the Money Advice Service

# The Squeezed Segment

JGSW research

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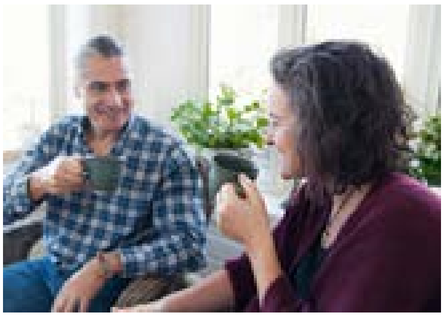
# Introduction

The Money Advice Service has recently developed a new market segmentation containing three core groups of consumers – the ‘Struggling’, ‘Squeezed’ and ‘Cushioned’.

This report focuses on the ‘Squeezed’ segment and is based on qualitative ethnographic research carried out by Jigsaw Research at the end of 2015. Since the original segmentation study was quantitative in nature, the purpose of the ethnographic research was to gain a richer and more human picture of ‘Squeezed’ consumers.

The main objective of the project was to gain a detailed understanding of their financial situation and approach to money management, and how both these are reflected in their everyday lives and overall lifestyles. In addition, the research set out to understand better two key characteristics of ‘Squeezed’ financial situations: significant debt and a lack of savings.

The research took place in all four UK nations, with respondents recruited in London, Cardiff, Birmingham, Belfast and Glasgow. The fieldwork was conducted in December 2015.



# The 'Squeezed' in a nutshell

- They want to progress in life but often feel stuck by their financial circumstances;
- They are tactical, not strategic, with money: they are good at everyday money management but fail to think 'bigger picture' and longer-term;
- Significant debt and a lack of savings are important, interlinked structural problems in their finances;
- They often have financial 'blind spots' including the effect of structural problems on their lives or harmful spending habits;
- Children have a considerable impact – both good and bad – on their financial situation and behaviour;
- Couples do not always work in partnership when dealing with money and it causes troubled relationships;
- They require guidance on how best to alleviate their problems and make progress, though are a hard audience to reach because they do not see themselves as needing help and believe they already have effective financial 'systems' in place.

# An overview of the 'Squeezed'

The 'Squeezed' segment consists of three lifestage-based sub-segments: Squeezed Younger Adults (singles in their 20s and, in general, without children, and mainly living in privately rented accommodation); Squeezed Young Families & Couples (in their 30s, usually partnered with young children, living in a mortgaged home); Older Squeezed (in their 40s and 50s, living in a mortgaged home, with older children, some of whom may have moved out.)

As well as being of working age, the 'Squeezed' are in work, often in average-salary jobs, though younger parents may be reliant on benefits to supplement their income. While most in the segment experience ongoing financial challenges, few consider themselves poor. Nevertheless, significant debt and a lack of savings are commonplace within the segment. (Summary infographics of the 'Squeezed' segment and its sub-segments - based on the original quantitative research - can be found in the appendix of this report.)

'Squeezed' consumers aspire to a good quality of life but often feel stalled by their financial circumstances. While they are generally able to meet their regular financial obligations, there is seldom much money left over to enjoy once these are dealt with. Therefore, life at an everyday level often feels restricted and unrewarding, and they are making little progress towards realising any longer-term goals they might have. These goals include buying their first home (for Squeezed Younger Adults), replacing the family car (for Squeezed Younger Families & Couples) or investing for retirement (for Older Squeezed).

Despite the challenges, most 'Squeezed' consumers think that, on balance, they are good with money. They take a mainly responsible and disciplined approach to managing their finances, though in reality this just consists of vigilant daily monitoring of their bank balance and payments, rather than proper planning. The 'Squeezed' like to see themselves as in control, and this dogged checking of 'money in and money out' provides them with at least some sense that they are in charge of their financial situation.

Therefore, while they can be effective tactically, what they lack is a more strategic approach to their money: they tend to focus exclusively on the here and now, ensuring that they are able to meet their immediate financial needs, but they do not think more broadly or longer-term. Most also have a number of 'savvy' tricks they regularly deploy to tide them over when money is short, but these tend to be reactive, short-term responses, not concerted plans they adhere to all the time. Often the 'Squeezed' believe that working hard and earning more will ultimately alleviate their current financial challenges, though not all see that other issues - relating to spending and saving - would also contribute to an improved situation.

In reality, most people in the segment have significant deep-seated structural problems with their finances they need to address, or deal with in a smarter way to help them progress more easily with their lives. Indeed, many of them are financially insecure, though few recognise the reality of their situation. For example, most are unable to cope with any unexpected costs – even relatively minor ones – because their monthly budgets have very little 'give' and they typically have nothing in reserve.

Having few or no savings is the first structural issue for the 'Squeezed'. Often this situation results because they have significant debt, the second structural problem they face. These two challenges are therefore strongly interrelated and combine to act as severe life-limiters. Though some lack the discipline to save regularly, many 'Squeezed' struggle to put money aside simply because such a large proportion of their household income has to be directed to the servicing of debt. To make matters worse, it is often the case that 'Squeezed' consumers can really only cope with unforeseen expenses by taking on additional debt. In the majority of these cases, 'Squeezed' consumers - particularly the Squeezed Young Families & Couples and Older Squeezed - only take on additional debt reluctantly; they are forced to do it, rather than choose to.

(There are rare instances when 'Squeezed' consumers do find it possible to save, when there is a clear target to aim for, such as a holiday. Equally, informal workplace schemes involving colleagues saving together as a team can also encourage them to put money aside, for summer holiday spending-money or for Christmas presents. But, overall, saving for the sake of having an unspecified reserve is not typical).

Unsurprisingly, given the problems they face, money is a key source of tension between couples, causing frustration and disharmony in many 'Squeezed' households, particularly in the Squeezed Younger Families & Couples sub-segment. It is apparent that not all couples communicate openly about their finances - it is an issue where people keep secrets from one another, leading to suspicion and guilt. In many couples there is not a collective financial plan, so partners seem to operate in opposition (often, though not always, unwittingly) to one another. Couples who have a policy of 'full disclosure' between themselves about their finances or who have a common goal say they very seldom row about money; while they have financial challenges, they seem easier to face because they are being tackled together as a shared mission.

Children have a significant impact on 'Squeezed' consumers' financial situation, again particularly within the Squeezed Younger Families & Couples sub-segment. While children can be a force for good in people's financial lives because they encourage greater responsibility with money, their arrival can often also have a negative impact. Although parents in the segment will regularly make cutbacks in their overall expenditure, what they spend on the children is typically ring-fenced, so extravagant Christmas presents, school trips, after-school clubs and other treats often continue whatever the overall state of the family finances. In families where one parent is seen by the children as a 'soft touch' when it comes to money compared to the other parent, this can add to the already high financial stress levels.

If children are the most important blind spot for parents, 'Squeezed' consumers as a whole have a number of other money-related issues they often ignore, but which – if addressed – could improve their financial situation. Some of these involve extravagant behaviour, including frequently eating expensive takeaways, grocery shopping without a list and buying food products they already have at home, or going out when they cannot really afford to. (In some cases, 'Squeezed' consumers believe they 'fall off the wagon' in this way because it is a reward for, or relief from, constantly having to be vigilant and responsible with their money).

Other blind spots include ignored 'background' issues, including large credit card balances or big overdrafts which roll on year after year. While dealing with more pressing or immediate challenges, consumers can be somewhat blasé about these background issues, believing that they will tackle them 'one day'. A good example of the 'out of sight, out of mind' attitude of some consumers towards their financial problems came in one interview, where a respondent showed us how she stowed a number of rubbish bags filled with unopened letters from the bank in her loft.

However, some 'Squeezed' consumers, particularly those Squeezed Younger Families & Couples and Older Squeezed sub-segments, sometimes take a decision to address a chronic blind spot they have with their finances. The triggers for this decision include, as mentioned above, the imminent arrival of children (among the younger sub-segments) or simply a realisation that their overall financial situation stems from a single problem issue. Typically this relates to debt, which they decide to focus all their energies on paying off. Often, though, this single-minded focus has a paralysing impact on the rest of their finances, particularly in terms of spare money that might be deployed elsewhere. This stems from a tendency not to think more broadly about their needs, and not exploring different and more balanced options.

Equally, if they have had credit rating problems some time ago, they are often reluctant to revisit the situation now to see where they stand. For many, it is a case of 'once bitten, twice shy' so they do not explore whether their situation has improved and what possibilities this now gives them.

There is a clear role for guidance in the lives of 'Squeezed' consumers, particularly in relation to savings, debt management and the encouragement of a more strategic approach to money in general. There are also opportunities to provide help on the basis of lifestage and family set-up, particularly with couples.

However there is a significant challenge to overcome: most 'Squeezed' consumers do not consider themselves in need of help. While their financial situation is problematic, most believe the financial systems they have in place work well and that there are unlikely to be other, better approaches they could take with their money.

Any support for the 'Squeezed' therefore needs to deliver constructive, practical advice in relevant problem areas to the segment, not just tactical 'money-saving tips'. The approach taken also needs careful consideration and planning in terms of tone of voice and framing, as well as which body or organisation provides the necessary guidance.

# Background, objectives and methodology

## Background

The Money Advice Service has developed a new segmentation with 3 principal segment areas:

- **Struggling** (consisting of **12 million people**): a high-risk group which has immediate money concerns, is benefits-dependent or on a low income;
- **Squeezed (13 million):** a medium-risk group who have reasonable income and some savings, but are credit-dependent and do not have resources to cover unexpected shocks. Many are also disengaged with finances and advice;
- **Cushioned (26 million):** the lowest-risk group with generally good financial resources and less reliance on credit.

The 'Squeezed' currently includes three sub-segments – **Squeezed Younger Adults**; **Squeezed Younger Families & Couples**; **Older Squeezed** – which differ primarily by lifestage.

## Objectives of the research

The Money Advice Service is particularly interested in 'Squeezed' consumers because they lack financial resilience: they are credit-dependent and they are often unable to cope with unexpected shocks due to a lack of savings. Understanding the realities of 'Squeezed' consumers' lives – both in financial terms and more generally – will provide clearer direction on how best to provide financial guidance to the segment in the future.

The specific objectives of the research were therefore:

1. To better understand consumers from the Squeezed Younger Adults, Squeezed Younger Families & Couples and Older Squeezed sub-segments, both behaviourally and attitudinally, in terms of keeping track of money and savings habits;
2. To gain a better understanding of why some 'Squeezed' consumers say they will save and then fail to do so, and how and why these consumers do or do not manage their money; and,
3. To understand 'Squeezed' consumers as individuals, including how they live, their motivations and aspirations.

## Methodology

This was a qualitative ethnographic study consisting of 15 x 2½-hour depth interviews with men and women in the 'Squeezed' segment. The sample was split more or less equally between the Squeezed Younger Adults, Squeezed Younger Families & Couples and Older Squeezed sub-segments. The project took place between 4 and 14 December 2015.

The structure of the sample was as follows:

- **Squeezed Younger Adults** *(five interviews)*;
- **Squeezed Younger Families & Couples** (*six interviews, including two sessions with pairs of female friends)*; and,
- **Older Squeezed** (*four interviews, including one married couple session)*.

In order to provide the required ethnographic dimension for the study, all interviews were conducted in respondents' homes. This added to the colour and insight of the project, allowing the research team to explore where 'Squeezed' consumers live, what possessions they own, how they decorate their houses, what food they eat, and other domestic aspects of their lives. Understanding how 'Squeezed' consumers manage their finances – where and how they check their bank accounts, where they keep their financial paperwork, etc. – was also made possible during the home visits. Additionally, running the sessions in-home helped to make respondents feel as comfortable and open as possible when discussing sensitive personal financial issues.

All respondents and their homes were filmed. A series of five-minute video documents was produced as part of the reporting process, including individual films focusing on each of the three sub-segments.

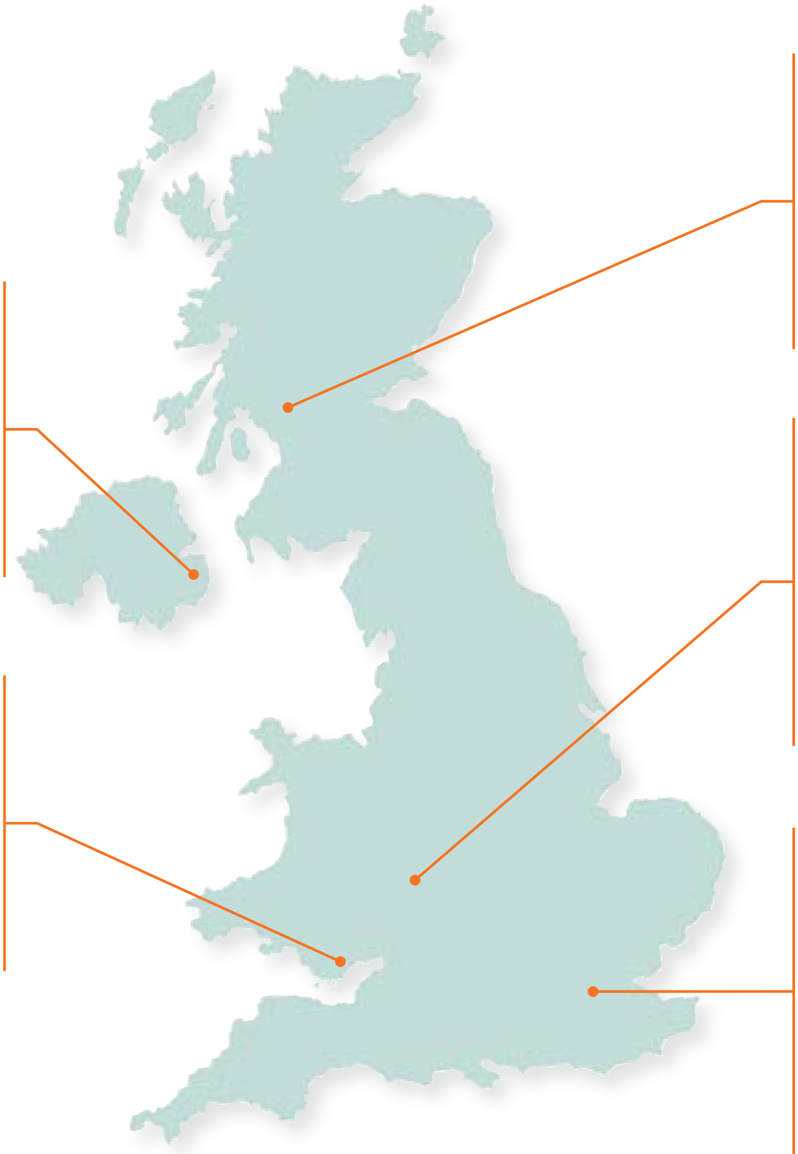
All respondents were also tasked to complete an online homework exercise in the week before and after their interview, thereby adding to the ethnographic aspect of the research. The homework consisted of a daily diary in which they recorded their changing financial situation, their day-to-day money management and their mood in the light of any unexpected financial events. As part of the task, respondents were asked to provide short weekly videos using their smartphones to review the previous week from a financial standpoint. This gave us a genuine insight into the impact of unexpected financial events on respondents, including – in two instances – the emotional effect of a mistaken shortfall in their pay packets.

To gain a UK-wide picture of 'Squeezed' lives, the research was conducted in England, Wales, Scotland and Northern Ireland, in the following locations:

- England – **London** *(four interviews)* and **Birmingham** *(three interviews)*;
- Wales – **Cardiff** *(two interviews)*;
- Scotland – **Glasgow** *(three interviews)*; and,
- Northern Ireland – **Belfast** *(three interviews)*.

The map below details the respondent types interviewed in each of the five locations covered in the research.

***Figure 1: Sample locations***



Belfast

- Squeezed younger adults (female)
- Squeezed younger families and couples (male)
- Older squeezed (female)

Cardiff

- Squeezed younger families and couples (female)
- Older squeezed (male)

Glasgow

- Squeezed younger adults (male)
- Squeezed younger families and couples (female)
- Older squeezed (male)

Birmingham

- Squeezed younger adults (male)
- Squeezed younger families and couples (females, friendship depth)
- Older squeezed (male)

London

- Squeezed younger adults (female)
- Squeezed younger families and couples (female)
- Older squeezed (couples depth)
- Squeezed younger familes & couples (females, friendship depth)

# Understanding the 'Squeezed' segment

## The 'Squeezed' worldview

'Squeezed' consumers are in general motivated and self-reliant people who want to get on in life and realise their ambitions. These ambitions are often substantial but they are also reasonable and ordinary 'middle class' goals. Depending on their lifestage, they include owning their first home or buying a bigger one; replacing their old car; providing exciting opportunities for their children; going on holiday; retraining to get a better or more fulfilling job; preparing for a comfortable and enjoyable retirement.

They recognise, and are generally willing to put in, the hard work needed to achieve these goals, but regularly feel thwarted by their financial situation. For many, money matters weigh them down and life currently feels stuck.

> "*It is quite a depressing state of affairs, to be honest. You know, we get paid, pay the mortgage, we pay the council tax, we pay back debts, we pay the house insurance… we pay the car insurance, we pay for food, and then we go into overdraft… It is quite depressing actually… you do kind of think, 'oh gosh, when does it get any better?'"*
>
> Older Squeezed

Most do their best to be responsible with their money most of the time; they usually take great pains to monitor their daily incomings and outgoings to ensure that they always meet their main financial obligations. While they do not feel any sense of entitlement to a good life, many feel disappointed that their hard work and overall discipline give them very little reward or feeling of progress. Fundamentally most do not have enough spare money to give them many options, let alone fund their longer-term ambitions or prepare for retirement.

But it is not all doom and gloom. Those who are doing well at work – in all sub-segments – feel confident that they will be able to earn their way out of their current situation with promotion and the increased salary this will bring. Equally, older consumers (typically among the Older Squeezed) feel that life is getting easier, either because their children have left home or they have fixed a major financial problem, particularly paying off debt.

Most 'Squeezed' consumers also recognise that, barring accidents, things may well improve in time. Most do not believe they are truly poor and feel their situation is much better and more hopeful than many others'.

> "*I am poor, but I don't consider myself poor, you know. So if I look on the TV and I see somebody that's poor, I don't relate to that, because I don't see myself like that."*
>
> Squeezed Younger Families & Couples

In fact, in some cases, they have come through a much more financially precarious period. Therefore, for most of them there is light at the end of the tunnel, even if it seems a long way off and they wonder if they are really going to get there.

## The characteristics of the 'Squeezed' sub-segments

### Squeezed Younger Adults

Squeezed Younger Adults are typically single, though some have small children who they are raising as single parents. They live in privately rented accommodation – either alone or with housemates – and are usually working full-time. Those with good jobs with a defined career progression tend to feel more confident about the future because they are likely to earn significant salary increases on promotion, even though they may currently be low-paid. Those in poorly paid jobs with little prospect of better jobs generally feel more stuck.

Most Squeezed Younger Adults have a 'live for today' approach to life, except those individuals with children. Their focus is on enjoying their independence and young adult life and all this entails, including going out regularly with friends, holidays, and splashing out on clothes and things for the home. The future is a long way off so the idea of paying into a pension or saving in a concerted way to create a buffer or for a deposit on a flat are not at all on their agenda.

Although they keep an eye on their money and typically claim to have good money management habits, this can be a dangerous time because of the possibility of problem debt. Indeed, many are already having difficulties, particularly with payday loans that they may have taken out to get them through to the end of the month, or to fund a night out or a last-minute lads' holiday. Their short-termism can make them ignore the long-term consequences of major indebtedness, though some are realising the dangers because they are already feeling its impact on their lives.

## Squeezed Younger Families & Couples

Although some people in the Squeezed Younger Families & Couples sub-segment are childless, all of those in our sample were parents in the midst of raising families. For them, therefore, life is focused on the home and the children, and it is an expensive time. Depending on the age of the children, married/partnered parents are usually both working, though mothers are often working part-time. Single parents also generally work, though many are also heavily reliant on state benefits. In fact, benefits are an important support for many Squeezed Younger Families & Couples.

This is a time of life where many consumers struggle because they have not fully prepared for the impact children have on their finances. In most cases, two incomes have reduced to one – albeit for a time – and couples may well have failed to adjust their outgoings accordingly, at least to begin with. Any significant debt accumulated prior to the children is more keenly felt now; many young families are also taking on more debt to see them through. Added to which, the bills keep rolling in: clothes, school uniforms, school trips, Christmas presents, activities, and so on.

As a result, Squeezed Younger Families potentially feel most stuck compared to others in the overall segment. If they are homeowners, they often want and need to extend their home or find a bigger house to accommodate their growing families. But they cannot afford to do this easily, especially if their credit rating has been affected by missed or late payments on their borrowing. Other things that make life more enjoyable – meals out, trips to the cinema, let alone holidays – can also often feel out of reach. Though some Squeezed Younger Adults might borrow to pay for a holiday, for example, most Squeezed Younger Families & Couples are unwilling to fund what they consider these 'nice-to-haves' in this way, so do without.

## Older Squeezed

Older Squeezed consumers have often passed through the Squeezed Younger Adult and Squeezed Young Families & Couples sub-segments earlier in life and are now in a place where their financial issues are starting to ease. They typically own their homes and may well be nearing the end of their mortgage. Their family financial obligations are starting to reduce because their children are leaving the nest, though they may have to provide initial support while they are setting up home. In particular, they may have successfully dealt with a long-term debt problem, after several years of disciplined payments.

The potential danger for the Older Squeezed is that they think the hard work is completely over. They now have spare cash in their pay packets, often for the first time in years, so the urge to spend it may be overwhelming. But, because of past financial difficulties, they may not have put in place important financial safeguards. In particular, retirement is not far away and, although they may have a workplace pension, they may need to make further provision. At the same time, not all have other savings in place. For example, one Older Squeezed recently had a surprise bill – for a fridge for his daughter – which he could only pay with the help of a payday loan. He paid it back in full on schedule, but it was a sobering episode nonetheless: it illustrated to him that, although his overall financial position was on a more even keel compared to the past, he was not entirely in control or secure.

# Detailed findings

## Stalled by money

The segment is rightly named 'The Squeezed' because that is how many of them feel. Few – particularly in the Squeezed Younger Adult and Squeezed Younger Families & Couples sub-segments – have any real 'give' in their household budgets so that, while they are mainly able to meet their principal financial obligations every month, there tends to be little money to spare. Many talk about being happy on payday, but feeling depressed a couple of days later when their direct debits leave their account and they have the rest of the month to live on whatever is left.

Money has a constant niggling presence in their lives. It is a consideration in everything they do, which makes it exhausting and can result in their feeling down, even helpless. Several respondents mentioned that, by the end of the month, they are forced to stay in because they have no money, something that is particularly dispiriting for Squeezed Younger Adults.

They can feel trapped by their financial situation, believing that there is often a marked gap between their expectations or aspirations and their reality. Most feel their current financial situation is ultimately sustainable and they could carry on as they are indefinitely. However, many – particularly in the Squeezed Younger Adult and Squeezed Younger Families & Couples sub-segments – do not feel they are truly progressing: their heads are just above water but they are not really getting anywhere.

Although the 'Squeezed' feel their lives are stalled by money issues, most would not describe themselves as 'in crisis'. Indeed, their current financial situation may be markedly better than in the past when they may have been unable to meet their basic obligations, or have received visits from bailiffs. Neither do many feel financially vulnerable.

In reality, though, they often are: they cannot easily cope with the unexpected, such as the cost of a new tyre for the car or an incorrect shortfall in their pay packet. It is only when they encounter these situations head on that they recognise the true shortcomings in their financial situation.

The majority of 'Squeezed' consumers believe they have a mainly responsible and disciplined approach to their money. They keep very close tabs on it and often believe there is very little they could do to improve how they manage their finances day to day. Many 'Squeezed' consumers talk about having a 'system' that appears to work well, at least as far as meeting their essential needs.

## Money management: a focus on monitoring, not planning and budgeting

Although 'Squeezed' consumers describe their money management as 'planning', in reality it largely consists of ongoing monitoring and adjusting their spending accordingly, rather than anything more future-focused. Since the lack of 'give' in household budgets means they have little margin for error, many 'Squeezed' consumers are highly vigilant when it comes to keeping tabs on their money. Most go online on a daily basis to check their balances and ensure that payments have happened as planned, and to keep an eye on their spending. Many say that online banking - particularly the development of mobile banking apps - has been a real boon in their lives when it comes to monitoring their money.

On payday, they have a highly disciplined routine, including moving money into the right account to cover direct debits for their mortgage or rent, utilities and, in many cases, debt. The segment cannot afford the bank charges they would incur if they went over their overdraft limit or missed a direct debit, so being on top of their current account balance at all times is vital. At the same time, most in the segment have a strong moral code about bills: they believe keeping up with payments does not just keep them out of trouble, but is the right thing to do. Of course, some (younger) 'Squeezed' do occasionally miss payments - for loans and credit cards, though not usually their mortgage or rent which might have disastrous consequences - but it is a source of considerable embarrassment or shame.

In most cases, any budgeting they do is approximate and done in their heads, rather than on paper or using a computer spreadsheet; during the interviews, respondents showed us very little in the way of written-down plans or budgetary calculations. Because of their financial situation, most 'Squeezed' can only consider the here and now, so their behaviour tends to be short-term and tactical rather than longer-term and strategic. They worry about their monthly bills or payments they know are coming up in the next month or so. But they seldom think 'bigger picture' about, for example, re-mortgaging with a cheaper deal or what impact properly tackling their debt would have on their finances, or how they could save for the future.

> “ *I don't like the financial situation we're in, but I know exactly where we are with it.”*
>
> Older Squeezed

Many 'Squeezed' consumers feel proud of the way they manage their money and believe that, generally speaking, they do the 'right thing' with their finances. While their failure to think 'bigger picture' about their money is a failing and means their approach to financial management and planning are not as good as they think, very few recognise the shortcomings in their systems and overall approach. Being able to meet expected short-term financial needs is considered a badge of honour for the 'Squeezed', but being prepared for the unexpected is often beyond them.

Ultimately the constant vigilance and being organised are exhausting. While keeping on top of their financial situation can provide a measure of relief, they derive limited pleasure from it. And they are prone to binges, either as a reward for their otherwise good behaviour or to release the pressure of constantly worrying about their bank balance. These can include extravagant 'retail therapy' or blowing a week's budget going out with friends.

In addition to their ongoing discipline with money monitoring, many in the segment regularly deploy 'savvy' tactics to help them, particularly in relation to spending. These include using voucher schemes – such as Wowcher and Groupon – or leaving their debit card at home and using only cash when they go shopping for clothes or go out in the evening.

Tactics focused on making savings are generally deployed less frequently, as temporary measures only adopted in the face of a short-term crisis. These include:

- Taking a list to the supermarket and sticking to it when money is short at the end of the month;
- Using discount supermarkets like Lidl or Aldi when money is short, rather than their normal Sainsbury's or Tesco;
- Reducing food shopping spend in the autumn to create extra funds for Christmas;
- Switching to a lower Sky package (though switching other utilities is not widespread and often considered a hassle); and,
- Rescheduling payments to creditors (e.g. credit cards, loan providers) when there is a cash flow problem.

Few 'Squeezed' consumers make them part of an ongoing lifestyle or financial strategy - they are all part of a 'crisis management' response to a problem rather than everyday behaviour.

Despite their vigilance and occasional economies, when faced with unexpected costs, many in the segment have to resort to a range of other measures:

- Borrowing from the 'bank of mum and dad';
- Spending up to £30 using a contactless card when they do not have sufficient funds, because the system allows them to;
- Making use of an 'emergency' credit card or store card; and,
- Taking out a loan or, especially in the case of younger segment members, a payday loan.

While these help solve the immediate problem or tide them over to payday, they often exacerbate longer-term or more deep-seated problems, such as adding to their debt or increasing their monthly financial obligations. They also have a significant emotional impact, including making them feel out of-control, even ashamed. 'Squeezed' consumers want to be financially autonomous and 'grown up', and these emergency measures feel nothing of the sort.

## The burden of debt

Debt is a significant issue across the whole of the 'Squeezed' segment, though by the time they reach the Older Squeezed sub-segment, consumers may well have their borrowing paid down or off, often because they have taken a decision to concentrate on dealing with the problem.

For those living with debt currently, it is clear that it puts severe restrictions on their lives – it eats up significant chunks of their monthly income and limits what they can spend for enjoyment or put towards other financial goals, particularly savings. While most 'Squeezed' consumers are conscientious about managing their debt obligations – or at least keeping abreast with them with minimum payments – there are some who are not coping with what they owe. Missed or late payments can be a feature of their debt story, which have obvious consequences on their credit rating and their ability to find, for example, more affordable mortgage deals.

> "*I have three payday loans which I have missed payments on and a credit card which I have maxed out – this is a constant concern of mine at the moment, and plays on my mind a lot."*
>
> Squeezed Younger Adults

This comment exemplifies the fact that debt is something many 'Squeezed' consumers take on when young, often to fund a lifestyle that they could not really afford, and without proper consideration of the longer-term implications. Indeed it is apparent that many in the Squeezed Younger Family & Couples sub-segment are now living with the consequences of debt built up some time ago.

There is newer debt too for many Squeezed Younger Families & Couples. Many have taken out finance for furniture or a car, essential requirements for family life. But, as described earlier, many consumers are also having to borrow, very reluctantly, on a fairly regular basis merely to cope with surprise bills or to get them through to the end of the month. This merely adds to their existing debt problems, and reflects the fact that (a) monthly budgets are often overstretched and, as explained in the next section, (b) most people have limited savings to provide a back-up. For many, debt is a vicious circle: they cannot save because they are paying off debt and they have to increase their debt because they have no savings.

## Insufficient savings

The reason that 'Squeezed' consumers often have to rely upon the more drastic measures outlined above is that very few have savings of any kind, including a buffer for unexpected costs. This is a major structural problem for the segment, particularly those in the Squeezed Younger Adults and Squeezed Young Families & Couples sub-segments. The irony is that many in the segment recognise the value of having savings and have opened savings accounts. However, very few manage to deposit money regularly into these accounts; they usually have very low or zero balances. A lack of savings is seen by most as an unfortunate outcome of their financial situation, rather than a genuine failing on their part; having savings is considered a bonus rather than a fundamental part of sound money management.

As well as having a practical impact (i.e. they cannot easily deal with even minor shocks) not having a buffer also has an emotional effect, making them feel insecure and not fully in command of their lives.

> "*Although it's [a new tyre] only £50, it's a big thing for me because I don't have that fall-back of, 'well, I've got a wee kitty'…"*
>
> Squeezed Younger Adults

Having no buffer also means that consumers do not learn to save, something that will be important if they are ever to realise their longer-term ambitions. In many cases, 'Squeezed' consumers feel unable to save because they do not have spare funds to put aside. But it is also the case that many are unable to apply to savings the same discipline they apply to most of the rest of their finances. While some make occasional attempts to put money aside in an instant access account, it is all too easy for them to claw it back and spend it.

> "*I've got a third account which is like a savings account… which very rarely has anything in it, but this month I put £400 in it… it could get to next week and I might need to take £50 of that back just to get shopping."*
>
> Squeezed Younger Adults

Likewise, most 'Squeezed' consumers do not take advantage of any occasional surpluses (e.g. the two spare months' money resulting from the council tax 10-month billing cycle): these useful 'bonuses' just get swallowed up in normal household spending or are used to fund a treat.

But it may also be the case that, however unsatisfactory their short-term coping mechanisms ultimately might be, 'Squeezed' consumers (particularly younger ones) find them easier to use than building up a buffer. It takes time and effort to save, but a payday loan is only a mouse click or two away.

While few in the segment make regular efforts to save for unspecified purposes, some are occasionally able to put regular and/or large sums aside if they have a specific goal, especially one enabling them to buy something at the end of the process. These goals include saving for children's Christmas presents, holidays and cosmetic surgery. And, as an example of children encouraging good behaviour, some parents pay into child trust funds every month without fail.

Work-based schemes also appear to encourage saving, ranging from share save programmes to build up a valuable nest egg, or more informal 'ménage' saving schemes run between colleagues to help them fund holiday spending or Christmas presents.

> "*[The Next share save scheme] has done a lot better than I could have anticipated."*
>
> Older Squeezed

> "*The ménage works because you all have to pay in at the beginning of the month otherwise people don't get their money when it's their turn. It's like a co-operative thing."*
>
> Squeezed Younger Families & Couples

Older Squeezed consumers often find it easier to save because there are now fewer demands on their income, and derive pleasure and a sense of progress in doing so, even if the sums involved every month are small.

> "*I don't know if 'addictive' is the right word, but... you see your money going in and growing, you know..."*
>
> Older Squeezed

## Children: a force for good and bad

The arrival of children in 'Squeezed' consumers' lives has an important impact. As outlined earlier, most parents do not prepare properly for the financial effect of their children, both the additional costs involved and the fact that, with the mother probably not working (or not working full-time) their household income has been significantly reduced. In some cases, the only way they manage to plug the hole in income is to borrow, which may add to their existing debt problems. It is also apparent that some new parents can be blown off course by the arrival of a new baby, so they develop expensive spending habits to compensate for the shock, which have to be funded with more debt.

> "*It was a case of not reining in my spending when we first had children. I ran up some debts which we're still dealing with."*
>
> Older Squeezed

Children can have a positive impact on people's approach to their finances, however. It may be the moment they decide to do something about the debt they have built up in the past, making a concerted effort to pay down what is owed, rather than just managing it with minimum payments. And, as discussed above, some parents open child trust funds which they pay into every month without fail.

But they can also have a negative impact on parents' financial behaviour. In some cases, parents indulge their past extravagant spending habits by re-directing it towards their children, spending large amounts they cannot really afford on clothes and toys. (In one home visited, we saw a comprehensive range of Thomas The Tank Engine toys in the sitting room, and a full wardrobe of children's clothes from Next, many of them with the original shop tags on them, indicating that they had never been worn.) Equally, Christmas is often an extremely expensive time because many parents spend large sum on presents on their children. Often this is to compensate for the hardships experienced at other times of the year, or because the parents want to avoid their families having the meagre Christmases they may have had as children.

> "*Last year I went a bit mad and done about £1,000 for each of my kids. This year they're just getting £300 each."*
>
> Squeezed Younger Families & Couples

Children's expenses do not as a rule get cut back alongside other 'austerity measures' parents may decide upon if their household budgets come under pressure. Therefore they may economise on food but they will be very reluctant to stop even one of the several activities they often fund for their children, such as music lessons, school trips and judo classes.

> "*I do feel that's important for the kids... we could probably cut back on some of that but it's not something we want to cut back on. It's something that we think is important for their future."*
>
> Older Squeezed

It is also apparent that some parents feel under what might be described as 'school gate pressure' because their children act as a window – thanks to the trainers they wear or the number of trips they go on – on the state of the family finances.

## Money's serious impact on couples' relationships

It is clear that, given their difficulties, money is a problem area in many couples' relationships in the 'Squeezed' segment, involving damaging issues like frustration, resentment, mistrust and deceit. It is clear that not dealing with money together can undermine the foundations of relationships.

Many partners – and it appears they are often women – complain that they are chiefly responsible for the management and control of the household finances. They are tired of the ensuing stress and constantly having to play the role of 'bad cop' in relation to all family spending. An extreme example of this came in Northern Ireland where a woman in the Older Squeezed sub-segment showed us how she managed the household finances by dividing the monthly budget, in cash, between four socks, giving her husband a weekly cash allowance drawn from that week's sock. This enabled her both to keep tabs on the family budget and regulate her husband.

There is also often poor communication between partners, meaning they do not always make plans together or have a common financial goal which they support each other to achieve. Even if they do agree a plan of action, one partner can sometimes let the side down by not sticking to what has been agreed, particularly in terms of spending. In the worst cases, some partners are building up debts on a 'secret' credit card which the other partner knows nothing about. This deceit can also have a considerable emotional impact on the secretive partner.

When couples do work in partnership in relation to their money, the picture is much rosier, with better relationships overall and happier households despite the challenges. There is a collective sense of mission, both in relation to tackling short-term issues and aiming for longer-term goals. A united front with children can also help regulate spending, with younger members of the household not having a 'soft touch' parent to approach when they want something. Working together also appears to keep each other on track, enabling them to feel they are moving forward and achieving something, however small.

## Financial blind spots

In addition to their children, many 'Squeezed' consumers have a number of other blind spots when it comes to their money. These are issues which bubble away in the background but are largely ignored because they are not considered to have a major impact on their finances at an overall level. However, if they were to be addressed, they could potentially improve their situation considerably. While they are in place they add to consumers' overall vulnerability and reinforce the feeling that their lives are stuck.

Some of these blind spots are behavioural, individually small, but collectively impactful, oversights which have a damaging effect on their bank balance, including:

- Regularly buying takeaways despite having a fridge or freezer full of food (especially for Squeezed Younger Adults);
- Shopping for groceries without a list so that they end up buying items they already have in stock at home, which then get thrown out:

> *"I got three [cartons of fruit juice] today and I went to put them in the fridge and I've already got [four] in there, so now I've got seven cartons!"*
>
> Squeezed Younger Families & Couples

- Regularly buying designer labels costing several hundred pounds – one respondent showed us his wardrobe featuring many examples of Ralph Lauren, Belstaff, and Burberry clothes and shoes;
- Going out regularly and spending significant sums:

> *"I try and restrict it to £100 when I go out. If I'm a bit short, I'll just go to the snooker which only costs £30 tops including my drinks."*
>
> Squeezed Younger Adult

- Being unable to resist sale items (e.g. 25% off) with the discount being used to justify the overall purchase.

Of course, consumers do describe this as 'bad behaviour' in the context of their overall financial situation, but find it difficult to break the habit.

Other blind spots are structural, including credit or store cards which carry a high balance and which are only serviced with minimum monthly payments, and large, long-standing overdrafts that only reach a zero balance on payday.

> "*Although that's an overdraft, to me, it's probably not the best way of looking at it, but now that's my money… it doesn't worry me at all."*
>
> Squeezed Younger Adult

## Moving on effectively from past financial mistakes

Some consumers in the segment – particularly the Squeezed Young Families & Couples and Older Squeezed – make a decision to deal wholeheartedly with a major issue challenging their financial situation. Typically this relates to debt: recognising the impact what they owe is having on their finances and overall lives, they resolve to be single-minded and pay it off.

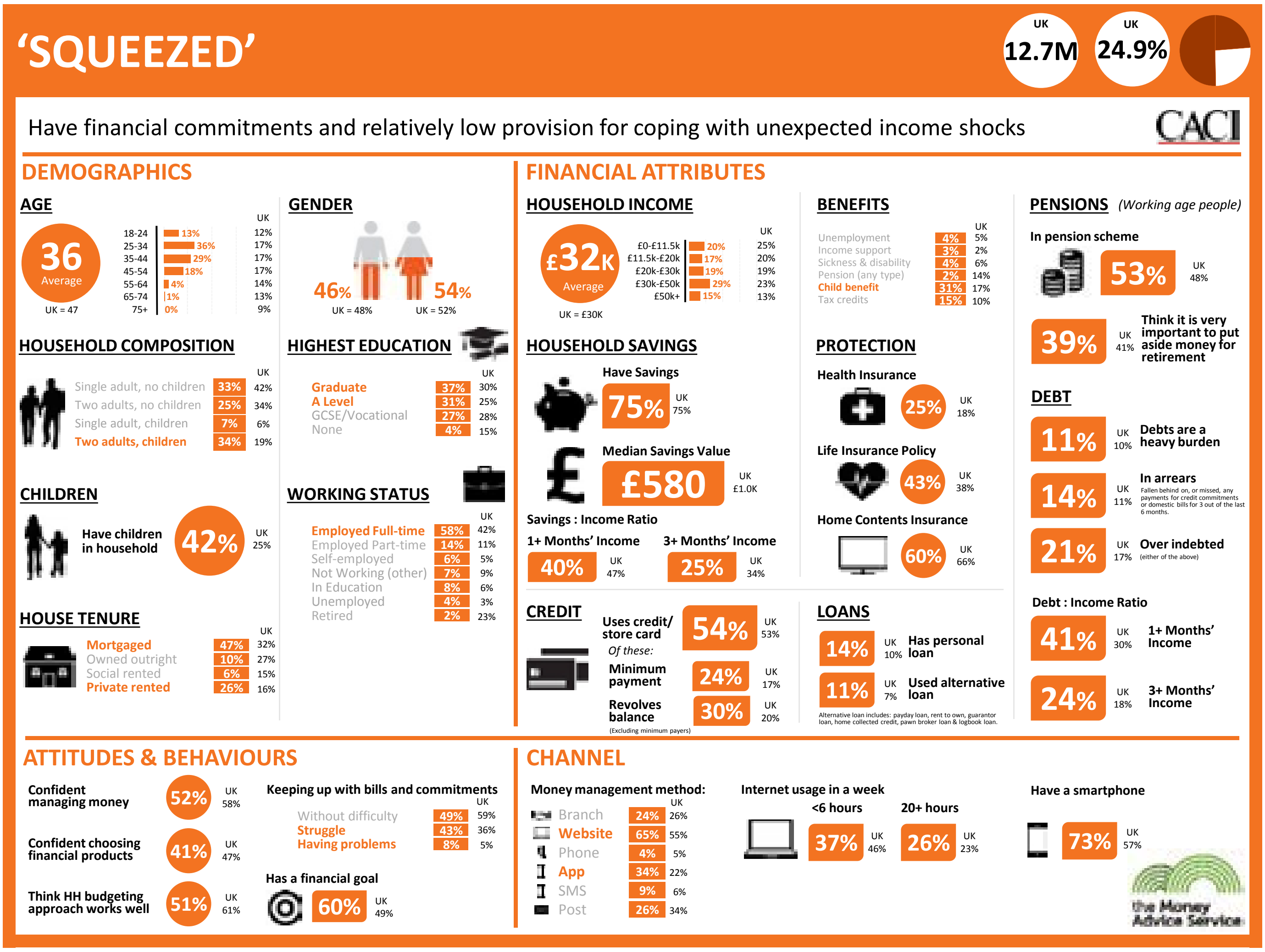
However, often they do not investigate the most effective way of doing this, preferring an all-or-nothing approach which can have a paralysing effect on their monthly budgets by taking up all their spare income. Instead a more balanced approach may be possible, enabling them to tackle the debt but also leave them room to manoeuvre to build up savings.

Similarly, there is a widespread reluctance to investigate where they now stand having got through a period of financial difficulty. As explained earlier, many in the segment have a feeling that they have harmed their credit rating because of past missed or late payments. However, this may have been some time ago and their record may well have improved since then. But few will brave finding out their current status, meaning they miss out on getting, say, a cheaper mortgage because, assuming the worst, they believe they will not be approved. As a result, many 'Squeezed' consumers do not have a clear overall picture of their true financial standing and what the strategic implications and options are.

# Appendix

## 'Squeezed' Segment Infographics

**Revised July 2016** to reflect some slight changes in data on the Household Composition and Children sections



# 'SQUEEZED'

UK 12.7M

UK 24.9%

Have financial commitments and relatively low provision for coping with unexpected income shocks

CACI

## DEMOGRAPHICS

### AGE

36 Average

UK = 47

| | | UK |
|---|---|---|
| 18-24 | 13% | 12% |
| 25-34 | 36% | 17% |
| 35-44 | 29% | 17% |
| 45-54 | 18% | 17% |
| 55-64 | 4% | 14% |
| 65-74 | 1% | 13% |
| 75+ | 0% | 9% |

### GENDER

46% UK = 48%

54% UK = 52%

### HOUSEHOLD COMPOSITION

| | | UK |
|---|---|---|
| Single adult, no children | 33% | 42% |
| Two adults, no children | 25% | 34% |
| Single adult, children | 7% | 6% |
| **Two adults, children** | 34% | 19% |

### HIGHEST EDUCATION

| | | UK |
|---|---|---|
| **Graduate** | 37% | 30% |
| **A Level** | 31% | 25% |
| GCSE/Vocational | 27% | 28% |
| None | 4% | 15% |

### CHILDREN

**Have children in household** 42% UK 25%

### WORKING STATUS

| | | UK |
|---|---|---|
| **Employed Full-time** | 58% | 42% |
| Employed Part-time | 14% | 11% |
| Self-employed | 6% | 5% |
| Not Working (other) | 7% | 9% |
| In Education | 8% | 6% |
| Unemployed | 4% | 3% |
| Retired | 2% | 23% |

### HOUSE TENURE

| | | UK |
|---|---|---|
| **Mortgaged** | 47% | 32% |
| Owned outright | 10% | 27% |
| Social rented | 6% | 15% |
| **Private rented** | 26% | 16% |

## FINANCIAL ATTRIBUTES

### HOUSEHOLD INCOME

£32K Average

UK = £30K

| | | UK |
|---|---|---|
| £0-£11.5k | 20% | 25% |
| £11.5k-£20k | 17% | 20% |
| £20k-£30k | 19% | 19% |
| £30k-£50k | 29% | 23% |
| £50k+ | 15% | 13% |

### BENEFITS

| | | UK |
|---|---|---|
| Unemployment | 4% | 5% |
| Income support | 3% | 2% |
| Sickness & disability | 4% | 6% |
| Pension (any type) | 2% | 14% |
| **Child benefit** | 31% | 17% |
| Tax credits | 15% | 10% |

### PENSIONS *(Working age people)*

**In pension scheme** 53% UK 48%

39% UK 41% **Think it is very important to put aside money for retirement**

### HOUSEHOLD SAVINGS

**Have Savings** 75% UK 75%

**Median Savings Value** £580 UK £1.0K

**Savings : Income Ratio**

**1+ Months' Income** 40% UK 47%

**3+ Months' Income** 25% UK 34%

### PROTECTION

**Health Insurance** 25% UK 18%

**Life Insurance Policy** 43% UK 38%

**Home Contents Insurance** 60% UK 66%

### DEBT

11% UK 10% **Debts are a heavy burden**

14% UK 11% **In arrears** Fallen behind on, or missed, any payments for credit commitments or domestic bills for 3 out of the last 6 months.

21% UK 17% **Over indebted** (either of the above)

**Debt : Income Ratio**

41% UK 30% **1+ Months' Income**

24% UK 18% **3+ Months' Income**

### CREDIT

**Uses credit/ store card** 54% UK 53%

*Of these:*

**Minimum payment** 24% UK 17%

**Revolves balance** 30% UK 20%

(Excluding minimum payers)

### LOANS

14% UK 10% **Has personal loan**

11% UK 7% **Used alternative loan**

Alternative loan includes: payday loan, rent to own, guarantor loan, home collected credit, pawn broker loan & logbook loan.

## ATTITUDES & BEHAVIOURS

**Confident managing money** 52% UK 58%

**Confident choosing financial products** 41% UK 47%

**Think HH budgeting approach works well** 51% UK 61%

**Keeping up with bills and commitments**

| | | UK |
|---|---|---|
| Without difficulty | 49% | 59% |
| **Struggle** | 43% | 36% |
| **Having problems** | 8% | 5% |

**Has a financial goal** 60% UK 49%

## CHANNEL

**Money management method:**

| | | UK |
|---|---|---|
| Branch | 24% | 26% |
| **Website** | 65% | 55% |
| Phone | 4% | 5% |
| **App** | 34% | 22% |
| SMS | 9% | 6% |
| Post | 26% | 34% |

**Internet usage in a week**

**<6 hours** 37% UK 46%

**20+ hours** 26% UK 23%

**Have a smartphone** 73% UK 57%

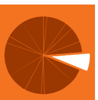
the Money Advice Service

# Squeezed - Younger Adults

**'SQUEEZED'**

UK 3.6M

UK 7.1%



Singles and couples who are students and young workers. Credit dependent and use payday loans to fund their lifestyle – this leads to a high level of over-indebtedness. Likely to have some savings, but not enough to fund an income gap.

CACI

## DEMOGRAPHICS

### AGE

26 Average

UK = 47

| | | UK |
|---|---|---|
| 18-24 | 43% | 12% |
| 25-34 | 51% | 17% |
| 35-44 | 3% | 17% |
| 45-54 | 2% | 17% |
| 55-64 | 0% | 14% |
| 65-74 | 0% | 13% |
| 75+ | 0% | 9% |

### GENDER

53% UK = 48%

47% UK = 52%

### HOUSEHOLD COMPOSITION

| | | UK |
|---|---|---|
| **Single adult, no children** | 51% | 42% |
| Two adults, no children | 26% | 34% |
| Single adult, children | 6% | 6% |
| Two adults, children | 17% | 19% |

### HIGHEST EDUCATION

| | | UK |
|---|---|---|
| **Graduate** | 39% | 30% |
| **A Level** | 34% | 25% |
| GCSE/Vocational | 19% | 28% |
| None | 4% | 15% |

### CHILDREN

**Have children in household** 23% UK 25%

### WORKING STATUS

| | | UK |
|---|---|---|
| **Employed Full-time** | 55% | 42% |
| Employed Part-time | 6% | 11% |
| Self-employed | 6% | 5% |
| Not Working (other) | 7% | 9% |
| **In Education** | 22% | 6% |
| Unemployed | 5% | 3% |
| Retired | 0% | 23% |

### HOUSE TENURE

| | | UK |
|---|---|---|
| Mortgaged | 22% | 32% |
| Owned outright | 5% | 27% |
| Social rented | 10% | 15% |
| **Private rented** | 41% | 16% |

## FINANCIAL ATTRIBUTES

### HOUSEHOLD INCOME

£22K Average

UK = £30K

| | | UK |
|---|---|---|
| £0-£11.5k | 39% | 25% |
| £11.5k-£20k | 18% | 20% |
| £20k-£30k | 19% | 19% |
| £30k-£50k | 17% | 23% |
| £50k+ | 8% | 13% |

### BENEFITS

| | | UK |
|---|---|---|
| Unemployment | 6% | 5% |
| Income support | 2% | 2% |
| Sickness & disability | 3% | 6% |
| Pension (any type) | 1% | 14% |
| Child benefit | 16% | 17% |
| Tax credits | 12% | 10% |

### PENSIONS *(Working age people)*

**In pension scheme** 33% UK 48%

33% UK 41% **Think it is very important to put aside money for retirement**

### HOUSEHOLD SAVINGS

**Have Savings** 74% UK 75%

**Median Savings Value** £550 UK £1.0K

**Savings : Income Ratio**

**1+ Months' Income** 33% UK 47%

**3+ Months' Income** 18% UK 34%

### PROTECTION

**Health Insurance** 24% UK 18%

**Life Insurance Policy** 28% UK 38%

**Home Contents Insurance** 32% UK 66%

### DEBT

14% UK 10% **Debts are a heavy burden**

19% UK 11% **In arrears**
Fallen behind on, or missed, any payments for credit commitments or domestic bills for 3 out of the last 6 months.

27% UK 17% **Over indebted**
(either of the above)

**Debt : Income Ratio**

39% UK 30% **1+ Months' Income**

27% UK 18% **3+ Months' Income**

### CREDIT

**Uses credit/ store card** 41% UK 53%

*Of these:*

**Minimum payment** 15% UK 17%

**Revolves balance** 32% UK 20%
(Excluding minimum payers)

### LOANS

9% UK 10% **Has personal loan**

14% UK 7% **Used alternative loan**

Alternative loan includes: payday loan, rent to own, guarantor loan, home collected credit, pawn broker loan & logbook loan.

## ATTITUDES & BEHAVIOURS

**Confident managing money** 51% UK 58%

**Confident choosing financial products** 41% UK 47%

**Think HH budgeting approach works well** 53% UK 61%

**Keeping up with bills and commitments**

| | | UK |
|---|---|---|
| Without difficulty | 50% | 59% |
| Struggle | 38% | 36% |
| **Having problems** | 12% | 5% |

**Has a financial goal** 63% UK 49%

## CHANNEL

**Money management method:**

| | | UK |
|---|---|---|
| Branch | 26% | 26% |
| Website | 57% | 55% |
| Phone | 3% | 5% |
| **App** | 38% | 22% |
| **SMS** | 12% | 6% |
| Post | 26% | 34% |

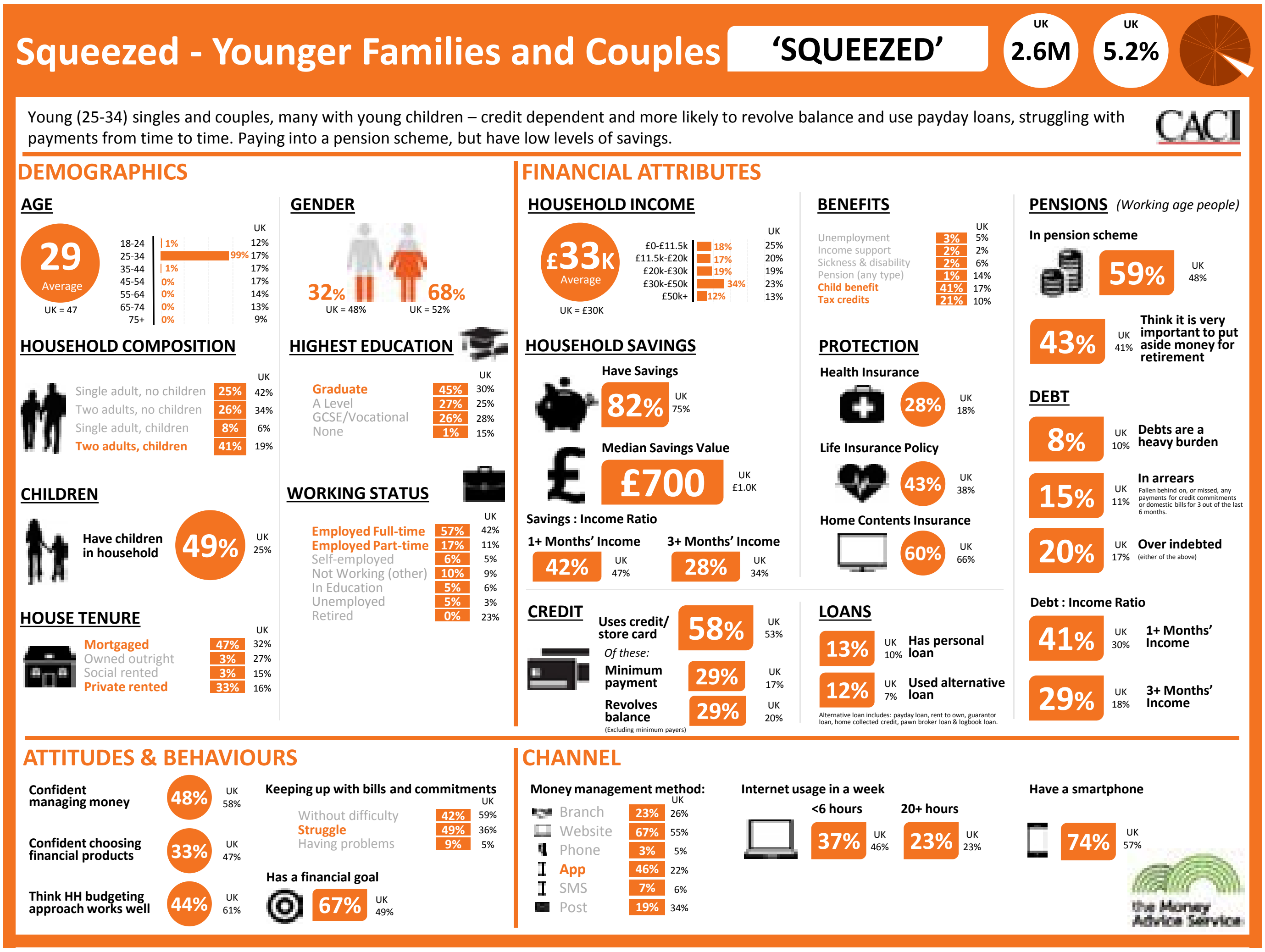
**Internet usage in a week**

**<6 hours** 34% UK 46%

**20+ hours** 31% UK 23%

**Have a smartphone** 78% UK 57%

the Money Advice Service



# Squeezed - Younger Families and Couples

‘SQUEEZED’

UK 2.6M

UK 5.2%

CACI

Young (25-34) singles and couples, many with young children – credit dependent and more likely to revolve balance and use payday loans, struggling with payments from time to time. Paying into a pension scheme, but have low levels of savings.

## DEMOGRAPHICS

### AGE

**29** Average

UK = 47

| | | UK |
|---|---|---|
| 18-24 | 1% | 12% |
| 25-34 | 99% | 17% |
| 35-44 | 1% | 17% |
| 45-54 | 0% | 17% |
| 55-64 | 0% | 14% |
| 65-74 | 0% | 13% |
| 75+ | 0% | 9% |

### GENDER

32% UK = 48%

68% UK = 52%

### HOUSEHOLD COMPOSITION

| | | UK |
|---|---|---|
| Single adult, no children | 25% | 42% |
| Two adults, no children | 26% | 34% |
| Single adult, children | 8% | 6% |
| **Two adults, children** | 41% | 19% |

### HIGHEST EDUCATION

| | | UK |
|---|---|---|
| **Graduate** | 45% | 30% |
| A Level | 27% | 25% |
| GCSE/Vocational | 26% | 28% |
| None | 1% | 15% |

### CHILDREN

**Have children in household** 49% UK 25%

### WORKING STATUS

| | | UK |
|---|---|---|
| **Employed Full-time** | 57% | 42% |
| **Employed Part-time** | 17% | 11% |
| Self-employed | 6% | 5% |
| Not Working (other) | 10% | 9% |
| In Education | 5% | 6% |
| Unemployed | 5% | 3% |
| Retired | 0% | 23% |

### HOUSE TENURE

| | | UK |
|---|---|---|
| **Mortgaged** | 47% | 32% |
| Owned outright | 3% | 27% |
| Social rented | 3% | 15% |
| **Private rented** | 33% | 16% |

## FINANCIAL ATTRIBUTES

### HOUSEHOLD INCOME

**£33K** Average

UK = £30K

| | | UK |
|---|---|---|
| £0-£11.5k | 18% | 25% |
| £11.5k-£20k | 17% | 20% |
| £20k-£30k | 19% | 19% |
| £30k-£50k | 34% | 23% |
| £50k+ | 12% | 13% |

### BENEFITS

| | | UK |
|---|---|---|
| Unemployment | 3% | 5% |
| Income support | 2% | 2% |
| Sickness & disability | 2% | 6% |
| Pension (any type) | 1% | 14% |
| **Child benefit** | 41% | 17% |
| **Tax credits** | 21% | 10% |

### PENSIONS *(Working age people)*

**In pension scheme** 59% UK 48%

43% UK 41% **Think it is very important to put aside money for retirement**

### HOUSEHOLD SAVINGS

**Have Savings** 82% UK 75%

**Median Savings Value** £700 UK £1.0K

**Savings : Income Ratio**

**1+ Months’ Income** 42% UK 47%

**3+ Months’ Income** 28% UK 34%

### PROTECTION

**Health Insurance** 28% UK 18%

**Life Insurance Policy** 43% UK 38%

**Home Contents Insurance** 60% UK 66%

### DEBT

8% UK 10% **Debts are a heavy burden**

15% UK 11% **In arrears**
Fallen behind on, or missed, any payments for credit commitments or domestic bills for 3 out of the last 6 months.

20% UK 17% **Over indebted**
(either of the above)

**Debt : Income Ratio**

41% UK 30% **1+ Months’ Income**

29% UK 18% **3+ Months’ Income**

### CREDIT

**Uses credit/ store card** 58% UK 53%

*Of these:*

**Minimum payment** 29% UK 17%

**Revolves balance** 29% UK 20%
(Excluding minimum payers)

### LOANS

13% UK 10% **Has personal loan**

12% UK 7% **Used alternative loan**

Alternative loan includes: payday loan, rent to own, guarantor loan, home collected credit, pawn broker loan & logbook loan.

## ATTITUDES & BEHAVIOURS

**Confident managing money** 48% UK 58%

**Confident choosing financial products** 33% UK 47%

**Think HH budgeting approach works well** 44% UK 61%

**Keeping up with bills and commitments**

| | | UK |
|---|---|---|
| Without difficulty | 42% | 59% |
| **Struggle** | 49% | 36% |
| Having problems | 9% | 5% |

**Has a financial goal** 67% UK 49%

## CHANNEL

**Money management method:**

| | | UK |
|---|---|---|
| Branch | 23% | 26% |
| Website | 67% | 55% |
| Phone | 3% | 5% |
| **App** | 46% | 22% |
| SMS | 7% | 6% |
| Post | 19% | 34% |

**Internet usage in a week**

**<6 hours** 37% UK 46%

**20+ hours** 23% UK 23%

**Have a smartphone** 74% UK 57%

the Money Advice Service

# Older Squeezed

'SQUEEZED'

UK 6.4M

UK 12.6%

Established working families with higher than average earnings with a mortgage. Heavy use of revolving credit and struggle from time to time. However they are in control of the future with life assurance and pension ownership.

CACI

## DEMOGRAPHICS

### AGE

44 Average

UK = 47

| | | UK |
|---|---|---|
| 18-24 | 0% | 12% |
| 25-34 | 2% | 17% |
| 35-44 | 55% | 17% |
| 45-54 | 34% | 17% |
| 55-64 | 7% | 14% |
| 65-74 | 3% | 13% |
| 75+ | 0% | 9% |

### GENDER

47% UK = 48%

53% UK = 52%

### HOUSEHOLD COMPOSITION

| | | UK |
|---|---|---|
| Single adult, no children | 26% | 42% |
| Two adults, no children | 25% | 34% |
| Single adult, children | 8% | 6% |
| **Two adults, children** | 41% | 19% |

### CHILDREN

**Have children in household** 49% UK 25%

### HOUSE TENURE

| | | UK |
|---|---|---|
| **Mortgaged** | 61% | 32% |
| Owned outright | 15% | 27% |
| Social rented | 6% | 15% |
| Private rented | 15% | 16% |

### HIGHEST EDUCATION

| | | UK |
|---|---|---|
| Graduate | 32% | 30% |
| A Level | 30% | 25% |
| GCSE/Vocational | 32% | 28% |
| None | 5% | 15% |

### WORKING STATUS

| | | |
|---|---|---|
| **Employed Full-time** | 60% | 42% |
| **Employed Part-time** | 16% | 11% |
| Self-employed | 6% | 5% |
| Not Working (other) | 7% | 9% |
| In Education | 2% | 6% |
| Unemployed | 4% | 3% |
| Retired | 5% | 23% |

## FINANCIAL ATTRIBUTES

### HOUSEHOLD INCOME

£38K Average

UK = £30K

| | | UK |
|---|---|---|
| £0-£11.5k | 10% | 25% |
| £11.5k-£20k | 17% | 20% |
| £20k-£30k | 18% | 19% |
| £30k-£50k | 35% | 23% |
| £50k+ | 20% | 13% |

### HOUSEHOLD SAVINGS

**Have Savings** 73% UK 75%

**Median Savings Value** £1.5K UK £1.0K

**Savings : Income Ratio**

**1+ Months' Income** 43% UK 47%

**3+ Months' Income** 28% UK 34%

### BENEFITS

| | | UK |
|---|---|---|
| Unemployment | 4% | 5% |
| Income support | 3% | 2% |
| Sickness & disability | 6% | 6% |
| Pension (any type) | 4% | 14% |
| **Child benefit** | 34% | 17% |
| **Tax credits** | 14% | 10% |

### PROTECTION

**Health Insurance** 24% UK 18%

**Life Insurance Policy** 51% UK 38%

**Home Contents Insurance** 77% UK 66%

### PENSIONS *(Working age people)*

**In pension scheme** 61% UK 48%

41% UK 41% **Think it is very important to put aside money for retirement**

### DEBT

11% UK 10% **Debts are a heavy burden**

10% UK 11% **In arrears** Fallen behind on, or missed, any payments for credit commitments or domestic bills for 3 out of the last 6 months.

18% UK 17% **Over indebted** (either of the above)

**Debt : Income Ratio**

41% UK 30% **1+ Months' Income**

20% UK 18% **3+ Months' Income**

### CREDIT

**Uses credit/ store card** 59% UK 53%

*Of these:*

**Minimum payment** 26% UK 17%

**Revolves balance** 30% UK 20%
(Excluding minimum payers)

### LOANS

18% UK 10% **Has personal loan**

10% UK 7% **Used alternative loan**

Alternative loan includes: payday loan, rent to own, guarantor loan, home collected credit, pawn broker loan & logbook loan.

## ATTITUDES & BEHAVIOURS

**Confident managing money** 54% UK 58%

**Confident choosing financial products** 44% UK 47%

**Think HH budgeting approach works well** 53% UK 61%

**Keeping up with bills and commitments**

| | | UK |
|---|---|---|
| Without difficulty | 51% | 59% |
| **Struggle** | 44% | 36% |
| Having problems | 5% | 5% |

**Has a financial goal** 56% UK 49%

## CHANNEL

**Money management method:**

| | | UK |
|---|---|---|
| Branch | 22% | 26% |
| **Website** | 68% | 55% |
| Phone | 4% | 5% |
| App | 26% | 22% |
| SMS | 8% | 6% |
| Post | 29% | 34% |

**Internet usage in a week**

**<6 hours** 38% UK 46%

**20+ hours** 25% UK 23%

**Have a smartphone** 69% UK 57%

the Money Advice Service

**Money Advice Service**
Holborn Centre
120 Holborn
London EC1N 2TD
May 2016

For more information on our
Insight and Evaluation work, go to:
**www.moneyadviceservice.org.uk/en/corporate/research**