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6 MILLION* UK HOUSEHOLDS COULD NOT SURVIVE UNTIL THE WEEKEND ON SAVINGS

28% of households have less than £250 in savings

New research from HSBC reveals that 28% of households have less than £250 in accessible savings.

The survey of over 1000 UK households reveals that more than a fifth (21%) have no savings at all to fall back on and 7% have savings less than £250 set aside as a financial safety net. This is the equivalent of just three days average monthly household take home pay**, and with average monthly household outgoings currently £1,536, these savings would last just five days***.

Those aged between 25 and 34 are the least prepared for a financial emergency; 39% have less than £250 in savings, with 30% saying they have nothing set aside at all. Women are far less prepared than men; 24% admit they have no savings and 8% have less than £250 set aside compared to 16% and 6% of men respectively. Across the UK, people in the North East are least likely to have any savings set aside at all with a third (33%) admitting they have no financial safety net.

Thirty-two per cent of people admit they would be unable to cover their rent or mortgage at all if they were to unexpectedly lose their main source of income. Worryingly, 11% of people would use a personal loan or credit card and a further 11% their overdraft to help pay for essential outgoings in the event of a redundancy.

How Brits would cover monthly outgoings if made redundant

1. Expect partner to cover them (26%)
2. Has income protection insurance (16%)
3. Would borrow from family (14%)
4. Would use credit card / personal loan (11%)
5. Would rely on overdraft (11%)

Bruno Genovese, Head of Savings for HSBC comments:

“These findings demonstrate a worrying lack of financial preparation among the British public. With the current climate of uncertainty, it is of utmost importance that families are setting aside a realistic sum of money to be used in emergencies. As a general rule it is advisable to have 3 month’s salary set aside in accessible savings for a rainy day.

“By putting away small amounts each month Britons can help themselves build up an emergency savings pot as provision for any eventuality without having to rely on a solution that will get them further into debt.”

HSBC Tips for setting up an emergency savings fund:

- Set aside a small sum each month into a separate savings account, this could be the excess from your current account or mean giving up a treat such as your daily shop-bought coffee
- Choose an easy-access account as you never know when you might need to access your emergency stash
- Shop around for competitive rates on your savings to ensure you are making the most of your emergency fund
- Set a realistic weekly budget and stick to it, this will help you to see where your excess salary goes, and where you can make savings
- Get into the savings habit - set up a monthly standing order into your savings account, that way you won’t be tempted not to save for one month

Table 1: Monthly income, outgoings and savings provision of households

	Monthly take home pay	Monthly outgoings	% with no savings	% with under £250 in savings
UK	£2,427.60	£1,535.80	21%	7%
Male	£2,696.20	£1,616.50	16%	6%
Female	£2,209.10	£1,470.10	24%	8%
16-24	£1,310.50	£1,445.70	19%	13%
25-34	£2,132.70	£1,679.00	30%	8%
35-44	£2,753.60	£1,662.20	24%	11%
45-54	£2,280.10	£1,607.40	23%	6%
55 +	£2,591.50	£1,345.80	13%	6%

-ENDS-

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Notes to editors:

*Based on 28% of households surveyed saying they had less than £250 in savings. All figures are based on number of UK households being 21,407,000 (DCLG)

**Average monthly take home pay of those surveyed is £2,427.60 – this is £79.81 per day

*** Average monthly outgoings for those surveyed is £1,535.80 – this is £50.49 per day

Opinion Matters survey carried out on behalf of HSBC of 1,069 UK adults in November 2011.

Regional and demographic statistics available on request

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