



February 2021 edition

LV= Wealth and Wellbeing Monitor

LV= surveyed 4,000+ nationally representative UK adults (of which 500+ were mass affluent)

Conducted via an online omnibus conducted by Opinium in December 2020.



Introduction

Welcome to the February 2021 edition of the LV= Wealth & Wellbeing Monitor

Every quarter we survey 4,000+ nationally representative UK adults, tracking changes to their income and outgoings, and exploring a variety of wealth and wellbeing subjects, such as their plans for retirement, and their mental health.



We started the LV= Wealth & Wellbeing Monitor in the first half of last year to measure the effect of Covid-19 on the finances of the UK public.

As this picture has developed, we have seen the stark effect of Covid-19 on the finances of the UK public. Drops in income and redundancy have caused many near retirement to have to dip into their pension savings, or even take early retirement, either way potentially damaging their ability to retire with the income they want.

We have also observed how UK adults lack confidence that they'll achieve the retirement they want. Many, including those on the cusp of retirement, are still underprepared. At LV=, we want to make sure people can achieve their retirement goals and as this report shows, the best way for consumers to make sure they are on track is to speak to an adviser, especially if they want to retire early.

Many mass affluent parents have been financially supporting their grown-up children during the pandemic, for example helping pay their rent, bills, or letting them move back home. Mass affluent parents of 18-30 year olds are more likely to be supporting their child financially, and are spending more on average. These additional outgoings may be detrimental to their own savings and retirement goals.

In addition to Covid-19's effect on wealth, our survey has also highlighted the huge effect on mental and physical health, as you will see in the wellbeing section of the report.

It will be interesting to monitor how consumer finances change in the next survey in March, with the strict lockdown restrictions, but also the rollout of the vaccine to the most vulnerable potentially bringing a more positive outlook.

**Clive Bolton, Managing Director,
LV= Saving and Retirement**

Contents

Introduction	2
Wealth	
Effects of COVID-19 on consumer wealth and pensions	3
Retirement confidence and engagement	4
Wealth of the mass affluent	5
Parents worried about grown-up children	6
Wellbeing	
Mental health and access to medical treatment	7
COVID-19 drives interest in protection	8
About this report & About LV=	9

Effects of COVID-19 on consumer wealth and pensions

December 2020 said their finances were worse than three months ago
36% of UK adults

A growing number of people struggled with the financial repercussions of the second coronavirus lockdown at the end of 2020

In December, 36% of UK adults (18m people¹) said their finances were worse than three months ago, and only 11% said they were better.

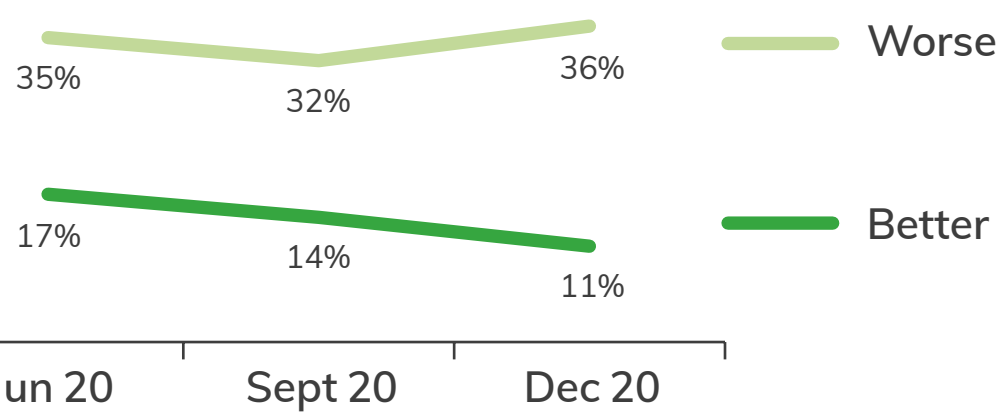
20% (10m people¹) said they had seen their income fall in the past three months, compared to 13% who said their income had increased.

Consumers' financial outlook remains pessimistic

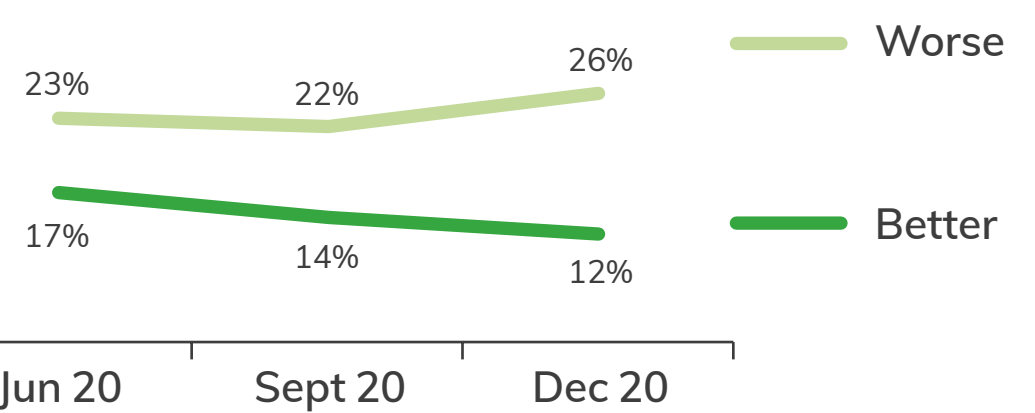
In December, 26% (13m people¹) expected their finances to worsen over the next three months, while only 12% expected them to improve.

It will be interesting to monitor how consumer finances change in the next survey in March, with strict lockdown restrictions causing decreased income for many working in industries such as leisure and hospitality.

How finances have changed in last 3 months



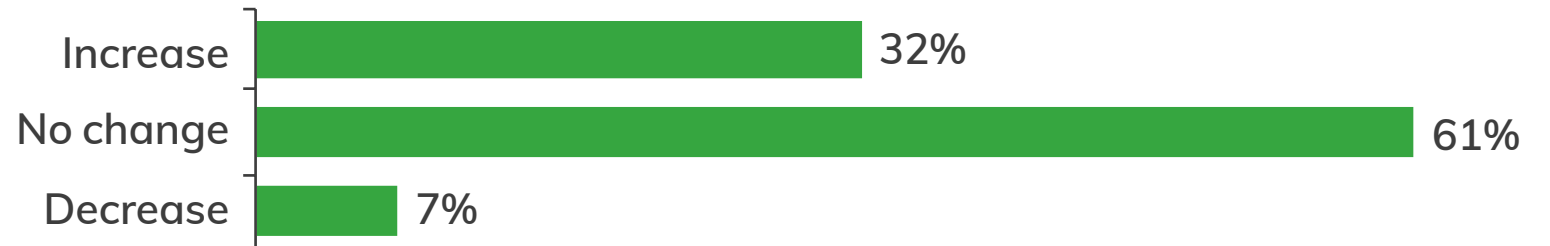
How finances might look 3 months from now



Covid-19 has driven more consumers to draw on their pension savings

1 in 3 (32%) retirement advisers said they saw an increase in clients wanting to access their pension pots due to Covid-19 affecting their finances (e.g. because they've lost their job, been furloughed, or their income has decreased).²

Has Covid-19 caused you to see an increase/ decrease in clients wanting to access their pension pots, compared to last year?



Only 4%

of 55-64 year olds surveyed had spoken to a financial adviser about what to do about retirement

Retirement plans changed by Covid-19

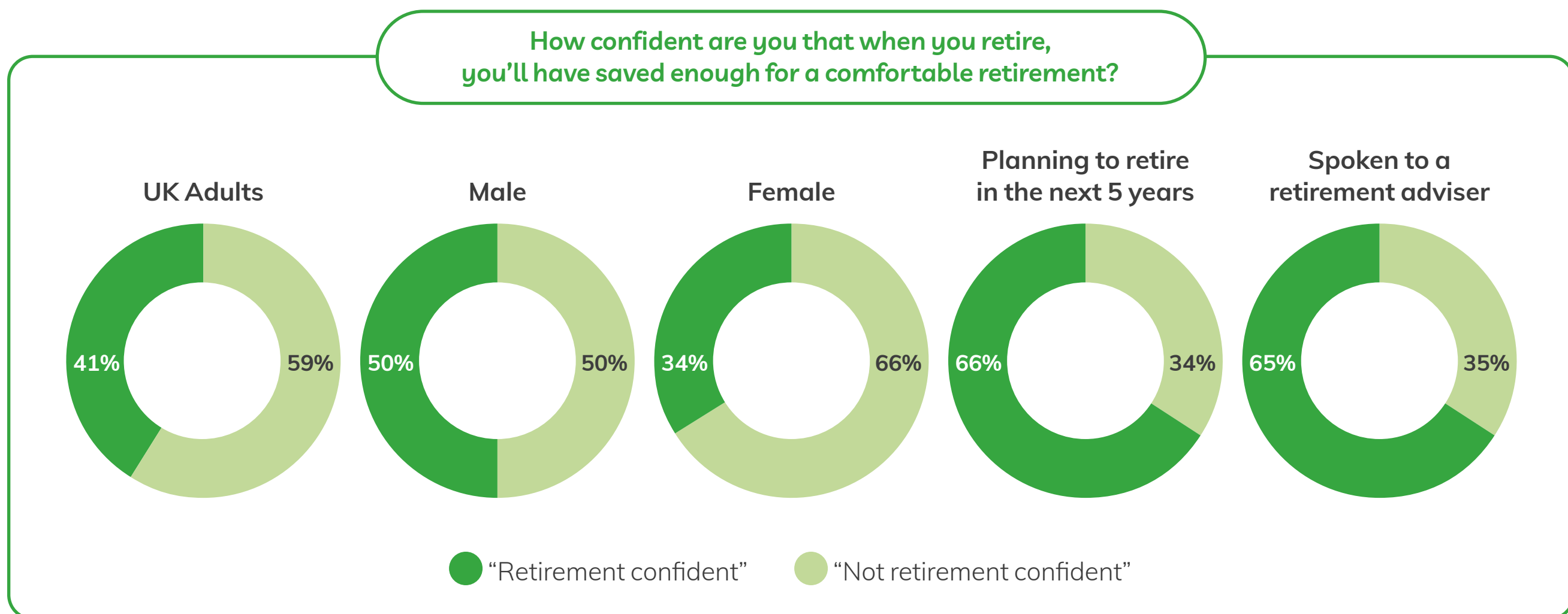
Looking just at survey respondents aged 55-64 who were not retired at the start of 2020; only 4% had spoken to a financial adviser about what to do. Whereas three times as many (12%) of this age group are aware they need to think about their retirement plans, but haven't done anything about it yet.

Retirement confidence and engagement

In the December survey, we took a closer look at how prepared (or unprepared) UK adults are for retirement. Most people are not confident about their retirement plans, but financial advice boosts confidence

Looking just at survey respondents who were not retired...

- 59% of non-retired UK adults said they are not confident they will have saved enough for retirement. Two-thirds (66%) of non-retired women are not confident they will have saved enough for retirement, vs. only half (50%) of non-retired men.
- As you'd hope, those who are planning to retire in the next five years are more confident they will have saved enough for a comfortable retirement than the general population. However, it is worrying to see that 1 in 3 are not confident despite being so close to retirement.



People's engagement with their pensions is very low, with few aware of the value of their pension(s), and few planning when they are going to retire

Only 14% of non-retired UK adults have looked at their pension value in the last year. Only 8% have researched how much they need to save into their pension for a comfortable retirement. Only 5% have increased their workplace/ personal pension contributions above the standard (automatic contribution) amount, despite only 8% thinking they're paying enough into their pension for the retirement they want.

Only 14% of non-retired UK adults have looked at their pension value in the last year

Even those planning to retire in the next 5 years are not much more engaged with their retirement plans. Only 25% have looked at their pension value in the last year. Only 17% have researched how much they need to have saved into their pensions for a comfortable retirement. Fewer than 2 in 10 (16%) have spoken to a financial adviser about retirement. Many may therefore be in for a shock at their chosen retirement age, finding they either don't have the retirement income they want, or can't afford to retire.

Wealth of the mass affluent

Mass Affluent?

Those with assets of between £100,000 and £500,000 excluding property

The mass affluent are more likely to be planning to retire early

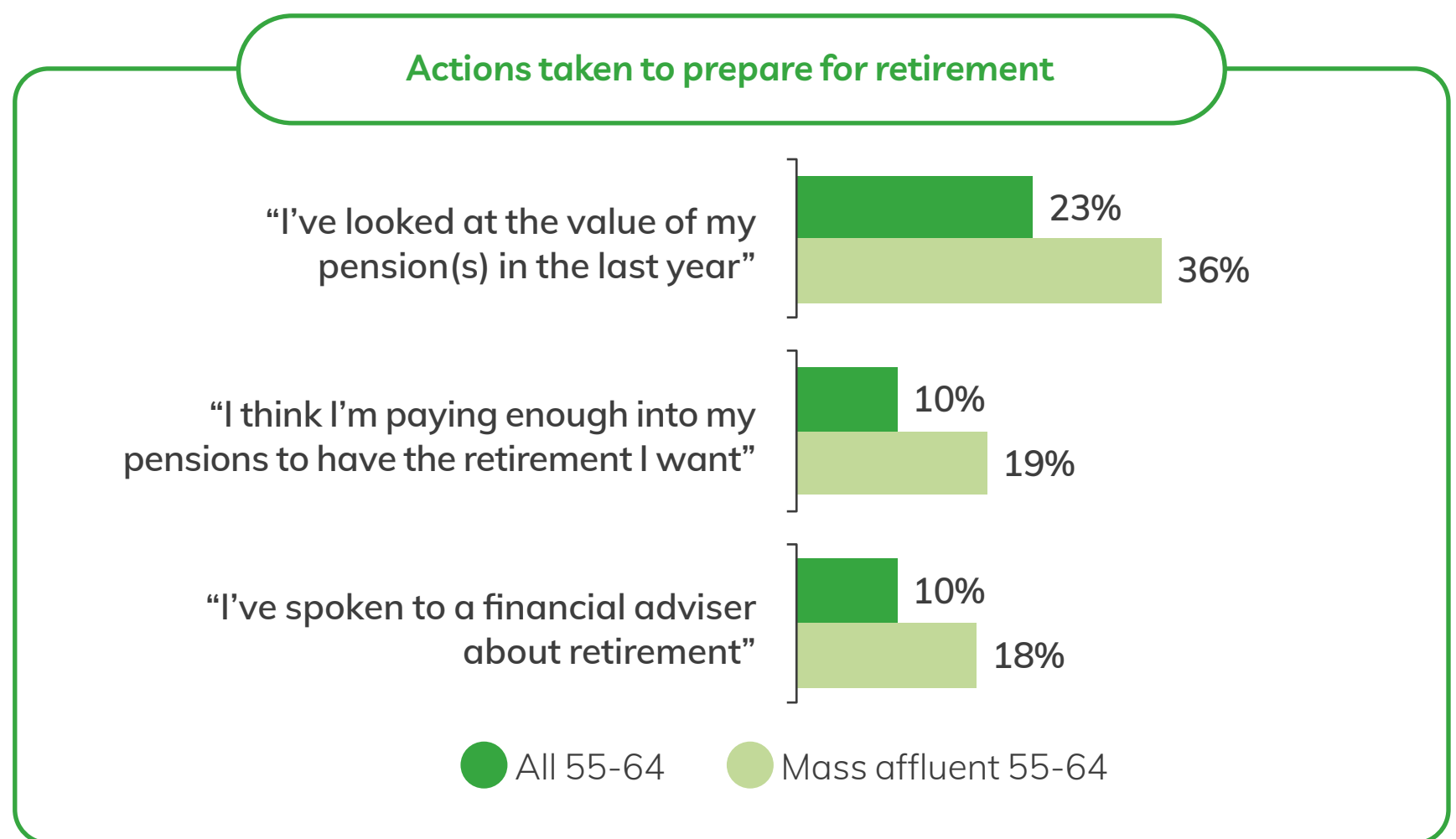
Looking just at survey respondents who were not retired...

- A quarter of mass affluent adults aged 55-64 (27%) are planning to retire before the state retirement age, compared to 18% of all 55-64 year olds

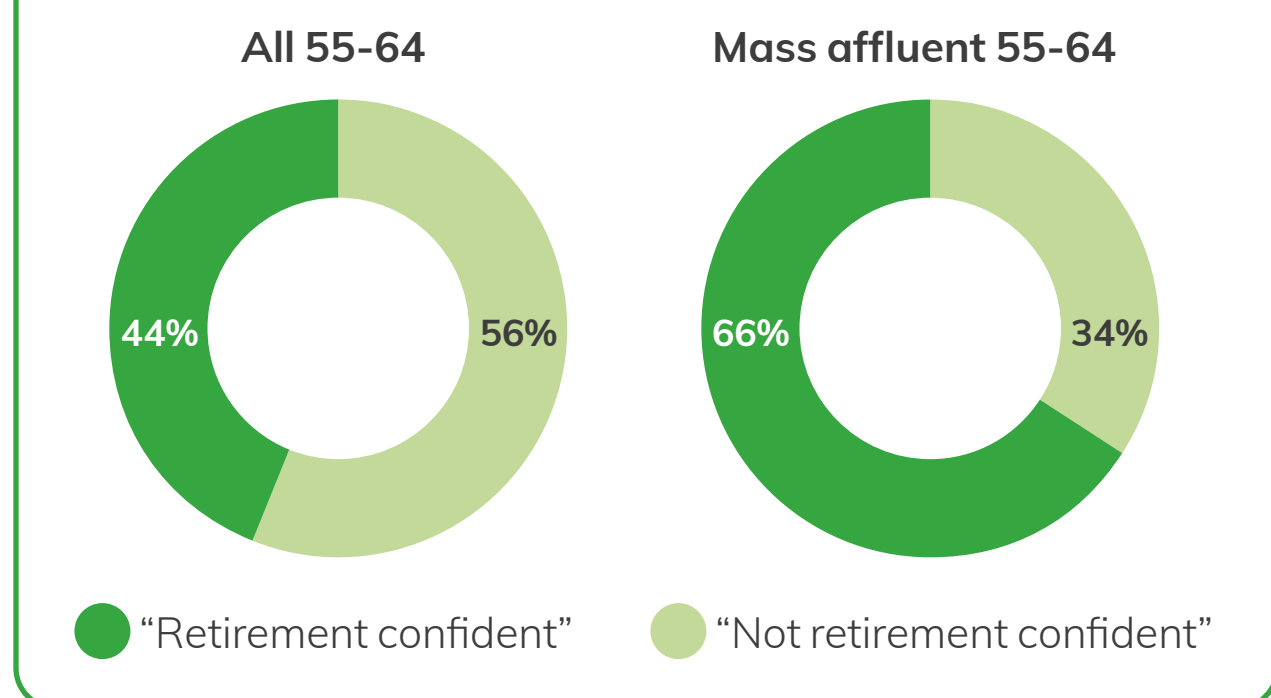
	All	Male	Female	18-34	35-54	55-64
UK adults (non-retired)	12%	14%	10%	8%	14%	18%
Mass affluent (non-retired)	25%	27%	21%	19%	29%	27%

The mass affluent are more engaged with their pension planning on the whole, compared to the general population. However, the level of engagement is still not as high as you might expect

- Only 36% of non-retired mass affluent aged 55-64 have looked at the value of their pension in the last year.
- Mass affluent who are approaching retirement (aged 55-64) are almost twice as likely (18%) as the general population of this age (10%) to have consulted a financial adviser about retirement. However, 18% is still pretty low considering that 27% are planning to retire early, implying that many have decided to retire early without speaking to an adviser.



How confident are you that when you retire, you'll have saved enough for a comfortable retirement?



The mass affluent are more confident that they'll have saved enough for retirement

The mass affluent aged 55-64 are more retirement confident than average (66% vs. 44% of all 55-64 year olds).

Parents worried about grown-up children

1 in 5
parents worry

that their 18-30 year old children will struggle to get on the property ladder

Parents are currently very worried about their grown-up children (aged 18+)

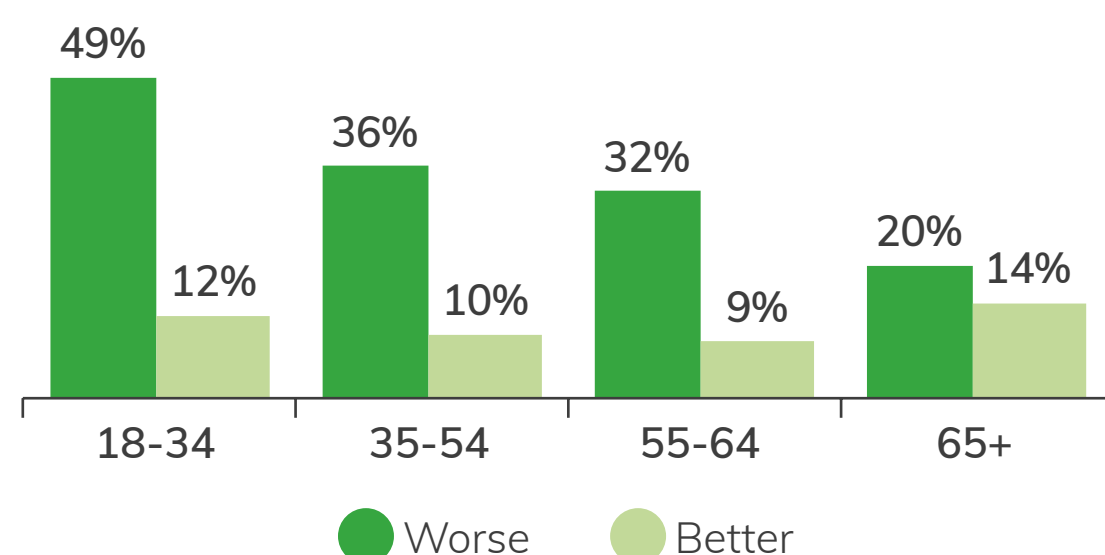
Parents with 18-21 year olds are most worried about disruption to education, impact on exams and that they are not getting a normal university experience.

Nearly 1 in 10 (9%) parents with 18-30 year olds worry that their child may not be able to move out of the family home, and nearly 1 in 5 (18%) parents of 18-30 year olds worries about the ability of their child to get on the housing ladder.

Young adults have had their lives seriously disrupted by Covid-19

49% of those aged 18-34 say their finances are worse than they were 3 months ago (vs. 36% overall). This is causing many of them to rely on their parents (who are often in a better financial situation) to help them out.

How finances have changed in last 3 months



Many parents are helping out their grown-up children (aged 18+) financially

1 in 4 (25%) of parents with a child 18-30 has helped pay some of their day to day expenses such as paying their mobile phone bill/ petrol/ food.

Mass affluent parents of 18-30 year olds are more likely than average to be helping pay rent, letting them move back home and are especially likely to be paying into a savings account/ ISA/ pension for their child (15% vs. 6% of all parents of 18-30 year olds).

We estimate that nearly **£14 billion**

was spent by UK parents supporting grown-up children (aged 18+) in the last 3 months

Half (50%) of parents with grown-up children (aged 18+) have spent money in the past 3 months helping their children out

	Children 18 or older	Children 18 to 30 years old	Children over 30	Mass affluent with children 18 to 30 years old	Mass affluent with children over 30
Spent money helping adult children in the last 3 months	50%	61%	43%	66%	46%
Average amount spent by those helping out	£1,297	£1,010	£1,579	£1,394	£1,925

66%

of mass affluent parents with 18-30 year old children spent money helping them out

For those that are helping out their children financially, the average amount spent was £1,300. Older children were less likely to receive support, but those that did received a higher amount (as older children are likely to need support for bigger commitments such as house deposits and rent).

66% of mass affluent parents with children aged 18-30 have spent money helping them out in recent months, with an average spend of £1,394 vs. £1,010 for the general population.

Mental health and access to medical treatment

Over 22.5m¹ people have felt the mental health impact of COVID in the past 3 months

More than 4 in 10 (43%) have felt stressed or anxious. Women are affected more, with over half (52%) feeling this way compared to just a third (33%) of men.

Groups that are particularly stressed or anxious include those who have been unable to work because of illness, those who have lost their job and those who have been furloughed.

Overall 2.3 m¹ people have sought face to face support and a 1.9m¹ online support for their mental health in the past 3 months. 18-34 years olds are the most likely age group to be accessing these services (7% using face to face and 6% using online services).

How LV= can help

The LV= Member Care line offers customers free and unlimited access to a 24/7 counselling service operated by qualified professionals. It offers both legal and health wellbeing services and up to the end of November, LV= helped 139 people access in-the-moment counselling during 2020 with 55% of these calls seeking mental health support³.

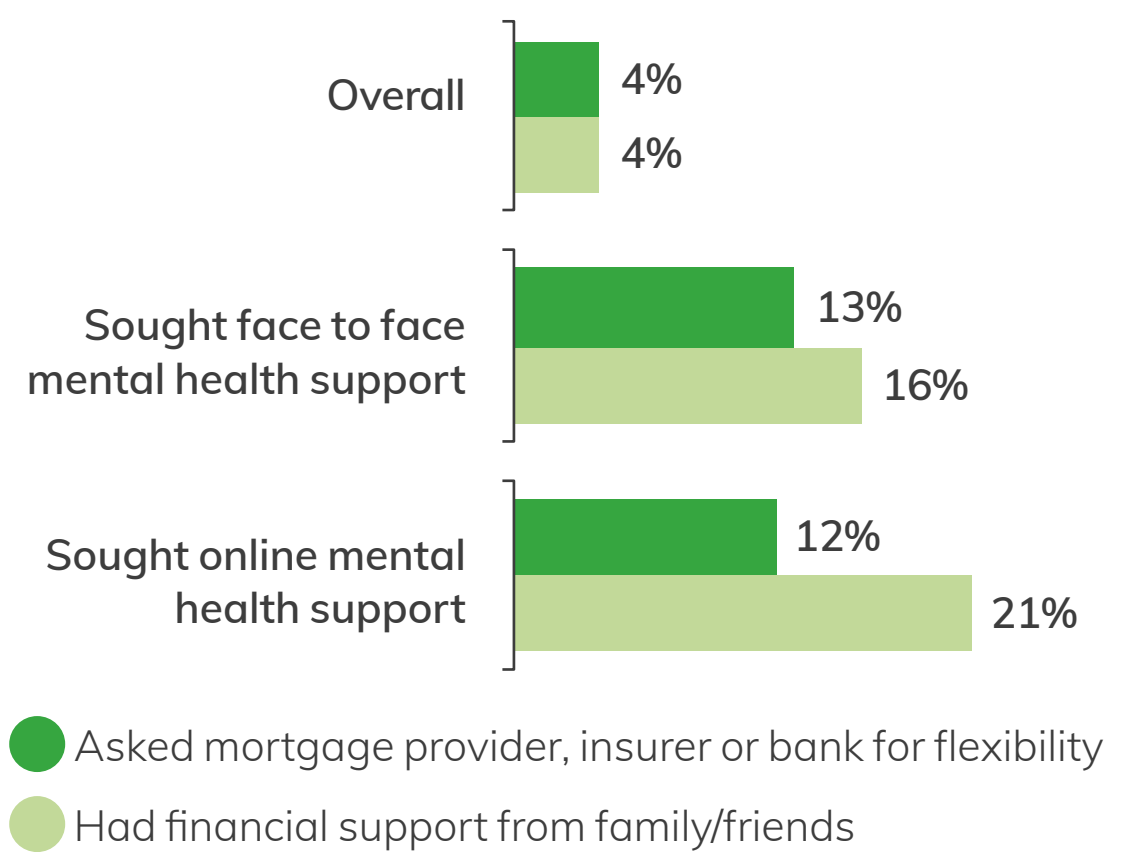
For many, the emotional impact and financial resilience are closely connected with people who have sought mental health support more likely to have also asked for financial support during the past 3 months

Overall 4% of adults had asked a financial provider (bank, insurer, mortgage provider) for flexibility e.g. payment holiday or reduction in cover and 4% of adults had asked family or friends for financial support. The percentages of people seeking financial support are much higher for those who have also sought mental health support.

How LV= can help

As well as the emotional support detailed above, LV= has been able to provide financial support to customers in need via payment holidays and premium reductions to ensure they do not lose valuable cover. Our Member Support Fund can help those facing financial hardship and up to November 2020 had provided £48,000 of financial support to 68 members (58% who were directly impacted by COVID-19)³.

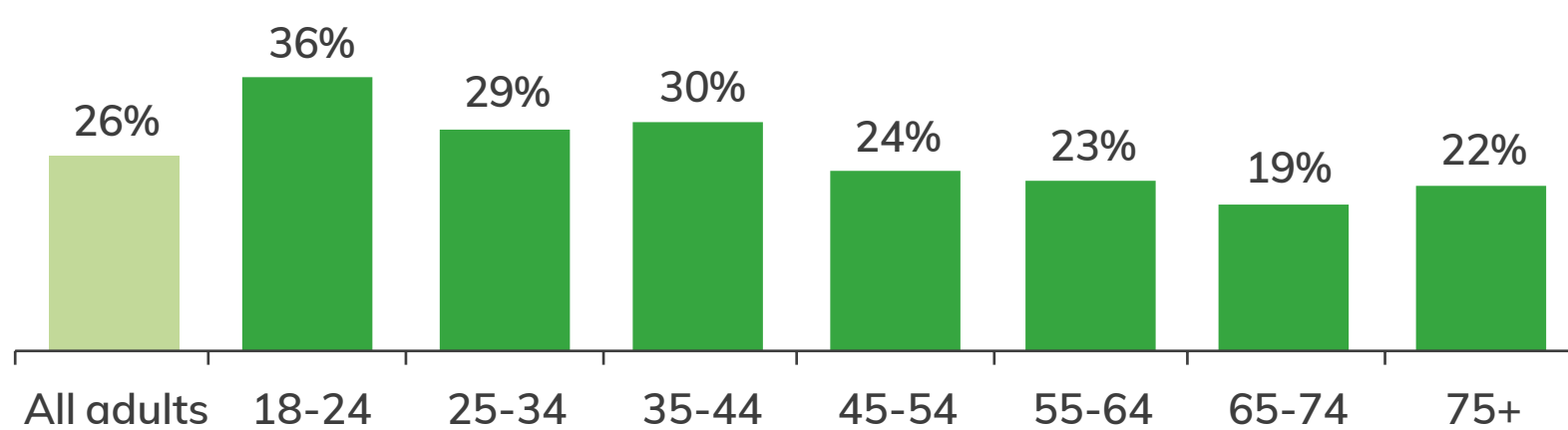
Seeking financial support and financial provider flexibility



The mental health impact on young adults is a concern for their parents

Over a quarter of UK adults have felt lonely or isolated in the past three months with young adults (18-24 year olds) the most impacted.

% of people feeling lonely or isolated by age



Over a quarter (28%) of parents with children aged 18-30 are particularly worried about the mental health of their offspring and whether they are unhappy, stressed, depressed or isolated during this emotionally challenging time.

How LV= can help

Our Health & Wellbeing helpline gives customers easy access to counselling support. We also offer day-to-day free of charge and confidential support for 16-23 year olds dependants, at a time when we see they are particularly struggling.

Over 25% of UK adults have felt lonely or isolated in the past three months

Almost 7m UK adults are worried about accessing medical treatment

We are seeing large numbers of people worried about falling seriously ill, getting a diagnosis and accessing treatment. 13% (equating to 7m¹ people) are worried that they won't be able to get medical treatment that they need, with older consumers particularly concerned.

Already 7% of all adults and almost 1 in 10 (9%) women have experienced either themselves or a family member having a medical diagnosis, treatment or operation delayed in the past 3 months. Unsurprisingly those who have experienced a delay in medical diagnosis/treatment/operation are particularly worried about access to medical treatment (43% experiencing a delay are worried vs. 13% overall)

How LV= can help

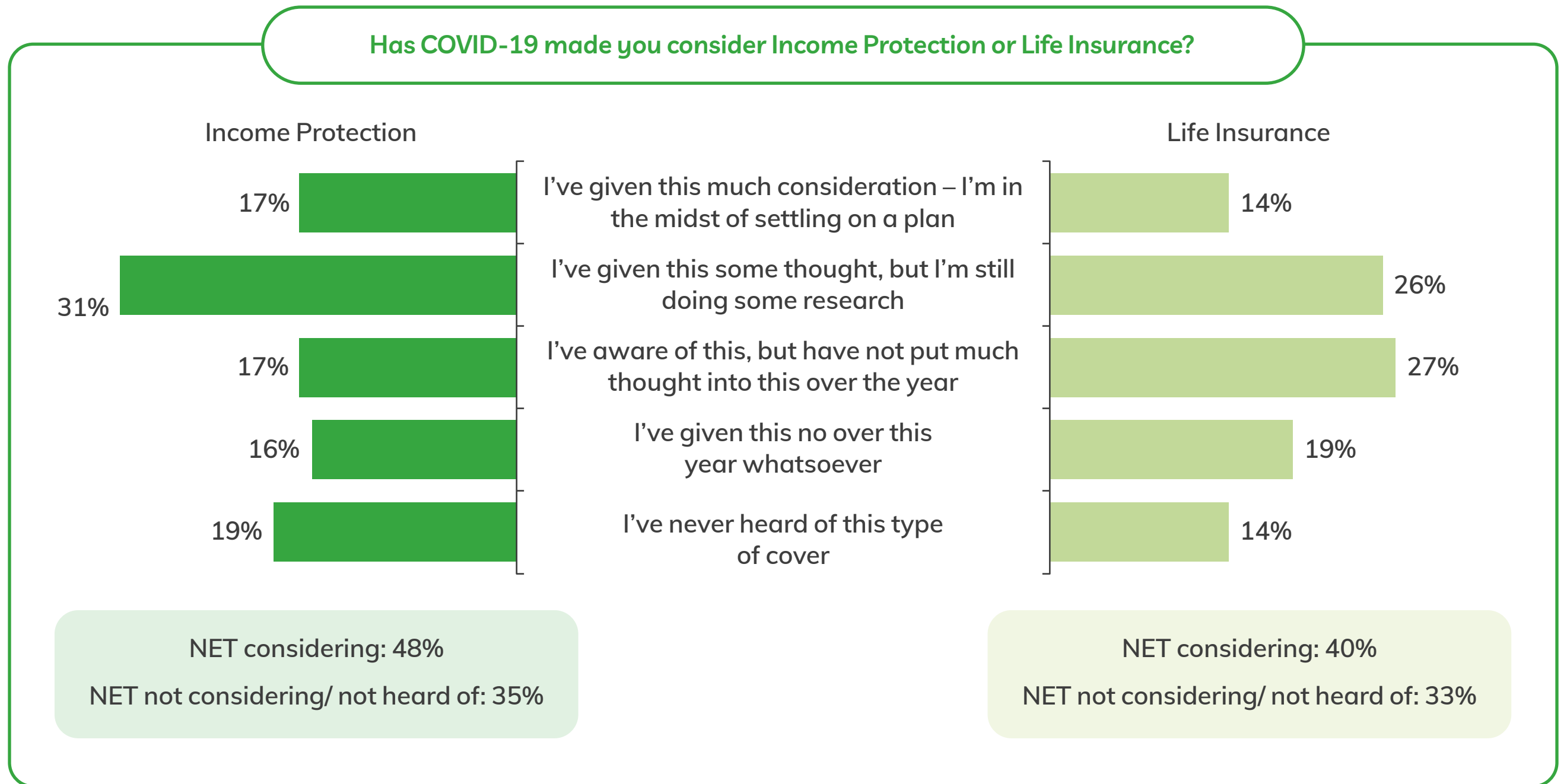
We are ideally placed to provide day to day support to our customers as well as cover for the life changing events. We offer support for both mental and physical health through our value added services.

Our Doctor Services remote GP service (available via app and webcam) offers 24/7 confidential support to our customers⁴. We saw a 127% increase in usage and 57% increase in app downloads in 2020 versus 2019³.

COVID-19 drives interest in protection

COVID-19 has led to 8.3m¹ 25-44 year olds considering taking out Income Protection

We asked UK adults whether COVID-19 had made them consider taking out Income Protection or Life Insurance. Of those 25-44 year olds that didn't already have cover, a massive 48% were considering IP, and 40% were considering Life insurance.



48%

of those without cover are considering IP due to COVID-19

At a time where 10m¹ adults have seen a decrease in income in the last 3 months, this increased consideration among people aged 25-44 presents a real opportunity for providers and advisers to help consumers strengthen their financial resilience.

There is also an opportunity for education with around a third of people saying they have not heard of or are not considering Income Protection or Life cover. In particular, the 1 in 5 25-44 year olds that have not heard about Income Protection.

About this report

This report was developed by LV=, drawing on public data where indicated, and independent research among c.4,000+ UK adults each quarter – via an online omnibus conducted by Opinium.

All figures quoted are for December 2020 unless otherwise stated.

¹ Figures based on UK adult population of 52.6m

² LV= surveyed 182 retirement advisers via an online omnibus conducted by Opinium in December 2020.

³ LV= internal data.

⁴ LV= Doctor Services, and the services available through LV= Member Care line are provided by third party companies. These services are not regulated by the Financial Conduct Authority or the Prudential Regulation Authority.

While care is taken in the compilation of the report, no representation or assurances are made as to its accuracy or completeness.

About LV=

LV= is a leading financial mutual. When we started in 1843 our goal was to give financial security to more than just a privileged few and for many decades we were most commonly associated with providing a method of saving to people of modest means.

Today we follow a similar purpose, helping people to protect and provide for the things they love, although on a much larger scale and through a wide range of financial services including insurance, investment and retirement products.

You can get this and other documents from us in Braille, large print or on audio by contacting us.

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