Momentum
Household Financial Wellness Index: Wave one
2016

momentum
for your financial wellness

University of BRISTOL

Purposeful collaboration towards Financial Wellness in the United Kingdom

A REPORT BY:

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Personal Finance Research Centre

University of Bristol

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Foreword by:
Ferdi van Heerden

At Momentum, we have a clear and resolute goal that drives us - to improve the Financial Wellness™ of individuals, households and their communities. Financial Wellness is personal and will have a very different meaning to different people. As a business, we have defined it as when a person or household can sustainably cover their planned and unforeseen expenses, now and into the future.

To truly understand what it means to households across the UK, and to start to paint a picture of our attitudes towards our finances, we partnered with the Personal Finance Research Centre (PFRC) at the University of Bristol to analyse the Financial Wellness of individuals and households in the United Kingdom.

This is the first comprehensive research of its kind in the UK, and we hope the findings will provide invaluable insight (and guidance) for policymakers and businesses within the financial services industry, in a bid to improve the nation's Financial Wellness.

We believe the research highlights a number of pertinent societal issues – one being that a proportion of society are lacking engagement with their finances. Sadly, talking about our financial matters is still considered 'taboo' in our culture. Our great aspiration is that this report can act as a catalyst to inspire and empower people to engage with their finances and start their own journeys.

Improving Financial Wellness is not a short term process – it will take time and commitment from business, government and individuals. We have made a personal commitment to this process and our intention is to research and publish the Momentum UK Household Financial Wellness Index annually, so that we can start to track significant change for UK individuals and households from year to year. We hope to change people's attitudes towards their finances and empower them to think beyond "will I have enough today, or tomorrow?" but to look to the future, safeguarding for years to come.

Thank you for joining us on the Financial Wellness journey.

Foreword by:

Professor Elaine Kempson CBE

We live in complex times financially. The economic crash of the late 2000s affected many sections of society, and recovery since has been felt unevenly by individuals and families up and down the United Kingdom. At the same time, we have seen a changing landscape in the provision of social support and increasing responsibility on individuals to navigate the financial services industry to provide for their own – and their children's – financial futures.

In this context, defining individuals' Financial Wellness presents a particular challenge to researchers and policy makers alike; measuring it even more so. And to develop an index of Financial Wellness which can be repeated to monitor the state of the nation on an ongoing basis is a greater challenge still. I am very pleased that Momentum asked PFRC to do just this, to design and implement the ongoing robust and truthful measurement of the UK's Financial Wellness.

PFRC's developmental work has led to the design of a complex – but intuitive – Index, which takes account of seven different aspects of individuals' Financial Wellness as well as three key indicators of the wider wellbeing of the UK's economy. This ground-breaking Index reflects wellness from the perspective of individual households' material deprivation and hardship to their financial confidence and long term planning, and tangible macroeconomic influences from unemployment to GDP.

In late 2015, the Momentum Index finds that overall Financial Wellness across the UK stands at 67 points out of a possible 100 points, with individual wellness contributing 46 points and the macro-economy contributing 21 points. In other words, the UK as a whole is relatively well financially, but with considerable room for improvement. In particular there is significant work to be done to promote wellness in relation to our nation's savings and assets provisions.

We look forward to stimulating and informing policy and public debate on societal Financial Wellness through the publication of these results, both now and with future editions of the Momentum Index.

Elaine Kempson, CBE
Emeritus Professor of Personal Finance and Social Policy at the University of Bristol's Personal Finance Research Centre

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David Hayes is a Research Fellow at the University of Bristol's Personal Finance Research Centre (PFRC), and **Jamie Evans** is a Research Associate at PFRC. **Andrea Finney** is an independent freelance researcher and Honorary Senior Research Fellow at PFRC.

For further information on PFRC and the report authors please see Appendix Two.

Acknowledgements

There are a number of people to whom we owe thanks.

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Many thanks to GfK UK, who conducted the Micro Index survey as part of their omnibus survey, and more importantly to all the participants who form the basis of the Index.

Our gratitude to Professor Elaine Kempson CBE, for kindly writing the foreword to this report and for her continued guidance and support. As ever, thanks to our colleague David Collings for his assistance, research skills and eagle-eyed proof-reading.

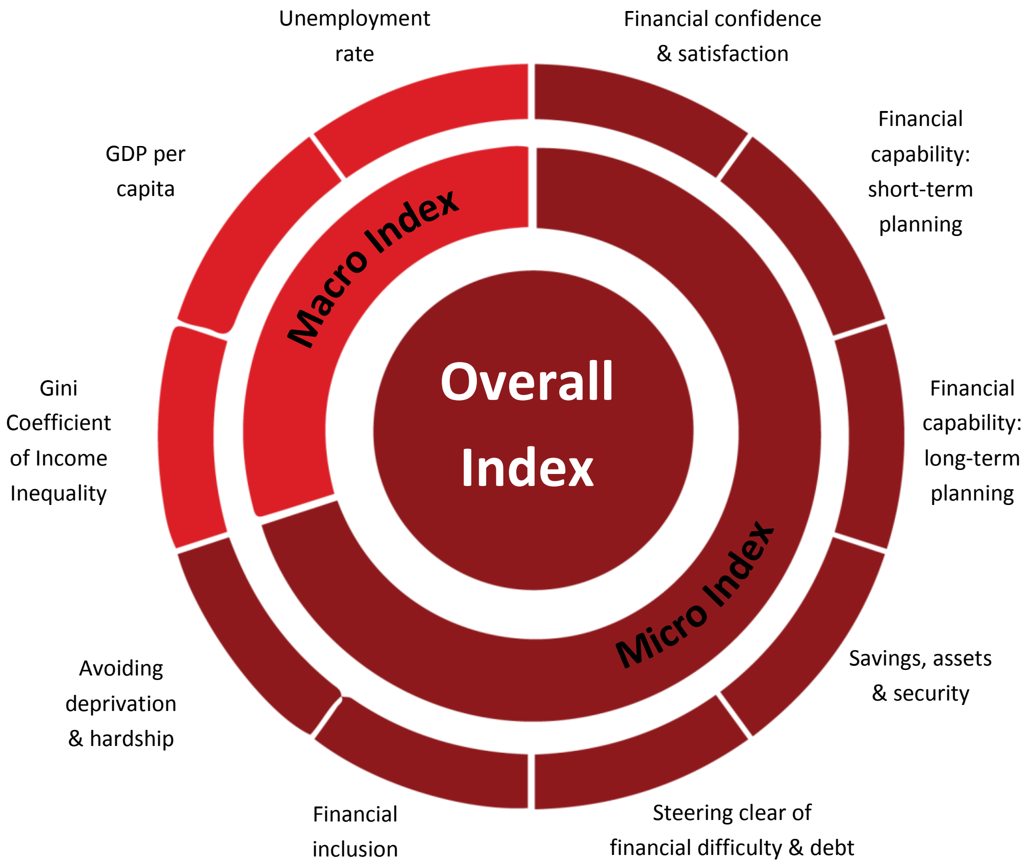
And finally, we must express our gratitude to Momentum UK for funding this innovative and timely research. It has been a pleasure working with you at all stages of the process.

Executive summary

In 2015, Momentum UK commissioned researchers at the University of Bristol's Personal Finance Research Centre (PFRC) to develop and construct the Momentum UK Index of Financial Wellness. The Index, which replicates the concept of their successful Momentum UNISA SA Household Financial Wellness Index, in a UK context, is designed to paint a picture of individual and household finances across the country. PFRC is delighted to present this report, outlining the results of the first wave of the Index.

Introducing the Index

The Momentum UK Index of Financial Wellness gives an overall score out of 100 representing the average Financial Wellness of the UK population. As shown in the diagram below, 70 per cent of this score is comprised of a 'Micro Index', which reveals the population's financial situation at an individual and household level, while the remaining 30 per cent is given from a 'Macro Index', which shows the overall state of the wider economy.



The Micro Index consists of seven separate 'domains', each scored out of 10, which capture differing elements of Financial Wellness. These are calculated from the results of a UK-wide survey of approximately 2,000 individuals which was conducted in late 2015.

The Macro Index, meanwhile, is comprised of three domains, each calculated from the most recent figures for three well-known macro-economic indicators: the unemployment rate, annual change in GDP per capita, and the Gini coefficient of income inequality. Again, each of these is rescaled to give a score out of 10, with higher figures representing greater Financial Wellness, i.e. lower unemployment, faster economic growth and lower inequality.

Presenting the Index results

The overall score for the Momentum UK Index of Financial Wellness currently stands at 67 points out of a possible 100. Though this is the first year of the Index, this score suggests that while the UK as a whole is relatively financially well, there is still considerable room for improvement.

The Macro Index contributes 21 points to the overall Index, out of a possible 30, while the Micro Index contributes 46 points, out of a possible 70. As both indices are similar in proportional terms, this suggests that Financial Wellness at the individual and household level is not vastly different from the state of the overall economy.

When breaking down the Micro Index however, it becomes apparent that the UK population is more financially well in some domains of their economic life than in others. While the nation is generally good at managing its money day-to-day, many are unable to build up significant savings, assets and security to protect their financial future.

Interpreting and understanding the Index

Regression analysis reveals that financially well individuals tend to be older, well educated, in a higher social class, have a higher income and own their own home. Interestingly, the analysis reveals that while a gulf exists between homeowners and non-homeowners, there is no statistically significant difference between social and private renters. Women and those from non-white ethnic backgrounds meanwhile tend to score lower on the Index, when controlling for other factors.

Breaking down the Index results by geographical region or country of the UK suggests that Northern Ireland is the least financially well part of the UK, while the South East (but not London) and Wales report the highest levels of Financial Wellness. The regression analysis however, suggests these differences are due to the socio-economic characteristics of those who live in these regions, rather than an effect of the places themselves.

We also use Experian Financial Strategy Statements, as well as the Momentum categories developed in the original South African Index, to add further segmentation and granularity to our report. Finally, case studies, from interviews conducted alongside the main research, contextualise and illustrate the findings from the Index. They help to paint a picture of the financial situation of ‘real’ people in the UK and the numerous ways in which Financial Wellness affects us all.

1 Introduction

In 2015, Momentum UK commissioned the Personal Finance Research Centre (PFRC), based at the University of Bristol, to develop and construct the Momentum UK Index of Financial Wellness. The Index is designed to paint a picture of individual and household finances across the country.

Our research suggests that the Momentum Financial Wellness Index will occupy a unique niche in the UK market. While there are several existing indices relating to concepts such as financial wellbeing, distress and vulnerability, there is no existing Index of Financial Wellness, nor is there a set definition. Internationally, the only equivalent Index we have been able to identify is the Index commissioned by Momentum in South Africa, in addition to the ongoing research conducted by Momentum in South Africa on developing a definition of Financial Wellness.

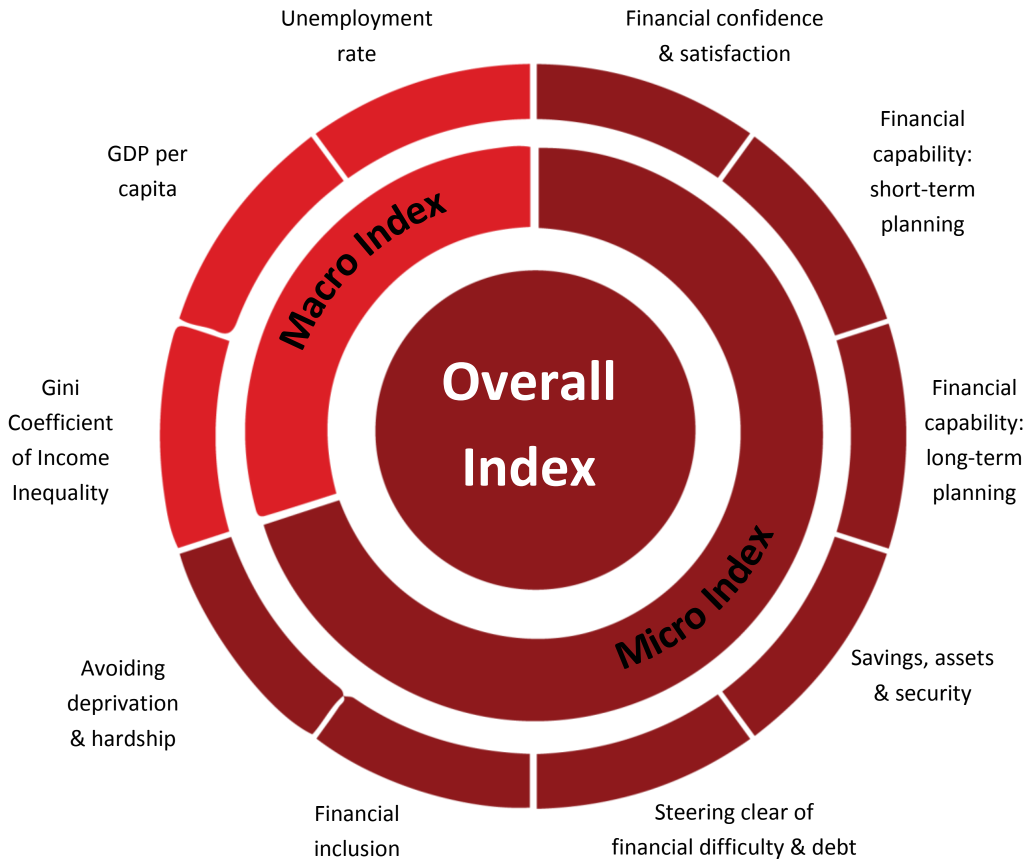
An initial scoping study conducted by PFRC showed there was unlikely to be any single measure that would capture Financial Wellness directly. Instead, Financial Wellness is best viewed as a latent construct that is measured indirectly and holistically through a range of measures or indicators. This complements Momentum's expansive view of Financial Wellness, which they define as 'a continuous process of financial planning, management and behaviour adjustment with the aim of affording your expenses and reaching your goals over your lifetime'.

The scoping study suggested there were seven different domains that formed underlying measures of individual Financial Wellness. After exploratory statistical analysis, the seven domains remained, albeit with their constructs modified. These domains were: financial confidence and satisfaction; financial capability (short-term financial planning); financial capability (longer-term financial planning); savings, assets and security; steering clear of financial difficulty and debt; financial inclusion; and avoiding deprivation and hardship. When combined with three of the foremost economic indicators – unemployment rate, GDP per capita, and the Gini coefficient of income inequality –a robust, comprehensive and multidimensional picture of Financial Wellness is formed.

The remainder of this report is structured as follows: in Section 2, we give a brief overview of the methodology used in the construction and analysis of the Index, before we present the overall results in Section 3. In Section 4, we 'deconstruct' the Index, breaking it down using descriptive statistics to compare the Financial Wellness of different social and economic demographic groups. We also take the opportunity to look at the results from this Index alongside Momentum's South African equivalent, while keeping in mind the different methodology and approach. Following this, in Section 5, we present the results of further analysis in which we isolate the unique influence of different social and economic characteristics upon Financial Wellness, when controlling for other factors. In this section, we also use Experian's Financial Strategy Statements to further analyse the Index. In Section 6, we place the Index results in their wider societal context, using case studies from our qualitative research to illustrate how Financial Wellness affects people in 'real life', before summarising the report in Section 7.

2 Creating the Index: An overview of the methodology

The Momentum Index of Financial Wellness brings together macro- and micro-level data to paint a picture of individual and household finances in the UK. The Index runs from a scale of 0 to 100, where higher scores represent greater Financial Wellness. As shown in the diagram below, 70 per cent of the Overall Index score is based on a Micro Index, calculated from the results of a UK-wide survey of approximately 2,000 individuals. The remaining 30 per cent consists of a Macro Index that is constructed using the results of three key national economic indicators. The Overall Index score is calculated by summing the Macro Index results with survey respondents' individual Micro Index scores. The results are weighted so that they are nationally representative.



2.1 The Micro Index

The Micro Index consists of seven 'domains' of Financial Wellness, each of which are worth up to ten Index Points, giving all respondents a unique Micro Index score out of 70. Within each of these domains are three to four survey questions which capture an element of Financial Wellness specific to that domain. These questions are all equally weighted within each domain, meaning that in a domain consisting of four questions, for example, each question is worth up to 2.5 Index Points, with more 'financially well' answers scoring higher. Box 1, below, gives an indication of the type of question topics covered within each domain.

Box 1 – Question topics covered within each Micro Index domain

- **Financial confidence and satisfaction** – this domain features questions on individuals' confidence in their short- and long-term financial situation, as well as their satisfaction with their current income and general standard of living.
- **Financial capability: short-term planning** – this domain considers how well respondents manage their money on a day-to-day basis, including how closely they keep track of their money and how well they budget.
- **Financial capability: long-term planning** – those who make sure they have money saved for a rainy day and for their retirement score higher on this domain.
- **Savings, assets and security** – this domain takes into account the number of savings products and other assets respondents have, as well as the total amount of money they have saved. It also includes a question on the number of different insurance products respondents have.
- **Steering clear of financial difficulty and debt** –respondents who have recently used alternative credit, have been unable to make the minimum repayments on credit commitments or been unable to pay household bills at final reminder fare poorly on this domain.
- **Financial inclusion** – this domain looks at respondents' access to various banking, savings and insurance products.
- **Avoiding deprivation and hardship** – respondents who have had to 'cut back', 'go without' or find extra sources of income to make ends meet fare less well on this domain. Scores are also affected by respondents' ability to pay their bills and by common problems in their home, such as damp, mould or a leaky roof.

These domains were initially conceptualised as part of a scoping study conducted by PFRC on behalf of Momentum in early 2015. This involved a review of the literature relating to Financial Wellness and was also guided by PFRC's extensive experience of researching personal finance-related issues. 'Principal Component Analysis', a type of factor analysis, was used to further inform the model once the survey data had been collected, ensuring that the seven conceptualised domains fitted the real-life data and that the right questions were placed in the correct domains.

2.2 The Macro Index

The Macro Index meanwhile is based on three macro-economic indicators chosen to provide a holistic overview of the national economy: the unemployment rate, GDP per capita and the Gini coefficient of income inequality (see Box 2 for a description of the three indicators).

Using each indicator's recent historical values as a guide, the most recent value for each of these indicators has been rescaled to give a score out of ten, again with higher scores indicating higher Financial Wellness, i.e. lower unemployment, faster growth in GDP per capita and greater equality.

Box 2 – Description of Macro Index domains

- **Unemployment Rate** – the proportion of the economically active population aged 16+ that is unemployed. A low unemployment rate of 4 per cent scores 10 on the Index (very financially well), while an unemployment rate of 9 per cent scores 0 on the Index (very financially unwell).
- **Gross Domestic Product (GDP) per capita** – a measure of average income per person in the country. This is adjusted for Purchasing Power Parity, which takes into account the cost of living in different countries. The specific data used, taken from the World Bank, is also held in constant 2011 international dollars to ensure that different years are comparable, regardless of exchange rates. As GDP per capita in the UK tends to only rise in the long-term in absolute terms it was deemed necessary to use the annual percentage change in GDP per capita in the construction of the Index. This means that the Index looks at the pace of growth (or decline) with annual growth of 5 per cent scoring 10 Index points and annual decline of 5 per cent scoring 0. A static economy, with no annual growth or decline, therefore scores 5 on the Index.
- **Gini coefficient of income inequality** – an internationally used measure of income inequality within a country. It is based on how equally or unequally income is distributed across a population and is calculated by comparing the actual distribution of income with a theoretical perfectly equal distribution of income. A Gini coefficient of 0 represents perfect equality (in which 10 per cent of the population receive 10 per cent of the national income, 50 per cent receive 50 per cent, etc.) whilst a coefficient of 100 represents perfect inequality (in which just one person receives 100 per cent of the income). Based on the coefficient's highest and lowest values since 2000 (±10 per cent), it was calculated that a Gini coefficient of 39.6 (relatively high inequality) should score 0 on the Index, while a coefficient of 28.9 (relatively low inequality) should score 10.

As the Macro Index is a snapshot of the overall economy, it is naturally the same score for all of the individuals in the Index. Each survey respondent therefore receives an overall Financial Wellness score by adding the Macro Index score out of 30 to their individual Micro Index score out of 70. The overall average (mean) score is then calculated to give that year's Momentum Index of Financial Wellness score. This is done using weighted data to ensure that the overall result is representative of the UK population as a whole.

Mean Index scores are also calculated for specific demographic sub-groups of the population to see what social and economic characteristics are associated with higher and lower Financial Wellness. Further analysis of the Index results is conducted through a statistical technique called Multiple Linear Regression (explained in Section 5 and the accompanying methodology document).

3 Presenting the Index

The overall Momentum Index of Financial Wellness score is formed by adding the overall Micro Index score to the overall Macro Index score. This section introduces the overall Index, before looking at how the two main sections of the Index are constructed, as well as explaining and unpicking the sub-components that make up the domains of the Micro Index.

3.1 Presenting the Overall Index

Overall Financial Wellness across the UK stands at 67 points out of a possible 100 points, with individual wellness contributing 46 points and the macro-economy contributing 21 points. In other words, the UK as a whole is relatively well financially, but with significant room for improvement. Table 1 shows how the Overall Index is constructed, while the rest of the section shows how the ten separate components that form the Index were arrived at.

Table 1: Results of the Momentum UK Index of Financial Wellness 2015

Overall Index Score 67.4									
Overall Micro Index Score 46.2							Overall Macro Index Score 21.3		
Financial confidence and satisfaction	Financial capability: short-term planning	Financial capability: long-term planning	Saving, assets and security	Steering clear of financial difficulty & debt	Financial inclusion	Avoiding deprivation and hardship	Unemploy-ment rate	GDP per capita	Income inequality
7.0	6.7	6.2	3.9	9.0	5.9	7.5	7.3	7.3	6.7

Base is 1,918.
All analysis is weighted to be nationally representative.
Note that due to rounding some figures may appear not to add up.

3.2 Presenting the Macro Index

As described in Section 2, the Macro Index is created by rescaling the most recent figures for unemployment, GDP per capita and the Gini coefficient of income inequality to a score out of 10, where higher scores indicate greater Financial Wellness. These three scores are then summed together to form an overall Macro Index score. Table 2 gives the most recent figures for each of the three indicators and shows how these translate into their respective Index scores.

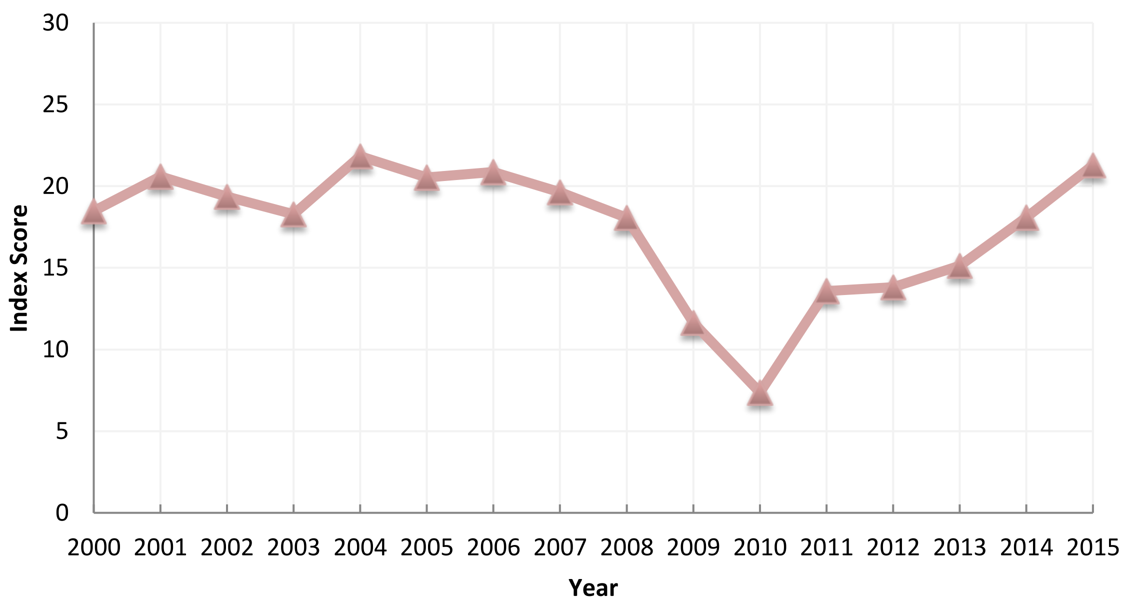
Table 2 – Actual values and computed Index Scores for each of the three macroeconomic indicators.

Year	Macroeconomic Indicators						Overall Macro Index Score
	Unemployment Rate		GDP per capita		Income Inequality		
	Actual Rate	*Index Score*	*Annual percentage change*	*Index Score*	*Actual Gini coefficient*	*Index Score*	
2015	5.4%	7.3	2.3%	7.3	32.4	6.7	**21.3**

The overall Macro Index score for 2015 is 21.3 out of 30, indicating that the macro-economic situation in the UK is relatively strong but could still be performing better. This assessment can also be applied to each of the three indicators on their own, with all three receiving similar scores.

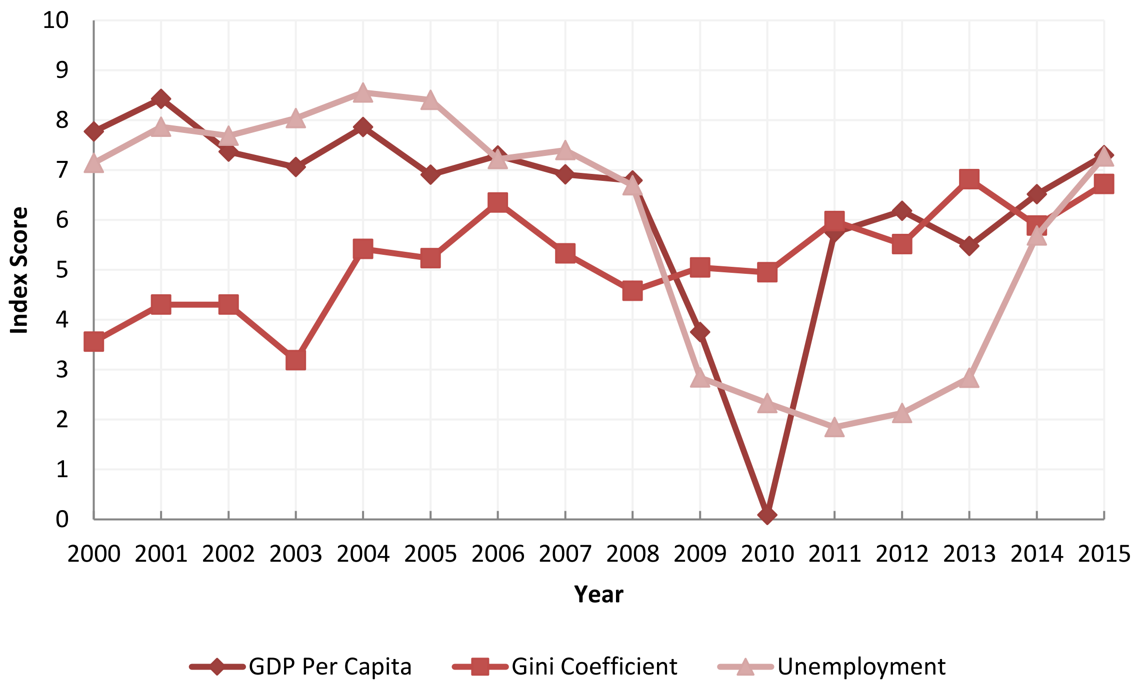
These Index scores can be placed in their historical context by applying the same method as used in the 2015 Index to all previous years for which the same data exists. Figure 1 below illustrates the retrospective Macro Index score for all years since 2000:

Figure 1 – Overall Macro Index scores for all years since 2000.



As the graph shows, the macroeconomic situation has gradually been improving since hitting a low in 2010 after the global financial crisis in 2008. Having experienced a long period of relatively low Financial Wellness, the Macro Index score for 2015 is now in fact the highest since 2004. Figure 2, below, allows us to explore this long-term trend in more detail by breaking the Macro Index down into its three components:

Figure 2 – Index Scores for each of the three macroeconomic indicators since 2000.



As can be seen from the graph, the scores for each of the three macro-economic indicators have reached relatively similar levels in 2015[1], suggesting that there is not one particular factor dominating the overall Macro Index score. In previous years however, there has been considerable variation between the scores of each of the three indicators; in 2012, for example, unemployment reached a low of around two Index points whereas the Gini coefficient and GDP per capita scored around six Index points each (largely because unemployment is a lagging indicator, meaning that it takes time for economic decline to lead to job losses.) Conversely, in the early 2000s, it was the Index for the Gini coefficient which scored the lowest, while unemployment and GDP per capita growth scored relatively highly. Currently, the three indicators are closely aligned and score relatively highly on the Index, conveying a fairly healthy overall economic situation.

[1] The Macro Index is calculated using data from secondary sources, meaning there is a lag between actual events and a change in the Macro Index score. For example, in each year's Index the score for GDP per capita is calculated using data from the previous year. Cleary, this is the best indicator available, while the Micro Index reflects the most up-to-date data possible.

3.3 *Presenting the Micro Index*

As shown in Table 3 below, the average Micro Index score for survey respondents is 46, out of a possible 70. This shows that, at the micro level, the population as a whole is generally quite financially well, though there is still considerable room for improvement.

Table 3 – Overall average Micro Index score and average scores for each of the seven Micro domains.

Average Micro Index Score (out of 70)						
46.2						
Financial confidence and satisfaction	Financial capability: Short-term planning	Financial capability: Long-term planning	Savings, assets and security	Steering clear of financial difficulty & debt	Financial inclusion	Avoiding deprivation and hardship
7.0	6.7	6.2	3.9	9.0	5.9	7.5

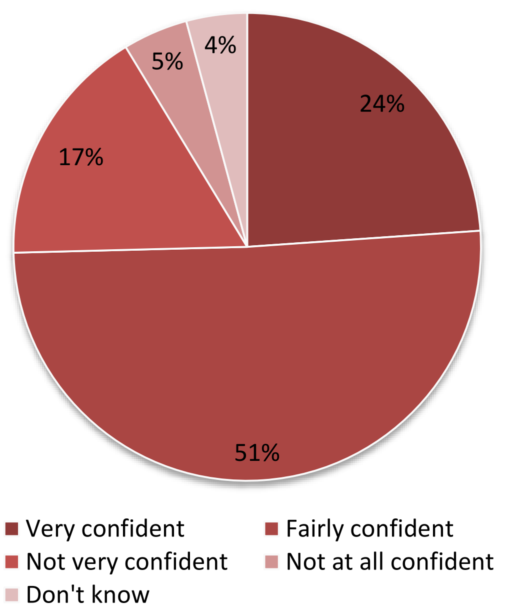
Base is 1,918.
All analysis is weighted to be nationally representative.

When looking at the seven domains that make up the Micro Index there is a fair amount of variation in scores. While survey respondents score an average of 9.0 on the 'steering clear of financial difficulty and debt' domain, for example, the average for 'savings, assets and security' is just 3.9. The rest of this section takes a look at respondents' answers to the individual questions that comprise the seven domains.

Financial confidence and satisfaction

An average score of 7.0 out of 10 suggests that respondents are generally quite confident about their financial future and satisfied with their current income and standard of living. Indeed, the survey results show that 82 per cent of respondents are very or fairly confident about their financial situation in the short-term, while 75 per cent are confident in the long-term (as shown in Figure 3). A third (33 per cent) completely agree that their income is enough to meet the cost of their everyday outgoings, while more than a quarter (26 per cent) are completely satisfied with their current standard of living.

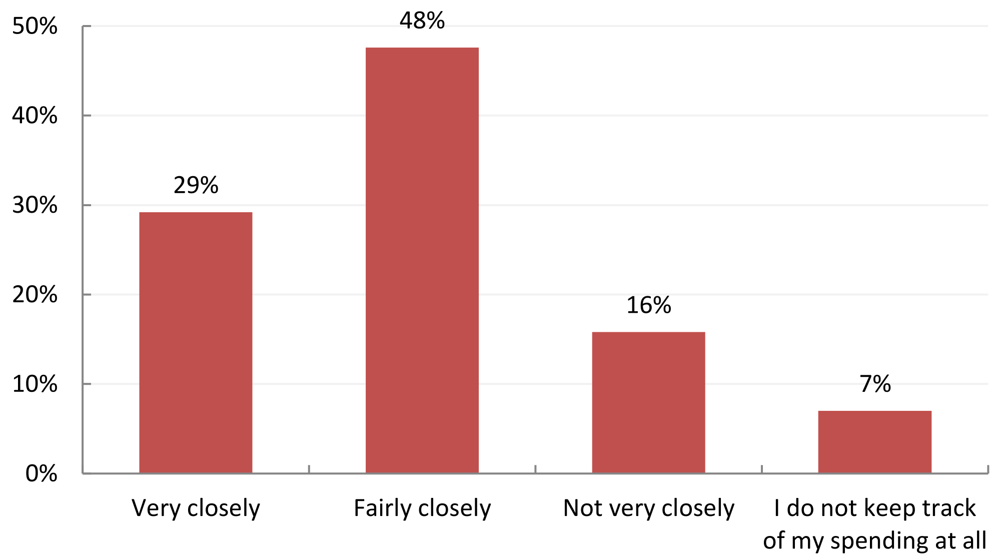
Figure 3 – How confident are you about your financial situation in the long-term? (Weighted percentage)



Financial capability: short-term financial planning

Respondents scored an average of 6.7 for their short-term financial planning, suggesting that most consumers manage their finances relatively well most of the time. As displayed in Figure 4 below, the survey results show that nearly a third (29 per cent) keep track of their day to day spending ‘very closely’, while a minority (7 per cent) do not keep track of their spending at all. Indeed, when asked how accurately they know how much money they currently have available to spend, 39 per cent said that they know ‘exactly or to within the nearest pound or two’ and a further 39 per cent said that they have a fair idea of how much they have. Four per cent, however, said they have ‘no idea at all’. Similarly, when asked if they plan how they will spend their income when they receive it, 28 per cent of respondents reported that they plan ‘very closely’, while 12 per cent said that they ‘do not plan at all’.

Figure 4 – How closely do you keep track of the amount you spend day-to-day? (Weighted percentage)



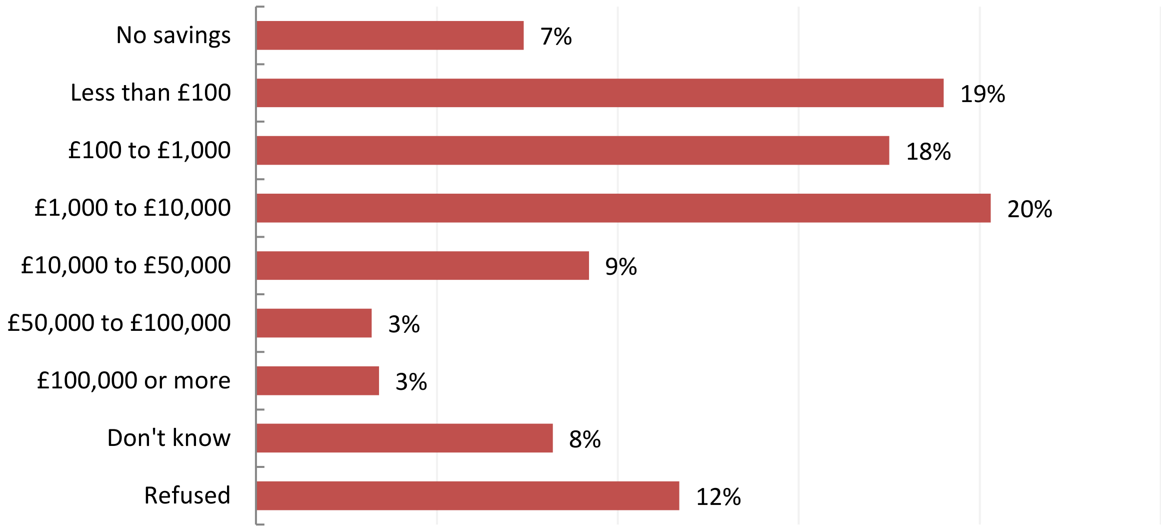
Financial capability: longer-term financial planning

An average score of 6.2 suggests that people are slightly less financially well when comparing their long-term planning with their planning in the short-term. Indeed, 1 in 5 respondents to the survey (20 per cent) reported that they do not have adequate provisions for their retirement, and this rises to 26 per cent when excluding those who have already retired. Nevertheless, nearly a third of all respondents said that the statements ‘I always make sure that I have money saved for a rainy day’ and ‘I am very organised when it comes to managing my money day to day’ described them completely (29 and 30 per cent respectively). Almost two-thirds (61 per cent) would find it very or fairly easy to meet the cost of an unexpected major expense should they need to.

Savings, assets and security

The average score of 3.9 out of 10 on this domain suggests that the UK population as a whole fares less well in this area. The survey results show that half of all respondents (50 per cent) do not have any savings or investment products and do not save money informally either. As such, 30 per cent have savings of less than £100 (as shown below in Figure 5) and 40 per cent do not have any assets to draw upon, such as pensions, second properties, or money held in trust or other tangible assets. In addition, over a quarter of respondents (27 per cent) were found to have no insurance products to provide them with added security.

Figure 5 – Approximately how much do you think you have saved in total? (Weighted percentage)



Steering clear of financial difficulty and debt

An average Index score of 9.0 suggests that a relatively small minority are in significant financial difficulty because of credit or debt problems. Over a quarter (27 per cent) say that they do not have any loans or credit commitments and, among those who do, the vast majority (75 per cent) report that they are always able to meet the minimum repayments. When looking at household bills, over one-in-ten (12 per cent) report that they have been unable to pay one or more of their bills at final reminder in the last 12 months due to a lack of money. The use of alternative credit (including high cost credit, informal loans, social fund and credit union loans) is limited to a small proportion of the population: just nine per cent have used any of these in the past 12 months, with only one per cent using payday loans.

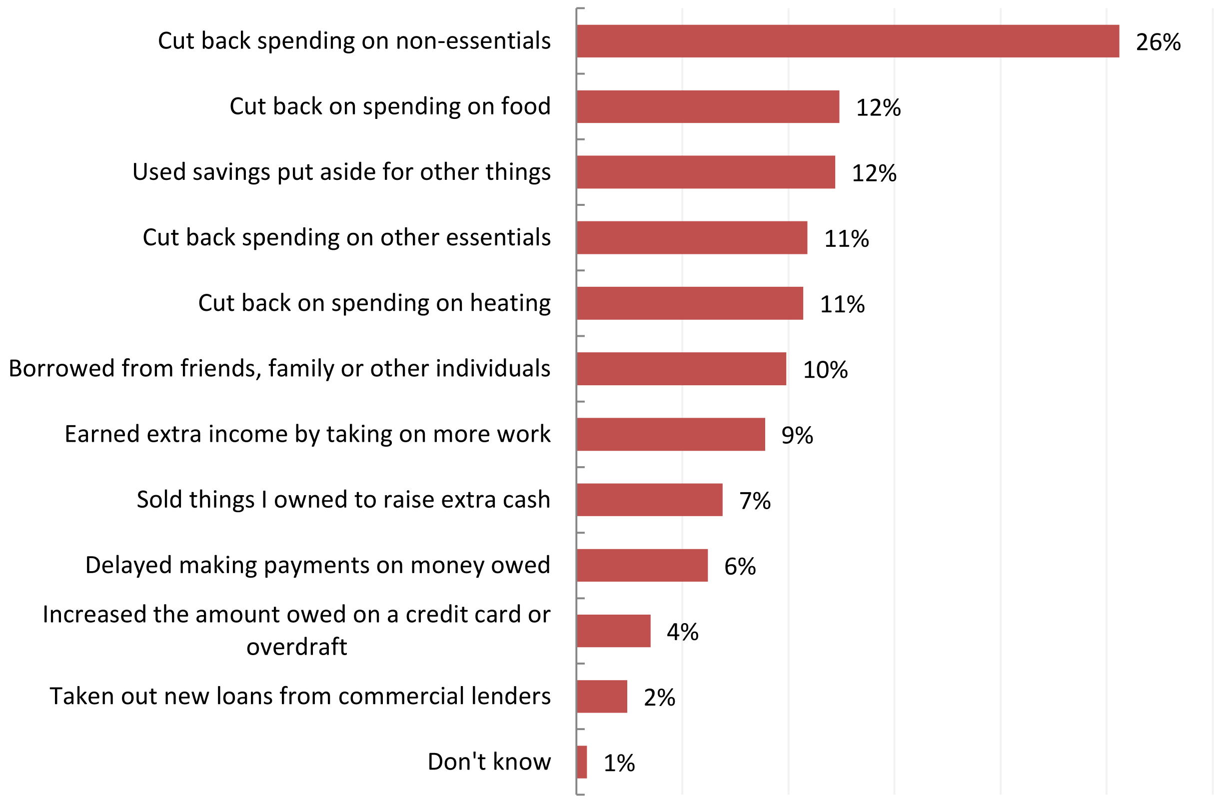
Financial inclusion

The average score for the financial inclusion domain is 5.9, which suggests that consumers are reasonably able to access most banking, savings and insurance products. In terms of banking inclusion, 4 in 5 consumers (81 per cent) hold a current account and most of the remainder (17 per cent) have access to a basic bank account. Around half (48 per cent), however, do not have access to savings or investments products and a quarter (27 per cent) do not have any insurance products.

Avoiding deprivation and hardship

An average score of 7.5 in this domain suggests that severe deprivation and hardship is not commonplace. However, when looking at household bills, over one-in-ten (11 per cent) report that they have been unable to pay one or more of their bills at final reminder in the last 12 months due to a lack of money. It also seems that quite high numbers are sacrificing certain 'luxuries' in order to cope. Because of a lack of money, survey respondents had had to go without: a week's annual holiday (19 per cent); going out or socialising with friends or family at least once a month (16 per cent); replacing a major electrical appliance (12 per cent); or a hobby or leisure activity (11 per cent). Indeed, in the last 12 months over half (51 per cent) have taken some form of action to make ends meet. As shown in Figure 6 on the next page, more than 1 in 10 had cut back spending on food (12 per cent), heating (11 per cent) or other essentials (11 per cent), while over a quarter (26 per cent) had cut back on other non-essentials. To make ends meet, considerable numbers had used savings put aside for other things (12 per cent), borrowed from friends or family (10 per cent), earned extra income by working more (9 per cent), sold possessions (7 per cent), delayed making payments on money owed (6 per cent), increased the amount owed on credit card or overdraft (4 per cent), or taken out new loans (2 per cent). In terms of material deprivation, the majority (66 per cent) have not experienced problems in their home, such as draughts, condensation and damp or mould, in the last 12 months.

Figure 6 – In the last 12 months which, if any, of the following have you done in order to make ends meet or keep within budget? (Weighted percentage)



Having now introduced the Overall Index, the construction of the Macro Index, and looked in detail at the survey data underpinning the Micro Index, the following two sections look in detail at how the Index varies across life-stage, demographic and socio-economic groups, and ascertains the characteristics of the least and most financially well.

4 Interpreting the Index

The following section looks at the overall Index scores, and the seven domains constituting the Micro Index, in relation to demographic and socio-economic data. All of the following results are weighted to be nationally representative, though are produced independently of the other variables (i.e. without controlling for them, as we do in the later regression analyses).[2] We also introduce the four Momentum categories of Financial Wellness, originally introduced in the South African Index, and use these groupings to further segment the UK data.

4.1 Life-stage, demographic and economic influences on Financial Wellness

All of the variables in Appendix Table 1**,** with the exception of gender, are statistically significant indicators of Financial Wellness. While there is no significant difference between men and women, all of the other indicators in the table show substantive and significant variation:

- **Age** – there is a direct and significant relationship between increasing age and improved Financial Wellness. While those aged 16-24 in the Index average 61 Index points, those of early retirement age (65-74) average 75 points. The difference is particularly pronounced when looking at the 'financial capability: long-term planning' domain, with 16-24s averaging 5 points, while those aged 75 and above average 8 Index points. The same age groups also show a similar disparity in the 'deprivation and hardship domain' (7 and 9.1 Index points respectively).
- **Marital Status** – Married people report considerably higher Financial Wellness than those who are single (71 Index points compared to 62). This is particularly pronounced when looking at the 'savings, assets and security' domain, with married people averaging double the Index points of those who are single (4.8 compared to 2.4 Index points).
- **Work status** – Correlating with the above findings on age, those who are retired report the highest levels of Financial Wellness (74 points) compared to the predominantly young people in full-time education (61 points). Unemployed people average only 54 Index points, while those in any type of employment are close to the overall Index average of 67 points. Perhaps unsurprisingly, the unemployed fare especially badly when it comes to the 'credit, debt and financial difficulty' domain,

[2] While these descriptive statistics are indicative, they do not allow for the simultaneous influence and interaction of other variables. These are taken account of and controlled for in the regressions in the next section.

scoring just 7.5 Index points on average compared to 9.7 amongst those in retirement, and compared to an overall domain average of 9.

- **Region** – As shown in Figure 7 below, Northern Ireland is the least financially well region (61 Index points), while those in the South East (but not London) report the highest levels of Financial Wellness (73 Index points). Wales (72 Index points) also performs well above the national average of 67 Index points, while Scotland reports below-average Financial Wellness (63 Index points). Unlike the rest of the South East, London exhibits below average levels of Financial Wellness (64 Index points).

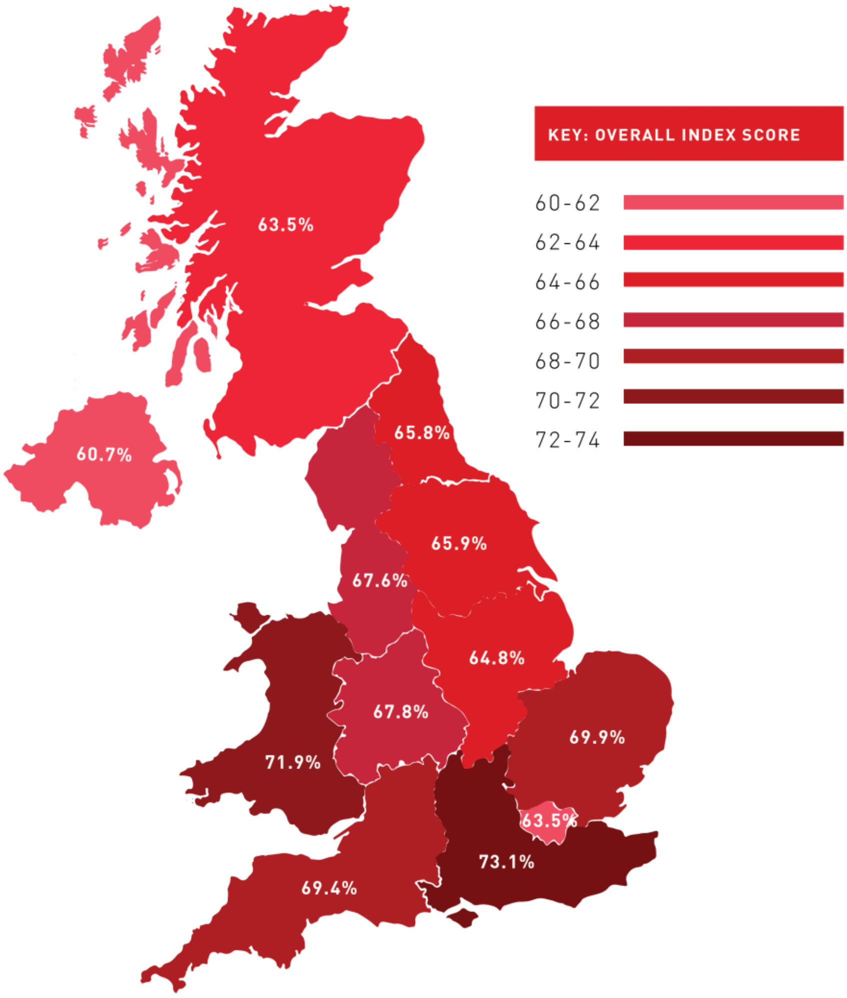
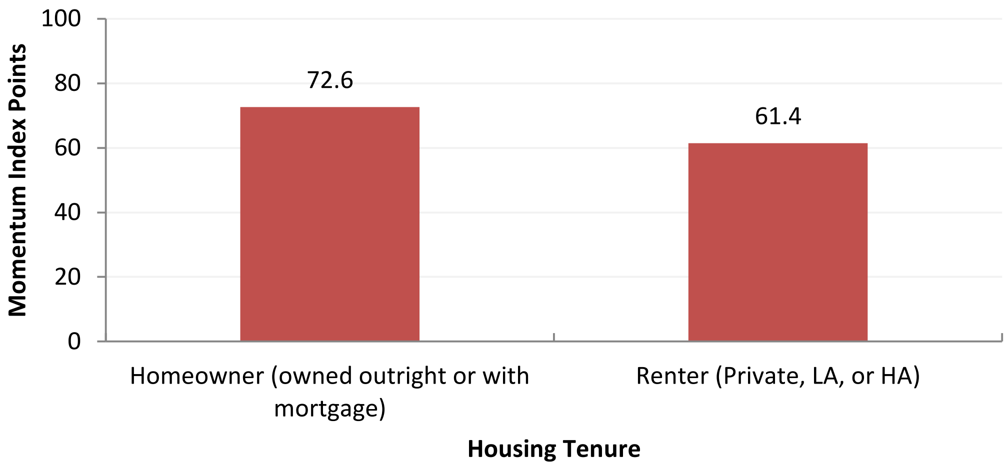


Figure 7: Financial Wellness mapped by region

Note: This map represents the raw, albeit weighted, average Index scores, presented by region. While it is accurate to say that those with the lowest average score live in Northern Ireland, it is not correct to assume that living in Northern Ireland is a cause of lower Financial Wellness. This could be due to other intervening factors, such as income, housing tenure, etc.

- **Number of people in household** – households with two people average 71 Index points, in stark contrast to those households with five or more inhabitants, which have an average Index score of 61. This difference is extremely noticeable when looking at the 'financial inclusion' domain. Larger households (5+) average just 4.5 Index points, while those living in households of two people average 6.6 points (both compared to a domain average of 5.9 Index points).
- **Social class** – There is a strong, continuous and significant relationship between social class and Financial Wellness. While those in social class E (non-working/casual or lowest grade workers) average 59 Index points, those in social class A (higher managerial/professional roles) average 77 Index points.
- **Children in household** – Those households with children average almost five Index points less than those households without children (64 compared to 69).
- **Income –** Income is, unsurprisingly, an important predictor of Financial Wellness. While those with a household income of below £7,499 average 60 Index points, those with household incomes in excess of £50,000 average 78 Index points. This difference is particularly pronounced in relation to 'financial inclusion', with those in the lowest income category averaging 4.1 points in that domain, compared to 8.9 Index points in households with a household income exceeding £50,000.
- **Ethnicity –** there is a major effect for ethnicity, with those from a non-white background averaging 62 Index points compared to those reporting their ethnicity as white averaging 68 points.
- **Housing tenure** - is another important factor in Financial Wellness. While there is little difference between the different categories of renters (Local Authority, Housing Association, and private rented); there is a huge difference between homeowners and non-homeowners, as shown in Figure 8 below. Those with a mortgage average 71 Index points, and those who own outright average 74, compared to 62, 62 and 60 points among private renters, Housing Association tenants, and Local Authority renters respectively.

Figure 8 – average Index scores for homeowners compared with renters



- **Education –** There is a clear and continuous relationship between higher levels of education and increasing Financial Wellness. While those reporting lower education (no formal qualifications) average 64 Index points, those with higher education (degree and beyond) average 72 points. This is particularly evident when looking at the 'savings, assets and security' domain, with those with low levels of education averaging 2.4 points, compared to 5.4 points among those with a degree or postgraduate qualification.
- **Broadband internet in the home –** Those who report having access to broadband internet in their home average 68 Index points, compared to an average of 64 points in homes with no internet access.

To provide an illustrative summary, a person reporting high levels of Financial Wellness would hypothetically be:

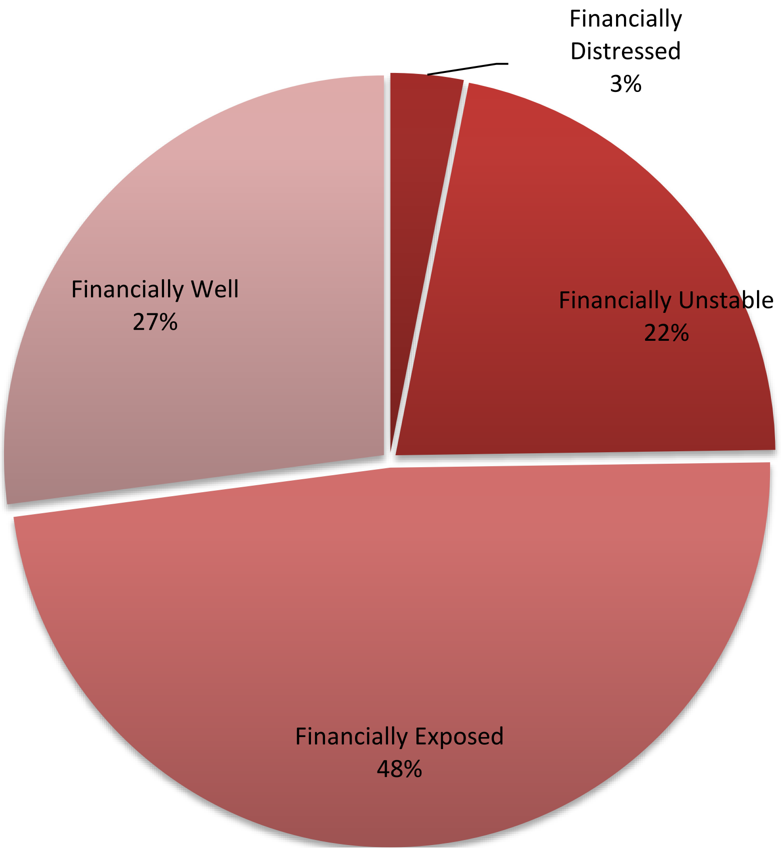
- Retired and aged 65 or above
- Married, living as a couple and with no children in the household
- From a white ethnic background
- Homeowner with broadband access
- Highly-educated, and in social class A
- Living in a high-income household in the South East or Wales

4.2 The Momentum categories of Financial Wellness

While recognising that the UK Index is a completely different entity to the South African Index (methodology, impact of macro-economic indicators, etc.), Momentum UK were interested to facilitate conversation and dialogue about the possible similarities and differences between the two Indices. With this in mind, we have divided the UK Index scores into the four Momentum 'persona', based on the South African Index of 2014. We have constructed these segments by looking at the range across the scores (i.e. the difference between the minimum and maximum scores), and created four groups at equal intervals through the score range. See our methodology report for more details.

The lowest-scoring group are the 'Financially Distressed'; then 'Financially Unstable'; then 'Financially Exposed; and finally the highest scoring group are known as the 'Financially Well'. Figure 9 gives the proportion of individuals who fall into each of these four categories:

Figure 9: Proportion of UK respondents who fall into each of the four Momentum categories of Financial Wellness (weighted percentage)



We now consider the socio-demographic breakdown of each of the four groups. The full breakdown is reported in Appendix Table 2, but the main characteristics of individuals in each of the groups is as follows:

Financially Distressed – scoring 44 or fewer Index points[3]

- Just three per cent of people fall into this category.
- Very few older people are in this group, with 57 per cent aged 44 or below.
- Two-thirds are female (65 per cent).
- Almost half (47 per cent) are single, compared to an overall figure of 28 per cent, and 16 per cent are divorced or separated, compared to just seven per cent of the wider population.
- Three-in-ten (29 per cent; compared to four per cent overall) are unemployed; while more than two-in-ten (22 per cent; compared to four per cent overall) are unable to work.
- One quarter (25 per cent) of people in this group live in Scotland; compared to nine per cent overall.
- There are no people in social classes A or B in this group.
- There are a higher percentage of people with children in this group than overall (40 per cent compared to 30 per cent).
- Around half of the people with valid income data in this group have household incomes below £7,499.
- Only 12 per cent are homeowners compared to 53 per cent overall.
- Over a third (36 per cent) of people in this group have no qualification, compared to just 22 per cent overall.
- Only 68 per cent are connected to broadband, compared to 86 per cent overall.
- A sizeable 40 per cent of this group are in the Experian 'Stretched Finances' segment, compared to just 18 per cent overall (see section 5.2 for further information on the Experian Segmentation).

Financially Unstable – scoring between 45 and 59 Index points

- This category accounts for over one-in-five individuals (22 per cent).
- Nearly half (48 per cent) of this group are under the age of 35, compared to just 31 per cent of the overall population; and while 21 per cent of the overall population is over the age of 65, just 7 per cent of this group is.
- One-in-five (20 per cent) live in London, compared to 13 per cent overall.
- Nearly two-in-five (39 per cent) live in households with four or more people, while this figure is just 26 per cent among the wider population.
- Almost half (49 per cent) are in social classes D or E, compared to 29 per cent overall. None of this group are in social class A (compared to four per cent of the wider population who are).

[3] Please treat the results from this group with caution, dues to the small base of 59 people.

- While just ten per cent of the wider population are of a non-white ethnic background, 16 per cent of this group are.
- One-in-five (22 per cent) fall into the ‘Single Endeavours’ Experian segment, compared to 14 per cent of the overall population, while 30 per cent are in the ‘Stretched Finances’ segment, compared to 18 per cent overall.

Financially Exposed – scoring between 59 and 75 Index Points

- This group accounts for almost half (48 per cent) of individuals.
- Two-thirds (66 per cent) of this group are in work, compared to 58 per cent of the population overall.
- In many other respects (age, gender, marital status, region, household size, income, ethnicity, housing tenure, education and Experian segmentation) this group has very similar characteristics to the wider population. This is perhaps unsurprising though given that the majority of the population falls into this group.

Financially Well – scoring over 75 Index points

- Over a quarter (27 per cent) fall into this category.
- This group is predominantly comprised of older people, with 41 per cent of people aged 65 or over, compared to 21 per cent overall.
- Only 11 per cent of this group are single, compared to 28 per cent overall.
- Replicating the findings from age, 46 per cent of this group are retired.
- A quarter of this group live in the South East, compared to only 14 per cent overall.
- Almost half (47 per cent) of this group live in a household comprised of two members, compared to one third overall (34 per cent).
- The group has a high percentage of people graded as social class A or B (45 per cent compared to an overall average of 23 per cent).
- Four-in-five people in this group do not have children in the house (80 per cent compared to 70 per cent).
- Of those that have valid income data, over a third of this group (37 per cent) have a household income of over £50,000 (compared to 15 per cent overall).
- Only four per cent of this group come from a non-white background, compared to ten per cent overall.
- A huge 85 per cent of this group are homeowners (either outright or mortgaged), compared to 53 per cent overall.
- This group have a higher percentage of people with a degree than any group (42 per cent compared to 27 per cent overall).

- One-in-five of this group are classed in the 'Sunset security' Experian segment, compared to ten per cent overall.

In summary, the socio-demographic characteristics of people in these groups map neatly on to the groupings in the Index's South African equivalent. For example, there is a high percentage of lower-educated, unemployed, low-income single people in the 'Financially Distressed' category. Conversely, there are a high number of higher-educated, higher-income, married people in the 'Financially Well' group.

5 Understanding the Index

In this section linear regression is used to explore the distribution of Financial Wellness across various life-stage, demographic and socio-economic groups, and the characteristics of the least and most financially well. All of the variables used in the preceding chapter are entered into the regression, with the exception of work status, which added no explanatory power to the model.[4] The methods used in this section are described in more detail in the accompanying methodology document.

5.1 Regression of the Momentum Index

Regression analysis examines the extent to which characteristics relate to being financially well, after holding constant the influence of all other characteristics included in the analysis. The constant in a multiple linear regression relates to a (hypothetical) reference (or *base*) group.[5] The full results from the linear regression can be seen in Appendix Table 3. Once again, all analysis is weighted to be nationally representative.

- **Age** – after controlling for all other variables in the model, the regression once again shows a strong and significant relationship between age and Financial Wellness. On average, each year of increased age equates to 0.1 Index points. Therefore, on average a 60 year old would be expected to have three more Index points than a 30 year old, after controlling for other characteristics.
- **Gender** – After controlling for other variables, unlike in the previous chapter, gender is a significant predictor of Financial Wellness in the regression, with men scoring on average 1.1 Index points more than women.
- **Region** - The regional effect is muted somewhat in the regression analysis. There is not much difference between most of the regions. However, the West Midlands (+2.3 Index points); Eastern England (+2.9 Index points); and the South East (but not London; 3.2 Index points) perform significantly better than the other regions.
- **Number of people in household** – Households comprised of two members score on average 3.2 more Index points than those in households of 5+ members. Single households also fare well (+2.8 points), after controlling for other factors.

[4] Whether or not children were present in the household was entered into the regression, but is not a significant predictor of Financial Wellness, after controlling for other factors.
[5] The hypothetical base is a non-white single female in social class E living in social housing in the North East with no qualifications and no broadband access, living in a household with five or more people, with no children, in a household with income below £7,499.

- **Social class** – Once again, social class is a hugely powerful predictor of Financial Wellness. Those in social class A score on average 7.3 more Index points than those in social class E, with all other factors being equal.
- **Income** – Those households at the higher end of the income spectrum are likely to report higher levels of Financial Wellness than those at the lower end. Households with an annual income in excess of £50,000 score 6.6 more Index points than those with a household income below £7,499.
- **Ethnicity** – after controlling for all other factors, ethnicity is still a key predictor of Financial Wellness. People from a white ethnic background score three points more on the Index than those from a non-white ethnic background.
- **Housing tenure** – the homeowner vs. non-homeowner divide is once again clearly evident in the regression. Outright homeowners score 5.6 more points on the Index, and mortgagors 4.6 more, compared to those living in social housing. Interestingly, once again there is no significant difference in score between private renters and those in social housing.
- **Education** – After controlling for other factors, people in receipt of degree-level or above education score 3.7 more Index points than those with no formal qualifications.
- **Broadband internet in the home** – Having access to broadband internet in the home is a moderate predictor of Financial Wellness. After controlling for all other factors, those with broadband score on average 1.7 more Index points.

The regression follows the main stories from section four, but contextualises the results by simultaneously controlling for the other factors in the analysis. Age, income, housing tenure, social class and education are the key indicators of Financial Wellness.

5.2 Experian Segmentation

Experian refer to their Financial Strategy Statements as 'behavioural classifications for financial service providers designed to help organisations optimise their relationships with consumers'. They state that the classification is unique in distinguishing the financial behaviour of all adults and households in the UK. They are now in their fourth iteration, having refined the classification over the past few years. Noting Momentum's interest in linking these segments to the Index, we have included them in both our tabular and regression analysis. Box 3 outlines the 14 segments.

Box 3 – The Experian Financial Strategy Statements Segmentation

- **Stretched Finances (base category in the regression)** – households in their middle years who are striving to manage their day-to-day finances on very limited incomes.
- **Bright Futures** – young professionals in their 20s and early 30s who are building their careers while maintaining busy social lives. *
- **Single Endeavours** – young renters in their 20s and early 30s who are striving to establish themselves in the workplace and stabilise their finances.
- **Young Essentials** – people in their 20s who, remaining on low wages, have yet to find a sense of financial stability.
- **Growing Rewards** – high income families in their 30s and early 40s who are mostly in a strong financial position, but face relatively high mortgage commitments and family expenses. *
- **Family Interest** – growing families with mid-range incomes that depend on both parents working to cover the expense of raising a family. *
- **Accumulated Wealth** – affluent home-owning families who are enjoying the benefits of high income and the security of accrued assets.
- **Consolidating Assets** – families in their 40s and early 50s who have made a good foundation to their investments and enjoy a fairly comfortable lifestyle. *
- **Balancing Budgets** – families in their middle years with average incomes who are generally managing to balance their expenses against their resources.
- **Established Reserves** – people in their late 50s and early 60s who are enjoying their pre-retirement years, earning good salaries while reducing financial commitments. *
- **Seasoned Economy** – singles and couples in their late 50s and early 60s who have spent many years developing ways of making their money go further.
- **Platinum Pensions** – retired couples whose incomes reflect successful careers and careful saving, which has put them in an excellent financial position for their later years. *
- **Sunset Security** – older people in retirement who have the security of home ownership and modest pension incomes *
- **Traditional Thrift** – ageing people with low pension incomes and a reliance on state provision who have long experience of making ends meet. *

Note: Starred categories indicate the segments that were statistically significant in the regression, after controlling for all other variables.

Looking at the tabular analysis of the Experian segments (Appendix Table 4), those individuals in households classed as ‘Single Endeavours’, ‘Young Essentials’ and ‘Stretched Finances’ have an average Index score significantly below the overall average of 66 on the Momentum Index of Financial Wellness (61, 60 and 60 Index points respectively). Conversely, those in households classed as ‘Growing Rewards’, ‘Accumulated Wealth’[6],

[6] The results for those in the ‘Accumulated Wealth’ segment should be treated with caution in both the tabular and regression analysis, due to there being only 16 individuals in the survey who fell into this category.

‘Platinum Pensions’ and ‘Established Reserves’ have average scores significantly above the overall average (75, 75, 74 and 74 points respectively).

The regression results in Appendix Table 4 show how the individuals in each of the segments perform on the Index, after controlling for all other variables. Those in the ‘Established reserves’ category score more than five points higher than those in the reference category (‘Stretched Finances’), even after taking account of the other variables in the model. This replicates findings from elsewhere in the report, as these are people nearing retirement, have good incomes and have relatively few financial commitments. Similarly, those in the ‘Sunset Security’ and ‘Platinum Pensions’ segments fare significantly better than ‘Stretched Finances’ on the Index, due to them being mainly retired homeowners with at least a sufficient income (and much more in the case of ‘Platinum Pensions’), replicating previous findings on housing tenure, age and work status.

The ‘Growing Rewards’ segment also perform well on the Index (+4.1 points). Again, we see validation of previous results, with them being in households of high-income families in their 30s and 40s in strong financial positions.

Looking at the descriptions in Box 3 above, they match logically onto the results, with there being no statistically significant differences between ‘Stretched Families’; ‘Single Endeavours’; ‘Young Essentials’; ‘Balancing Budgets’; and ‘Seasoned Economy’. These are the segments that do not perform so well on the Index, often being young renters on low incomes.

Clearly, these segments are composed of other variables in the model (e.g. income, housing tenure, age, etc). Accordingly, the category as a whole adds little explanatory power to the overall model, because these variables have already been controlled for. However, they provide a useful insight into the types of people performing well on the Index, as well as providing an invaluable validation of previous results detailed elsewhere in this report.

6 Contextualising the Index

To supplement the quantitative survey analysis and add context to the Index, we conducted 14 qualitative in-depth interviews in six different locations around the United Kingdom. We interviewed a range of people, selected to represent the findings coming out of the Overall Index and based on the key socio-demographic characteristics of: age; housing tenure; gender; marital status; income and ethnicity, as well as region. The interviews covered similar topics to that of the Micro Index survey, asking about people's general financial situation and day-to-day money management. We also asked about their understanding of the term Financial Wellness and, at both the start and end of the interview, asked where they would place themselves on a Financial Wellness Index out of 100.

This section introduces the findings from these interviews, looking at five case studies.

6.1 The case studies

Case study 1: Mr C

"I don't want it to get any worse, but I can live with my current financial situation."

Mr C is a 69-year-old, retired man living with his wife in a Housing Association bungalow in the Midlands. He defines Financial Wellness as *"being able to pay the bills and have a bit left for nice things".* Their monthly income of £860 - £1,200 is reliant on disability living allowance for his wife, who has Parkinson's disease, and his own state pension and pension credit. They have around £10,000 in savings in the bank and no other assets.

During his working life he had various businesses, including one where he bought and sold on debts and leases. Because he has seen first-hand what debt does to people, he has consciously never been in debt or borrowed money. He always dealt in cash and has never invested the money in banks or building societies. When he was working, money was never a problem and they always had enough cash to do or have what they wanted, and were able to fund their hobbies and holidays. A number of years ago they sold up everything in the UK and moved to Spain to work and build a house; however, due to his wife's illness, they were forced to come back to the UK and sell their Spanish home.

Their current financial situation is not what they anticipated for their retirement. Five years ago they got burgled and lost a 'lot of cash'. All cash from the proceeds of the Spanish house sale was hidden in their loft and was stolen. This cash was supposed to be their retirement nest egg. This significantly changed the picture for their planned retirement lifestyle. He now wishes he had made more adequate provision for retirement with some of the cash he had when he was working – he didn't invest in a private pension.

So now, they live day to day and make sure that their outgoings do not exceed what is coming in each month from the pension and disability living allowance. He doesn't think they go without, but they do have to be very careful about what they spend. They budget monthly and all income is accounted for. They don't have spare cash for holidays and go out with their friends once a month. If there was a large purchase to be made e.g. car repairs or replacement appliances or if their situation changed unexpectedly, they would have to dip into their limited savings:

"If things changed unexpectedly like if the housing association put the rent up and the council wouldn't pay, then I'd be in trouble as I don't have any funds to make up a shortfall".

Mr C gives himself 75 out of 100 for Financial Wellness, saying *"I can live with my current financial situation"* but *"I don't want it to get any worse".*

Case study 2: Ms F

"I would just be average, you know, I'm not struggling… but I could do with having more money at the end of the month."

Ms. F is a 30-year-old single mother with two young children in Northern Ireland. She currently works part time as a care worker, based in one care home, having switched from delivering community-based care a year earlier. This was as a result of the terms of her contract changing, meaning she would no longer be able to claim back her travel costs. She feels that Financial Wellness means *"you're in a good place with money or, maybe, you manage money okay… just budgeting your money and making sure you have enough for bills…and you're putting a little bit aside for like a rainy day"*. Overall, she is currently happy with her financial situation, and initially rated herself as a 70 on a Financial Wellness Index.

This perceived Financial Wellness stems largely from her ability to manage and budget well on a relatively small income – she earns approximately £600 per month at her job, and receives a further £1,000 a month from tax credits and child benefit. She uses one current account for bills to ensure they are paid, and then manages her day-to-day money from a different account. She saves with a credit union, budgets for Christmas through the Park scheme, and has access to an overdraft for unexpected expenses.

However, she is also aware that her circumstances are, in some respects, quite precarious; last year, when she changed jobs, her salary changed from being paid weekly to being paid monthly, which resulted in her struggling financially until she got herself back on an even keel. While she is confident that she would manage some unexpected expenses, she is also aware that more than one event can happen at a time: "*last year my washing machine broke down and then the fridge went…, it's scary when things like that happen*". Previously, she has needed to use store cards and catalogues to replace essential items when she would have preferred to buy outright, and she has a loan for her car, which is essential to her, that she feels may have overstretched her. She has also needed to cut back on classes for her daughter for a while, although now they are managing better, she has restarted them.

In fact, on reflection she feels she was over-optimistic about her Financial Wellness initially and revises it down to 50, as she feels her circumstances are just average: "*when you go into it and start thinking about things, I would just be average, you know, I'm not struggling… but it doesn't leave a huge lot at the end of the month, you know, I could do with having more money at the end of the month".* She is more optimistic for the future, as she has the support of her parents, and is intending to retrain as a nurse, which she hopes will give her a secure financial future.

Case study 3: Mr H

"I'm not a millionaire but I don't worry about money."

Mr H is 70 years old, twice divorced and lives on his own in the South West. He feels financially secure in his retirement and gives himself a score of 80 out of 100 on a Financial Wellness Index. He believes that Financial Wellness is when *"you don't have to worry about money or bills and can do what you like"*.

During his working life he had a good job with a six-figure salary, and now has a comfortable retirement with a total monthly income of £2150 - £4299. This income comes from three pensions and income from a holiday let. Mr H considers that he made adequate provision for his retirement, through work pensions and savings and shopped around to get himself the best annuity deal. He also has savings and shares totalling c£70k. He still has a small interest-only mortgage on his home that costs him about £35 pcm. He could pay it off but won't, as he doesn't want to use his savings and the monthly outlay is negligible.

Mr H feels that he has a good standard of living and has had to make no changes to his lifestyle since he retired. He is able to employ a house-keeper and gardener and have someone manage his holiday let. He has no worries about money and doesn't think about what he spends (although he says he doesn't spend unnecessarily):

"I can buy what I need or want…I have the cash to do so. I'll just move savings around if needed so that everything balances."

He has no need to borrow money nor does he have a fixed monthly budget and feels fortunate. He has had this attitude for many years, not just since his retirement. His monthly income more than covers his outgoings and he is saving by default. If he wants or needs something, he will spend the money. He knows how much money he has and will move funds around if necessary. He rarely looks at insurance renewal amounts and tends to stick with the current provider for ease (direct debits are set up). He knows he might get a better deal if he shopped around but has only done this once, in relation to utility bills.

Case study 4: Mrs J

“Some people dream of going on holiday so I can't complain, yes it's been hard but I can't, I honestly can't complain.”

Mrs J is in her early thirties and lives in Wales with her husband and two children. She understands Financial Wellness to mean *“having a steady income for the family and just being able to get by and to not run out of money”* and on this basis, initially rated her current position as 30.

She has worked as a self-employed beauty consultant for around a year and her husband works full time as a delivery driver, although has been off work since an accident last August. The last few years have been financially tough for the family, as a result of a drop in both her and her husband’s income. Her husband earned around £26,000 last year, but expects it will be lower this year as he is not earning overtime and had his wages reduced by 5%. She estimates that he is bringing home up to £500 per month less than he was before he was injured. Her earnings as a consultant have also dropped: “*last year I took home £1,400 with a bonus one month, I was taking around 4 to 6 [hundred] on a good month but the last couple of months have been quiet, it's been 3 [hundred]”.*

They have still not recovered financially from when she was made redundant and subsequently out of work for a year. To bridge the gap between their income and their outgoings, they have been relying on credit and are still in the process of paying this back. They owe approximately £17,000 between them, and the repayments mean they are still struggling to manage even though Mrs J is earning again. They have cut back on entertainment and clothes, and some weeks are unable to heat their house at all, and only use the gas to heat the water: *“I'd love to be able to put £50 gas on there every time we get paid, but we just put £20 and then sometimes we go into the emergency and it runs out”*. However, a recent PPI refund has allowed them to book a holiday for this year.

Mrs J regrets getting into debt, however, is aware that they were often borrowing for necessities. She feels the key to Financial Wellness is financial education, and is very regretful of debts both she and her husband separately accrued when they were younger, before she started a family. “*I was very reckless with money when I was a teenager…, I wasn't told about finances, about credit cards, how to be wary of them, about the importance of getting on the housing ladder”*. While the debt has been cleared, she sees that money as having been ‘wasted’ and in retrospect wishes the money had been saved for a deposit for a house.

Despite all this, Mrs J is relatively positive about their short term financial future; she is intending to look for better paid work, and they receive financial support from their parents in the form of loans they can pay back in their own time. She is also hoping that, in the much longer term, they will receive some inheritance form her husband’s side of the family. Having reflected on her finances, she in fact rescores the households as *“in retrospect over 50... I think we're doing pretty well considering, and I think it's only going to get better when Mr J is back in work.”*

Case study 5: Mr N

"Back then I just didn't care – I wasn't bothered in the slightest about paying it back. I wasn't bothered about bailiffs. I wasn't bothered about anything. I didn't care."

Mr N is a single male in his mid-twenties, living in Yorkshire and Humberside. He lives alone in a Housing Association rented property, where he has lived for nearly five years. He works full-time in a distribution centre, earning close to the minimum wage. He sees Financial Wellness as *"stability of knowing where you're at … knowing how much you've got; how much you can afford to spend*". Based on this definition, he gave himself an initial score of *"minus 20"*.

Although he is working he struggles to meet all of his day-to-day needs. In the past he has had a very poor attitude towards money and feels that his Financial Wellness is very poor because of the number of debts he has accrued over several years. His past debts include a bank loan, a loan from a finance company, payday loans, pawnbroker loan, credit card and overdraft. He suffers from attention deficit hyperactivity disorder (ADHD), which means his *"behaviour can be very impulsive"*, so he will often buy things he likes even if he can't afford them. His financial circumstances are better than they used to be, but are still not great.

He admits that he wastes money on smoking. He doesn't have a car and walks everywhere. He can't often afford to go out socially for a drink unless his mum has given him a bit more money, or if his friends offer to buy him drinks. His mum will also help him out if there is an emergency in the house and something breaks (e.g. the washing machine). He uses a savings account as his main bank account as it means that he can't go overdrawn. It also means that he doesn't have a debit card and so has to go into the bank to withdraw cash and means that he can't make impulse purchases as easily. His wages get paid into this account.

He doesn't have home contents insurance as he might never claim on it and the money he would pay each month for the cover could be used for other things such as food. He hasn't made any retirement provisions other than the National Insurance he has paid. In principle he thinks saving for retirement is a good idea, but is concerned that with inflation you won't get much out of a pension even if you pay into one and has heard about pension schemes going bust where people are left with no money. After reflecting on his finances, he rescores his Financial Wellness but only to 20 out of 100, largely because of the debts he still has to pay off.

6.2 Summary of the case studies

The definitions of Financial Wellness given in these case studies were generally similar. With the exception of Mr H perhaps, Financial Wellness to most could be defined as being able to get by from day-to-day without falling into financial difficulty, while being able to putting a bit away for the future, building some longer-term security.

The interviews demonstrate how Financial Wellness can be affected by a great number of things. Unexpected events, however, seem to have an enormous bearing on individuals and families' future Financial Wellness. While people may be getting by at the moment, some individuals noted that they had inadequate provisions or contingencies to deal with unanticipated life events or sudden drops in income, e.g. illness or redundancy. Mrs J, whose husband could not work as much due to an accident and who herself was made redundant, and Mr C, whose life savings were stolen, both exemplify this, despite facing very different circumstances. Without adequate savings or security, people are often forced to turn to credit or else face a lower standard of living.

Individuals' past financial behaviour is also an important driver of their Financial Wellness. For example, though Mr H benefitted from a good salary in his working life, he also made sound decisions in relation to his future financial security, building up a pension and savings, and shopping around to get the best annuity deal. This has left him in a financially well situation. Mrs J and Mr N meanwhile both blame past 'reckless' and 'impulsive' behaviour for many of their current financial problems. Financial education is therefore seen as crucial by Mrs J in order to prevent people from making mistakes that they may live to regret. The example of Mr N perhaps also highlights the need for specific schemes to improve the Financial Wellness of vulnerable consumers, such as those with disorders like ADHD or mental health problems. Clearly, Financial Wellness is not something that just 'happens'; it fluctuates throughout the life-course.

7 Summary

This report presents the results of the first wave of the Momentum UK Index of Financial Wellness, which provides a new and holistic means of measuring the Financial Wellness of individuals and households across the UK.

The average Index Score for 2015 across the UK population is 67 out of a possible 100. These results suggest that the UK as a whole is relatively financially well, though there is still room for considerable improvement.

Our survey results in particular show that though most are satisfied with their income and are relatively confident in their financial situation, many are still struggling to get by. The fact that one in two people have been forced to take some form of action – whether cutting back on everyday goods and services, taking on further borrowing or trying to find extra income – is quite shocking; though perhaps not surprising given the legacy of the financial crisis, and the associated 'age of austerity'. It seems that the vast majority are therefore finding ways of adapting to more uncertain times and getting by day-to-day, but many are really finding it difficult to build up their savings and assets for the future. Indeed, over a quarter of the population have savings of less than £100 and substantial numbers have no other assets or any real long-term security.

It is therefore not surprising that our results show a significant gulf in Financial Wellness between homeowners and renters: those who own their own homes (with or without a mortgage) on average score 11 Index points higher than those who rent, regardless of whether they rent privately or from a social landlord. Even when other variables, such as income and social class, are controlled for, this relationship is still strong.

When controlling for other factors, a gender divide exists, as does a division by ethnic background, with those from non-white backgrounds scoring three points less on the Index, all else being equal. Other key predictors of Financial Wellness in our analysis include income, education and social class. To see the interplay and development of these factors over time as the Momentum UK Index of Financial Wellness is repeated will be fascinating.

Our qualitative research also reveals unique insights into the ways in which the concept of Financial Wellness applies to people across the UK. It shows that Financial Wellness is about much more than just the amount of money someone has in their bank account or how much they earn. Financial Wellness is an all-encompassing concept, affected by all aspects of an individual's and household's life-course. For many, everything is fine until one 'life-event' changes their entire financial situation.

With this new and innovative research, Momentum UK can lead the way in providing a platform for Financial Wellness, helping individuals make the necessary changes to improve their financial attitudes and behaviour.

Appendix 1: Tabulated Results

Appendix Table 1 – Momentum Index scores by demographics

			Micro Index							Macro Index		
		Overall Index Score	Financial confidence and satisfaction	Financial capability: Short-term planning	Financial capability: Long-term planning	Savings, assets and security	Steering clear of financial difficulty and debt	Financial inclusion	Avoiding deprivation and hardship	Unemployment rate	GDP per capita	Income inequality
Variable	*Average score*	*67.4*	*7.0*	*6.7*	*6.2*	*3.9*	*9.0*	*5.9*	*7.5*	*7.3*	*7.3*	*6.7*
Age	16-24	61.4	6.8	6.4	5.0	2.0	8.7	4.2	7.0	7.3	7.3	6.7
	25-34	64.1	6.7	6.8	5.5	2.9	8.8	5.1	7.0	7.3	7.3	6.7
	35-44	64.9	6.6	6.7	5.6	3.8	8.5	5.9	6.6	7.3	7.3	6.7
	45-54	67.0	6.7	6.8	6.0	4.1	8.7	6.2	7.2	7.3	7.3	6.7
	55-64	71.0	6.9	6.9	6.7	5.1	9.4	6.9	7.8	7.3	7.3	6.7
	65-74	74.6	7.7	6.9	7.9	5.3	9.7	7.2	8.6	7.3	7.3	6.7
	75+	73.2	7.8	6.4	8.0	4.4	9.8	6.4	9.1	7.3	7.3	6.7
Gender	Male	67.8	7.0	6.5	6.3	3.9	9.1	5.9	7.7	7.3	7.3	6.7
	Female	67.1	6.9	6.9	6.2	3.8	8.9	6.0	7.3	7.3	7.3	6.7
Marital Status	Married	71.3	7.3	6.8	6.9	4.8	9.3	6.9	8.0	7.3	7.3	6.7
	Living with partner	65.0	6.7	6.8	5.6	3.5	8.6	5.7	6.7	7.3	7.3	6.7
	Single	61.9	6.5	6.4	5.2	2.4	8.6	4.5	7.0	7.3	7.3	6.7
	Widowed	71.0	7.4	7.0	7.5	3.9	9.7	5.9	8.4	7.3	7.3	6.7
	Divorced or separated	68.1	6.5	7.0	6.4	4.4	9.0	6.3	7.2	7.3	7.3	6.7
	Full-time	67.0	7.0	6.7	6.1	3.8	8.9	5.8	7.3	7.3	7.3	6.7

Work Status	Part-time	67.9	6.9	6.8	6.0	4.5	8.9	6.7	6.9	7.3	7.3	6.7
	Self-employed	69.0	7.1	6.6	6.3	4.6	9.0	6.9	7.3	7.3	7.3	6.7
	Full-time education	60.9	6.7	6.2	4.6	1.6	9.2	4.1	7.2	7.3	7.3	6.7
	Retired	74.1	7.7	6.7	7.9	4.9	9.7	6.9	8.8	7.3	7.3	6.7
	Unable to work	57.3	5.2	6.9	4.4	1.9	7.9	4.1	5.7	7.3	7.3	6.7
	Unemployed	54.3	5.1	6.3	3.9	1.2	7.5	3.3	5.7	7.3	7.3	6.7
	Not working other reason	60.4	5.8	7.0	5.0	1.8	8.5	4.2	6.8	7.3	7.3	6.7
Region	Scotland	63.5	6.6	6.7	5.6	2.9	8.7	4.9	6.9	7.3	7.3	6.7
	North East	65.8	6.8	6.5	5.8	3.5	9.0	5.3	7.6	7.3	7.3	6.7
	North West	67.6	7.0	6.8	6.3	3.9	9.0	5.7	7.6	7.3	7.3	6.7
	Yorks & Humber	65.9	7.1	6.6	6.1	3.3	8.7	5.7	7.2	7.3	7.3	6.7
	Northern Ireland	60.7	6.4	7.4	5.0	2.1	8.3	3.6	6.6	7.3	7.3	6.7
	East Midlands	64.8	6.5	7.3	5.7	3.0	9.0	5.1	6.9	7.3	7.3	6.7
	West Midlands	67.8	6.8	7.0	6.2	3.7	9.2	5.8	8.0	7.3	7.3	6.7
	Wales	71.9	7.2	6.6	6.8	5.2	9.5	7.0	8.3	7.3	7.3	6.7
	Eastern	69.9	7.1	6.5	6.5	5.0	9.0	7.0	7.6	7.3	7.3	6.7
	London	63.5	6.6	6.2	6.1	2.6	9.0	4.6	7.0	7.3	7.3	6.7
	South East	73.1	7.7	6.4	7.0	5.6	9.3	7.7	8.0	7.3	7.3	6.7
	South West	69.4	7.0	7.3	6.4	4.2	9.1	6.7	7.5	7.3	7.3	6.7
Number in household	One	67.1	6.9	6.7	6.5	3.6	9.1	5.5	7.6	7.3	7.3	6.7
	Two	70.7	7.3	6.8	6.8	4.5	9.4	6.6	8.0	7.3	7.3	6.7
	Three	66.5	6.8	6.9	5.8	4.0	8.7	6.0	7.1	7.3	7.3	6.7
	Four	65.7	6.8	6.5	5.8	3.5	8.8	5.7	7.2	7.3	7.3	6.7
	Five+	61.4	6.4	6.4	5.2	2.4	8.6	4.5	6.7	7.3	7.3	6.7
Social class	A	77.2	8.4	6.0	7.8	7.0	9.6	8.4	8.6	7.3	7.3	6.7
	B	74.2	7.8	6.9	7.3	5.9	9.3	7.8	7.9	7.3	7.3	6.7
	C1	68.7	7.1	6.9	6.3	4.3	9.0	6.4	7.4	7.3	7.3	6.7
	C2	67.2	7.1	6.6	6.3	3.6	9.0	5.8	7.5	7.3	7.3	6.7
	D	62.1	6.2	6.4	5.4	2.3	8.8	4.4	7.3	7.3	7.3	6.7

	E	59.4	5.7	6.8	5.0	1.5	8.4	3.8	6.9	7.3	7.3	6.7
Children in household	No	68.8	7.1	6.7	6.6	4.1	9.2	6.1	7.8	7.3	7.3	6.7
	Yes	64.2	6.6	6.8	5.5	3.4	8.4	5.5	6.8	7.3	7.3	6.7
Household income	£0-£7,499	59.9	5.8	7.0	5.0	1.9	8.1	4.1	6.7	7.3	7.3	6.7
	£7,500-£13,499	64.1	6.4	6.7	5.8	3.3	8.5	5.4	6.7	7.3	7.3	6.7
	£13,500-£24,999	67.1	6.9	6.8	6.1	4.0	8.8	6.1	7.1	7.3	7.3	6.7
	£25,000-£49,999	73.8	7.7	7.1	7.0	5.7	9.4	7.8	7.9	7.3	7.3	6.7
	£50,000+	77.5	8.2	6.8	7.2	7.4	9.5	8.9	8.1	7.3	7.3	6.7
Ethnicity	White	68.0	7.0	6.7	6.3	4.0	9.0	6.1	7.5	7.3	7.3	6.7
	Non-white	62.5	6.4	6.5	5.7	2.4	8.6	4.4	7.2	7.3	7.3	6.7
Housing tenure	Owned with mortgage	71.3	7.4	6.9	6.5	5.3	9.2	7.4	7.5	7.3	7.3	6.7
	Owned outright	73.9	7.6	6.6	7.6	5.4	9.6	7.3	8.5	7.3	7.3	6.7
	Rented from Local Authority	60.3	6.1	6.8	5.0	1.9	8.3	4.0	6.8	7.3	7.3	6.7
	Private Rented	62.4	6.5	6.5	5.5	2.4	8.7	4.6	6.9	7.3	7.3	6.7
	Housing Association	61.5	6.3	7.1	5.2	2.1	8.6	4.3	6.8	7.3	7.3	6.7
	Other	64.0	6.4	6.8	5.1	3.0	9.0	5.2	7.2	7.3	7.3	6.7
Education Level	Low	63.9	6.5	6.5	6.1	2.4	8.9	4.5	7.8	7.3	7.3	6.7
	Medium	66.5	6.9	6.6	6.0	3.7	8.9	5.8	7.3	7.3	7.3	6.7
	High	72.2	7.5	7.0	6.8	5.4	9.3	7.4	7.5	7.3	7.3	6.7
Broadband in home	Yes	68.0	7.0	6.7	6.3	4.1	9.0	6.2	7.4	7.3	7.3	6.7
	No	63.9	6.5	6.5	6.0	2.4	9.0	4.4	7.8	7.3	7.3	6.7
Experian Segments (financial Strategy Statements)	Bright futures	66.9	7.1	6.9	6.0	3.6	9.5	5.9	6.6	7.3	7.3	6.7
	Single endeavours	62.6	6.6	6.3	5.8	2.4	8.8	4.4	7.1	7.3	7.3	6.7
	Young essentials	61.3	6.5	6.4	5.2	2.3	8.2	4.6	6.7	7.3	7.3	6.7
	Growing rewards	76.2	7.9	7.0	7.3	6.7	9.7	8.5	7.8	7.3	7.3	6.7
	Family interest	72.7	7.9	6.1	6.5	5.4	9.3	7.5	8.7	7.3	7.3	6.7
	Accumulated wealth	76.0	8.4	5.8	7.5	6.8	9.3	8.6	8.2	7.3	7.3	6.7

Consolidating assets	74.7	7.6	6.3	7.1	6.5	9.6	8.5	7.8	7.3	7.3	6.7
Balancing budgets	68.1	7.0	6.6	6.2	4.2	9.0	6.5	7.2	7.3	7.3	6.7
Stretched finances	61.1	6.2	6.9	5.2	2.0	8.4	4.1	7.0	7.3	7.3	6.7
Established reserves	75.3	7.6	7.4	7.2	6.3	9.5	8.3	7.8	7.3	7.3	6.7
Seasoned economy	65.4	6.5	6.8	6.4	3.3	8.7	5.1	7.4	7.3	7.3	6.7
Platinum pensions	75.5	8.0	6.3	7.4	6.2	9.7	7.9	8.7	7.3	7.3	6.7
Sunset security	74.9	7.9	6.9	7.5	5.6	9.7	7.4	8.6	7.3	7.3	6.7
Traditional thrift	66.3	6.7	6.9	6.1	3.6	8.8	5.6	7.4	7.3	7.3	6.7

Base is 1,918.

All analysis is weighted to be representative.

Variables in light grey do not give statistically significant differences in Overall Index Scores at the five per cent level.

Note that due to rounding some figures may not appear to add up correctly.

Appendix Table 2 - Momentum Index Categories, by demographics

		Financially Distressed (%)	Financially Unstable (%)	Financially Exposed (%)	Financially Well (%)	Overall (%)	Unweighted total
Age	16-24	13	26	16	3	14	259
	25-34	22	22	18	9	17	335
	35-44	22	20	17	12	16	295
	45-54	32	16	17	17	17	262
	55-64	8	9	14	19	14	270
	65-74	2	4	10	25	12	271
	75+	1	3	9	16	9	226
Gender	Male	35	52	46	53	49	918
	Female	65	48	54	47	51	1,000
Marital Status	Married	12	31	40	62	43	722
	Living with partner	22	17	17	9	15	262
	Single	47	44	29	11	28	594
	Widowed	4	3	8	9	7	186
	Divorced or separated	16	5	6	9	7	154
Work Status	Full-time	20	42	43	34	39	563
	Part-time	11	11	15	11	13	201
	Self-employed	3	3	8	5	6	83
	Full-time education	3	8	4	1	4	88
	Retired	2	9	20	46	24	553
	Unable to work	22	6	3	1	4	115
	Unemployed	29	9	3	1	4	129
	Not working other reason	9	11	4	2	5	186
Region	Scotland	25	11	8	5	9	161
	North East	5	4	5	3	4	101
	North West	9	12	11	11	11	257

	Yorks & Humber	16	7	9	7	8	108
	Northern Ireland	6	5	3	1	3	43
	East Midlands	4	8	10	3	7	125
	West Midlands	4	11	7	10	9	174
	Wales	4	2	5	7	5	98
	Eastern	9	8	7	14	9	173
	London	7	20	14	6	13	307
	South East	5	7	11	25	14	219
	South West	6	6	10	8	9	152
Number in household	One	29	18	19	20	19	500
	Two	23	21	34	47	34	635
	Three	23	22	22	18	21	325
	Four	13	22	17	12	17	274
	Five+	12	17	9	3	9	184
Social class	A	0	0	2	10	4	41
	B	0	9	15	35	19	206
	C1	9	23	29	29	27	434
	C2	17	19	26	17	22	384
	D	27	22	15	5	14	383
	E	48	27	13	4	15	470
Children in household	No	60	57	70	80	70	1,359
	Yes	40	43	30	20	30	559
Household income	£0-£7,499	25	12	6	3	7	213
	£7,500-£13,499	16	13	10	7	10	238
	£13,500-£24,999	8	17	15	15	15	287
	£25,000-£49,999	2	4	11	18	11	153
	£50,000+	2	1	5	19	8	95
	No data	47	53	53	39	49	932
Ethnicity	White	90	84	89	96	90	1,697

	Non-white	10	16	11	4	10	221
Housing tenure	Owned with mortgage	8	13	27	32	25	350
	Owned outright	4	12	23	53	28	550
	Rented from Local Authority	31	35	16	5	18	402
	Private Rented	30	30	24	7	21	429
	Housing Association	26	8	8	3	7	168
	Other	0	1	1	0	1	19
Education Level	Low	36	31	21	16	22	552
	Medium	57	54	54	43	51	978
	High	7	15	25	42	27	388
Broadband in home	Yes	68	82	86	90	86	1,542
	No	32	18	14	10	14	376
Experian Segments (financial Strategy Statements)	Bright futures	3	2	4	2	3	61
	Single endeavours	17	22	15	6	14	309
	Young essentials	3	7	3	1	3	63
	Growing rewards	0	1	3	9	4	45
	Family interest	0	1	3	3	2	38
	Accumulated wealth	0	0	1	1	1	12
	Consolidating assets	2	1	2	6	3	38
	Balancing budgets	15	15	17	15	16	286
	Stretched finances	40	30	18	5	18	349
	Established reserves	1	2	5	11	6	80
	Seasoned economy	1	8	7	4	6	134
	Platinum pensions	0	1	3	8	4	58
	Sunset security	0	3	9	20	10	156
	Traditional thrift	18	8	9	7	9	178
Unweighted Base		*59*	*415*	*924*	*520*		*1,918*

Base is 1,918.
All analysis is weighted to be representative.

Appendix Table 3 – Regression of Overall Index Scores by demographic variables

Variable	Categories	Momentum Index Points	Significance (P-value)	
Age	Respondent Age	0.1	0.000	***
Gender (base is female)	Male	1.1	0.008	**
Marital status (base is single)	Married	3.5	0.000	***
	Partner	1.4	0.041	*
	Divorced/separated	1.9	0.032	*
	Widowed	4.2	0.000	***
Region (base is North East)	Scotland	0.0	0.970	
	Northern Ireland	-0.8	0.602	
	North West	1.9	0.087	
	Yorkshire and the Humber	1.2	0.293	
	East Midlands	1.8	0.135	
	West Midlands	2.3	0.048	*
	Wales	1.3	0.337	
	Eastern England	2.9	0.011	*
	London	0.3	0.761	
	South East	3.2	0.004	**
	South West	0.2	0.843	
Number in household (base is 5+)	1	2.8	0.009	**
	2	3.2	0.000	***
	3	1.1	0.190	
	4	0.8	0.308	
Social Class (base is E)	A	7.3	0.000	***
	B	7.5	0.000	***
	C1	5.7	0.000	***

	C2	5.2	0.000	***
	D	3.5	0.000	***
Children in household (base is no children)	Have children in the home	-0.5	0.394	
Household income (base is £0-£7,499)	£7,500-£13,499	-0.3	0.764	
	£13,500-£24,999	1.4	0.148	
	£25,000-£49,999	4.7	0.000	***
	£50,000+	6.6	0.000	***
Ethnicity (base is non-white)	White	3.0	0.000	***
Housing tenure (base is social housing)	Own with mortgage	4.6	0.000	***
	Own outright	5.6	0.000	***
	Rent privately	0.6	0.390	
	Housing Association	1.1	0.216	
	Other	2.6	0.226	
Education (base is lower-level)	Medium-level education	1.7	0.002	**
	Higher-level education	3.7	0.000	***
Broadband in the home (base is no)	Have broadband in the home	1.7	0.006	**
Constant		40.1		

Variables marked with asterisks are found to be statistically significant: * p <0.05   ** p <0.01   *** p <0.001
Base is 1,918.
All analysis is weighted to be representative.
Adjusted r-squared is 0.458
The base is a non-white single female in social class E living in social housing in the North East with no qualifications and no broadband access, living in a household with five or more people, with no children, in a household with income below £7,499.

Appendix Table 4 – Regression of Overall Index Scores by demographic variables, with Experian Segmentation included (demographic variables are included in the model but not shown here)

Variable	Categories	Momentum Index Points	Significance (P-value)	
Experian Segments (base is 'Stretched Finances')	Bright futures	3.9	0.003	**
	Single endeavours	0.6	0.450	
	Young essentials	0.9	0.463	
	Growing rewards	4.1	0.001	***
	Family interest	2.8	0.044	*
	Accumulated wealth	2.9	0.198	
	Consolidating assets	3.1	0.025	*
	Balancing budgets	1.4	0.054	
	Established reserves	5.3	0.000	***
	Seasoned economy	0.5	0.588	
	Platinum pensions	3.6	0.004	**
	Sunset security	5.2	0.000	***
	Traditional thrift	1.8	0.034	*
Constant		40.0		

Variables marked with asterisks are found to be statistically significant: * p <0.05 ** p <0.01 *** p <0.001
Base is 1,918.
All analysis is weighted to be representative.
Adjusted r-squared is 0.472
The base is a non-white single female in social class E in the 'Stretched Finances' Experian Segment living in social housing in the North East with no qualifications and no broadband access, living in a household with five or more people, with no children, in a household with income below £7,499.

Appendix 2: Our credentials

About the Personal Finance Research Centre

Established in 1998, the Personal Finance Research Centre (PFRC) is an independent social research centre based in the University of Bristol's School of Geographical Sciences[7]. The centre's diverse programme of personal finance research is underpinned by a number of core themes:

- Financial confidence, capability and wellbeing
- Consumer vulnerability
- Building resilience (including money management, saving and retirement planning)
- Financial exclusion and inclusion
- Credit use and over-indebtedness

PFRC's interdisciplinary research team applies wide-ranging research methods in rigorous and innovative ways, often to address complex or challenging research questions. In addition to undertaking empirical, policy-focused research projects, the research team also provide consultancy services such as technical advice on survey design, or policy advice on issues relating to personal finance and where it intersects with other important social issues.

Our funders commission research for a variety of purposes, but from our perspective there are two key aims we keep in mind when we undertake any new research project: (1) To generate and share new knowledge to enhance our understanding of broad range of social and personal finance-related issues. (2) To tackle emerging and existing problems in order to improve situations and quality of life for individuals.

Through our research, consultancy and advisory work, PFRC acts as a bridge between the academic and research community, the financial services industry, policymakers and other stakeholders.

About the Authors

David Hayes is the project lead, and has been involved at all stages of the project including: project management, conceptualisation, Index formation, analysis and report writing. He currently works as a Research Fellow for the Personal Finance Research Centre (PFRC), in the University of Bristol's School of Geographical Sciences.

[7] PFRC is one of six research groups based in Bristol's School of Geographical Sciences, which is the only geography department in the country to come in the top category in every national Research Assessment Exercise since 1986, as well as the 2014 Research Excellence Framework (REF).

David has more than six years' experience of managing and undertaking social research, specialising in quantitative methodology and analysis. He has extensive knowledge of analysing large-scale survey data, using a range of techniques including multilevel modelling and cluster analysis, and has particular expertise in logistic regression analysis and the design, administration and analysis of quantitative surveys. His current primary fields of research include financial behaviour, financial education, and the financial and wider wellbeing among the older population. David has co-authored a number of reports and papers, including recent projects for the Money Advice Service; Department for Business, Innovation and Skills; Citizens Advice; and the Trades Union Congress. He has acted as a consultant to OECD, and been invited to speak at internationally renowned events to share his expertise.

Jamie Evans has been involved at all stages of the project, inputting particularly into the methodology document and undertaking extensive analysis of the Index. He currently works as a Research Associate for the Personal Finance Research Centre (PFRC), in the University of Bristol's School of Geographical Sciences.

Jamie is a quantitative social researcher with a background in Human Geography. He joined PFRC in 2015 and prior to this worked at the Community Development Foundation. Jamie specialises in dealing with and analysing large datasets, using a range of methods including regression analysis and factor analysis. Jamie is currently working alongside David on various projects, and is a Co-Investigator on an in-depth study looking at the portability of account numbers and current account 'switching'.

Andrea Finney has worked alongside David and Jamie on the conceptualisation, Index formation and analysis. Andrea is currently working as a freelance researcher, and is an Honorary Senior Research Fellow for the Personal Finance Research Centre (PFRC).

Andrea has 15 years' experience of undertaking and managing social research studies in a policy environment and often in sensitive topic areas. She uses both qualitative and quantitative methods and has particular expertise in large-scale evaluations, survey design and the analysis of large, complex datasets. Her recent projects include a study of the financial impacts of cancer, a mixed-methods study of saving behaviour among low and middle income households and a qualitative study of the effects of the economic climate on credit use and financial difficulty. She also played a central role in a major study of the impact of high-cost credit and has undertaken repeat commissions for the Office for National Statistics.