Reasons to be **cheerful...**

How the pandemic could be a catalyst for changing attitudes to saving

like minds

Why now is the right time to engage people with their money

An introduction

We recently asked **1,000 people** in the UK about their experience of Covid-19 and how it's made them feel about their financial security, saving for the future, their employer and the pensions industry.

The results surprised us.

The accepted wisdom has been that Covid-19 has led to financial anxiety, a focus on the here-and-now and a disproportionate impact on the young.

Our research suggests a much more nuanced picture.

Let's dispel some myths.

Myth #1

Everyone’s anxious about money

We don’t want to minimise the real anxiety and fear of those who may have lost or will lose their jobs as a result of Covid-19.

But for many that’s not their experience.

Of the 1,000 people we interviewed, an extraordinary **79%** said that they felt either “fairly or very secure” about their current financial position. Only **4%** said that they felt “very insecure”.

While a third of respondents admitted to feeling less secure and less confident now than they did before the outbreak of Covid-19, two-thirds said that they either felt more secure and confident or just the same.

And who is that’s feeling more confident and secure? Surprisingly, it’s the young (18 to 34 year-olds).

Only 4% said that they felt “very insecure”.

like minds

79%

of younger people say that they have become more aware of the importance of saving during this time

Myth #2

Young people have been the worst affected by the pandemic

The impact on young people's education, job opportunities and financial future is significant and we're only at the beginning of understanding the full implications for this generation.

But from the results of our survey, young people aren't as downcast as this picture would have you believe.

For example, when it comes to attitudes to saving:

- **48%** of 18 to 34 year-olds said that they were focusing a lot on saving and putting money away for the future
- A staggering **90%** of this age group are either focusing "a lot" or "to some extent" on saving
- **79%** of younger people say that they have become more aware of the importance of saving during this time

This is not a group of people that are in despair.

Myth #3

You can't engage young people with their pension

It's often said that you can't engage young people with their pension because it's too remote.

We've always been of the belief that pensions are of interest to younger people but it's a "latent" interest, located at the back of the brain and can take 40 years to get to the front.

Our survey suggests that the pandemic has accelerated that process.

- An extraordinary **55%** of 18 to 34 year-olds in the survey claimed said that they were "constantly thinking about their pension and how much was in it"
- An additional **27%** in this age group think about it "every so often"
- **67%** of this younger group said that they had thought more about their pension since Covid started

We were taken aback by these levels of interest.

like minds

Myth #4

People are only focused on the here and now

Younger people's attitudes may be more hopeful and resilient than we might have expected, but what about other age groups?

Across the board our respondents tell us that the pandemic has made people think more about the importance of saving.

- **25%** of those aged 45 to 54 and **31%** of those aged 55+ say that they're focusing a lot on saving and putting away as much as they can each month
- A further **47%** of those aged 45 to 54 and **39%** of those aged 55+ say that they're focusing somewhat on putting a little away each month
- That's over **70%** of these age groups exhibiting positive savings behaviours during a difficult financial time
- **59%** of 45 to 54 year-olds and **47%** of those who are 55+ report that the crisis has made them more aware of the importance of saving

One caveat here though. These two age groups represent the cohorts who are least confident about their financial future (only **11%** of 45 to 54 year-olds say they feel more confident and **7**% of those aged 55+).

like minds

Myth #5

Covid-19 has had a negative impact on people's mental health

It's undoubtedly true that for some groups, the fear of contracting Covid-19 and the pressures of lockdown and potential job insecurity have caused feelings of anxiety, stress and depression.

But not everyone. In fact for some, the re-focusing of their lives and the re-thinking of priorities as a result of lockdown has had a positive effect.

While more people (**39%**) say that Covid-19 has had a negative impact on their mental health, **31%** report feeling happier.

Again, age matters. **57%** of 18 to 34 year-olds say that the virus and the actions to control it have actually had a positive impact on their happiness and sense of wellbeing. This is reversed for those age 55+ who report a negative impact.

31%
report feeling happier

like minds

Myth #6

People don't trust their employers

Employers have responded with extraordinary speed, flexibility and emotional intelligence to the crisis.

- **70%** of people rate their employers' performance during this time as either good or very good
- Nearly twice as many respondents say that their relationship with their employer has improved since Covid-19 hit (**31%** more positive vs **15%** more negative)
- **28%** of people report that they trust their employer more as a result of how they have handled the pandemic and its impact on the business compared to only **13%** who say they trust their employer less

We've seen some sterling work done by employers to turn their operational model on its head almost overnight. Key to that success has been the strength of the communication infrastructure, an authenticity and transparency in how leaders communicate and middle managers focusing on their team's emotional as well as operational needs.

Myth #7

People don’t trust the pensions industry

Insurance companies and financial institutions don’t perform terribly well in the league tables of trust, maybe outperforming politicians, estate agents and journalists.

But our survey shows that:

- **25%** of respondents say they trust their pension provider more now than before lockdown, compared to **7%** who say they trust their provider less

This is probably not a result of respondents having any more interactions with their pension provider. For example, **50%** of those who are less likely to have had much contact with their provider during this period (the 18 to 34 year-olds) say that their level of trust has increased.

We think this may be because people look for stability in difficult times and pension providers may represent that for our respondents.

like minds

But some things don’t change…

For example, there’s a gender gap in positivity…

- Men are more likely to feel more secure financially now than they did pre-Covid-19 (**27% vs 19%** of women).
- Men are more likely to say their relationship with their employer has become more positive since Covid-19 started (**35% vs 28%** of women).
- Men are more likely to say Covid-19 has had a positive effect on their overall sense of wellbeing and happiness (**35% vs 27%** of women), while women are more likely to say it has had a negative effect (**45% vs 33%** of men).

And life is still easier for those at the top…

- C-level executives and owners are the most likely to feel more secure financially now than they did pre-Covid-19 (**58%** vs a national average of **23%**).
- C-level executives and owners are the most likely to now feel more confident about their financial future than they did prior to lockdown (**67%** vs a national average of **25%**)
- Junior managers are the most likely to feel less confident (**41%** vs a national average of **33%**).
- C-level executives and owners are the most likely to say Covid-19 has had a positive effect on their overall sense of wellbeing and happiness (**79%** vs a national average of **31%)**
- Interns and entry-level employees are the most likely to say it has had a negative effect (**55%** vs a national average of **39%**).

like minds

Implications

Many in the pensions and savings industry believe now is not the time to engage people about their savings or pensions because they're just not in the right place to have that conversation.

Our survey would suggest that that's not necessarily the case and, if done with sensitivity and emotional intelligence, the pandemic could be an ideal opportunity to build on people's realisation of the importance of being more financially resilient.

About like minds

Like minds is an independent creative communication agency specialising in the development of programmes **to help engage people with their money, work and wellbeing.**

We blend creativity with specialist pensions and benefits experience, knowledge and skills.

Like minds is built on the philosophy that we do our best work when we work with like-minded clients and colleagues. For us, that means people that want to work collaboratively and believe in the power of communication to change attitudes and behaviours.

Please contact:

Nick Throp
Co-founder, like minds

M: 07795 598715

E: nick@likeminds.uk.com

like minds