

Under embargo until Saturday 3rd November 2012

8 MILLION¹ HOUSEHOLDS COULD NOT SURVIVE UNTIL THE WEEKEND ON SAVINGS

31% of UK households have less than £250 in savings

New research from HSBC reveals that 31% of UK households have less than £250 set aside as a financial safety net. The recommended minimum 'salary cushion' is three months' average monthly take-home pay - £5,756.²

The survey of over 1,000 UK households shows that a fifth (19%) have no savings at all to fall back on and 12% have savings of less than £250. With average monthly household outgoings currently £1,669, these savings would last just five days³. The number of households in this situation has risen by three quarters of a million to over eight million since last year, when 28% had maximum savings of £249.⁴

Those aged 16 to 24 and 35 to 44 are least prepared for a financial emergency – and worse prepared than they were in 2011. Forty-six per cent of the younger group has fewer than £250 in savings (32% in 2011), while 42% of those aged 35 to 44 are in the same position (35% in 2011).

Similar to last year, women are far less prepared than men; 21% admit they have no savings and 13% have less than £250 set aside, compared to 16% and 10% of men respectively.

Twenty-eight 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. While 40% say they would use their savings to meet their essential outgoings, they may be underestimating the amount they would need. Worryingly, over one in ten would rely on personal loan, credit card or their overdraft in the event of a redundancy.

How Brits would cover monthly outgoings if made redundant

1. Use their savings (40%)
2. Apply for benefits (30%)
3. Use their income protection insurance (14%)
4. Expect partner or family to cover them (13%)
5. Use credit card / personal loan or overdraft (11%)

Bruno Genovese, Head of [Savings](#) for HSBC comments: “These findings highlight a lack of financial preparation among the British public that appears to have worsened slightly over the past year. In today’s uncertain economic climate, it is important that families are setting aside a realistic sum of money to be used in emergencies. As a general rule, a financial safety net of at least 3 month’s salary should be set aside in accessible savings for a rainy day.

“By putting away a small amount 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 could push them into the red.”

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

	Monthly take home pay	Monthly outgoings	% no savings	% under £250 savings
UK	£1,918.50	£1,668.70	19%	12%
Male	£2,134.60	£1,770.70	16%	10%
Female	£1,759.30	£1,593.00	21%	13%
16-24	£1,254.80	£1,393.60	31%	15%
25-34	£1,928.60	£1,912.00	22%	13%
35-44	£2,175.30	£1,689.00	25%	17%
45-54	£1,914.90	£1,794.00	19%	12%
55 +	£1,804.30	£1,482.60	13%	8%

HSBC current account customers can take advantage of a regular savings rate of up to 6% AER/gross fixed for 12 months for balances up to £3,000.

-ENDS-

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Notes to editors:

¹Based on 31% of households surveyed saying they had less than £250 in savings. All figures are based on ONS data on number of UK households being 26,010,000

²Average monthly take home pay of those surveyed is £1,919

³Average monthly outgoings for those surveyed is £1,669 – this is £54.86 per day

⁴Based on 28% of households and ONS data on number of UK households at the start of 2011 being 26,010,000.

Opinion Matters survey conducted in September 2012 on behalf of HSBC among 1,179 people in the UK aged 16 and over.

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