



April 2021 edition

# LV= Wealth and Wellbeing Monitor

LV= surveyed 4,000+ nationally representative UK adults  
(of which 500+ were mass affluent)

Research conducted via Opinium Research  
in March 2021



For UK financial adviser use only



# Introduction

## Welcome to the April 2021 edition of the LV= Wealth & Wellbeing Monitor

Every quarter we survey 4,000+ nationally representative UK adults, tracking changes to their income and outgoings, and exploring a variety of wealth and wellbeing subjects, such as their plans for retirement, and their mental health.



Figures from the latest LV= Wealth and Wellbeing Monitor highlight how the vaccine roll-out and prospect of lockdown easing are helping to drive growing optimism - good news for the millions of people who have seen their jobs and finances damaged by the pandemic over the past 12 months. Some people have not been so fortunate; there has been a terrible human cost of Covid and it will be some time before the economic damage is repaired.

The last three months have been difficult, especially with the third lockdown, but this quarter’s survey shows that the financial confidence of UK consumers is beginning to improve; indicating that a strengthening economic recovery looks to be on the horizon.

Although many are currently struggling on reduced incomes, there are many others whose income has remained stable through the pandemic and whose outgoings (e.g. commuting costs, childcare and entertainment) have been greatly reduced. These people have been able to save large sums it will be interesting to see in the next wave of research what happens to this money. Will consumers continue to save it, or will they be making up for lost time with lots of meals out, shopping trips and holidays?

In addition to changing saving and spending behaviour, the pandemic has changed the way we communicate with each other. As you might expect, many advised customers have had to communicate with their financial adviser via phone or video calls rather than face to face. Despite this, many still favour face to face as their preferred method of communication with an adviser. The research also highlighted that not everyone is able to communicate with an adviser in the same way. Advisers and providers need to offer a choice of communication methods, so as not to alienate certain customers, especially vulnerable customers.

**Clive Bolton, Managing Director,  
LV= Saving and Retirement**



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# Wealth & Wellbeing Indices

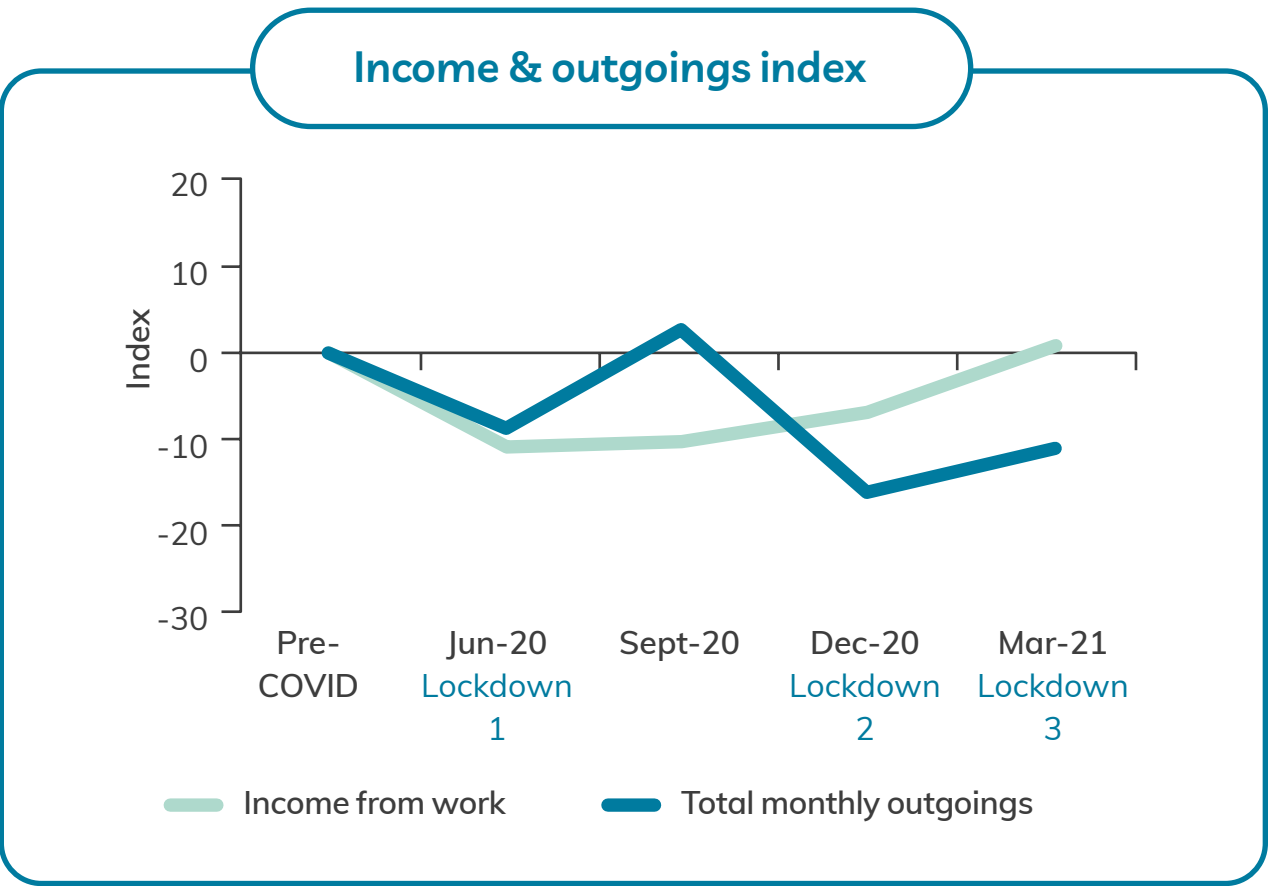
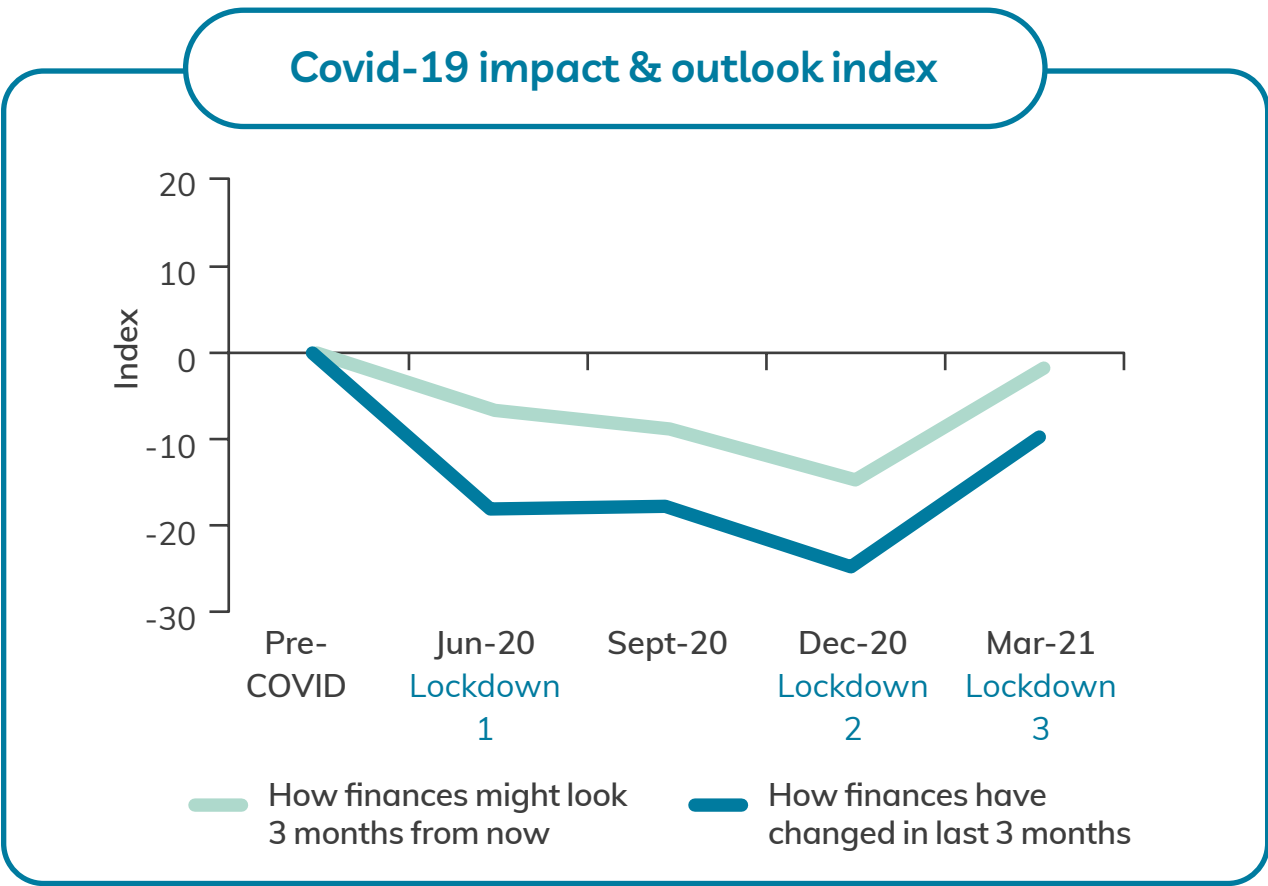
## The financial confidence of UK consumers is beginning to improve as the coronavirus vaccination programme gathers pace, infection rates fall and as lockdown restrictions start to ease

LV= uses indices to track overall changes to spending, saving and finances. The indices are calculated by subtracting the % who stated a negative change over the past 3 months (e.g. decrease/ worse) from the % who stated a positive change over the past 3 months (e.g. increase/ better), to work out the overall impact.

Our data shows that although a number of indices are still negative, overall there has been an improvement to all indices between Dec 2020 and March 2021.

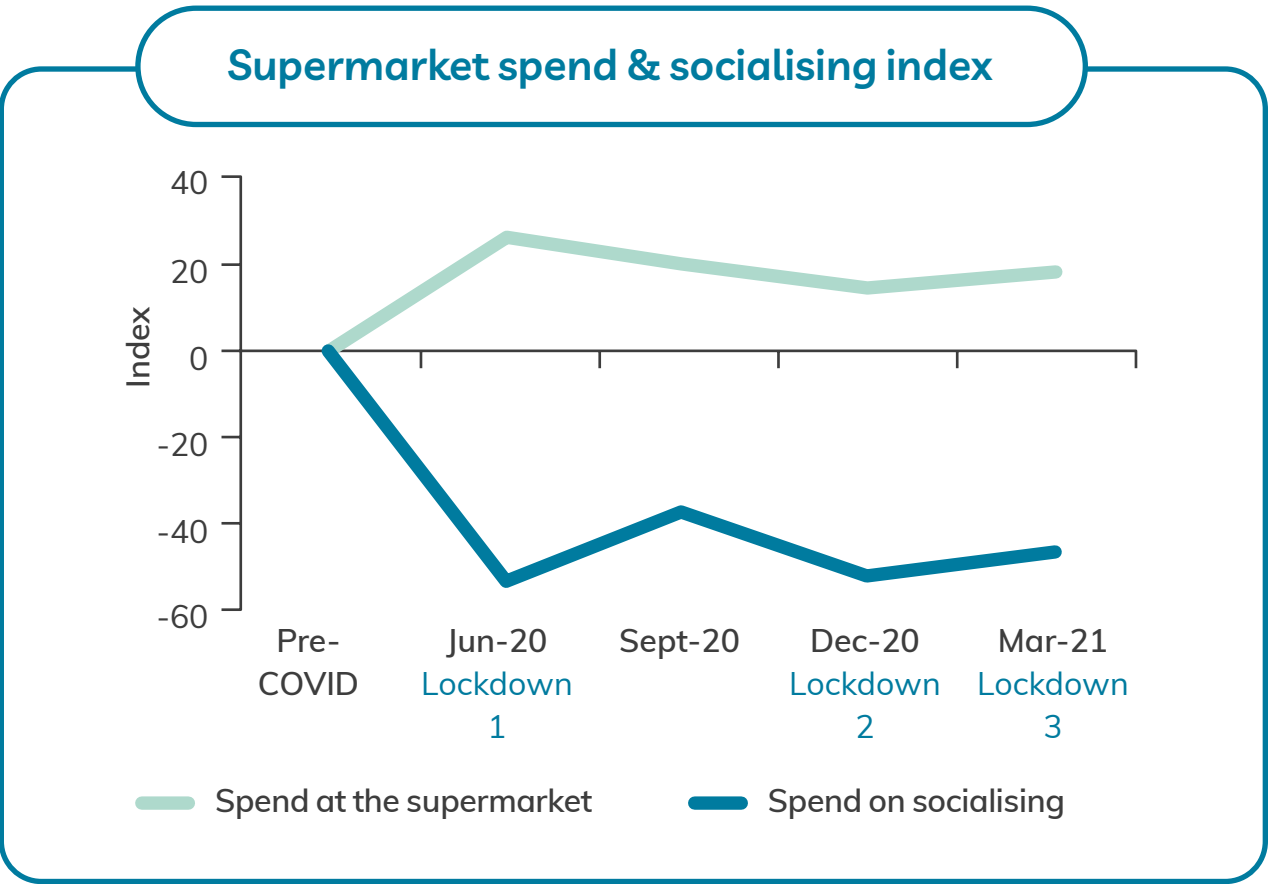
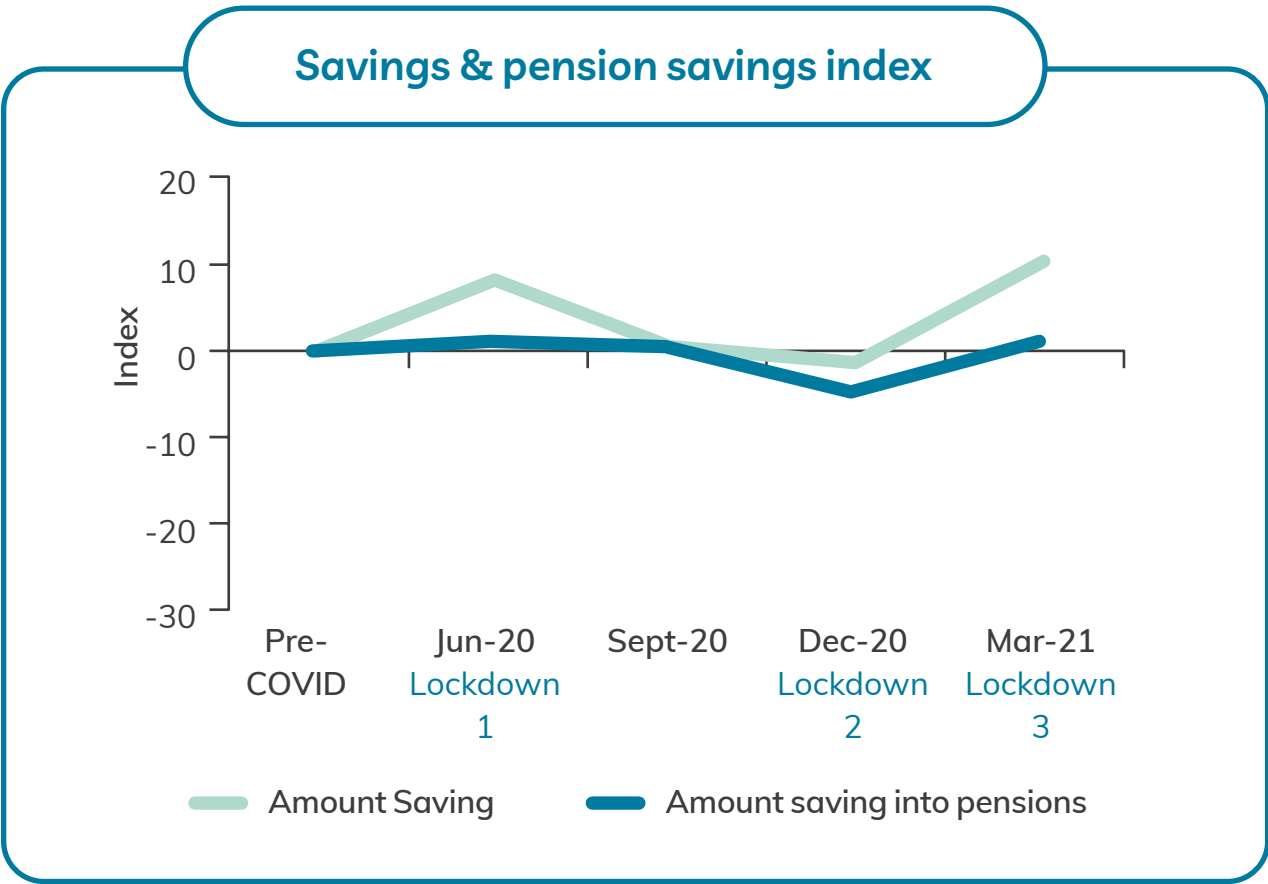
### Financial optimism improves

The index measuring the change to personal finances over the past three months has improved 16 points from -25 in December 2020 to -9 in March 2021. Although many are still struggling financially, in March 2021 we've seen an increase in those with improving finances. The index measuring financial outlook has risen from -14 in December 2020 to -2 in March as a growing number of people expect their finances to improve over the next three months. Incomes have seen a small increase, and outgoings are still low due to lockdown.



### Savings rates increase

The index measuring saving behaviour has risen from -1 to +10 between December 2020 and March 2021, likely due to lockdown causing reduced outgoings. The index measuring pension saving also rose, going from -4 to +2 between December 2020 and March 2021. The index measuring supermarket spend rose from +13 to +18. Due to lockdown, spend on socialising remained low at -47 (compared to -52 in Dec 2020).



See page 9 for the data behind these charts.

People concerned about contracting Covid-19

December 2020

32%

(17m people)

vs

March 2021

23%

(10m people)

There has been a big fall in the proportion of people worried about contracting Covid-19. In March 2021, 23% of people (12m) said they were worried about contracting the virus compared to 32% (17m) in December 2020.

# Saving & spending

## Many saved money as a result of reduced spending due to Covid restrictions

Covid restrictions meant that in the last 12 months people have spent much less than usual on commuting, childcare, eating out and going on holiday. 72% (38m) said their household saved money as a result of this reduced spending. Those that did save money saved on average nearly £5,500.

21% (1.4m) mass affluent people (those with assets of between £100,000 and £500,000 excluding property) said their household had saved over £10,000.

In the last 12 months, how much money has your household saved as a result of reduced spending due to Covid? (E.g. reduced commuting costs, childcare costs, eating out costs, etc.)

	UK Adults	Mass Affluent
I've not been able to save, but not in more debt	24%	15%
I'm/ we're in more debt than before	4%	1%
£1-£499	9%	4%
£500-£999	8%	7%
£1,000-£4,999	16%	22%
£5,000- £9,999	7%	11%
£10,000+	8%	21%
I have saved money but I'm not sure how much	24%	19%
NET: Saved money	72%	84%
Average (for those that saved something)	£5,498	£8,580

“

There has been a very large build-up in saving in the economy... The question of course then is: To what use will those savings be put?

”

Andrew Bailey,

Governor of the Bank of England

## Savings & Cash ISAs are most popular

UK consumers are using their savings in a variety of ways:

- 28% (10.6m) have put it (or plan to put it) in savings or cash ISAs.
- One in five (8.2m) are spending their savings on a holiday.
- 19% (7.4m) are using it for home improvements.

Longer-term savings and investments are proving less popular:

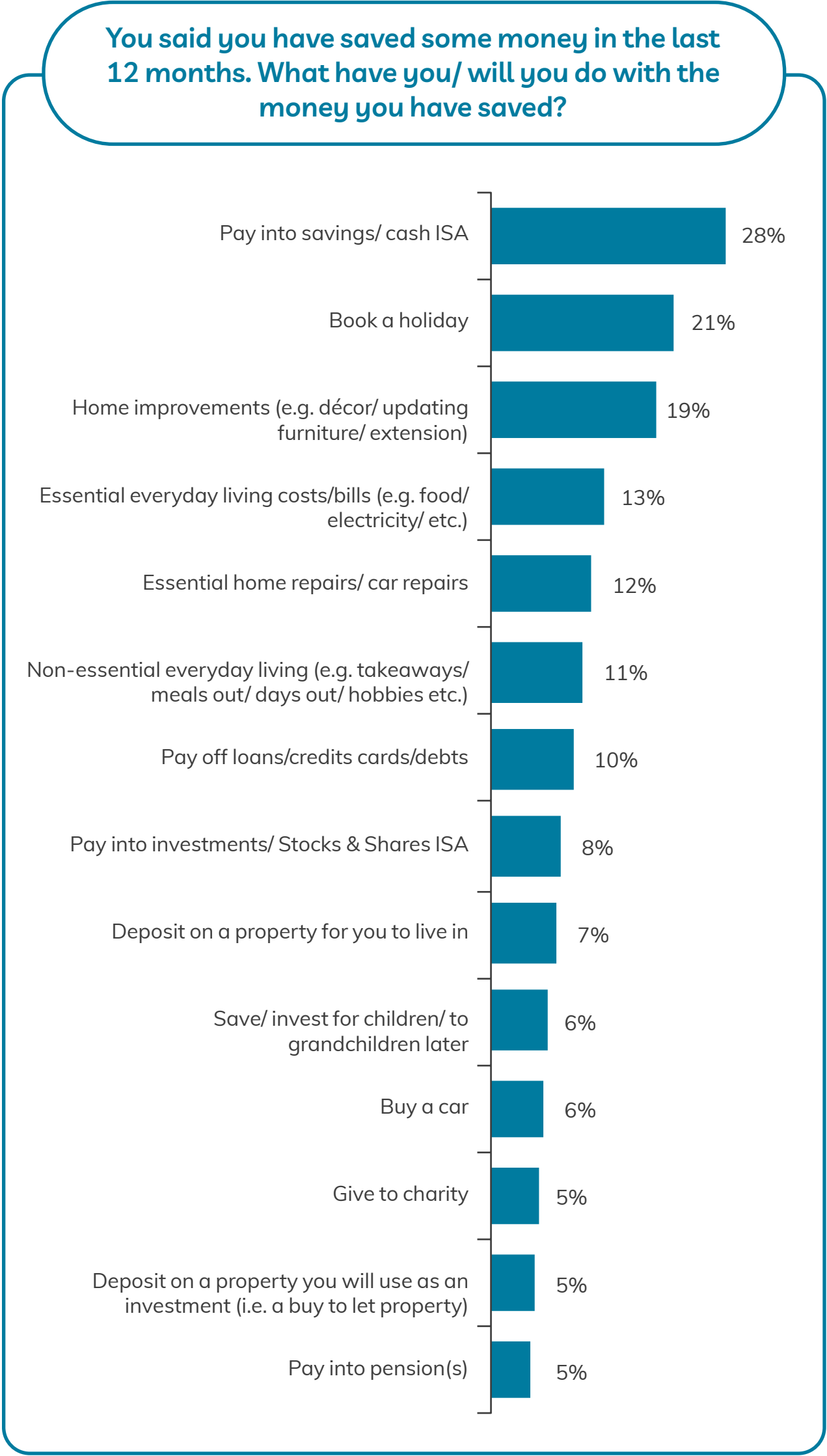
- Only 5% are saving extra into a pension.
- Only 8% are saving into an investment or stocks and shares ISA.

Mass affluent people (those with assets of between £100,000 and £500,000 excluding property) are twice as likely as the general population to have put their savings into long-term investments, invested for their children or grandchildren, or saved into a pension.

	UK Adults	Mass Affluent
Pay into investments/ Stocks & Shares ISA	8 %	16 %
Save/ invest for children/ grandchildren	6 %	11 %
Pay into pension(s)	5 %	8 %

1 in 5

Mass affluent consumers  
saved over £10,000 due to  
Covid restrictions



# Young & old face different challenges

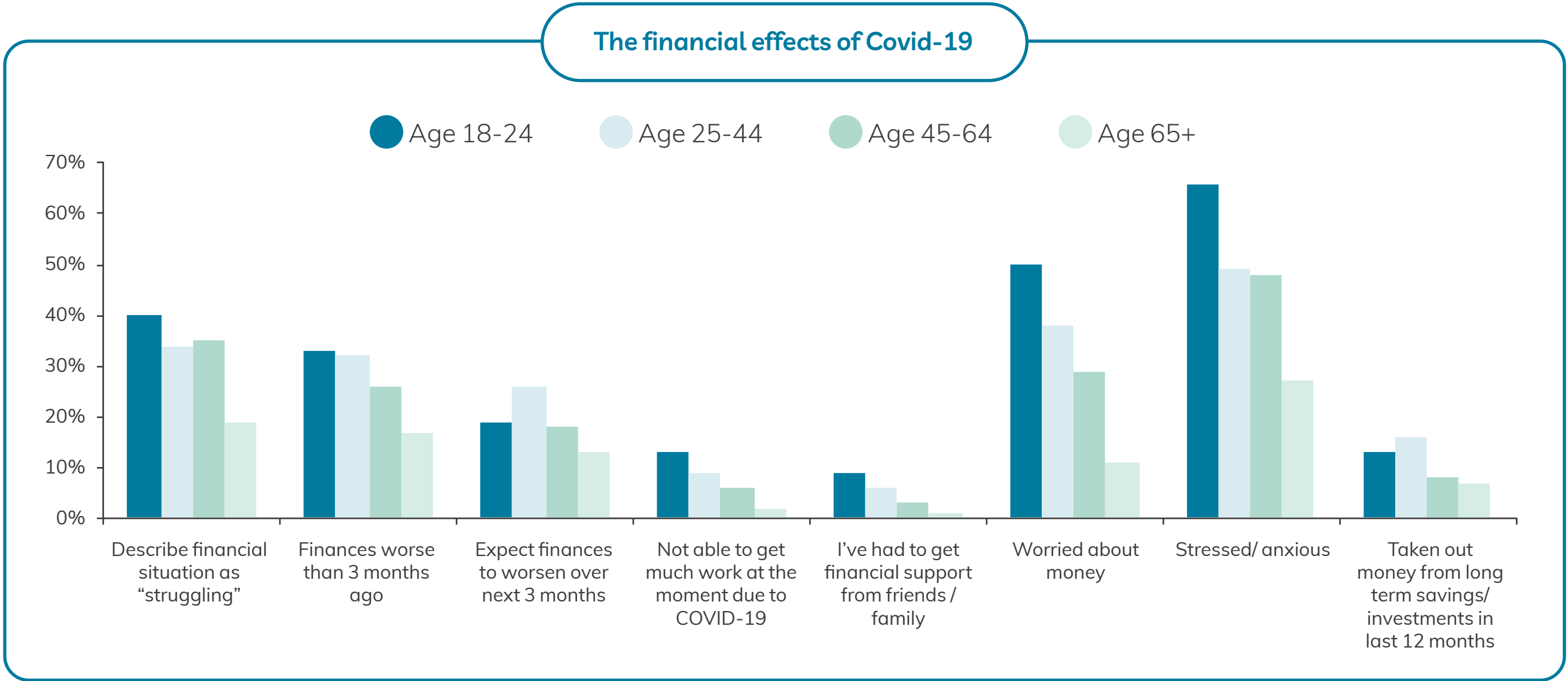
Covid created a health crisis where the over-80s were most at risk, but the financial effects of Covid are being felt most by younger people

**40%**  
**of 18-24 year olds**  
say they are financially  
“struggling”

The pandemic has affected different generations in different ways. Those aged 18-24 are more likely than older ages to say they are financially struggling, and that their finances have worsened over the past 3 months, as many have been affected by redundancies and furlough over the past 12 months.

**50%**  
**of 18-24 year olds**  
are worried about money

The mental toll is also higher with this age group, with 50% worried about money and 66% feeling stressed and anxious. They are also more likely than older age groups to have taken out money from long term savings/ investments in the last 12 months, often so they can pay every day living costs/bills. It may take years to regrow these savings.



Comparatively, those in retirement are feeling much more financially secure, with many continuing to receive pension incomes and being largely unaffected by money worries. In the last wave of research we explored how many younger people are having to rely on financial support from parents or grandparents. In December 2020, 1 in 4 parents with a child 18-30 helped pay some of their day to day expenses, such as paying their mobile phone bill/ petrol/ food.

Now that most of those aged 65+ have now been vaccinated, and with lockdown restrictions easing, their lives will soon be going back to normal . But for the younger generations, the Covid financial hangover may be felt for years to come.



# Face to face vs. remote financial advice

## Majority of UK adults would be comfortable receiving financial advice either face to face or over the phone

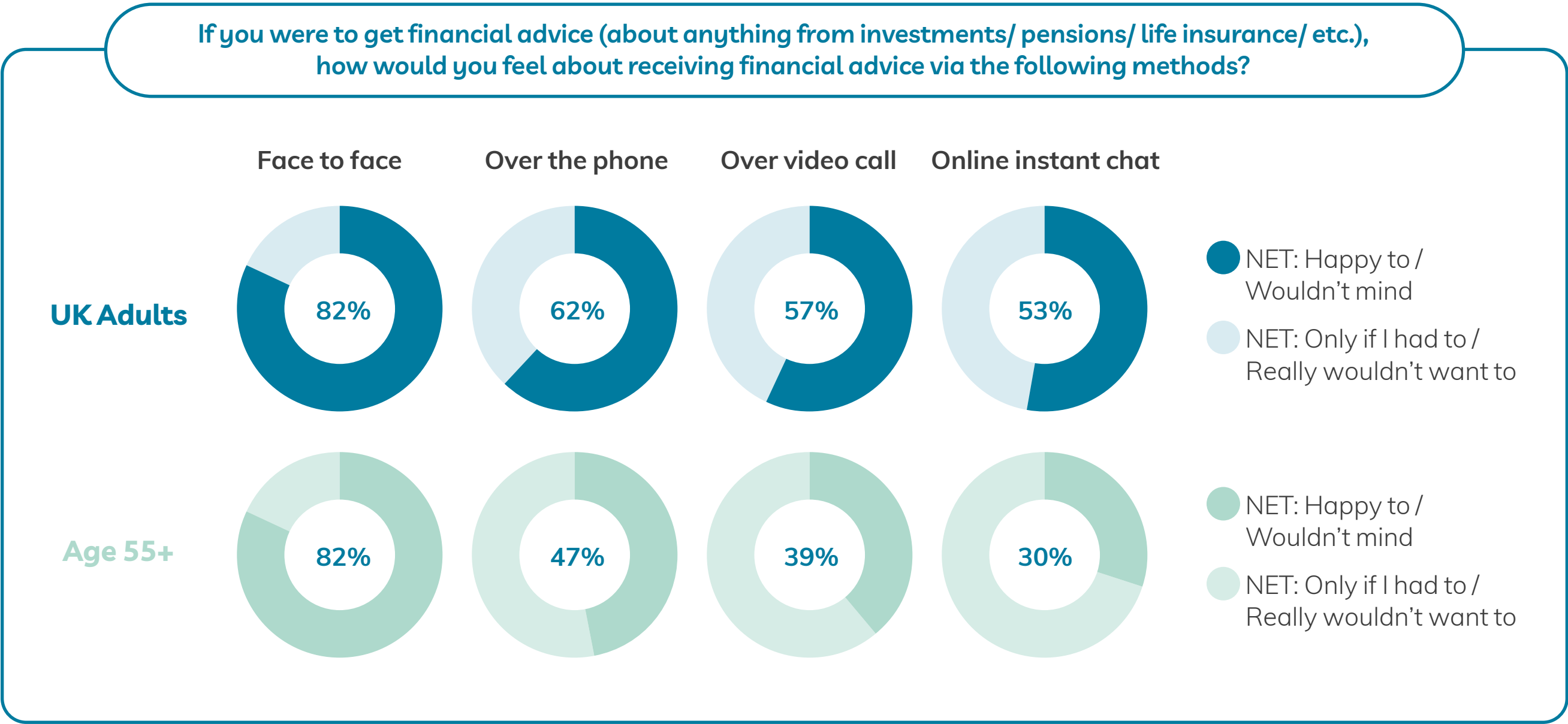
Looking just at UK adults who are open to financial advice...

- Traditional advice methods (face to face/over the phone) are still the most popular methods for advice overall.
- Those aged 55+ were less keen on video calls and instant chat.

Of those who are open to financial advice...

62%

would be comfortable receiving financial advice over the phone



## Some are open to video calls with advisers, but many still prefer face to face, and the needs of vulnerable customers needs to be considered too

During the pandemic, many of us communicated with our friends and family via video call. We were interested to see whether this would mean many are now comfortable speaking to an adviser via video call.

- Looking just at UK adults who are open to financial advice...
- Those aged 35-54 were more likely to agree that video calls would be more convenient than having to travel to see an adviser (31% vs. 24% overall).
- There was a small amount of reluctance from all ages due to worries about security (16%) or struggling with the technology (10%).
- Some respondents mentioned being adverse to using certain methods of communication, due to physical or mental health needs. It is crucial for advisers to be as flexible as possible with their communication methods, so as not to alienate certain customers, especially vulnerable customers.

"I am camera-shy. I hate being filmed. I have no intention of taking part in a video call. Not now. Not ever"

"I have hearing problems so need to lip read"

"I don't have a working webcam"

"Would be careful revealing bank details over Zoom etc., my financial adviser has a secure online portal anyway"

"Speaking over the phone gives me anxiety"

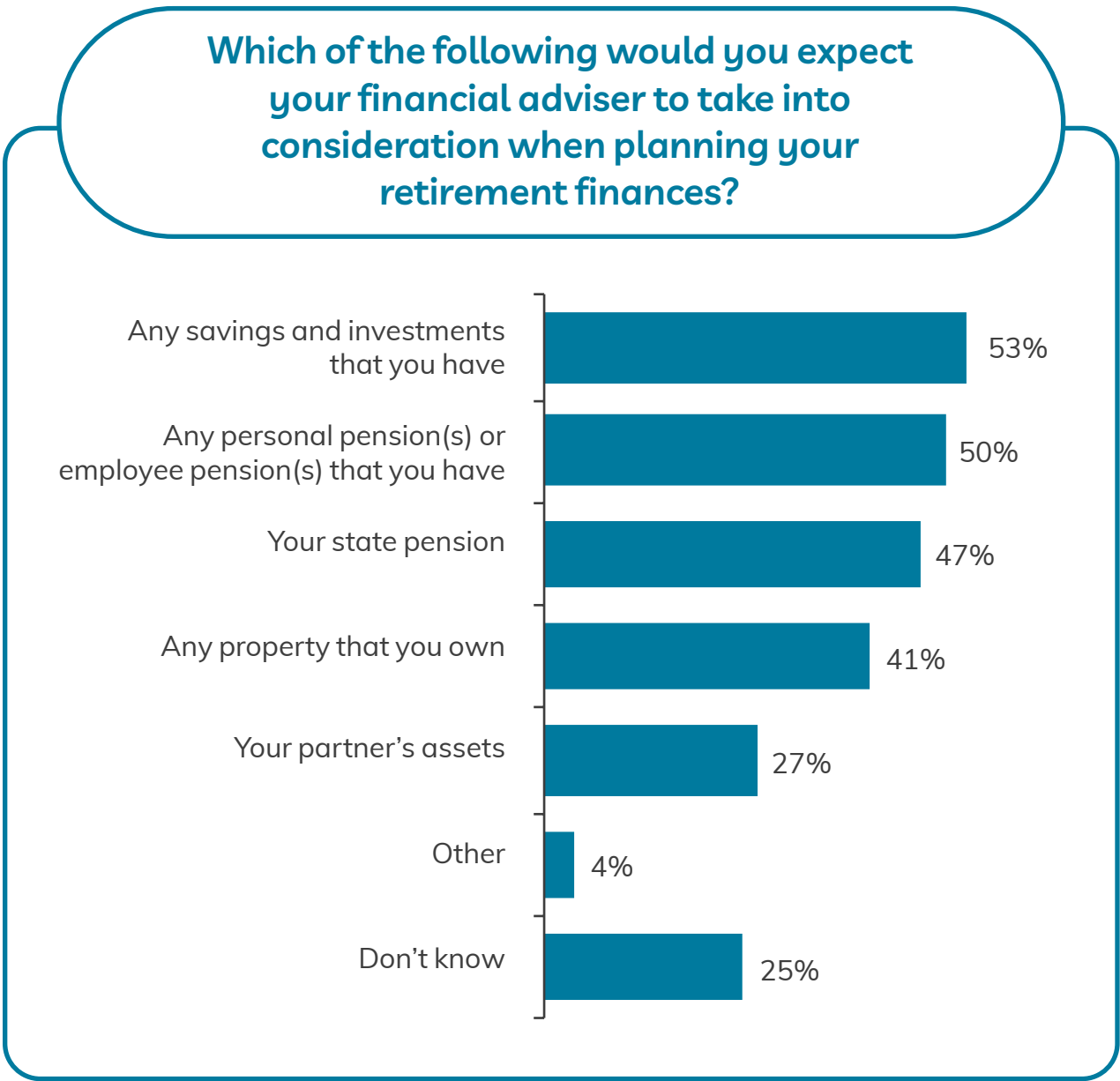
"I feel self conscious meeting new people via video"

# Equity release

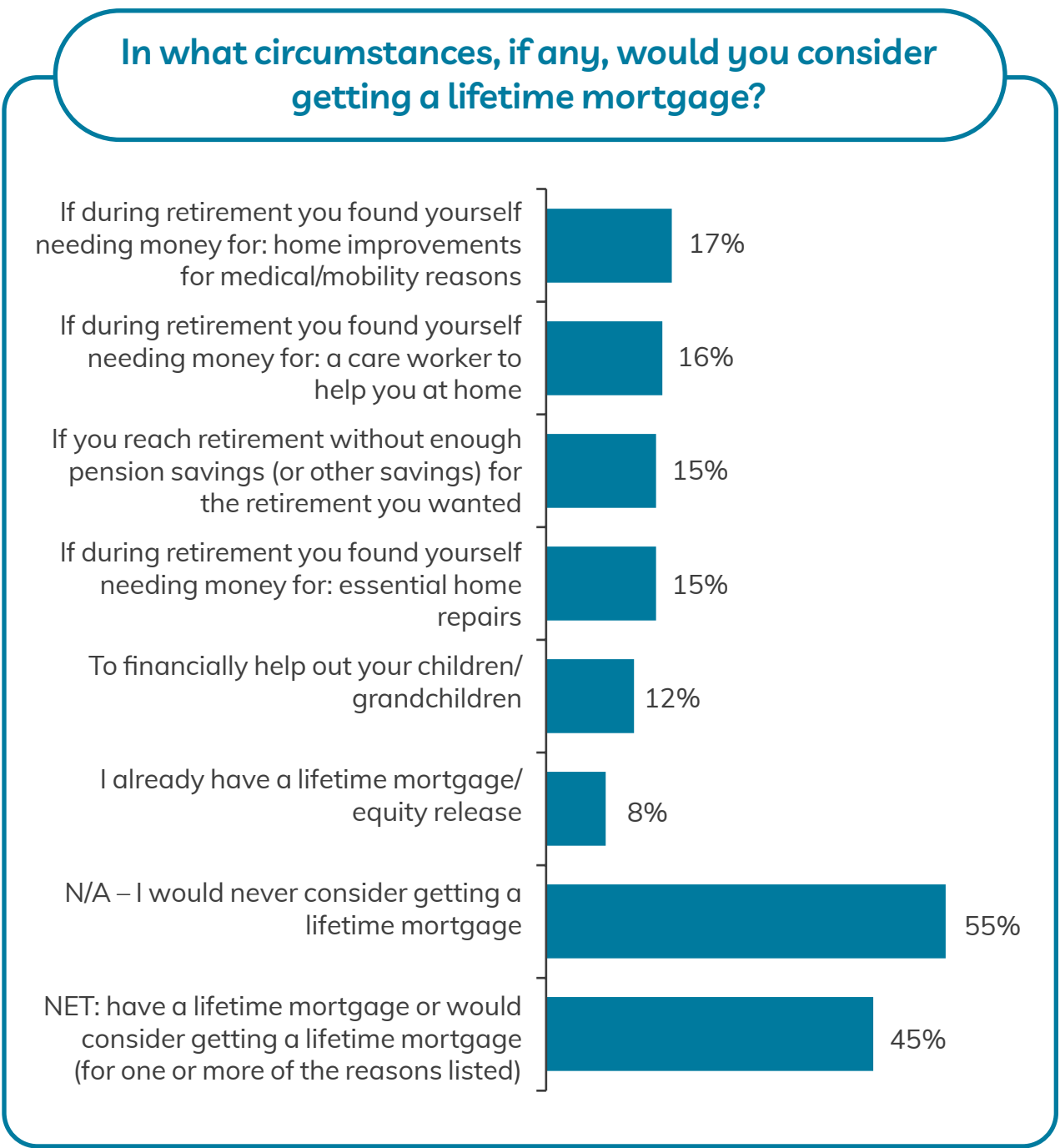
## When planning their retirement finances, people expect their financial adviser to take all of their assets into account, including their property

We asked UK adults who are open to financial advice what they would expect a financial adviser to take into consideration when planning their retirement finances...

- 41% would expect any property they own to be taken into consideration by their adviser when retirement planning.
- This is even higher amongst older people, 50% amongst those aged 55-74.



## Needing money for home improvements for medical/mobility reasons during retirement were the top reasons consumers would consider a lifetime mortgage



We asked UK adults who own their own home in what circumstances, if any, they would consider getting a lifetime mortgage. We described a lifetime mortgage (sometimes called equity release) as when someone chooses to unlock some of the capital tied up in their property without having to sell their home or downsize. Money could be received as a monthly income or a lump sum.

45% of UK adults who own their own home would consider a lifetime mortgage for one of the reasons listed.

Interest in lifetime mortgages wanes in the over 55s (who are most likely to be in the market for it). Some may already know they will not need to use the equity from their house to fund their retirement.

Needing money for home improvements for medical/mobility reasons during retirement were the top reasons why people would consider a lifetime mortgage.



# Pension scams

## Mass affluent consumers are being targeted by pension scammers

In March’s Wealth & Wellbeing Monitor we took a closer look at pension scams. Our data shows that:

- 14% of UK adults (7.6m people) have received unsolicited contact in the form of phone calls/ emails/ texts/ house calls from someone other than their pension provider or financial adviser encouraging them to move or release money from their pension.
- This is even higher for mass affluent consumers for whom 1 in 4 (24%) have been targeted in this way.
- 8% of UK adults (4.4m people) know someone who has lost money as a result of a pension scam. This figure may in fact be much higher, as many who have fallen victim to a scam are too embarrassed to tell friends and family.

Mass affluent defined as those with assets of between £100,000 and £500,000 excluding property

1 in 4

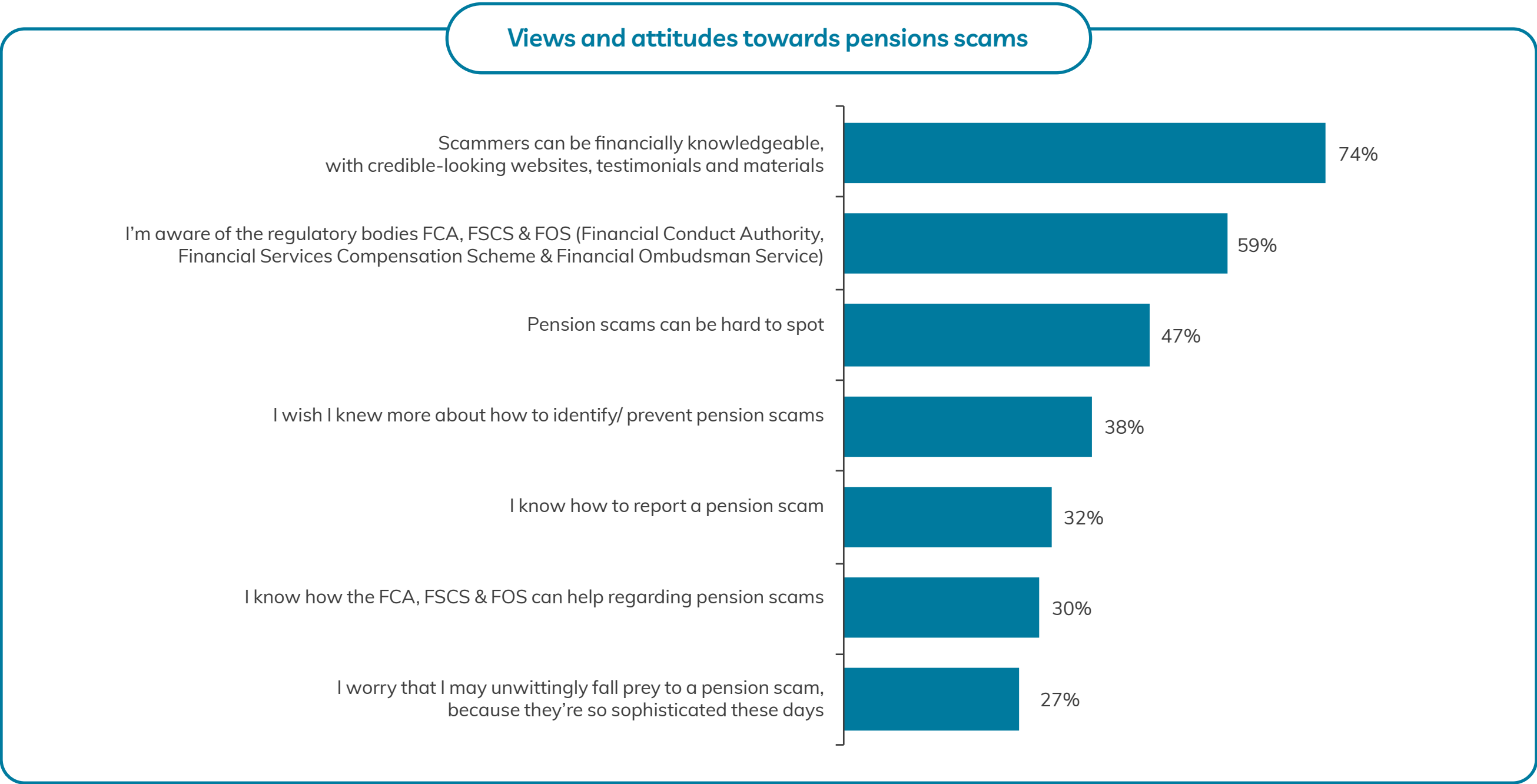
Mass affluent consumers

have been targeted by pension scammers

## Many wish they knew more about how to identify/prevent pension scams

The majority of people we surveyed acknowledged that pension scammers can be financially knowledgeable, with credible-looking websites, testimonials and materials. This can make scams incredibly hard to spot.

Consumers are worried and want help to prevent falling prey to scams. 1 in 4 people (27%) are worried that they themselves might fall victim to a pension scam and over 1 in 3 (38%) said they wished they knew more about how to identify/prevent pension scams. It is a key challenge for the pensions industry to keep consumers aware and educated about scams, as scams continue to get more and more sophisticated. It also raise a challenge for providers and advisers: if customers become very wary of scams, will they look for further levels of reassurance that what providers/advisers are telling them is genuine?





# Appendix – Wealth & Wellbeing Indices data

How finances might look 3 months from now

	Jun-20	Sep-20	Dec-20	Mar-21
Better	17 %	14 %	12 %	18 %
Worse	23 %	22 %	26 %	20 %
Index	-6	-8	-14	-2

How finances have changed in last 3 months

	Jun-20	Sep-20	Dec-20	Mar-21
Better	17 %	14 %	11 %	18 %
Worse	35 %	32 %	36 %	27 %
Index	-18	-18	-25	-9

Income from work

	Jun-20	Sep-20	Dec-20	Mar-21
Better	10 %	10 %	13 %	16 %
Worse	21 %	20 %	20 %	15 %
Index	-11	-10	-7	1

Total monthly outgoings

	Jun-20	Sep-20	Dec-20	Mar-21
Better	23 %	25 %	19 %	22 %
Worse	32 %	23 %	35 %	33 %
Index	-9	2	-16	-11

Amount saving

	Jun-20	Sep-20	Dec-20	Mar-21
Better	23 %	19 %	23 %	27 %
Worse	14 %	18 %	24 %	17 %
Index	8	1	-1	10

Amount saving into pensions

	Jun-20	Sep-20	Dec-20	Mar-21
Better	8 %	8 %	9 %	10 %
Worse	7 %	8 %	13 %	8 %
Index	1	0	-4	2

Spend at the supermarket

	Jun-20	Sep-20	Dec-20	Mar-21
Better	42 %	35 %	30 %	33 %
Worse	15 %	14 %	18 %	15 %
Index	27	21	13	18

Spend on socialising

	Jun-20	Sep-20	Dec-20	Mar-21
Better	7 %	11 %	8 %	7 %
Worse	60 %	48 %	61 %	54 %
Index	-53	-37	-52	-47

## About this report

This report was developed by LV=, drawing on public data where indicated, and independent research among c.4,000+ UK adults each quarter – via Opinium Research.

All figures quoted are for March 2021 unless otherwise stated.

<sup>1</sup>Figures based on UK adult population of 52.6m.

While care is taken in the compilation of the report, no representation or assurances are made as to its accuracy or completeness.

## About LV=

LV= is a leading financial mutual. When we started in 1843 our goal was to give financial security to more than just a privileged few and for many decades we were most commonly associated with providing a method of saving to people of modest means.

Today we follow a similar purpose, helping people to protect and provide for the things they love, although on a much larger scale and through a wide range of financial services including insurance, investment and retirement products.

You can get this and other documents from us in Braille, large print or on audio by contacting us.

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