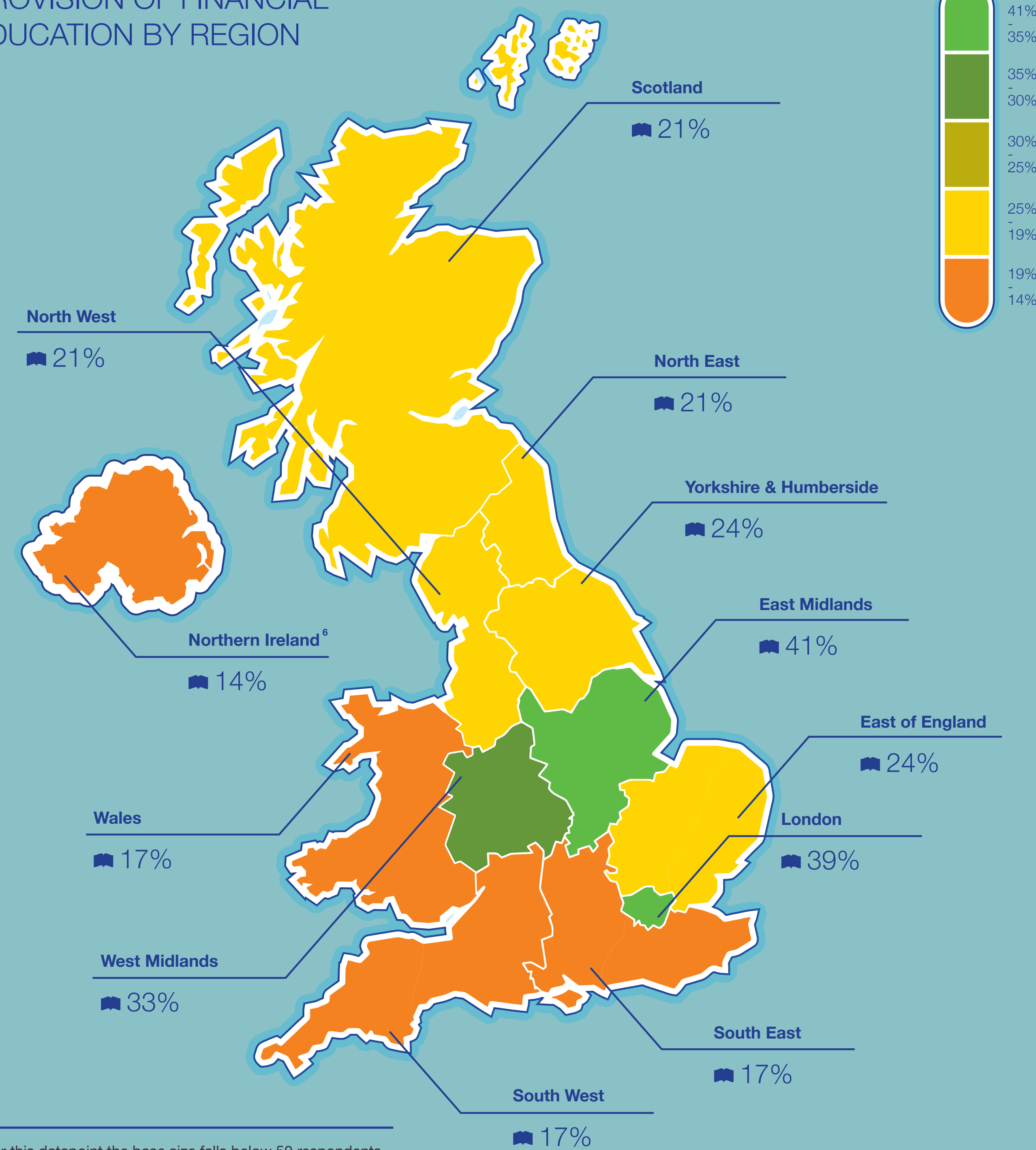
The sectors in which financial education provision is greatest are IT and Electronics (50%), Financial Services (36%), and Consumer Goods and Services (32%); this correlates with the sectors in which employers are perceived as taking their employee financial health seriously.

Looking at our Lifetime Savings Challenge findings, of those employers who offer a financial education programme, more than half deliver it via group face-to-face sessions (55%); around half offering individual face-to-face meetings (49%); more than a third (36%) offer web-based seminars; and 30% via online/ intranet. One in five (21%) offer it over the phone.

But our most recent findings reveal that around two fifths (37%) of employees don't even receive any advice or guidance about their workplace pension, share plans, and other savings.

So whatever employers are offering, this is clearly not reaching or engaging their employees.

PROVISION OF FINANCIAL EDUCATION BY REGION



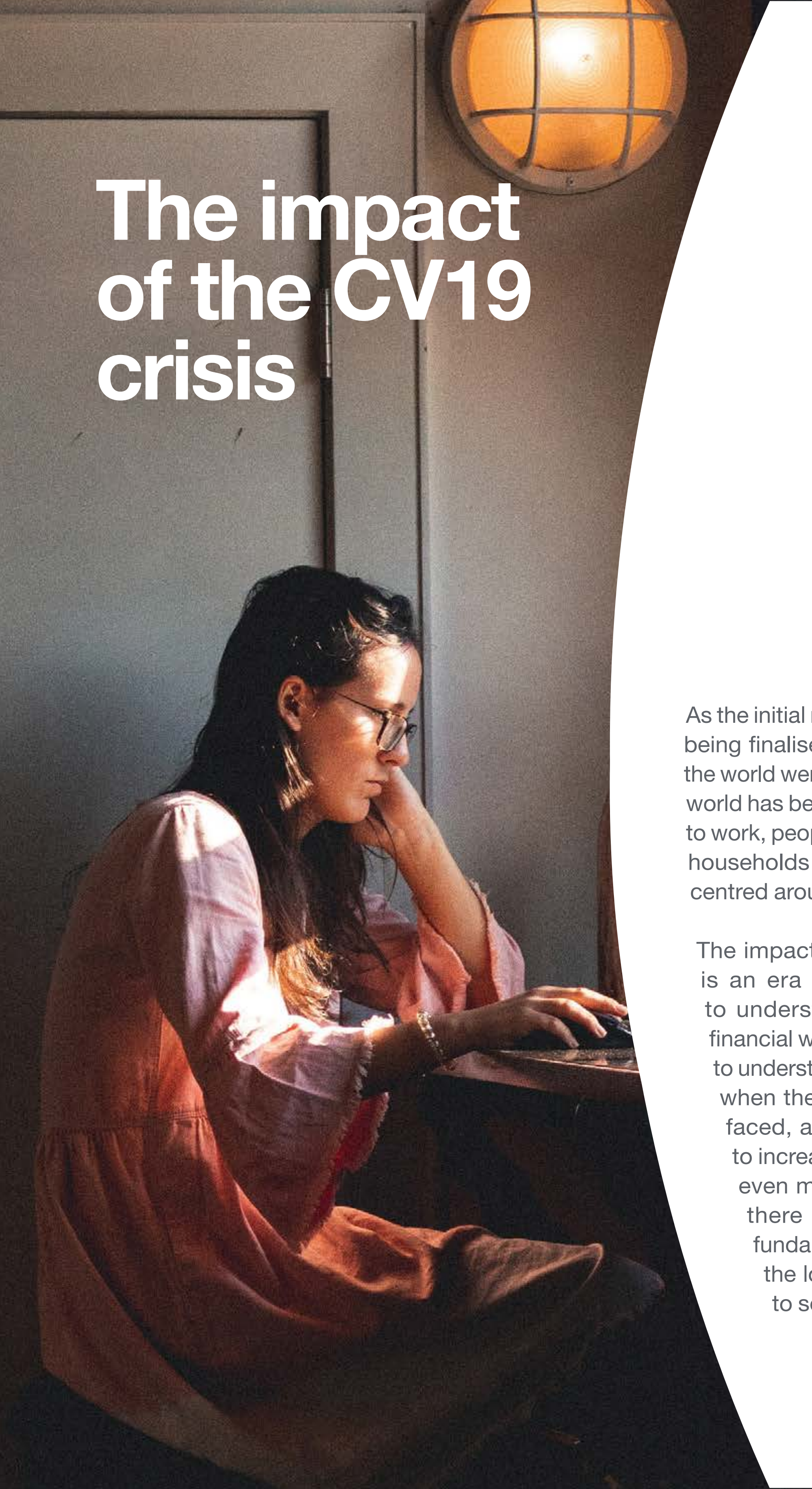
[6] For this datapoint the base size falls below 50 respondents, which means results here are indicative only.

MYTH BUSTING: How well do employees understand their finances?

Myth	AGREE	DISAGREE	FACT CHECK
‘I can fully rely on the state to provide for me in retirement’	17%	60%	From April 2020, the state pension will be £9,109 pa and the average UK household spend for those aged 65+ is £420 pw[7], so **most people will need other sources of income** on top of the state pension.
‘I have to retire on the date stated on my pension statement’	18%	53%	Since the abolition of the default retirement age in 2009, **each individual can choose to retire from the age of 55**, or otherwise by agreement with their employer, or in response to ill health and redundancy. Employees cannot be made to retire in regard to age, except in some specialist roles such as the fire service or if the job requires certain physical abilities.[8]
‘Saving into a pension is the only way to save for retirement’	34%	39%	All savings and income generating assets such as rental from a property can be used to provide income in retirement. However, for most people a pension, alongside the state pension, will form the **foundation and mainstay of retirement income.**
‘Only wealthy people need financial protection’	16%	60%	Financial protection provides peace of mind and protection against difficult financial circumstances. It is reassurance for the individual and their family and arguably it is more vital for those without other sources of income, so, **for those without wealth more than those with wealth.**
‘If I died my life insurance would leave my family mortgage free and they will be financially secure’	39%	27%	The terms of an individual life assurance policy **would need to be reviewed**, to see under what circumstances payment is made and to what amount. The recipients would choose how to use those funds. Some mortgage providers require life assurance policies to be taken out to fund the mortgage fully on death.
‘Pensions are automatically passed to loved ones following death’	28%	36%	In the absence of a valid will, **nothing is assured to pass to loved ones** outside of spouse/ civil partner subject to the intestacy rules.
‘I have to buy an annuity when I get to retirement’	18%	35%	Since pension freedoms, people are **no longer** required to use all or any of their pension to buy an annuity.
‘It’s a good idea to overpay your mortgage to pay it off sooner’	64%	8%	At current levels of interest rate, mortgage rates are very low and provided it is affordable and with a reputable provider, a mortgage is a good debt and so **maintaining a mortgage rather than overpaying it may be a better financial plan.** Also, it is worth checking the specific terms of the mortgage as some will penalise overpayments.
‘It’s better to pay off debt before starting to save’	67%	8%	It’s always recommended to pay off bad debt before saving. But **good debt as long as its affordable can be part of a financial plan** alongside savings
‘Retirement planning is just about money’	32%	40%	Whilst affordability, and understanding the standard of living that can be supported will often be the primary focus, **planning for the change in lifestyle, relationships, social contact and fulfilment are also vital** to a happy retirement.
‘Auto enrolment means I don’t have to worry about saving for retirement’	27%	38%	The current minimum savings required by auto enrolment are **unlikely to provide on their own**, sufficient income in retirement for the majority of people. Use a budget planner and a pension calculator to see what your current pension savings could provide for in retirement.
‘Wills/ estate planning is just for the wealthy’	22%	54%	In the absence of a valid will, an individual’s money and possessions **may not pass** to those they would wish.

[7] https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/expenditure/datasets/detailedhouseholdexpenditurebyageofhouseholdreferencepersonuktablea11

[8] https://www.gov.uk/working-retirement-pension-age



The impact of the CV19 crisis

As the initial research data for this report was being finalised, a handful of people around the world were falling ill. Five months later, the world has been transformed. Rather than go to work, people are paid to stay at home, and households are bound by new regulations centred around ‘social distancing’.

The impact of the coronavirus pandemic is an era defining event, and in order to understand how to help ensure the financial wellbeing of the UK, it is essential to understand how prepared workers were when the crisis hit, the challenges they faced, and the steps they were taking to increase financial resilience. It will be even more interesting to see whether there will be any lasting legacy or fundamental behaviour changes once the lockdown eases and life returns to some new normal.

Financial preparedness and recent changes

Just over half (54%) of workers in large businesses say that they felt financially prepared for the coronavirus crisis. This is significantly higher than the average UK adult (44%). But one-in-five (20%) explicitly stated that they felt unprepared, including 8% of all workers that felt ‘very unprepared’.

Older workers aged 65-74 were well placed for the crunch, with 74% of them saying they were prepared. But the second most prepared group, those aged 35-44 (62%), is considerably younger.

PLANNED CHANGES FOR FINANCIAL PREPAREDNESS

Keeping a closer eye on day to day spending

54%

Saving more into an emergency savings fund

46%

Writing a will/ updating an existing will

19%

Hold more of my investments in cash

14%

Saving more into my personal pension

13%

Only 54% of respondents consider they were financially prepared for the Coronavirus crisis and subsequent lockdown.

This financial and social shock has shifted the ground underfoot. Half of workers (50%) have plans to enhance their financial preparedness, with around a quarter already having made changes (24%) and a comparable proportion looking to make changes in the near future (26%).

But this willingness falls with income levels. Just under three-in-five (57%) of those earning more than £50k per annum indicate a willingness to change their financial plans, falling to just under half of those workers earning up to £30k per annum (48%).

Workers that say they are looking to make changes to their financial preparedness in light of the crisis are aiming to do so in a variety of ways. More than half, (54%) say they will keep a closer eye on day to day spending. A comparable proportion (46%) will save more into an emergency fund, with women significantly more likely to do so than their male co-workers (women 54% vs men 39%). The third ranking action for most demographics (19% of all) was to write/ review a will.

The pandemic has also changed people's views on saving into a pension; 11% saying they will increase their workplace pension contributions (bolstered mainly by men at 13% and those in the 25 to 34 and 35 to 45 age groups, 13% and 17% respectively). However, 16% of workers say they will reduce the amount they save into their pension, either by reducing personal pension contributions or opting out of auto enrolment, to give them more cash in the short-term.

Financial anxiety and consequences

Our new data reveals that two in five workers (40%) have experienced increased financial anxiety in the wake of the coronavirus issue.

This level of anxiety rises significantly among women (43% vs 38% men). And our findings also highlight that those aged 25-34 are most likely to have suffered from increased anxiety around their personal finances (51%), with 17% saying it had done so significantly.

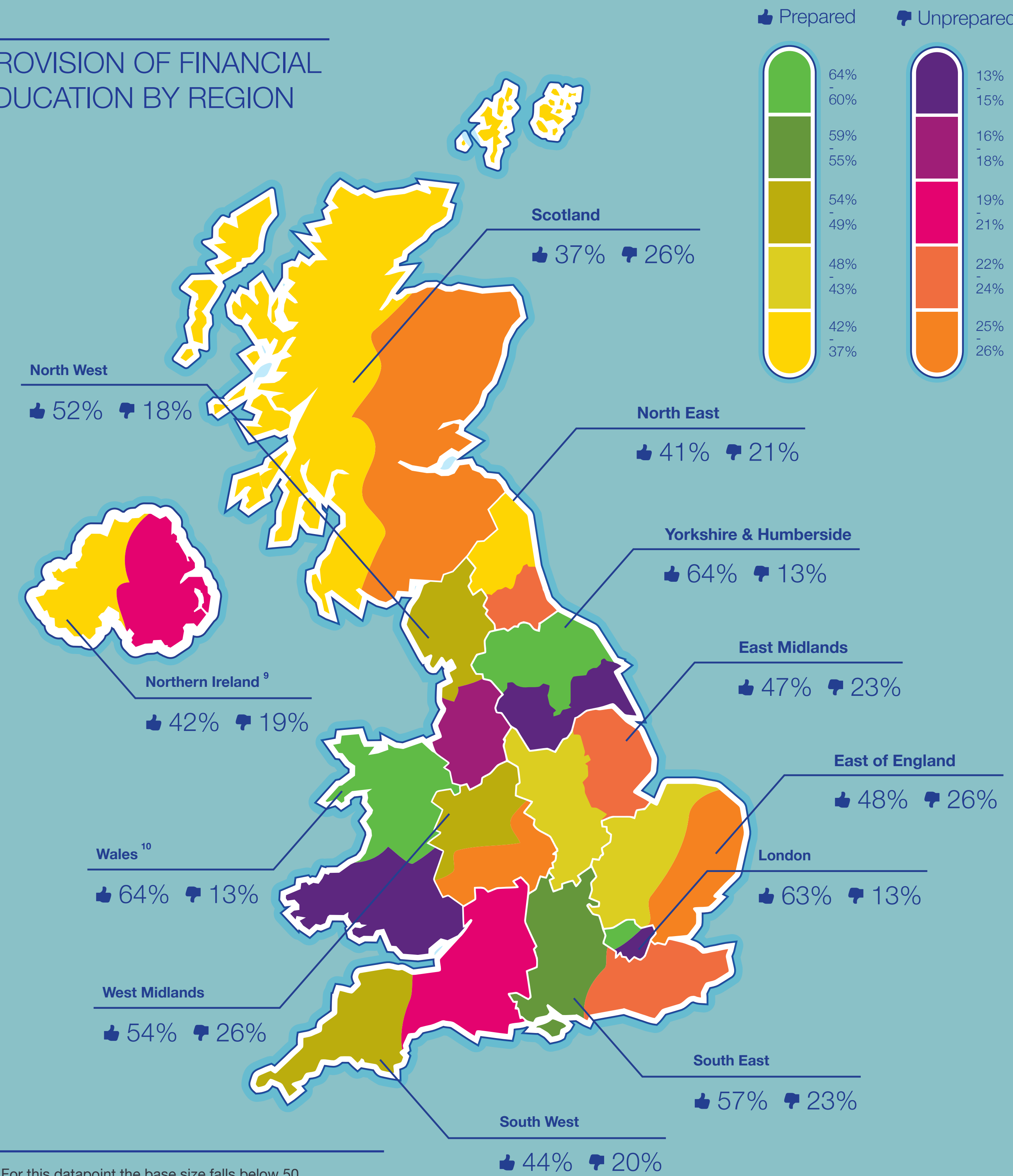
It has been a difficult time for workers across the UK, and around one in ten workers in these larger companies (11%) have had to work reduced hours and so earn less, while a slightly smaller proportion say they have had to use their savings (8%).

But there is also a more positive story to tell. The pandemic has had a notable impact on shorter-term spending, with more than two in five workers (44%) reporting they have spent less, in general.

It has also had a significant impact on longer-term financial planning.

Firstly, around one in six workers (17%) have realised they can live happily on less each month, a sign that buying behaviours may shift post-pandemic. We also found a similar proportion of workers (14%) putting money they would use in typical expenditure into their saving pots.

PROVISION OF FINANCIAL EDUCATION BY REGION



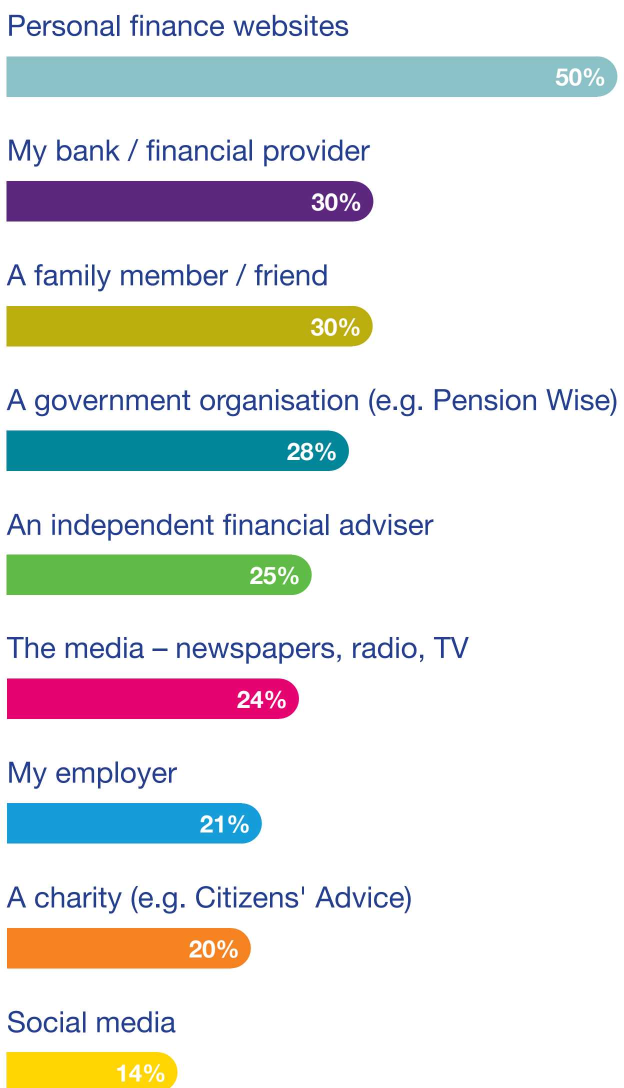
9,10 For this datapoint the base size falls below 50 respondents, which means results here are indicative only.

We also find that two in five (40%) have been able to review their finances during the lockdown. There is a noticeable trend within the data that younger workers, aged below 44, are more likely to take the time to review their finances. The average among this cohort is 45% compared to 34% of those aged 45-74.

Our findings also show a real appetite for financial planning and advice. Personal finance websites were the most popular resource amongst workers (50%), with three in ten (30%) willing to consult their bank, or family members and friends. A slightly smaller proportion are likely to look to government organisations eg PensionWise (28%), and one in four (25%) will look to consult an independent financial advisor.

Employers who provide resources for financial advice/ guidance during the coronavirus pandemic have proved popular. Around one in five (21%) say they are likely to use it, but this rises to 27% among those aged 25-34 and then to 38% of those 35-44.[8]

PLANNED RESOURCES FOR FINANCIAL ADVICE TO BE USED DURING THE CORONAVIRUS PANDEMIC



Lockdown health check

As discussed earlier in the report, financial, mental, and physical health need to be considered together rather than individually. For this reason, we wanted to examine how the coronavirus lockdown has impacted each.

Just under half of workers (45%) were found to worry more about their physical health compared to pre-crisis times, unsurprisingly making it the biggest increase in health concern among workers. Around one in eight (13%) said that they worried about it significantly more.

Workers' mental health has also come under greater pressure, with around two in five (41%) worrying about their mental health more, and 12% worrying 'significantly more'. Female workers are considerably more likely to have suffered mental health worries than their male co-workers (46% v 36%).

A slightly smaller, but still significant, sample of workers (36%) have increased worries about their financial health compared to before the crisis. This increases to 50% for the youngest workers (18-24 year olds) and 44% for those aged 25-44.

When it comes to the actual financial implications of the lockdown, around half of workers (48%) believe lockdown has neither improved nor worsened their financial health – more than a quarter of workers (28%) believe it has improved their financial health, and a slightly smaller proportion (25%) believe it has worsened.

This trend is largely unaffected by relative income levels of these workers, but there is a significant leap in improved personal finances among those earning more than £50,001 per annum (41%).

However, as huge uncertainty remains over what the 'new normal' will look like and when workers can return to it, it is essential that a close eye is kept on the changing pressures in their lives as well as their financial, mental, and physical wellbeing.

How has the coronavirus crisis impacted the amount that you worry about... versus before the crisis?

		↑ More	↓ Less
Financial Health	Overall	36%	11%
	Male	34%	12%
	Female	37%	9%
Physical Health	Overall	45%	10%
	Male	42%	11%
	Female	48%	8%
Mental Health	Overall	41%	9%
	Male	36%	11%
	Female	46%	8%

Methodology

Changing trends of financial wellbeing [2020]

Unless otherwise stated, the data referred to within the ‘Changing trends of financial wellbeing’ report is based on surveys conducted among 2,000 UK employees working for companies with 200 or more employees. The research was carried out between 31 January and 6 Feb 2020.

Following the Covid-19 pandemic, additional research was carried out to supplement the ‘Changing trends of financial wellbeing’ report. 1,000 workers in businesses of 200 or more employees were surveyed, alongside a wider sample of 2,000 nationally-representative adults. This research was carried out between 1 May and 5 May 2020.

Both pieces of research were carried out on behalf of Close Brothers Asset Management by Opinium.

The Financial Wellbeing Index [2018]

The data referred to within the report is based on surveys conducted among 1,003 employers with 200 or more employees, and 5,003 employees from companies with 200 or more employees. The research was carried out on behalf of Close Brothers Asset Management by Opinium between the dates of 29th October and 11th November 2018.

The Employee Financial Wellbeing Index 2018 examines how financially fit employees in the UK feel across the seven pillars of financial wellbeing in eight key categories. These are money worries, budgeting and planning, debt, protection, savings and investments, retirement, properties and mortgages, and tax. Each category was assigned a score out of 100, according to a scale developed by Close Brothers Asset Management. An average of each category score delivers the overall index figure.

The Lifetime Savings Challenge [2017]

The Lifetime Savings Challenge report is based on surveys conducted amongst 1,000 employers with 200 or more employees and 2,009 employees from companies with 200 or more employees. The research was carried out on behalf of Close Brothers Asset Management by Opinium between the dates of 16 and 22 August 2017.

The research is protected by copyright and all intellectual property rights to the research herein are owned or licensed by Close Asset Management Limited and/ or third parties engaged by Close Asset Management Limited. All such rights are reserved. You shall not do anything to infringe Close Asset Management Limited or their licensors’ copyright or intellectual property rights. However, you may reproduce any of the charts and tables contained herein and quote materials from this report, provided the source of the material is clearly referenced by stating “Reproduced with permission from Close Brothers”.

Close Brothers Asset Management is a trading name of Close Asset Management Limited (Registered number: 01644127) and Close Asset Management (UK) Limited (Registered number: 02998803). Both companies are part of Close Brothers Group plc, are registered in England and Wales and are authorised and regulated by the Financial Conduct Authority. Financial Education Services are not regulated by the Financial Conduct Authority. Registered office: 10 Crown Place, London, EC2A 4FT. VAT registration number: 245 5013 86 © Copyright Close Asset Management Limited 2020. CBAM5947