

19 May 2015

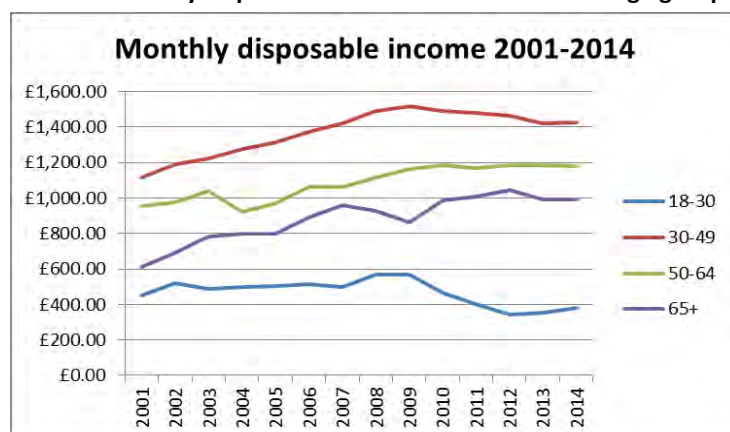
18-30 year olds are saving more than any other age group

- Young people are saving the highest proportion of their income
- 18-30s would rather give up nights out and takeaways than their gym membership to save

Young savers are giving up luxuries to hit their savings goals, new research from HSBC shows. The disposable income of 18-30 year olds has been hit the hardest since the economic downturn, leaving this age group with less than £400 a month to spend on average. However, they are saving the highest proportion of their income (24%) compared to other age groups.

Between 2008 and 2012 average disposable income for 18-30 year olds fell 40%, from £569 to £343. It recovered slightly to £380 in 2014 as average wages for younger people started to improve*. This compares to a fall of just 2% for those aged 30-49 in the same period, from £1,490 to £1,466. Disposable income for 50-64 year olds increased by 6%, and by 13% for those aged 65 or over.

Chart 1: Monthly disposable income 2001-2014 across age groups



What savers are willing to give up

HSBC surveyed 2000 people on their savings habits. 18-30s are more willing than any other age group to give up nights out in order to reach their savings goal, and would give these up over their gym membership or online subscription services like Netflix or Spotify.

	ALL	18-24	25-30	31-40	41-50	51-55	56+	18-30	31+
Takeaways	54%	54%	57%	57%	46%	58%	53%	55%	53%
Nights out	53%	56%	56%	53%	52%	48%	48%	56%	50%
Eating out	47%	53%	48%	51%	47%	50%	33%	50%	44%
Gym membership	41%	37%	37%	38%	41%	47%	52%	37%	44%
Online subscription services (e.g Spotify)	40%	38%	36%	36%	39%	45%	55%	37%	44%
New clothes	40%	46%	41%	46%	36%	30%	28%	43%	36%
Subscription TV service (e.g Sky)	30%	30%	27%	31%	24%	31%	36%	29%	31%
Personal grooming	29%	32%	29%	29%	29%	27%	23%	30%	27%
Holidays	26%	29%	31%	27%	25%	19%	13%	30%	21%

None of the above	8%	4%	5%	7%	10%	12%	18%	4%	12%
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House deposits and holidays the biggest motivators for younger savers

A survey of the nation’s saving habits by HSBC found that 18-30s’ top reason to save was a house deposit (35%), followed by a holiday (21%), with only 7% saying their top priority was to save for a wedding. For those over the age of 30, a holiday was their top savings priority (29% of savers aged 31+), followed by home improvements (20%).

A third (34%) of people find saving with others easier than on their own, including 26% of respondents who said it was easiest to save as part of a couple. However, the majority (60%) said they prefer saving on their own. 18-30 year olds are most likely to save with family members such as brothers and sisters (7%), although this option remains low across all age groups.

Debbie Thomas, Head of Savings, HSBC UK:

“It’s great to see that young people are saving such a large proportion of their income. Getting into a savings’ habit early pays dividends later on in life, whether it’s for a house deposit, a car or even retirement. Customers should look at the different options that can help them save; whether it’s a regular saver to keep them on track, an ISA, or saving with someone else, even the smallest amounts saved now can build a healthy nest egg.”

Ways of saving

55% of people find having a clear goal makes it easier for them to save, while 42% agree that having a standing order or direct debit set up helps. More than one in ten (14%) find having a mobile or tablet app that tracks their saving makes it easier- this is considerably more popular with 18-30s than those over 30.

	18-30	31+
Having a clear goal	62%	48%
Having a Standing Order/Direct Debit set up	38%	46%
Having a mobile/tablet app that tracks my saving	20%	8%

Despite typically lower interest rates than other types of accounts, 53% prefer to save in an instant access savings account. 43% make the most of cash ISAs, whilst 40% of people save in their current account. Regular savings’ accounts which tend to offer a higher interest rate are less popular, with 30% saying they use them to save. 18-30 year olds are more likely to use a current account to save (43% vs 37%).

-ENDS-

Notes to editors

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*Disposable income across all age groups, 2008 - 2014

	2008	2009	2010	2011	2012	2013	2014
18-30	£569.40	£566.80	£466.48	£401.48	£342.98	£355.12	£380.28
30-49	£1,490.02	£1,516.23	£1,488.50	£1,478.10	£1,465.97	£1,421.33	£1,427.48
50-64	£1,115.40	£1,163.93	£1,185.38	£1,166.10	£1,186.90	£1,186.25	£1,179.12
65+	£926.18	£863.55	£987.30	£1,009.80	£1,044.40	£991.48	£990.99

Methodology

- Average earnings from ONS Annual Survey of Hours and Earnings reports, 2000 – 2014
- Average essential weekly expenditure (food & non-alcoholic drinks, housing, fuel & power and transport) from ONS Family Spending Report, 2000-2014
- Disposable income calculated as the difference between average monthly earnings and average essential expenditure.

HSBC also surveyed 2000 people in March 2015.

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