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**SCOTTISH WIDOWS CALLS FOR EDUCATION, SIMPLIFICATION AND
GREATER INCENTIVES TO ENCOURAGE THE UK TO SAVE**

- Scottish Widows Savings and Investments Report says financial education is key to encourage saving
 - Simplified products will help improve understanding

Scottish Widows today launches the full findings from its second Savings and Investments Report. Guest speakers are Vince Cable, MP Deputy Leader & Shadow Chancellor of the UK Liberal Democrats, Carl Emmerson Deputy Director of The Institute for Fiscal Studies and Gordon Greig, Head of Savings and Investment at Scottish Widows. The event is chaired by Merlin Stone, Professor of Marketing at Bristol Business School and Research Director at WCL.

The Report examines people's attitudes to, and understanding of savings and investments. It also looks at who is saving and why, how people are saving, and what are the barriers that prevent people from putting their money into savings and investment vehicles.

The main findings from the Report are:

- People recognise that it is their own responsibility to save – although encouragement from the Government and the industry could make a big difference
- There is a real **lack of understanding** of the risk and reward relationship in savings and investments, with a strong tendency towards cash as the 'safe' option - even for long term saving
- There is a **perceived barrier to saving**. Many people believe that it is getting more difficult to save and find that between the pressures of repaying debt and making ends meet on a day to day basis there is little or no money left to save.

- The **perceived complexity** of savings is off-putting. Many people find it hard to save, they find it difficult to know how to go about it and find the best deal – and so they either don't save as much or don't save at all.
- Amongst those who had given money to their children or grandchildren, the average amount gifted is **£12,610, compared to £12,300 in 2007**; the money was most commonly used to pay off debt (42%) followed by house deposit or to buy a car (both 29%).
- Amongst adult children who have given or loaned money to their parents the average amount was **£6,500**.

From this, Scottish Widows today sets out three recommendations to help address some of the concerns raised in the Report:

- **Financial Education:** Scottish Widows looks forward to continue to work with the Government and the FSA to plug the gap in the public's understanding and knowledge of finances in general. A more comprehensive understanding of savings and financial matters in general would better equip young people for the world. While initiatives such as the National Strategy for Financial Capability will help broaden understanding of financial matters, it needs to be more widely targeted. In order to really make a difference and change behaviour, financial capability should be embedded into the national curriculum.
- **Simplified Products:** Currently the industry offers a huge variety of investment vehicles. Scottish Widows would like to see simple products with simple literature designed to achieve simple goals. Additionally the research indicates the industry must continue to innovate and produce simplified equity-based savings products. The financial services industry needs to play its part in bringing attractive products to market that meet clients' needs and wants.
- **Incentives To Save:** There is a need to encourage the less well off to put money aside for their future, even when they think they can't afford it. The research shows that until people are earning at least £20,000 they do not feel they have any free cash to save regularly. Child Trust Funds, although limited in take-up is an inspired idea, and if properly managed could deliver the first generation of financially literate young adults. If parents, and ultimately their children, are encouraged and enabled to manage these funds, it could lay the foundation of a 'Life Saving' culture.

Gordon Greig, head of savings and investments at Scottish Widows comments: “The second Scottish Widows Savings and Investments Report demonstrates the need to understand people’s attitudes to saving, and highlight what needs to be done to encourage the nation to save. People are finding it increasingly difficult to save. There are two main reasons for this – either lack of spare funds or the perception that products are too complicated.

“Scottish Widows is committed to encouraging and enabling people to save and we look forward to working with the Government, the regulators, our customers and the general public to achieve this.”

For a copy of the Scottish Widows Savings and Investment report, please visit

www.scottishwidows.co.uk/sandireport

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Scottish Widows was founded in 1815 as Scotland’s first mutual life office. Becoming part of the Lloyds TSB Group in 2000, Scottish Widows has become one of the most recognised brands in the life, pensions and investment industry in the UK. The product range includes ordinary long term insurance, such as life assurance, pensions, annuities and permanent health insurance, and savings and investment products. Using a multi-sales network of Financial Advisers, Direct Sales, Direct Marketing, the Internet and via the branch network of Lloyds TSB, Scottish Widows currently employs about 4,000 people.