

14<sup>th</sup> March 2006

**HONEY, WE'VE SHRUNK THE KIDS' SAVINGS**

**- Research shows our financial habits come from our parents -**

Research from Scottish Widows\* reveals that 62% of adults save little or nothing – half of this group (48%) say their parents are to blame as they had the biggest influence on their savings habits.

Of the 38 per cent that do save regularly as an adult, over half (57%) said that they were taught by their parents as a child and that their mum was the biggest influence on their savings (32%). Dad lags behind with 25 per cent. However, a third taught themselves how to save, and didn't rely on their parents at all.

In fact, the survey found as adults only 9 per cent head to mum and the same number to dads for advice with 19 per cent preferring to turn to their other half. Worryingly, the survey also found that just under half (47%) of adults believe that their savings habits have not improved now that they are older. A quarter of adults (23%) don't seek any financial advice from anyone, preferring to sort their finances on their own.

**Anne Young, savings expert from Scottish Widows comments:** "Our research shows a link between our parents' savings advice and our own savings habits once we've grown up, however, we shouldn't use this as an excuse for not saving. There were a number of people who whilst they weren't taught good savings habits as a child have managed to turn this around and now save regularly in adulthood.

It is important to try and save something every month, and with the tax year end upon us many people should be thinking about making best use of tax efficient savings vehicles, such as ISAs and pensions.”

### **Next generation**

Eight in ten adults (79%) think that it is important to teach their children about money, regardless of whether or not they are good or bad savers themselves. Four in ten plan on instilling good savings habits in their offspring from an early age, although 17 per cent admit that they might not be the best advisers!

**Donna Dawson, psychologist explains;** “As much as we’d probably hate to admit it, what our parents say and do will shape our savings habits into adulthood. The research highlights the importance of getting good financial advice from our parents while we are young, especially about saving money. Most people can be found in one of these four savings types: ‘Savvy saver’, ‘pseudo saver’, ‘goal saver’ and the ‘evader saver’”.

**Savvy saver** – likely to be a young woman with a ‘rainy day’ mentality who saves every month. She takes after her mother, and was taught to save rather than borrow. She saves a substantial amount each month, and is practical and organised about it. Her partner has the same financial outlook as she does.

**Pseudo saver** – most likely to be a middle aged man, who saved money now and again as a child and he continues to do this as an adult. His parents taught him to put money aside for emergencies, and to spend wisely because life is uncertain. He feels that his partner is worse than him with money. He knows that she is not the person to ask for advice. He has a tendency to worry about money and so he distracts himself by shopping around for the ‘best deal’ – as this helps him to feel more in control of his life when he isn’t saving.

**Goal saver** – likely to be a younger aged man or woman who thought that saving was a chore to be endured as a child, as saving for something specific was the only way that they would get anything that they wanted.

Consequently, they now don't 'save' regularly as adults. However, they balance this trait out by not spending money too freely either. They pay out mostly on bills and necessities rather than on 'treats' for themselves.

Although they also shop around for the best deal, they don't consider themselves to be 'savers'. If they get into money trouble, they wouldn't turn to anyone else for financial advice.

**Evader saver** – likely to be either a man or a woman over 50. They never saved as a child although their parents told them to 'save little and often'. Their parents were unable to practise what they preached, and they themselves 'live for today, and don't worry about tomorrow'. They spend every penny as they earn it. Money often fills an emotional hole for them, and they can't stop themselves – although they do feel slightly guilty afterwards. They are reluctant to turn to anyone else for financial advice or help. In fact, they give their own partner a wide berth, as they feel that their flickering desire to save is often thwarted by their partner's negative money habits.

**Anne Young continues:** "Society has changed over the past 30 years and with the advent of credit cards and personal loans, the days of saving hard before splashing out on a new car or family holiday are long gone for many of us. However, what hasn't changed is the need to save and plan for our financial futures – regardless of the different savings habits we all have. So whether you're a savvy saver or an evader saver, now is the time to seek financial advice and take advantage of the tax efficient opportunities at this time of year."

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## Notes to editors

\*Research conducted online by YouGov from 20<sup>th</sup>-23<sup>rd</sup> February 2006 with a sample of 2269 Britons.

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## For further information, please contact –

**Paula Sutherland**  
**Head of Media Relations**

Scottish Widows  
Tel. 0131 655 6818  
[paula.sutherland@scottishwidows.co.uk](mailto:paula.sutherland@scottishwidows.co.uk)

**Sarah Whelband/Alison Merrigan**  
**Lansons Communications**

Tel. 020 7294 3697/34  
[sarahw@lansons.com/](mailto:sarahw@lansons.com/)  
[alisonm@lansons.com](mailto:alisonm@lansons.com)

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