

NSI Reveals Britons Failing To Prioritise Savings



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NS&I has revealed that despite the financial shock of the last 18 months, data for the last five years shows that Britons have not made savings any more of a priority. This is according to NS&I's Savings Survey which, with more than 50,000 people interviewed since the Survey began five years ago, provides a comprehensive picture of the nation's changing savings habits over this period.

The data shows that in 2009, while the average monthly amount Britons save per head has increased to its highest recorded figure (£83.87, up from £70.23 in 2005), the individual savings ratio - the average amount that people say they are saving as a percentage of their take-home income - has remained fairly constant at 6.06% this year from 6.02% in 2005. It seems that the population is not diverting a larger proportion of their take-home income to savings, despite the recent economic downturn which has created a greater need amongst many to build up emergency savings in a [savings account](#) or [savings bond](#).

Tim Mack, NS&I's savings spokesperson, comments: "Many people are now putting a few more pounds away each month for greater peace of mind. But when expressed as a percentage of monthly income saved, it is evident that Britons don't seem to have made saving any more of a priority in 2009 than they have over the past five years, despite the economic downturn.

"Taking some time to review how much unnecessary expenditure could be cut back to help focus income on what we really want and need, encourages people to develop a good savings habit. Total up how much you could save in a month, a year or even five years and see how small monthly changes really add up."

Regular savers consistently set aside more than the rest of the population, almost double the proportion of their take-home income, around 12% for

each of the past five years (11.76% in 2009, a monthly average of £188.20). However, it seems that few Britons appreciate the advantages that developing this savings habit can bring - even in these more challenging economic times - as the number of people who set aside some money every month has shown little movement. In 2005, 45% said they put aside money every month; by 2009, this had only risen to 47%.

One way the economic downturn appears to have impacted on the population is with respect to their savings goals. In autumn 2009, over half (54%) of people said their main savings objective was to set money aside in case of emergency - compared to just 27% in winter 2006/2007. At this time saving for retirement (33%) and setting money aside to afford a holiday or special occasion (32%) were stated as the most important savings goals.

Tim Mack continues: "The recent financial instability appears to have encouraged many of us to set money aside, to act as a financial safety cushion in the event of the unexpected. While this is key to making sure we are financially secure, it is also important not to forget about other major expenses that occur at different life stages where we may need to draw on savings or credit if no other funds are available. Therefore we should be looking at increasing the amounts we are saving for such expenses, rather than diverting money from savings set aside in case of an emergency."

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About

NS&I

NS&I is one of the UK's largest financial providers with almost 27 million customers and over £96 billion invested. It is best known for [Premium Bonds](#), but also offers fixed rate [savings bonds](#), Guaranteed Equity Bonds and Children's Bonus Bonds in its range. All products offer 100% security, because NS&I is backed by HM Treasury.

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