

FEWER THAN HALF OF ISA ACCOUNT HOLDERS ARE SAVING

Nottingham, UK, 2 April 2020 - As we approach the end of the tax year, analysis from The Nottingham has uncovered that more than half (61%) of their savers with a tax-free ISA account have saved nothing so far this tax year.

In financial services, 'ISA season' starts in March and runs into the new tax year, with savers able to take advantage of the £20,000 tax free savings allowance. However, last year just 9% of those investing with The Nottingham used up their entire allowance.

Savings expert and Senior Product Manager at The Nottingham, Jenna McKenzie-Day, commented: "It's possible one factor that could have impacted people's likelihood to save and invest in an ISA is the need for access to funds. However, there are many types of ISA, including easy access, so money isn't always tied up as some often believe.

"The Coronavirus outbreak has for some brought to the forefront the importance of saving. Although the situation has also understandably impacted many people's financial resilience and ability to save money, for those who do still want to invest in their ISAs before the end of the tax year (5th April), there is still time to take advantage of their allowance. Most should be able to do this without going into a branch by using online or telephone banking to transfer funds to their savings."

The analysis also revealed that of those that have been investing, the over 40s are putting away more than younger generations.

Age group	Average ISA balance	% change on previous age group
Teens (18-19)	£2,845	
Twentysomethings (20-29)	£3,035	7%
Thirtysomethings (30-39)	£3,814	26%
Forties (40-49)	£9,650	153%
Fifties (50-59)	£15,777	63%
Sixties (60-69)	£19,961	26%
Over 70s	£20,623	3%

McKenzie-Day continued: “Looking at the data, the older you are, the more you are saving which is no surprise, however we were quite surprised at the increase in the average savings balance from those in their thirties to their forties. That’s when people seem to wake up to the importance of investing more in their future. Those in their forties could also have more to put away for their retirement or whatever savings goal they are working towards so that could be a factor.”

In terms of regularity of payments, the data* suggests ISA savers favour lump sums over a ‘little and often’ approach with just 16% making three or more contributions, 23% making one to two payments - outside of the majority who have made no payments at all over the 11 month period analysed.

The Nottingham’s findings have a similar sentiment to those of Mintel, who recently said three out of ten UK adults have no or low (under £500) savings**, making them vulnerable to disruptions in income. They also revealed 11% of UK adults have no savings or investments at all.

Photo caption: Senior Product Manager at The Nottingham, Jenna McKenzie-Day

*Analysis based on data from over 70,000 saving members of The Nottingham, from 6 April 2019 to 28 February 2020

** Mintel ‘Covid-19 brings financial resilience into focus’ report – 23rd March 2020