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Soaring inflation is biggest financial worry among UK adults

- Rising inflation is the biggest short-term financial concern of UK adults
- Nearly a fifth (18%) of UK adults say high bills prevent them saving more
 - 8% of UK adults have no 'rainy day fund' saved

The biggest financial concern of UK adults, in both the short and longer term, is rising inflation, according to new research from M&G Wealth. A quarter (25%) of people surveyed cited rising inflation as their greatest financial concern this year, while just more than one in five (22%) respondents said rising inflation was their biggest financial worry for the next five years.

M&G Wealth's latest research which quizzed 2,000 UK adults who have personally, or who have parents or grandparents who received financial advice from an adviser in the last five years, looked at how individuals felt about their savings habits as the cost of living rises.

Unsurprisingly, the research found respondents were more focused on their short-term financial needs. Beyond rising inflation, worries included 'my investments losing money' (18%) and 'not saving any money' (17%).

The cost of living played heavily on the minds of respondents. More than a quarter (26%) surveyed said they were worried the cost of living will go up, and so preventing them saving as much as they would like to, while 18% said their bills were too high to allow them to save more.

Savings rates overall were less than desirable. Some 14% of adults save less than £50 per month, and nearly a fifth (18%) of those surveyed said they could not afford to save more.

Looking to respondents' 'rainy day fund', the picture was a little brighter. Nearly a quarter (23%) of those surveyed said they had more than a year's expenses set aside. However, a third (33%) of respondents had expenses to cover three months or less saved, and 8% of respondents had nothing saved at all.

Les Cameron, savings expert at M&G Wealth, said: "While consumers have no control over rising inflation, currently at a 30-year high and predicted, by the Bank of England, to reach over 7% by the spring, there are steps they can take to take control of their finances.

From energy bills to their weekly shop, families are starting to feel the pinch, and as a result are unable to save as much as they would like. Many are taking practical steps such as shopping around for cheaper prices to

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bring down the cost of basics like bread and milk, and setting out and sticking to a budget will help families feel more in control of their spending in the short-term. Though it may feel difficult at the moment, investing any savings, no matter how little, will provide a long-term benefit and hopefully some peace of mind for the future.

“When it comes to savings consumers are understandably worried. Current savings rates are lower than inflation, meaning those with significant cash savings really need to consider whether to accept that inflation is eroding the value of their money, or take some investment risk to try to maintain or grow the real value of their money. Investing is not, however, a decision to be taken lightly and is an area where most people could benefit from receiving some form of financial advice or guidance before going ahead.”

-Ends-

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Notes to editors

Methodology

Research was carried by Opinium among a UK representative sample of 2,000 consumers.

About M&G Wealth

M&G Wealth is part of M&G plc. It has three main parts, M&G Wealth Advice, M&G Wealth Platform and a retail investment funds business, M&G Direct.

M&G Wealth launched a HYBRID advice business – in late 2021, initially to a part of its existing customer base, where clients, often with modest wealth and a simpler set of financial needs, will be able to get access to the advice that they are currently finding difficult to obtain – either because of the costs involved or the commercials commonly associated with an advice business (making it impractical for a business to offer services to lower sums invested).

At the start of 2022 M&G plc also completed the acquisition of Sandringham Partners – an independent financial adviser. Sandringham is the independent advice arm of M&G Wealth.

In January 2022 M&G plc announced a partnership agreement with Moneyfarm, a leading digital investment specialist, to provide direct investment services to UK consumers. M&G Wealth will use Moneyfarm’s existing technology, digital capabilities and investment guidance journeys to back its own branded proposition.

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