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“SQUEEZED MIDDLE” – HALF OF ALL ADULTS - FACE UPHILL STRUGGLE IN BRITS' DRIVE TO BOOST SAVINGS

The 2011 HSBC Savings Map of Britain reveals that, while the continued tough financial climate has driven Brits to try and grow their [savings](#) pots last year, almost half the country's adults – the “squeezed middle” - faced spending pressures that saw them struggle to boost their reserves.

Over seven in ten (71%) Brits saved in 2011 despite interest rates remaining low, indicating recognition of the importance of having some money set aside. Only 4% said that the low rates are a disincentive to save and only 3% say they would rather spend all their cash rather than save some.

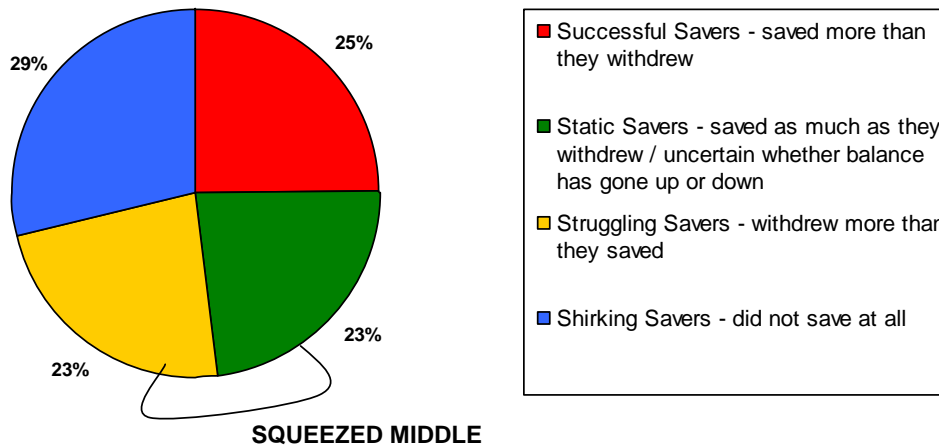
Bruno Genovese, Head of Savings at HSBC, comments: “2011 was a tough year for savers given the harsh financial climate, but it is positive to see the substantial effort made to save in spite of this. Unfortunately, the high cost of living forced many families in the squeezed middle to dip into their savings pots, leaving them with less than they started with.

“While this year is also likely to prove a challenge for the majority of British savers, intentions to save remain high, with people aware of the need to build up a savings cushion in case of a rainy day or to achieve their long and short term goals. The Savings Map findings all point to Brits saving where they can afford to in 2012.”

People still value the security of an account with a bank or building society, with 65% of people holding savings in a deposit based account. By value, the average savings portfolio is 46% deposit based, 17% alternative asset classes, 17% bonds, 16% equities and 4% in offset savings.

However, despite the drive to save, not all Brits are managing to save more than they withdraw and the nation is divided into four distinct, comparably sized groups, according to savings success (see Figure 1). The groups of ‘Struggling’ (23%) and ‘Static Savers’ (23%) represent the “squeezed middle” of middle income families whose finances are coming under pressure due to sustained high cost of living, frozen salaries, and a rise in part time workers and unemployment, affecting their ability to save. Twenty nine per cent of adults are not saving at all.

Figure 1. The four types of UK saver



Those with children of school age have particularly felt the squeeze. 35-44 year olds were the only group that were more likely to say they withdrew more than they invested than vice versa in 2011 (34% vs. 31%). Thirty four per cent of 45-54 year olds also withdrew more than they invested.

While the savings to income ratio generally increases with age, for those aged 35-44 it dips slightly; the ratio has fallen from 31% in 2010 to 21% in 2011 for that age group. The amount that regular savers aged 35-44 are putting away each month dropped by almost 10% between 2010 and 2011 from £247 to £223.

Further highlighting their plight, a fifth (20%) of 45-54 year olds and 16% of 35-44 year olds say they expect to save less in 2012 as they need more money for every day living costs.

Despite the difficulties, savings intentions going forward remain positive; 60% of all age groups intend to save more or the same amount this year as in 2011. However, (probably due to the economic circumstances), nearly a quarter (23%) are unable to say what they hope to save.

Aware of the uncertain financial climate, 21% of people now say that saving for a rainy day is their priority. In contrast, long term goals are losing out, with one in ten (12%) planning to save more over the next 12 months to contribute to their long term goals, compared to one in five in 2010.

Notes to editors:

Research carried out by Opinion Matters, among a UK representative sample of 2002 people over the age of 16, between 26th November and 9th December 2011.

To download a copy of the full report please visit

http://www.headlinemoney.co.uk/Company//Media/HSBC/HSBC_110111.pdf

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