

FOR IMMEDIATE RELEASE

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BRITAIN A NATION OF SILENT MONEY WORRIERS

- **Seven out of ten keep money worries to themselves**
- **Younger couples who do talk about finances most likely to row**
- **Biggest concerns are around retirement and late-life care costs**
- **Millennials saving nearly as much as Generation X for retirement**
- **One in three saving nothing for retirement**

Britain is a nation of silent money worriers, according to the first *Money Talks Study** by **Seven Investment Management (7IM)**, with seven out of ten people keeping their financial anxieties to themselves.

The biggest money worries for all age groups are around retirement, with more than a quarter (28%) very worried about running out of money in retirement, followed by paying for care in later life (27%). Some 22% are worried about having enough money for a rainy day, and 22% about just getting by.

Whilst most are keeping financial worries to themselves, those who do speak out will usually talk to a spouse or partner (81%); but it can often end in rows, particularly among younger couples. Some 44% of millennials (18-to-36-year-olds) in a relationship say they argue about money compared with only 30% of Generation X (37-to-51-year-olds) and 18% of baby boomers (52-to-71-year-olds).

A fifth of millennials (21%) say they argue with their partner/spouse about money a lot/regularly, compared to 5% of Generation X and 3% of baby boomers.

Retirement the elephant in the living room

Justin Urquhart Stewart, 7IM's Co-Founder and Head of Corporate Development, said: "Retirement is the elephant in the living room that millions of Britons quietly tiptoe around each day. They worry about how they're going to pay for it, but they don't talk about it and don't realise what they need to do so end up doing too little or nothing. We need to start discussing this more openly as a society.

"It's interesting that millennials, who have many years of working life ahead of them, are almost as worried as their parents' generation about funding retirement. It's impressive that despite housing costs being so great and the burden of university fees that many face, they are saving nearly as hard for retirement as generation X. But on the whole, most people are still saving nothing like as much as they need to, and one in three are saving nothing at all."

Intergenerational worries

Generation X in particular are 'very worried' about running out of money in retirement (36% compared to 29% of millennials and 25% of baby boomers). Millennials are more worried about this issue than financial/ credit card debts (13%), and even paying rent/mortgage (19%). The numbers could be even higher but most people are hugely underestimating how much they need to save for retirement.

Among those saving for retirement (either through a pension or other savings vehicle), the average monthly contribution for millennials is £49 and for Generation X is £59.70. Across all generations around one in three are saving nothing towards retirement.

Millennials are saving hard

The **7IM Money Talks Study** found millennials are putting away more than Generation X for other priorities – £91.70 a month on average compared with an average of £49 for Generation X. Four out of ten millennials (41%) are saving to buy a property.

On average the top three savings priorities beyond retirement are for holidays (51%), emergency savings kitty (49%) and home improvements (29%).

How much do I need to retire?

As in previous 7IM studies, savers underestimate how much they need to save to generate a comfortable retirement. Asked how big a pension pot they would need to generate £10,000 a year retirement income on top of the state pension, the average guess was £100,000. In reality, the figures are much higher.

On average, men guessed £150,000, women guessed £75,000, while millennials on average guessed £60,000.

Matthew Yeates, Quantitative Investment Manager, 7IM and co author of 7IM's [pension discussion paper](#), 'Challenging Traditional Assumptions Towards Risks and Retirement', said: "The fact that people are woefully inaccurate at predicting how much it costs to generate an income in retirement is a problem. It shapes our savings habits but also how we view the benefits we all receive from the state pension. The state pension is bemoaned by many as inadequate to live upon (and for very many it is), but the value of the state pension is currently estimated at around £200,000**. That's a big number and would shock many based on this survey, perhaps the shock they need to realise the kind of savings necessary to supplement it in any meaningful way.

"Bottom line, people need to be saving more and earlier. Even relatively small amounts can add up over time. By way of illustration, £50 per month in a fund targeting 6% a year (although there are no guarantees), if all went to plan, would have grown to £23,000 over 20 years, £49,000 over 30 years and £96,000 over 40 years.

"Each generation has different challenges – whether it's getting together a deposit for a house or raising and supporting a family. Retirement is a big worry for all generations, but even for those with a 'will and a way', without a full appreciation of the level of saving required, it's a bit like trying to play pin the tail on the donkey."

Ends

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Notes to Editors:

*The **7IM Money Talks Study** involved online interviews with 2,005 adults across the UK between 7-10 November 2017. It was carried out by research company Opinium.

**Source: FCA Retirement Outcomes review. <https://www.fca.org.uk/publication/market-studies/retirement-outcomes-review-interim-report.pdf>

About 7IM

It all began in 2002, with seven of us in a basement establishing Seven Investment Management (7IM) because we couldn't find anywhere we wanted to invest our families' money. Our assets under

management now stand at around £11bn (more than doubling since 2013), and we have moved from 'basement' to 'Bishopsgate' in the City of London. There are now around 240 of us.

Radical common sense

We manage money aiming to meet people's medium to long term return expectations. Fundamentally, we believe in active asset allocation in both active and passive investments (where we were one of the first to offer actively managed passive portfolios). We build global portfolios based on that allocation, and include alternative assets where appropriate to manage the risk reward trade off. Active currency management is also at the core of what we do.

7IM provides investment services to professional wealth managers, planners, advisers and private investors. These include: Discretionary investment management, a range of multi-asset portfolios, an investment and open architecture trading platform and a fantastic app, 7IMagine, which brings client portfolios to life.

Multigenerational investing

We do our best to pass on economies of scale, reducing fees so more investors within a family save with us. Grandparents, through to parents and their children can invest as individuals with one charging structure – whether they live under the same roof or not.

A story of continuous innovation.

In 2013, we launched 7IMagine, an app allowing investors and advisers to keep up to date with their portfolio. The brainchild of some clients – professional 'gamers' uninspired by their paper statements – 7IMagine was enriched in February 2016, with My Future. Again using gaming technology, My Future allows advisers and investors to capture details about family or individual finances, including any number of streams of income, properties, other assets and expenses, to help identify how sustainable their finances are and if / when their retirement income will run out.

Our funds

- Our **AAP fund range (Asset Allocated Passive)** is populated largely with passive structures to keep costs to a minimum. Asset allocation is actively managed to help exploit opportunities and reduce risk across the spectrum: **7IM AAP Adventurous, 7IM AAP Moderately Adventurous, 7IM AAP Balanced, 7IM AAP Moderately Cautious, 7IM Cautious and 7IM AAP Income**. Some of these risk profiles have an offshore version of the fund.
- Our **Multi-Manager fund range** invests in a range of active and passive vehicles. Costs still matter, but if we think an actively managed fund can outperform a passive alternative we have the freedom to choose it. Asset allocation is actively managed. Again, there are different funds for different profiles: **7IM Adventurous, 7IM Moderately Adventurous, 7IM Balanced and 7IM Moderately Cautious**. Again, some of these risk profiles have an offshore version of the fund.
- We also have a selection of funds designed to meet specific needs, such as the **7IM Personal Injury Fund**, the **7IM Unconstrained Fund** or the SRI focussed **7IM Sustainable Balance Fund**.
- We also have a range of 'smart passive' funds known as the equity value funds. The range includes: the **7IM UK Equity Value Fund**, the **7IM US Equity Value Fund**, the **7IM European (ex. UK) Equity Value Fund** or the **7IM Emerging Markets Equity Value Fund**. These are entirely systematically managed based solely on company fundamentals, the aim being to outperform the relevant passive market cap-weighted alternative by selecting profitable, high-quality, cash-flow generating companies that trade at a discount to their intrinsic value.

Our Model Portfolios

The 7IM Model Portfolios are a range of risk rated portfolios and are available within our discretionary investment services and standalone on the 7IM platform and other platforms. The Models use the same investment process and asset allocation as our funds. Like the Asset Allocated Passive (AAP) funds, the entire asset allocation is fulfilled with 'Smart Passive' market cap weighted passive instruments (for example UK and US equities) which track those markets and systematic instruments. 7IM undertake the due diligence on the passive securities (such as counterparty risk and concentration). Our range of Model Portfolios are available across the risk profiles: **7IM Adventurous Model Portfolio, 7IM Moderately Adventurous Model Portfolio, 7IM Balanced Model Portfolio, 7IM Moderately Cautious Model Portfolio, 7IM Cautious Model Portfolio and 7IM Income Model Portfolio**.

The 7IM funds and Model Portfolios are available through the 7IM Discretionary, Managed Investment, Platform, and Self Invest services, as well as on other platforms.

Important information: The information contained in this document does not constitute investment advice and if you are in any doubt about the suitability of the investment or service, you should consult a

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