

UNDER-40s ARE FOCUSED ON SAVING BUT FORGET THEIR PENSIONS

- **Less than half of under-40s are saving into pensions**
 - **But just one in 10 are not regular savers**
- **Nearly one in four think the State Pension will pay £10,000 a year or more**

Under-40s are switched-on to regular saving but are failing to focus on their pensions, new research ⁽¹⁾ from The Nottingham Building Society shows. Its independent nationwide study found less than half (46%) of 18 to 40-year-olds have started pensions despite being disciplined and regular savers.

The Nottingham's study found just 10% of under-40s are not saving or investing each month outside of pensions and on average are putting away around £370 a month.

By contrast pension savers under 40 are investing an average £230 a month. Many are also overestimating how much the State Pension is worth with one in four believing it will pay £10,000 or more a year despite the maximum currently available being £8,546⁽²⁾.

The under-40s are more likely to have savings accounts or cash ISAs which they can take money out of easily rather than pensions which they cannot, research shows. Around 78% of under-40s have savings accounts while 51% have cash ISAs.

The main reason for not saving into a pension is focusing on paying off debt in the short-term with 22% saying they want to get out of the red before investing for retirement while one in five say they prefer to spend their money.

The table below shows how the savings habits break down among the under-40s with younger savers the least likely to have pensions but still nearly as likely to have other cash savings as older groups.

TYPE OF ACCOUNT	18 to 24-year-olds	25 to 34-year-olds	35 to 40-year-olds	AVERAGE
Savings account	77%	80%	76%	78%
Cash ISA	30%	54%	57%	51%
Pensions	21%	51%	52%	46%
Equity ISA	13%	30%	22%	25%

Shares	9%	25%	18%	20%
Other stock market accounts	8%	17%	12%	14%

The Nottingham is supporting savers with a range of accounts including the Lifetime ISA (LISA) which helps under-40s save for their first home or for later life. Around 47% of under-40s surveyed said they had heard of the LISA and two out of five say they will probably or definitely open one in the next two years.

The Nottingham’s Director of Member Services Tina Hayton Banks, commented: “It’s refreshing to hear so many under-40s have developed a savings habit and are disciplined about putting away money each month but disappointing that they’re clearly are not as committed to pensions.

“With an aging population that sees people living longer, many will experience a retirement shortfall if they don’t pro-actively prepare whilst they are young and this generation will need to do more due to rising house prices and changes in state pensions.

“At The Nottingham, we are committed to supporting and rewarding members who plan for their financial futures and although retirement may seem a long way off, the earlier you start saving for retirement the better. Products like LISA have been great for kick-starting that savings habit or putting retirement planning on the agenda for the younger generation. From ensuring they’re getting the right advice to knowing and understanding all the options available to them, The Nottingham is proud to be supporting savers in our heartlands and beyond.”

Savers are eligible for up to £1,000 of cash bonuses every year through Lifetime ISAs and The Nottingham is one of just three providers to offer the Cash LISA. As well as the 25% bonus, The Nottingham will pay 1.00% AER interest tax free, on the savings balance every year. The account was created for those aged 18-39, who are either saving for their first home or retirement ⁽²⁾. Account holders can save up to £4,000 every year, with a 25% state bonus being paid monthly, on funds deposited in the previous month, until the account holder turns 50, when they will no longer be able to make deposits, but interest will continue to accrue.

The Nottingham further rewards savers by enrolling those with a savings balance of £500 or more who have held a savings accounts for at least 12 months, in its Member Rewards

programme that provides benefits including cashback on home insurance, fee free whole of market mortgage advice, money off estate agency and much more.

With 67 branches across 11 counties, The Nottingham encourages anyone interested in a LISA or one of its savings accounts to [visit the website to find their nearest branch](#) and make an appointment.

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Notes to editors

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- (1) 1,028 under-40s were interviewed online between October 23rd and 25th 2018 by independent research company Consumer Intelligence
- (2) <https://www.gov.uk/new-state-pension/what-youll-get>
- (3) The product has a 25% charge associated with any withdrawals that are not an eligible life event (first house, aged over 60, terminal illness and deceased). Investors can pay in up to £4k per tax year into their Lifetime ISA and the government will pay a 25% bonus on a monthly basis from 6th April 2018. Customers cannot pay into their Lifetime ISA from the age of 50+ or earn the 25% bonus. The 25% withdrawal charge is on everything (deposits made, bonus and interest). You may get back less than you paid in.

About The Nottingham

The Nottingham is an award-winning building society and estate agency operating online and via its network, spanning 67 branches across 11 counties. The eighth largest building society in the UK by assets, with the fifth biggest branch presence, The Nottingham offers a broad range of building society services such as mortgages and savings as well as independent financial planning, whole-of-market mortgage advice and local estate agency services.

Founded in 1849, The Nottingham is a mutual building society owned by its members with a long and proud history of offering financial support and advice to local communities. Through its Doing Good Together programme, the Society has donated over £800,000 to help communities in its heartland prosper.

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