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Pandemic triggers shift to saving

People thinking more about their spending and financial priorities

The coronavirus (COVID-19) pandemic has led to more people re-thinking how they spend and manage their money, with more than half (51%) now prioritising saving for an unexpected event or loss of income, research published suggests^[1].

A third (32%) are setting aside money. This reflects Bank of England^[2] estimates that more than £200 billion of savings have been built up during lockdown, but only 10% of these are expected to be spent over the next three years.

SPENDING AND FINANCIAL PRIORITIES

The findings show that while just under half (46%) of households are spending less generally on a day-to-day basis, the pandemic is clearly making people think more about their spending and financial priorities.

Nearly two-thirds (65%) said they are now very mindful about their money, with 38% giving more consideration to financial planning, and savings and investments. When asked what they would do with an unexpected £2k windfall, 40% said they'd save it compared to just over a quarter (26%) who said they'd spend it right away.

BATTENING DOWN THE HATCHES

Unsurprisingly, people's savings are being offset in part by increases in grocery and household bills (for 37%

and 36% respectively). And with more time at home for many, it seems we're battenning down the hatches and spending more on premium food and take-aways, while 39% are looking to invest in home improvements and DIY as we look to enhance our space.

IMPORTANCE OF OUR LIVELIHOODS

The good news for the advice sector is that nearly one in five (19%) are thinking more about seeking professional financial advice, a quarter of people are giving more thought to Wills and inheritance planning, and nearly one in five are thinking about protection products such as critical illness cover.

The past 19 months really have brought into sharp focus the importance of our livelihoods and finances, with many concerned about their health and financial security. But despite these tough times, it's reassuring to see people taking stock and thinking positively about how they can bolster their situations, with one in five people considering professional financial advice. ■

HOW CAN YOU CREATE A SECURE FINANCIAL FUTURE?

Looking for help to chart your path through life, ensuring you are financially ready for every stage from getting your own place to funding your children's education to anticipating a comfortable retirement? Speak to us today and make sure your plans are on track for the future you want.

Source data:

[1] 204 respondents to Zurich's research panel made up of 88% target customers/12% customers May 2021.

[2] <https://www.bankofengland.co.uk/bank-overground/2021/how-have-households-spending-expectations-changed-since-last-year>

