Statistical bulletin

Early indicator estimates from the Wealth and Assets Survey: attitudes towards financial security, April 2018 to September 2019

Preliminary estimates for Great Britain from the Wealth and Assets Survey using attitudinal data not dependent on thorough checking and imputation methodology.

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1 . Main points

Between April 2018 and September 2019 in Great Britain:

- 56% of adults reported being able to make ends meet for three months or longer if they lost their main source of income.
- 26% of adults reported that they would have insufficient means to last longer than a month, and 10% longer than a week if they lost their main source of income.
- 61% of adults said that they had not, in the previous year, run out of money before the end of the week or month, up from 52% in July 2010 to June 2012.
- 38% of adults said they had run out of money to some extent before the end of the week or month, with 12% regularly doing so (regularly means running out of money "always" or "most of the time").
- Retired adults and those in employment (employee and self-employed) were more likely to use their current account or savings to cover a large unexpected expense while students, the unemployed, and sick and disabled were more likely to use informal borrowing from family and friends.

2 . Financial resilience

The Wealth and Assets Survey (WAS) launched in 2006 and is a biennial longitudinal survey conducted by the Office for National Statistics (ONS). This survey measures the well-being of households and individuals in Great Britain in terms of their financial assets, savings and debt, and planning for retirement. The survey also examines attitudes and attributes related to these.

This bulletin contains the most recent data from these attitudinal questions, related to financial resilience, covering the time period April 2018 to September 2019. The data presented here are on an individual level, that is, they represent the opinion of individual adults, rather than at a household level where many financial decisions may be made. This bulletin, and the one linked later in this section, are initial outputs on financial resilience from the WAS. In the longer term, we aim to carry out more detailed analyses in this area.

Financial resilience has been defined as "the ability to cope financially when faced with a sudden fall in income or unavoidable rise in expenditure". The resilience taskforce, chaired by Baroness Drake, which reported in 2019, estimated that millions of working age people in Great Britain may experience an income shock each year, for example, through ill-health, job loss, relationship breakdown or caring responsibilities, and that the repercussions can be widespread and long-lasting. The taskforce set out recommendations to better understand the extent and drivers of low financial resilience to better inform policy and highlighted the Wealth and Assets Survey as a valuable data source for informative analysis.

The current crisis caused by the coronavirus (COVID-19) highlights why analysis in this area is so important. The data in this bulletin were collected pre-COVID-19 and therefore reflect financial attitudes under "normal" times but offer insight into groups that may struggle during the current economic climate as well as those more common income shocks highlighted by the taskforce.

A related article from the WAS, using objective measures of financial resilience to explore the extent to which households have financial assets to cover income shocks can be found on the following page: Financial resilience of households; the extent to which financial assets can cover an income shock.

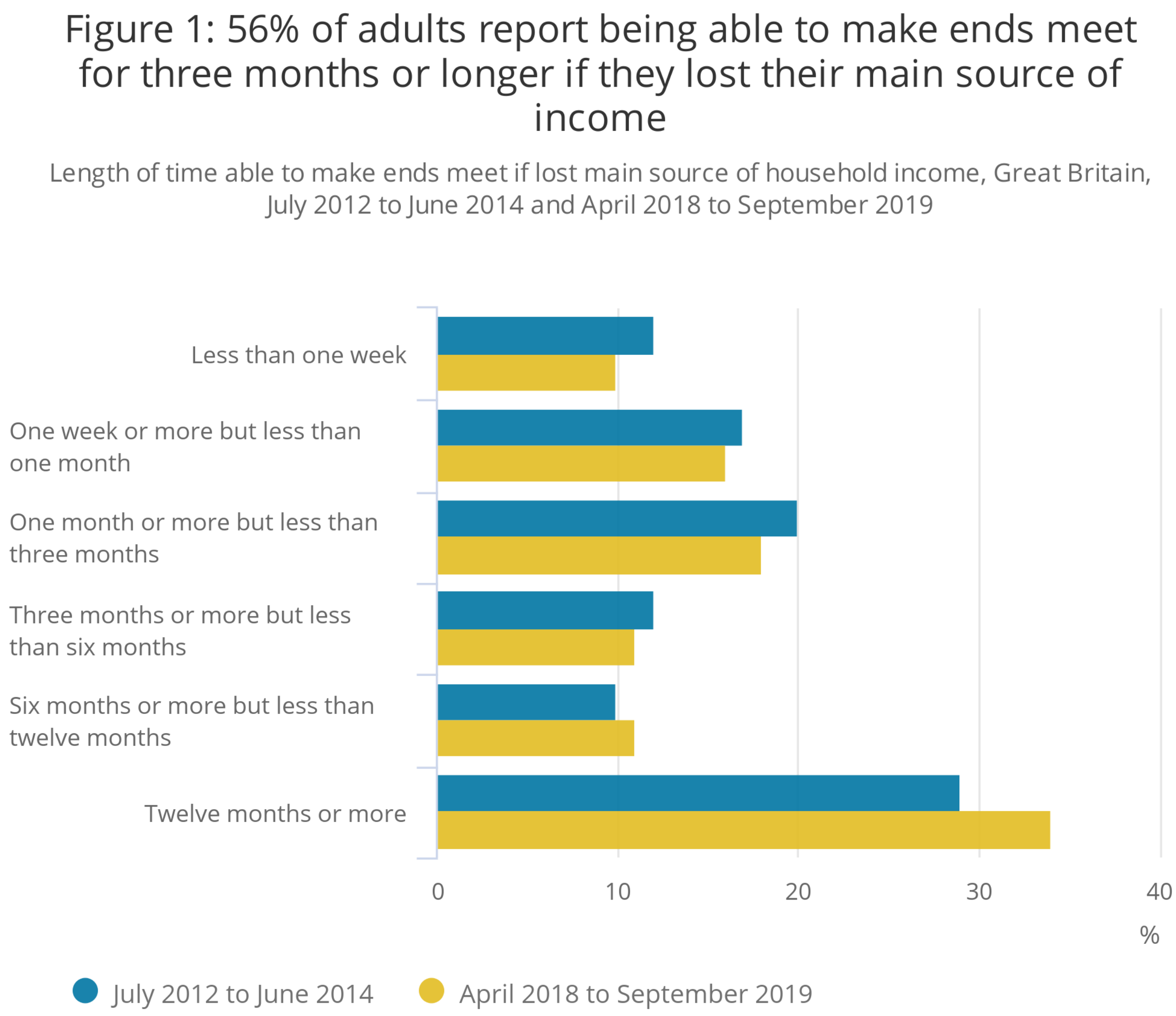
3 . Making ends meet

Respondents were asked how long they could make ends meet if they lost their main source of household income. Between April 2018 and September 2019, adults reported being able to make ends meet for longer when compared with responses in July 2012 to June 2014 (Figure 1).

A significant proportion of adults reported being able to last three months or longer, 56% in the most recent data. Despite this, many reported being financially vulnerable, with 26% of adults reporting they would have insufficient means to last longer than a month, and 10% longer than a week.

Figure 1: 56% of adults report being able to make ends meet for three months or longer if they lost their main source of income

Length of time able to make ends meet if lost main source of household income, Great Britain, July 2012 to June 2014 and April 2018 to September 2019



Source: Office for National Statistics – Wealth and Assets Survey

Notes:

1. Note the change in periodicity from two-years starting in July and ending in June two years later to a two-year periodicity that starts in April and ends in March two years later (financial year-based). More information on this change can be found in the Moving the Wealth and Assets Survey onto a financial years basis methodology article.

2. Values are taken from the Early Indicator estimates from the Wealth and Assets Survey, Table 1.19.

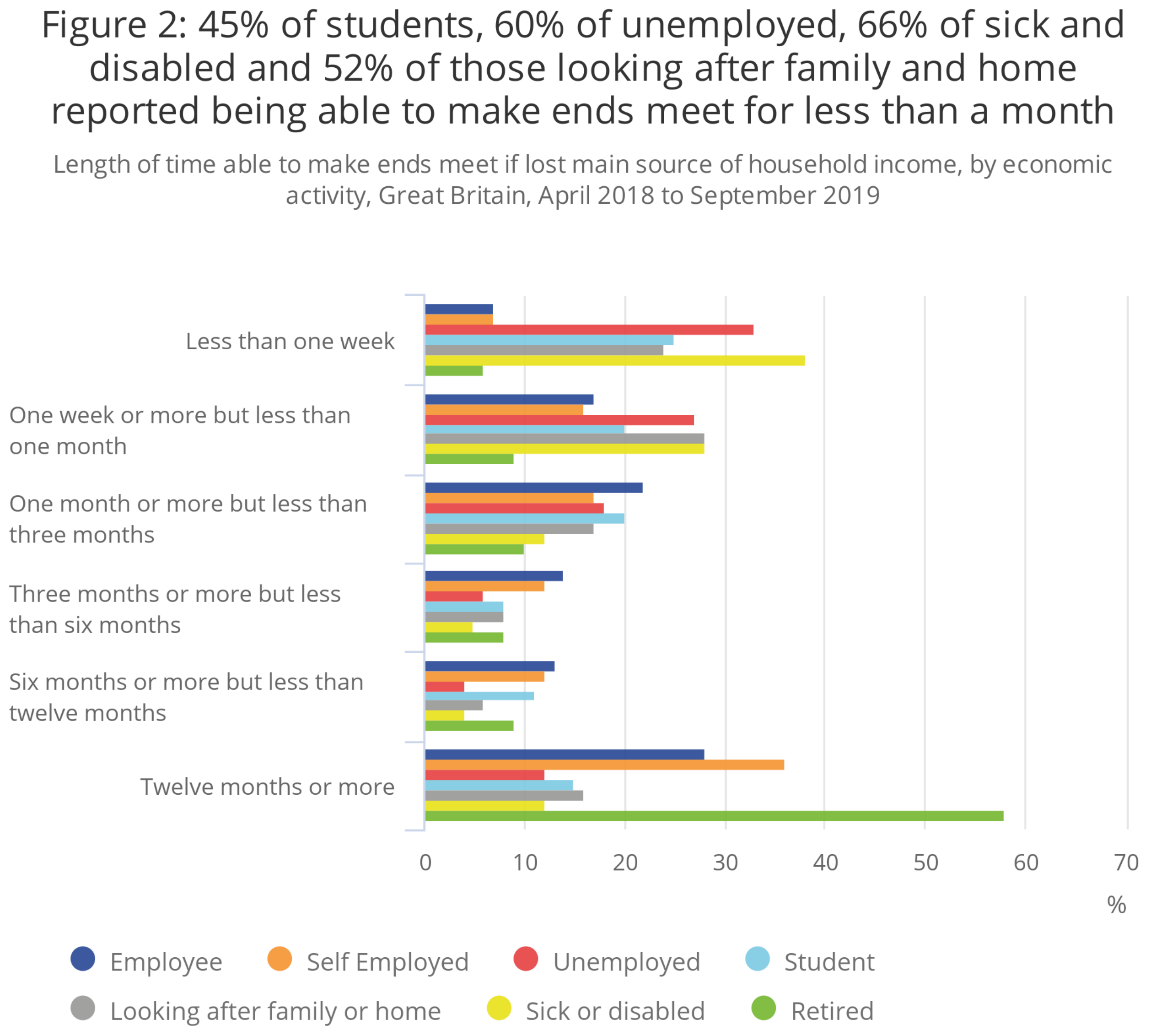
3. The period July 2010 to June 2012 has been excluded as the question for this period was different. It asked, "If your household income were to drop by a quarter, for how long do you think you would be able to make ends meet?"

Broken down by economic activity, retired and employed adults (employees and self-employed) were most likely to report having enough funds to make ends meet for a year or more if the main source of income was lost. Figure 2 shows 28% of employees, 36% of self-employed and 58% of retired adults responded this way.

At the other end of the spectrum groups such as students, unemployed, sick and disabled, and those looking after the family home were more likely to report being able to make ends meet for shorter periods. For April 2018 to September 2019, 45% of students, 60% of unemployed, 66% of sick and disabled and 52% of those looking after family and home reported being able to make ends meet for less than a month if they lost their main source of income.

Figure 2: 45% of students, 60% of unemployed, 66% of sick and disabled and 52% of those looking after family and home reported being able to make ends meet for less than a month

Length of time able to make ends meet if lost main source of household income, by economic activity, Great Britain, April 2018 to September 2019



Source: Office for National Statistics – Wealth and Assets Survey

Notes:

1. Combined figure for temporarily sick and injured and long-term sick and disabled.
2. Includes only adults who are 16 years old and above and not in full time education.

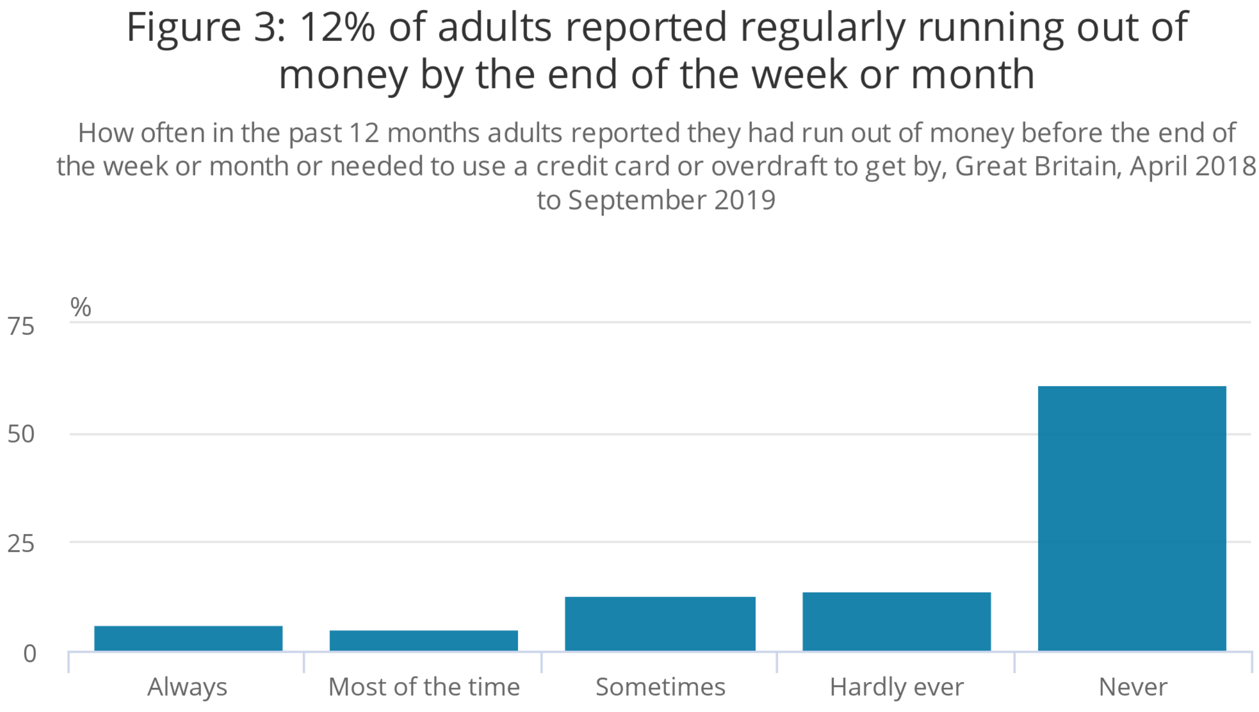
A useful indicator of financial security is to consider people's opinions on their ability to meet their financial commitments; for example, to consider how often in the past year people have run out of money by the end of the week or month or needed to use a credit card or overdraft to get by. This measure is useful to understand who may be struggling financially, whether through lack of resources or poor budgeting.

In the period April 2018 to September 2019, 61% of people indicated that they had not, in the previous year, run out of money before the end of the week or month (Figure 3). This figure was an improvement relative to July 2010 to June 2012, where 52% of adults were in that position; suggesting some improvement following the 2008 economic downturn.

However, this suggests that even in "normal" times – for example, without a financial crisis – 38% of adults had run out of money to some extent before the end of the week or month, with 12% regularly doing so (responding as "always" or "most of the time").

Figure 3: 12% of adults reported regularly running out of money by the end of the week or month

How often in the past 12 months adults reported they had run out of money before the end of the week or month or needed to use a credit card or overdraft to get by, Great Britain, April 2018 to September 2019



Source: Office for National Statistics – Wealth and Assets Survey

Notes:

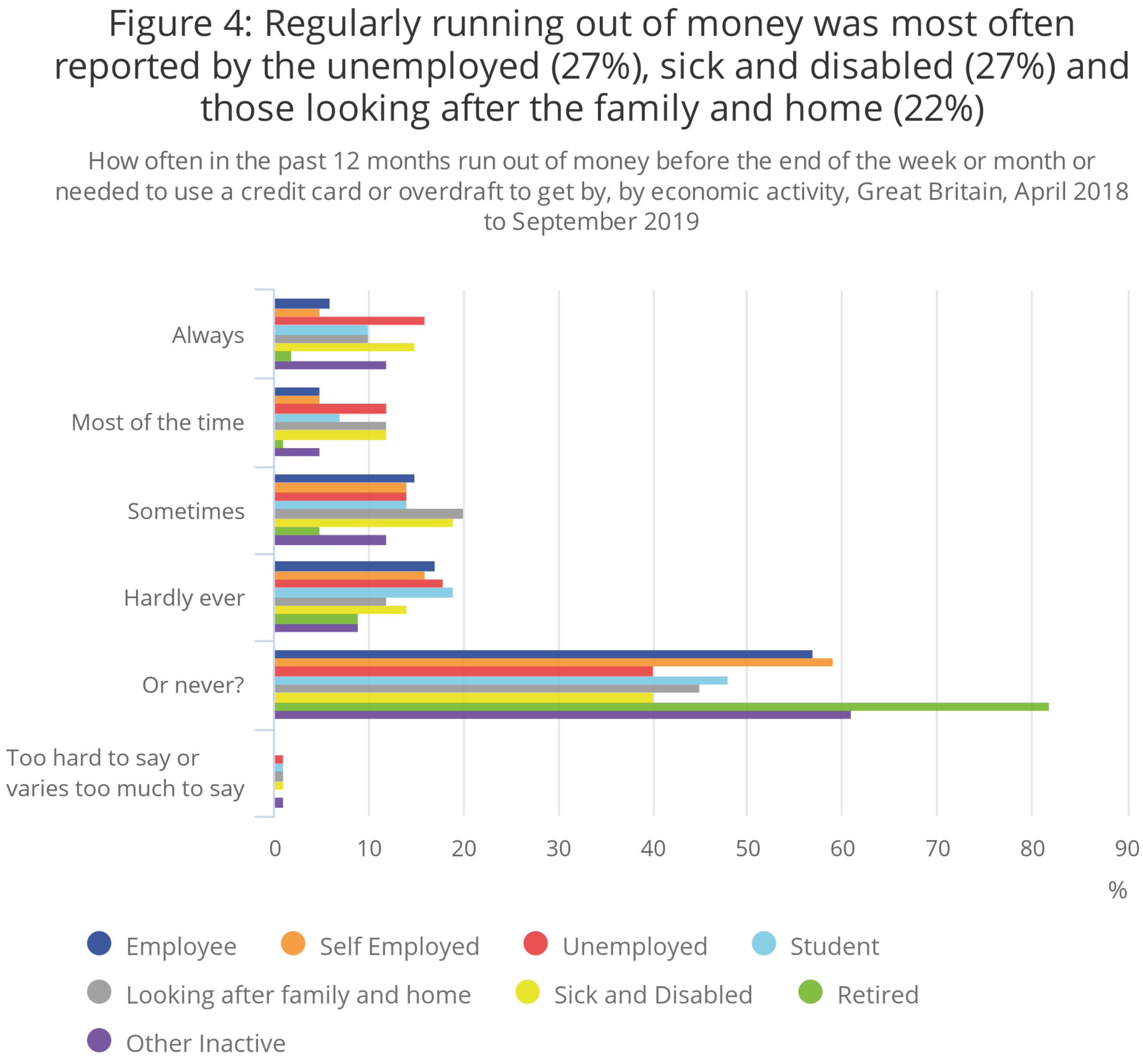
1. Values are taken from the Early Indicator estimates from the Wealth and Assets Survey, Table 1.18.
2. The response "too hard to say" has been removed as the percentages were 1% for Wave 3 and 0% for all other waves and rounds.

Looking at this in more detail, Figure 4 shows how often in the last 12 months people ran out of money by economic activity. Retired and employed (employees and self-employed) were most likely to report that they had never run out of money in the preceding year, with 82% of retired adults, 57% of employees and 59% of self-employed adults responding this way.

Regularly running out of money (responding "always" and "most of the time") was most often reported by the unemployed (27%), sick and disabled (27%) and those looking after the family and home (22%); by contrast, only 12% of employees responded this way. These groups, however, also had large proportions that reported likely to never run out of money, presumably a result of differing personal circumstances and household compositions of individuals in those groups.

Figure 4: Regularly running out of money was most often reported by the unemployed (27%), sick and disabled (27%) and those looking after the family and home (22%)

How often in the past 12 months run out of money before the end of the week or month or needed to use a credit card or overdraft to get by, by economic activity, Great Britain, April 2018 to September 2019



Source: Office for National Statistics – Wealth and Assets Survey

Notes:

1. Combined figure for temporarily sick and injured and long-term sick and disabled.

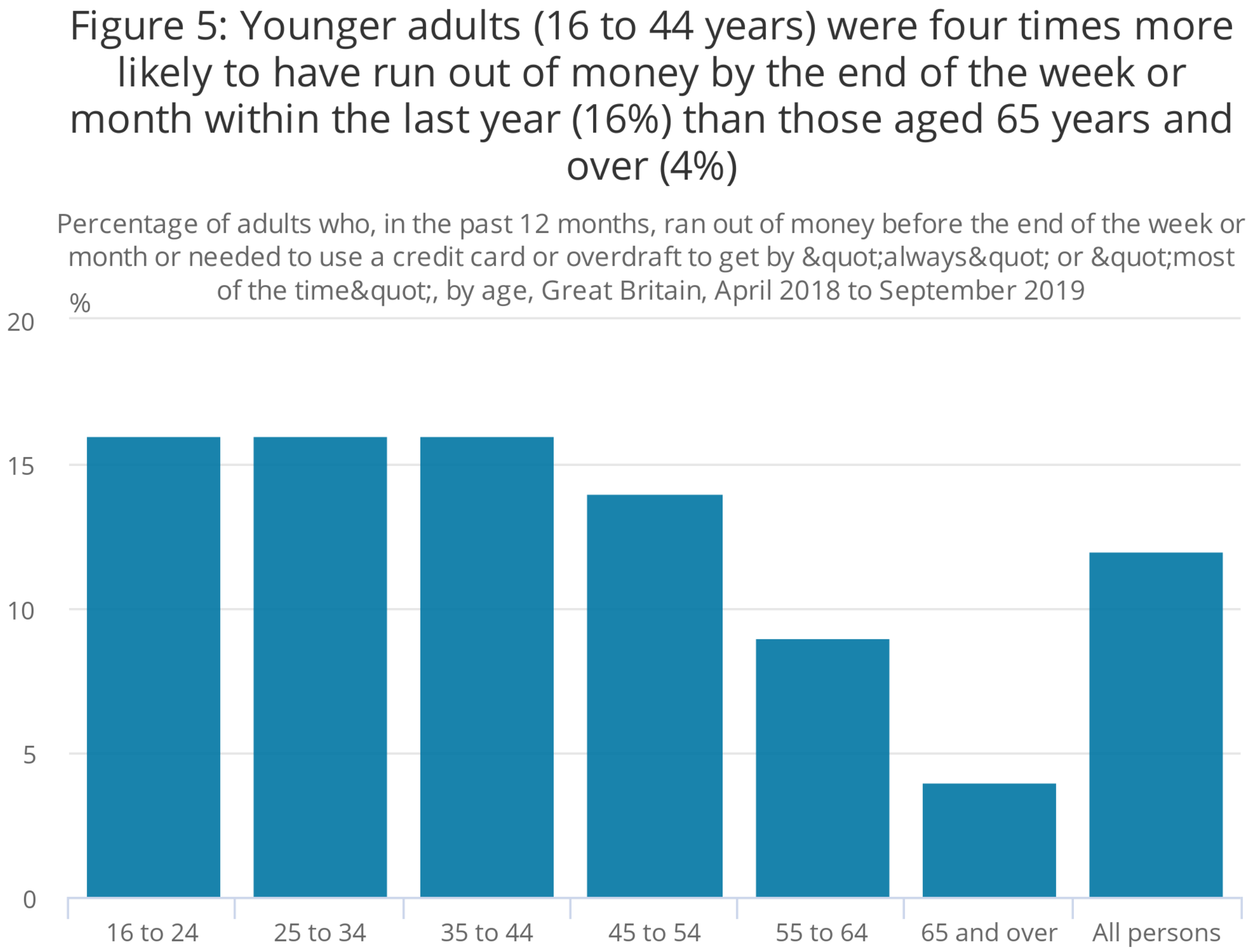
2. Includes only adults who are 16 years old and above and not in full time education.

The age group least likely to have run out of money regularly in the last 12 months were the 65 years and above age group, at 4%, whilst younger age groups (16 to 44 years) were four times more likely to run out of money by the end of the week or month (16%). All age groups have seen a fall in the percentage who reported this since July 2010 to June 2012.

In general terms, income and wealth increase with age (up to State Pension age from which it decreases again) and expenditure decreases with age. That retired households appear to make ends meet better could be a result of being more wealthy and/or being better able to live within their means.

Figure 5: Younger adults (16 to 44 years) were four times more likely to have run out of money by the end of the week or month within the last year (16%) than those aged 65 years and over (4%)

Percentage of adults who, in the past 12 months, ran out of money before the end of the week or month or needed to use a credit card or overdraft to get by "always" or "most of the time", by age, Great Britain, April 2018 to September 2019



Source: Office for National Statistics – Wealth and Assets Survey

Notes:

1. Values are taken from the Early Indicator estimates from the Wealth and Assets Survey: Bills and Credit Commitments, Table 4.10.

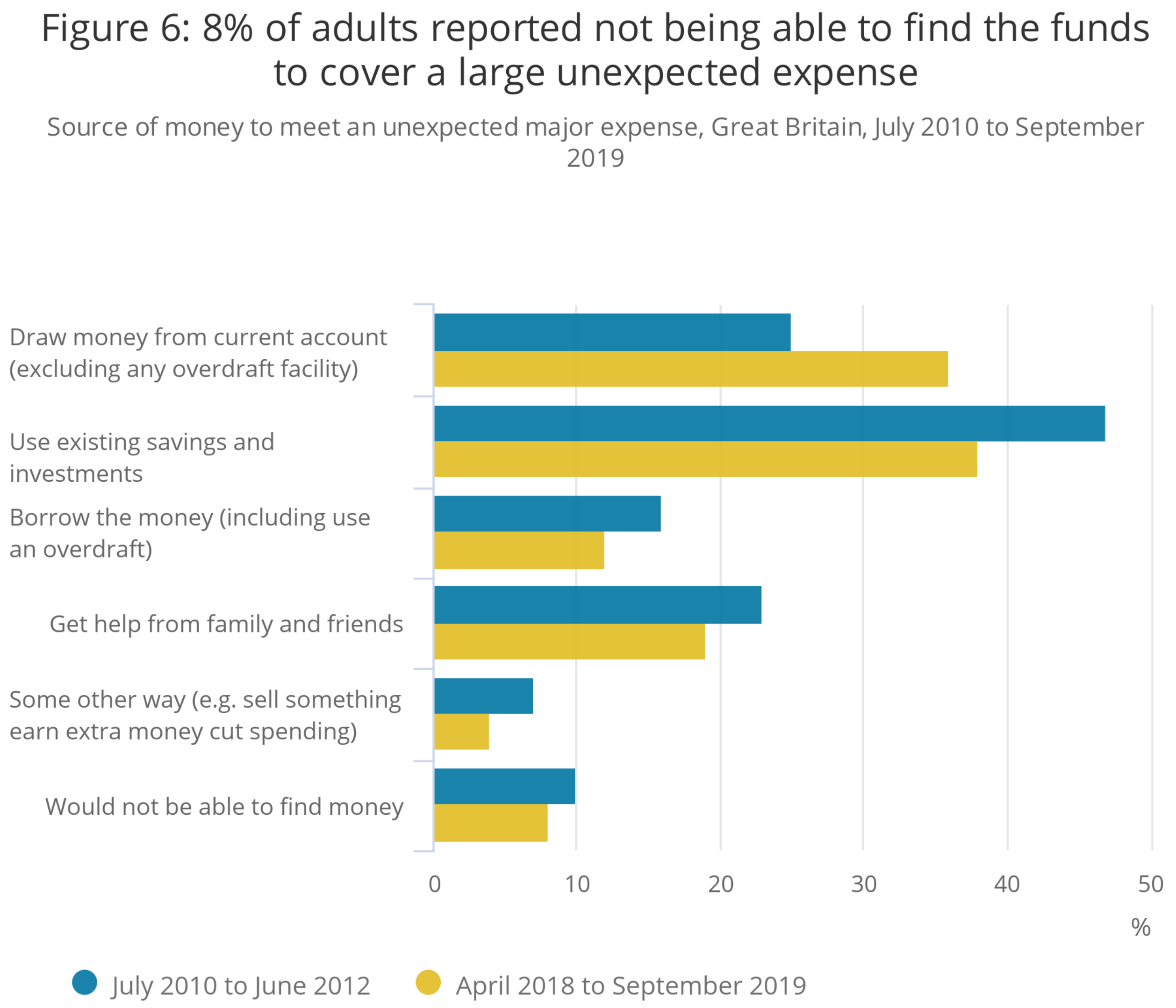
4 . Funding an unexpected major expense

As mentioned previously, being financially resilient means people are able to cope with a drop in income or an unexpected large expense. Adults were asked how they and their partner (if applicable) would find the money to meet an unexpected major expense equivalent to their whole income for a month or more.

Since July 2010 to June 2012, there was a slight fall in the number of adults who said they would not be able to find the money, from 10% to 8% (Figure 6). There has also been a switch in popularity between current accounts and savings relative to July 2010 to June 2012, with more people choosing their current accounts (36%, up from 25%) in the latest data and fewer choosing their savings and investments (38%, down from 47%). This is potentially a side-effect of low interest rates on savings accounts and the increased availability of [relatively high-interest current accounts](#).

Figure 6: 8% of adults reported not being able to find the funds to cover a large unexpected expense

Source of money to meet an unexpected major expense, Great Britain, July 2010 to September 2019



Source: Office for National Statistics – Wealth and Assets Survey

Notes:

1. Note the change in periodicity from two-years starting in July and ending in June two years later to a two-year periodicity that starts in April and ends in March two years later (financial year-based). More information on this change can be found in the [Moving the Wealth and Assets Survey onto a financial years basis methodology article](#).

2. Values are taken from the Early Indicator estimates from the Wealth and Assets Survey, Table 1.20.

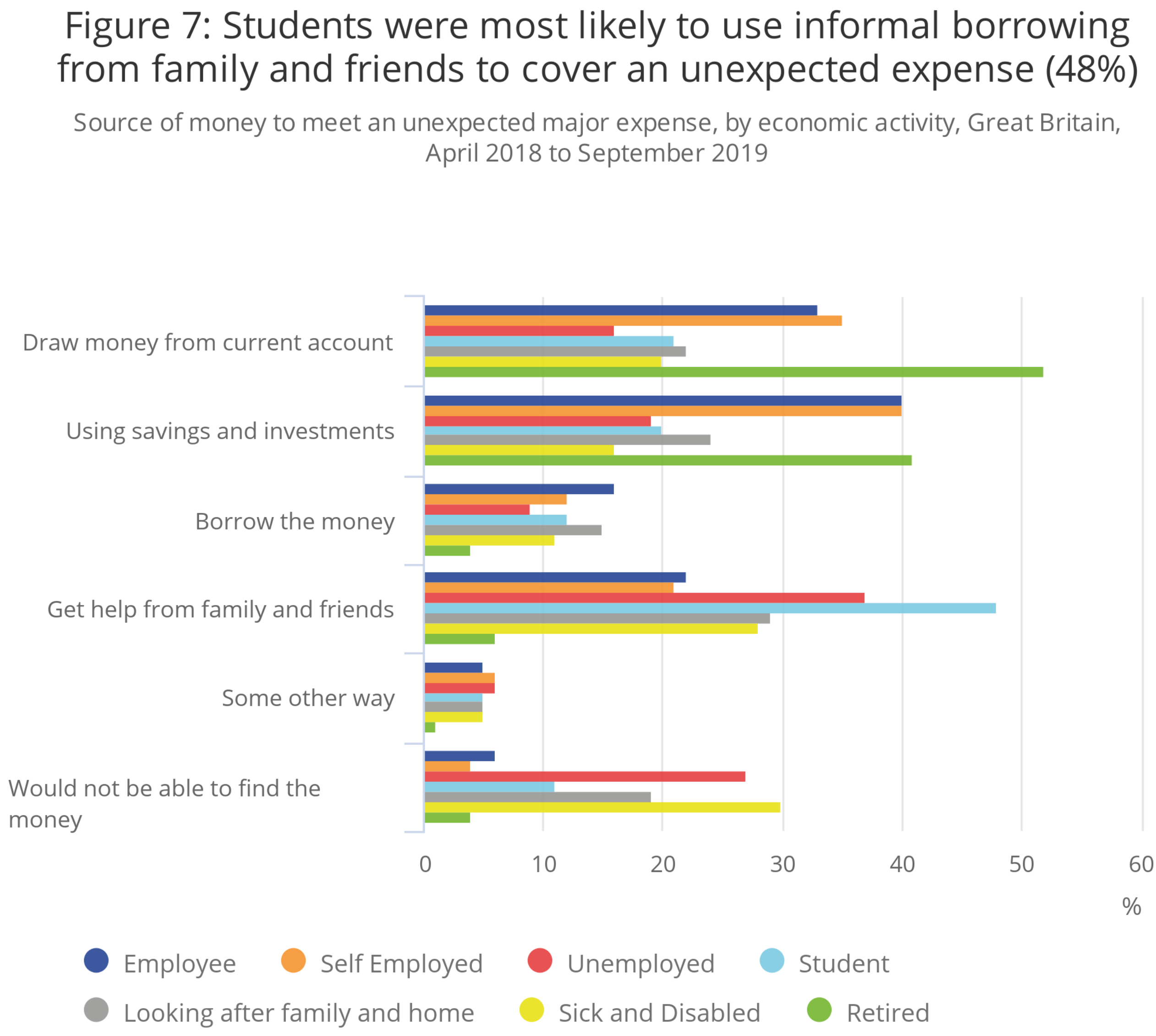
3. Respondents can give more than one response.

Taking economic activity into account (Figure 7), those in employment (employees and self-employed) and retired adults were most likely to report using current accounts or savings and investments to cover an unexpected large expense, in line with them having higher net financial wealth on average.

Retired adults were most likely to state that they would use their current account and/or savings account to fund a major expense (52% opting for current account and 41% savings). The unemployed, and sick and disabled were most likely to use informal borrowing from friends or family or be unable to find the money. Students were most likely to use informal borrowing from family and friends to cover an unexpected expense (48%).

Figure 7: Students were most likely to use informal borrowing from family and friends to cover an unexpected expense (48%)

Source of money to meet an unexpected major expense, by economic activity, Great Britain, April 2018 to September 2019



Source: Office for National Statistics – Wealth and Assets Survey

Notes:

1. Combined figure for temporarily sick and injured and long-term sick and disabled.
2. Includes only adults who are 16 years old and above and not in full time education.
3. Respondents can give more than one response.

5 . Early indicator estimates from the Wealth and Assets Survey data

Early indicator estimates from the Wealth and Assets Survey
Dataset | Released on 2 April 2020
Preliminary estimates for Great Britain from the Wealth and Assets Survey using attitudinal data not dependent on thorough checking and imputation methodology.

Early indicator estimates from the Wealth and Assets Survey: Bills and Credit Commitments
Dataset | Released on 2 April 2020
Preliminary estimates for Great Britain from the Wealth and Assets Survey using attitudinal data relating to bills and credit commitments not dependent on thorough checking and imputation methodology.

Early indicator estimates from the Wealth and Assets Survey: Retirement
Dataset | Released on 2 April 2020
Preliminary estimates for Great Britain from the Wealth and Assets Survey using attitudinal data relating to retirement not dependent on thorough checking and imputation methodology.

Early indicator estimates from the Wealth and Assets Survey: Pensions
Dataset | Released on 2 April 2020
Preliminary estimates for Great Britain from the Wealth and Assets Survey using attitudinal data relating to pensions not dependent on thorough checking and imputation methodology.

6 . Glossary

Adults and People

Includes those aged 16 years or over and not in full-time education.

Non-retired adults

All adults aged under 40 years and adults aged 40 years and over who are not retired. Therefore, includes anyone aged under 40 years who is retired (for example, medically retired).

7 . Measuring the data

More quality and methodology information on strengths, limitations, appropriate uses, and how the data were created is available in the Wealth and Assets Survey QMI.

Data sources and collection

The Wealth and Assets Survey (WAS) launched in 2006 and is a biennial longitudinal survey conducted by the Office for National Statistics (ONS). This survey measures the well-being of households and individuals in terms of their assets, savings and debt, and planning for retirement. The survey also examines attitudes and attributes related to these. Classificatory variables (age, sex, employment status) are also collected.

Data from this longitudinal survey will also provide users with the ability to measure changes of wealth in Great Britain over time. The survey is currently sponsored by a funding consortium, including the ONS, Department for Work and Pensions (DWP), HM Revenue and Customs (HMRC) and the Scottish Government (SG). Interviewers working on the survey refer to it as the Household Assets Survey (HAS).

Time period

The first wave of the survey commenced with interviews carried out over two years from July 2006 to June 2008, with approximately 30,000 households interviewed. A second wave took place two years on from initial interviews, covering the period July 2008 to June 2010, with approximately 20,000 households obtained. Wave 3 obtained approximately 21,000 households, wave 4 obtained 20,000 and wave 5 obtained 18,000.

This periodicity that started in July and ended in June two years later is referred to as a "wave" and was maintained until wave 5, which covered the period July 2014 to June 2016. The survey has now moved to a two-year, financial year-based periodicity (April to March) with this periodicity being referred to as a "round". Therefore, round 6 covers the period April 2016 to March 2018. This move to a two-year, financial basis allows WAS to be integrated with other household financial surveys that are based on financial years. This allows WAS to be analysed on a consistent basis alongside other components included within other household financial surveys (income and expenditure).

Sample

Round 6 achieved approximately 18,000 household interviews. Currently the first 18 months of round 7 (April 2018 to September 2019) has around 13,000 household interviews.

As wealth is known to be unevenly distributed, addresses more likely to contain wealthier households were sampled at a higher rate to improve the efficiency of the sample. These addresses were identified using data from HMRC.

The WAS is a continuous survey with interviews spread evenly over the year, which helps to ensure that estimates are not biased by seasonal variations. The survey samples private households in Great Britain, excluding north of the Caledonian Canal, the Scottish Islands and the Isles of Scilly.

Previous releases

The previous edition of this report, published on 1 August 2018, provided estimates from the full datasets for waves 3, 4 and 5 (covering the period July 2010 to June 2016) plus early estimates from the first 12 months of wave 6 (July 2016 to December 2017). This report provides results for waves 3, 4 and 5 and rounds 5 and 6, with early estimates for the first 18 months of round 7.

Imputation

Early indicators are derived from simple frequency counts of variables included in the questionnaire. They are produced before any imputation is carried out. Imputation is crucial to the estimation of wealth measures, therefore, at present, measures of wealth will not be provided. The questions best suited to be used as early indicators are "opinion" questions or those relating to "ownership" of a particular asset. The set of indicators included in this release is not fixed and will be varied over time, considering the views and priorities of main users.

Unless otherwise stated, questions were asked of all non-proxy eligible adults (those aged 16 years or over and not in full-time education who responded in person to the questionnaire).

Weighting

Full weighting of respondents has been applied to the data in this release to take account of the varying sampling probabilities and attrition between waves. For wave 4 (July 2012 to June 2014), wave 5 (July 2014 to June 2016), round 5 (April 2014 to March 2016), round 6 (April 2016 to March 2018) and round 7 (April 2018 to September 2019), the non-proxy respondents have been grossed up to recognised population totals. For wave 3 (July 2010 to June 2012), the weighting grossed all respondents, including proxies, to recognised population totals. While this makes relatively little difference to the percentages in each category, it impacts on the weighted frequencies in the accompanying datasets.

8 . Strengths and limitations

Sampling errors and significance testing

All reasonable attempts have been made to ensure that the data are as accurate as possible. However, there are two potential sources of error that may affect the reliability of estimates and for which no adequate adjustments can be made; these are known as "sampling" and "non-sampling" errors. These concepts are explained further in the Wealth and Assets Survey QMI.

No estimates are included that are based on fewer than 30 responding adults. However, because of the complexity of the data (such as complex weighting) and the fact that these contain early estimates based on data that has not been fully processed and imputed, no formal significance testing has been undertaken at this stage.

9 . Related links

Moving the Wealth and Assets Survey onto a financial years' basis
Article | Last revised 8 July 2019
Guidance and methodology in moving the Wealth and Assets Survey (WAS) from waves to financial years.

Employee workplace pensions in the UK: 2019 provisional and 2018 final results
Bulletin | Last revised 4 March 2020
Membership and contributions to workplace pension arrangements for UK employees by type, age, industry, public and private sector, occupation, and size of company. Compiled from the Annual Survey of Hours and Earnings.

Total wealth in Great Britain: April 2016 to March 2018
Bulletin | Last revised 5 December 2019
Main results from the sixth round of the Wealth and Assets Survey covering the period April 2016 to March 2018.