



Financial Advice and Guidance: Quantitative research to inform the Financial Advice Market Review (FAMR) Baseline

June 2017

Table of contents

EXECUTIVE SUMMARY	8
Objectives	8
Methodology	8
Key findings: Shape of the consumer market for advice	10
Key findings: Accessibility of advice	11
Key findings: Affordability of advice	12
Key findings: Quality of advice	12
Key findings: Use and importance of information and guidance	13
 LIST OF TABLES AND FIGURES	 15
 1. INTRODUCTION	 23
1.1 Report objectives	23
1.2 Relevant survey methodology and questions	24
1.3 Commonly reported populations	29
1.4 Reporting conventions	31
1.5 Terms used in the report	34
 2. PRODUCT OWNERSHIP	 37
2.1 Introduction	37
2.2 Summary	37
2.3 Product ownership: Savings	39
2.4 Product ownership: Investments	42
2.5 Product ownership: Pensions	46
2.6 Product ownership: Pension decumulation	49
 3. PROFILE OF THE ADVISED AND NOT ADVISED UK ADULT POPULATION	 56
3.1 Introduction	56
3.2 Summary	56
3.3 UK adult population by whether or not they had regulated financial advice in the last 12 months	57
3.4 Profile of the four groups: demographics	59
3.5 Profile of the four groups: financial resources	62
3.6 Profile of the four groups: attitudes to financial matters	67

4.	PROFILE OF THOSE WHO HAVE NOT BEEN ADVISED IN THE LAST 12 MONTHS	71
4.1	Introduction	71
4.2	Summary	71
4.3	Historic advice experiences of the not advised population	73
4.4	Attitudes of the not advised population towards advice	76
4.5	Financial resilience of the not advised population	79
4.6	Exploring the reasons why Group 2 has not received any regulated financial advice in the last 12 months	81
5.	PROFILE OF PEOPLE WHO HAVE HAD REGULATED FINANCIAL ADVICE IN THE LAST 12 MONTHS	84
5.1	Introduction	84
5.2	Summary	84
5.3	Attitudes of the advised population towards advice	85
5.4	Resources of the advised population	87
6.	PEOPLE WHO HAD REGULATED ADVICE IN THE LAST 12 MONTHS - FREQUENCY, TOPICS, REASONS FOR ADVICE AND ACTIONS TAKEN	89
6.1	Introduction	89
6.2	Summary	89
6.3	Frequency of advice in the last 12 months	91
6.4	Topics covered in any advice sessions over the last 12 months	94
6.5	Topics of advice that covered in their most recent session	97
6.6	Drivers for seeking advice	99
6.7	Exploring the actions taken as a result of the advice experience	102
6.8	Using the advice session to validate their own thinking	105
7.	PEOPLE WHO HAD REGULATED ADVICE IN THE LAST 12 MONTHS - TYPE OF ADVICE RECEIVED	107
7.1	Introduction	107
7.2	Summary	107
7.3	Sources of regulated financial advice in the last 12 months	107
7.4	Delivery channel for the most recent advice session in the last 12 months	110

8. PEOPLE WHO HAD REGULATED ADVICE IN THE LAST 12 MONTHS - RELATIONSHIP WITH AND TRUST IN THEIR ADVISER	112
8.1 Introduction	112
8.2 Summary	112
8.3 Length of time using the adviser	113
8.4 Nature of the relationship with the adviser	116
8.5 Levels of trust in the advice given	118
8.6 Satisfaction with the advice received in the most recent session	120
8.7 Transactions made without advice	122
9. AWARENESS AND USE OF AUTOMATED ONLINE PENSION OR INVESTMENT SERVICES	125
9.1 Introduction	125
9.2 Summary	125
9.3 Awareness of automated online investment or pension providers	126
9.4 Use of automated online investment or pension providers in the last 12 months	131
9.5 Characteristics of those who have used automated online investment or pension services in the last 12 months	132
10. WILLINGNESS TO PAY FOR ADVICE	136
10.1 Introduction	136
10.2 Summary	136
10.3 Willingness to pay for advice	137
10.4 Willingness to pay for automated online advice	146
11. INFORMATION AND GUIDANCE	152
11.1 Introduction	152
11.2 Summary	152
11.3 Sources of information or guidance used	152
11.4 Reasons for using information or guidance	158
11.5 Satisfaction with guidance received	160
12. LIKELIHOOD TO SEEK REGULATED FINANCIAL ADVICE IN THE FUTURE	161
12.1 Introduction	161
12.2 Summary	161
12.3 Likelihood of seeking regulated advice in the future	161

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Acknowledgements

This report is based on findings from the FCA's Financial Lives Survey 2017, which was designed and conducted by Kantar Public, with data tables subsequently produced by Critical Research.

Thanks first and foremost go to the thousands of consumers throughout the UK who were willing to complete the survey and gave their time to do so.

We would like to thank from the FCA colleagues working on the Financial Advice Market Review (FAMR) and colleagues from the Market Research team: Neely Bailey, Edward Oxley, Alison Rose and Richard Taylor; and Tim Burrell and Claire Older.

Catherine Grant led a large team from Kantar Public, and we would like to thank Catherine, Emma Coleman, Marta Matusiak, Eliz-Leyla Mani, Rebecca Hamlyn, Luke Taylor and Joel Williams, as well as the programmers, supervisors and interviewers.

James Hopkins directed the team from Critical Research, and our thanks go to Derek Farr, Mark Jacobs and Chiara Williams, as well as to James.

Finally, our thanks also go to Joe Birch from Ignition House.

Abbreviations

Abbreviation	Definition
CI	Confidence intervals
DB	Defined benefit
DC	Defined contribution
DK	Don't know
FAMR	Financial Advice Market Review
FCA	Financial Conduct Authority
HMT	Her Majesty's Treasury
ISA	Individual Savings Account
PEP	Personal Equity Plan
PNTS	Prefer not to say
UFPLS	Uncrystallised Funds Pension Lump Sum
UK	United Kingdom

Executive summary

Objectives

There have recently been far-reaching changes to the UK's pensions system as well as longer term social and demographic shifts, such as an ageing population and changing employment patterns. These combine to present people with more complex and varied decisions, but they are often making many of these decisions without taking advice or guidance. The Financial Advice Market Review (FAMR) was launched in August 2015 in light of concerns that the market for financial advice in the UK was not working well for all consumers. The aim of the Review was to explore ways in which Government, industry and regulators can take individual and collective steps to stimulate the development of a market which delivers affordable and accessible financial advice and guidance to everyone, at all stages of their lives.

The FCA and HMT have been working together to develop indicators to provide an overview of the market for financial advice and establish a baseline to help monitor developments as the FAMR recommendations are implemented. These measures incorporate a range of metrics from both supply (sources of advice and of information or guidance) and demand (consumer) perspectives. One source of consumer information and perspectives are the results from the FCA's Financial Lives Survey.

Methodology

The information contained in this report is drawn from the FCA's Financial Lives Survey 2017. This survey is a robust large-scale quantitative survey, using random probability sampling to select individuals to take part in an online survey; an important smaller number of interviews are conducted in person in home, in order to include in the survey those without Internet access and to increase the number of participants aged 70 and over.¹ In total, just under 13,000 adults aged 18 or over from across the UK participated in the survey between mid-December 2016 and early April 2017.

The survey, with questions asked of all respondents, establishes levels of product ownership, in banking, investment, saving, credit including mortgages, general insurance and protection, and pension products. It also establishes the level of use of regulated financial advice².

In this report we segment the UK adult population into the following four groups:

¹ Further findings from this survey, together with a technical report, will be published by the FCA later in 2017.

² In this report, where we talk about regulated financial advice, we mean regulated advice about investments, saving into a pension or retirement planning. This report has not considered regulated advice on other financial products, for example mortgages, general insurance or consumer credit.

- Group 1: Those who have had regulated financial advice in the last 12 months related to investments, saving into a pension or retirement planning.
- Group 2: Those who have not had regulated financial advice in the last 12 months, but whose circumstances suggest there might be a need for financial advice: these are people who have at least £10,000 in savings and/ or investments, or who have at least £10,000 in a defined contribution (DC) pension and a plan to retire or to access a DC pension in the next 2 years.
- Group 3: Those who have not had regulated financial advice in the last 12 months, and whose circumstances suggest that a need for advice is less likely: these are people who have less than £10,000 in savings and/ or investments, and do not have £10,000 or more in a DC pension and a plan to retire or to access a DC pension in the next 2 years.
- Group 4: Those who have not had regulated financial advice in the last 12 months, but who cannot be allocated to Group 2 or 3 because insufficient information was provided about their financial situation.

The FCA and HMT asked to use this segmentation in order to allow analysis to focus more on those adults who have not taken advice in the last 12 months, but who might be more likely to have a need for advice than those with lower levels of investible assets.

We should be clear, however, that this is an arbitrary threshold, and there is no suggestion that having £10,000 in investible assets/ a DC pension pot, or being two years from retirement are pivotal points which indicate financial advice should be sought. Data from the FAMR call for input showed that 33% of the population had £10,000 or more in savings and investments, and only 22% of the population had £25,000 or more in savings and investments. Given FAMR's desire to improve access advice for the mass market, the FCA and HMT chose to focus on individuals with relatively low levels of investible assets.³

³ In addition, ONS data show that median income in the UK in 2015/16 was £26,300 which equates to approximately £1,750, net of tax, a month. The Money Advice Service (MAS) suggests an emergency fund of three months' outgoings, which means an emergency fund of up to around £5,000 for a median earner. Therefore having £10,000 of investible assets might mean that an individual has an emergency fund of roughly £5,000 plus a further £5,000 potentially available to invest.

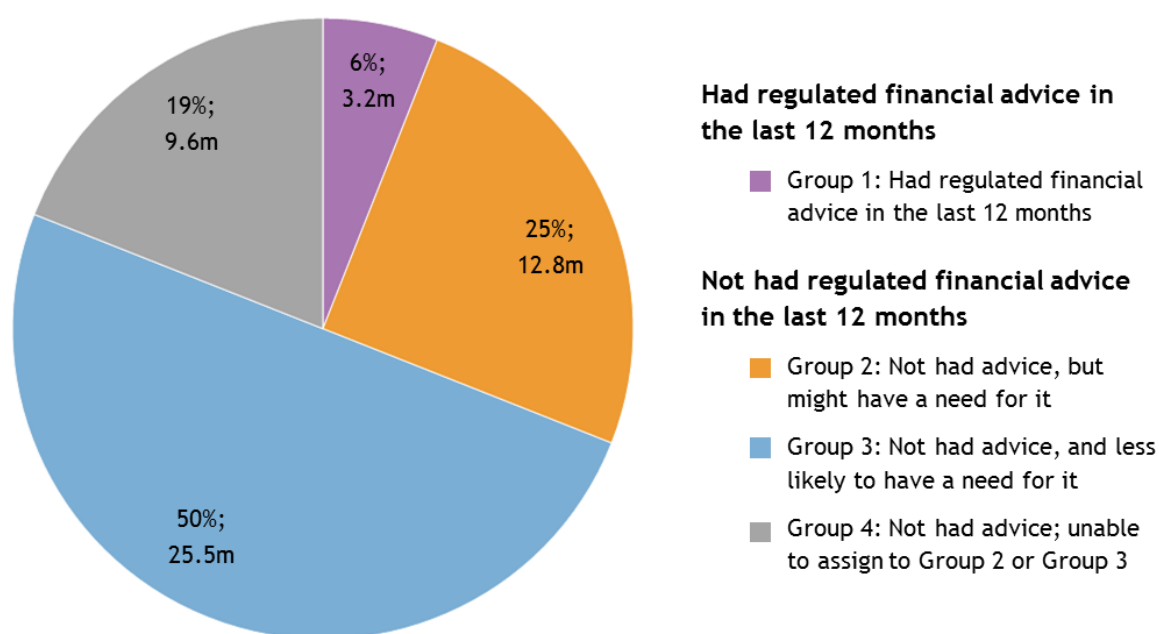
Key findings: Shape of the consumer market for advice

3.2 million UK adults had regulated financial advice in the last 12 months

As depicted in Figure 1, less than one in ten UK adults (6%), or 3.2 million people, had regulated financial advice related to investments, saving into a pension or retirement planning in the last 12 months (Group 1).

One-quarter (25%) of all UK adults, or 12.8 million people, are in Group 2, and a half (50%) of all UK adults, or 25.5 million people, are in Group 3. The remainder (19%), equating to 9.6 million people, are in Group 4.

Figure 1 Number of UK adults that have had regulated financial advice in the last 12 months (Group 1), compared to those that have not had advice in the same period (Groups 2, 3, and 4)



Base: All UK adults (12,865).

The profiles of adults in Group 1 and Group 2 are broadly similar. Compared to the UK adult population as a whole, they include more men; are older, with more retirees; include more who are self-employed; and include more who are 'better off,' e.g. in terms of higher household income, more owning their home outright and fewer having debt.

People in Group 1 and Group 2 are also very similar in terms of their confidence in managing money, knowledge about financial matters, and extent to which they consider themselves to be a confident and savvy consumer, suggesting that these are not key factors determining why one group would pay for regulated financial advice in the last 12 months and the other would not.

Key findings: Accessibility of advice

Adults in Group 2 give a broad range of reasons for not taking up advice

Group 2 adults have a variety of reasons for not taking up advice in the last 12 months, but by far the most prevalent was that did not recognise that they had an advice need. Half (50%) said they had no need to use an adviser during this time, one in three (28%) felt able to make their own decisions, just over one in ten (13%) simply did not think about it, and one in ten (10%) had not got round to it yet.

Relatively few adults in Group 2 said that they face issues accessing financial advice. For example, just under one in ten (9%) were concerned they would not be able to afford to pay the adviser's fees, less than one in ten (7%) were not confident they could find an adviser suitable for their needs, and very few (only 0.5%) were unable to find an adviser willing or able to offer them advice.

Very few (5%) said that the reason for not using advice in the last 12 months was that they were not sure what a financial adviser could offer, whereas slightly more expressed some concerns about the quality of the advice they might receive (11%) and whether they could trust financial advisers (9%).

A significant minority of all UK adults do not trust financial services firms or advisers, but those who have had recent experiences feel very differently about their own adviser

Over one-third (36%) of all UK adults disagreed that most financial firms are honest and transparent in the way they treat them, and three in ten (29%) do not trust financial advisers to act in the best interests of their clients.

This sentiment, however, varies by segment. Over two-fifths (43%) of those in Group 1 have a high level of trust in financial services firms' honesty and transparency, compared to just over one-third (36%) of those in Group 2 and just over one-quarter (27%) of those in Group 3.

Likewise, almost three-fifths (58%) of those in Group 1 have a high level of trust that financial advisers act in the best interests of their clients, compared to three-eighths of Group 2 (37%) and Group 3 (35%). There is a significant minority of adults in all groups (including one-fifth (21%) of Group 1) that do not trust financial advisers to act in the best interests of their clients.

However, when asked to think about the relationship they have with their own adviser, the vast majority of those in Group 1 trust their adviser. This is perhaps not surprising as half (48%) of those who received advice in the last 12 months have been using their adviser for more than five years. Over nine in ten (92%) generally use the same adviser time and time again, indicating that they have built a trusted relationship with that individual adviser or firm.

A small minority, one-seventh (14%) of those in Group 1, felt less sure about how much they trusted their own adviser, including a very small number (under 1%) who said they do not trust their adviser at all.

Key findings: Affordability of advice

Few in Group 2 would pay for advice if it cost more than £500

To shed some light on the willingness to pay for advice, people in Group 2 were asked to consider the attractiveness of investment advice at specific price points. Just over half (51%) would not pay for regulated financial advice at any price.

Looking at those who would be willing to pay for investment advice in more detail, a fifth (20%) think that advice would be too expensive at a cost of £100. A further one in twenty-five (4%) would not want to pay even £50. At the other end of the spectrum, around a fifth (19%) would be willing to pay more than £500.

Low-cost automated online advice has the potential to expand the market for advice

The market is starting to look at the feasibility of lower-cost solutions to the traditional face-to-face model, in particular automated online advice. It is difficult to predict what impact these automated online advice services will have in the future. It is possible that such services will simply be a substitute for existing regulated advice (i.e. those currently receiving such advice simply switch to automated online advice for some or all of their advice needs). It is also possible that automated online advice expands the total number of people accessing regulated advice, perhaps by making these services more accessible, or by having lower prices which make such services more attractive.

Early indications suggest that automated online advice services could do both. Around one-sixth (17%) of Group 1 and a quarter (24%) of Group 2 would be willing to pay for an automated online investment service in the future. Looking only at those who are willing to pay in more detail, around a quarter (24%) of those in Group 1 would not want to pay £100 for an automated online investment service, and a few (3%) would not want to pay £50. Those in Group 2 who are willing to pay are more sensitive to price. Here, a third (32%) would not pay £100 and a further tenth (9%) would not pay £50.

Just one in ten (7%) of those in Group 1 with a defined contribution (DC) pension who are nearing retirement would be willing to pay for an automated online decumulation advice service, perhaps reflecting the much more complex nature of this decision, and even lower levels of awareness of what such a service could look like in practice.

Key findings: Quality of advice

Those who have had advice are generally very satisfied with the quality of the service received and the price paid

Most of those in Group 1 are highly (48%) or moderately (37%) satisfied with the advice they received.

Just one-seventh (15%) give a low satisfaction score, or say they are not satisfied at all. The least satisfied are: those in employment, with one-sixth (18%) giving a low score, or saying they are not

satisfied at all; those aged 18-34, with over two-fifths ([43%]) giving a low score, or saying they are not satisfied at all; and those with investible assets of less than £10,000, where again around a third (32%) gave a low score, or said that they are not satisfied at all.

When specifically asked how they feel about the fee that they paid for advice, the majority (72%) of those in Group 1 felt that it was about right, while just over one in five (21%) felt it was a little expensive.

Given such high levels of trust in and satisfaction with their adviser, and the long-standing nature of these relationships, it is perhaps understandable that almost nine in ten (88%) in Group 1 have not made any kind of purchase related to pensions or investments without advice in the last 12 months.

Key findings: Use and importance of information and guidance

Information and guidance plays an important role helping people with their financial lives

One-quarter (26%) of all adults used at least one type of information or guidance⁴ related to investments, saving into a pension or retirement planning in the last 12 months.

Half (45%) of those in Group 1 also used a type of information or guidance related to investments, saving into a pension or retirement planning in the same time period, compared to two-fifths (40%) of Group 2 and one-fifth (19%) of Group 3.

In the main, people were using information or guidance in relation to making an investment decision. A quarter (24%) went on to purchase an investment with a lump sum directly as a result of the guidance they received, a further one-tenth (9%) changed the funds or assets in an investment, and one-tenth (9%) started or increased monthly payments to an investment. Still, half (54%) said they took no action directly as a result of the information or guidance they received. This might be because people using information or guidance are at quite an early stage in the decision-making process, and are simply seeking to educate themselves and understand their options.

Provider websites, private sector money advice websites and media/ newspapers or their websites were the most used sources of information or guidance. The vast majority, over 80%, found each of the information or guidance sources they used to be helpful.

⁴ Where we refer to information in this report we mean material that is purely factual. Where we refer to guidance this means material that provides an opinion about the relative merits of products generally as opposed to specific products, but does not involve a personal recommendation. Respondents were, however, asked about their experiences of information or guidance, without being given these definitions.

Information or guidance received from family or friends was felt to be the most helpful, with over two-fifths (44%) of those that used this rating it as very helpful in their decision-making and a further two-fifths (43%) rating it as somewhat helpful.

Of the 5% of adults that received information or guidance through the workplace, under one-quarter (23%) said it helped a lot, and a further two-thirds (64%) said it helped a little.

List of tables and figures

Chapter 1: Introduction

Figure 1 Number of UK adults that have had regulated financial advice in the last 12 months (Group 1), compared to those that have not had advice in the same period (Groups 2, 3, and 4) 10

Figure 1.1 Graphic representation of survey questions used to assign respondents to groups 28

Table 1.1 Definitions provided to respondents or term used in this report based on questions asked of respondents 35

Chapter 2: Product ownership

Table 2.1 Savings products held by UK adults (All UK adults) 39

Table 2.2 Savings products held by 5% or more of all UK adults (All UK adults) 40

Table 2.3 Total amount of money held in savings products (All UK adults) 41

Table 2.4 Investment products held by UK adults (All UK adults) 42

Table 2.5 Investments products held by 5% or more of all UK adults (All UK adults) 44

Table 2.6 Total amount of investments held by UK adults (All UK adults) 45

Figure 2.1 Pension products held (All UK adults; All UK adults that have not retired) 46

Table 2.7 Pension products held by type of pension (All UK adults) 48

Figure 2.2 UK adults who have ever decumulated a DB or DC pension (All UK adults) 49

Table 2.8 UK adults who have ever decumulated a DB or DC pension (All UK adults) 50

Figure 2.3 UK adults who have decumulated a DC pension in the last 2 years (All UK adults) 51

Table 2.9 UK adults who have decumulated a DC pension in the last 2 years (All UK adults) 52

Table 2.10 Pension decumulation options chosen (All UK adults who have decumulated a DC pension in the last 2 years) 54

Table 2.11 Characteristics of people who plan to decumulate a DC pension in the next two years compared to the UK adult population and to those who have a DC pension (All UK adults) 55

Chapter 3: Profile of the advised and not advised UK adult population

Figure 3.1 Number of UK adults that have had regulated financial advice in the last 12 months (Group 1), compared to those that have not had advice in the same period (Groups 2, 3, and 4).	58
Table 3.1 Demographic profile of the four groups: column percentages (All UK adults)	60
Table 3.2 Demographic profile of the four groups: row percentages (All UK adults)	61
Table 3.3 Resources profile of the four groups: column percentages (All UK adults)	63
Table 3.4 Resources profile of the four groups: row percentages (All UK adults)	65
Table 3.5 Credit product holdings and credit card activity of the four groups: column percentages (All UK adults)	66
Table 3.6 Amount currently owed on credit cards, overdrafts, and unsecured loans for the four groups (All UK adults)	67
Table 3.7 Attitudinal profile of the four groups: column percentages (All UK adults)	69
Table 3.8 Thought given to how they are going to manage financially when they come to retire for the four groups (All UK adults not retired)	70
Table 3.9 Expectations for standard of living in retirement for the four groups (All UK adults aged 45 and over and not retired)	70

Chapter 4: Profile of those who have not been advised in the last 12 months

Figure 4.1 Historic advice experiences (All UK adults who have not had advice in the last 12 months)	74
Table 4.1 Historic advice experiences (All not advised UK adults who have not had advice in the last 12 months)	75
Table 4.2 Use of information or guidance in the last 12 months (All UK adults who have not had advice in the last 12 months)	76
Table 4.3 Attitudes towards advice: Financial advice is only suitable for people who have a large amount to invest (All UK adults who have not had advice in the last 12 months)	76
Table 4.4 Attitudes towards advice: Confidence in choosing suitable pension or investments without consulting a financial adviser (All UK adults who have not had advice in the last 12 months)	77
Table 4.5 Attitudes towards advice: Retirement planning and pension decision making (All UK adults who have not had advice in the last 12 months and are not retired)	78

Table 4.6 Measures of financial resilience: Burdened by bills and credit commitments (All UK adults who have not had advice in the last 12 months)	79
Table 4.7 Measures of financial resilience: Fallen behind or missed payments (All UK adults who have not had advice in the last 12 months)	79
Figure 4.2 Measures of financial resilience: Over-indebtedness	80
Table 4.8 Attempts made to access advice in the past (All UK adults who have not had advice, but might have a need for it)	81
Table 4.9 Propensity to purchase investment or pension products in the last 12 months without advice (All UK adults who have not had advice, but might have a need for it)	82
Table 4.10 Reasons for not taking regulated financial advice in the last 12 months (All UK adults that have not had advice, but might need it)	83
 Chapter 5: Profile of people who have had regulated financial advice in the last 12 months	
Table 5.1 Attitudes towards advice (All UK adults who have had regulated financial advice in the last 12 months)	86
Table 5.2 Measures of financial resilience (All UK adults who have had regulated financial advice in the last 12 months)	87
Figure 5.1 Measures of financial resilience: Over-indebtedness	88
 Chapter 6: People who had regulated advice in the last 12 months - frequency, topics, reasons for advice and actions taken	
Figure 6.1 Frequency of advice in the last 12 months (All UK adults who have had regulated financial advice in the last 12 months)	91
Table 6.1 Frequency of advice in the last 12 months (All UK adults who have had regulated financial advice in the last 12 months)	93
Figure 6.2 Frequency of advice in the last 12 months by nature of relationship with adviser (All UK adults who have had regulated financial advice in the last 12 months)	94
Table 6.2 Topics covered in ANY advice session or sessions in the last 12 months (All UK adults who have had regulated financial advice in the last 12 months)	95
Table 6.3 Topics covered in the sole or most recent advice sessions in the last 12 months (All UK adults who have had regulated financial advice in the last 12 months)	96
Figure 6.3 Nature of advice needed in the most recent advice session (All UK adults who have had regulated financial advice in the last 12 months)	97

Table 6.4 Nature of advice needed in the most recent advice session (All UK adults who have had regulated financial advice in the last 12 months)	98
Figure 6.4 Prompts for seeking advice in the most recent advice session (All UK adults who have had regulated financial advice in the last 12 months)	99
Table 6.5 Prompts for seeking advice in the most recent session (All UK adults who have had regulated financial advice in the last 12 months)	100
Figure 6.5 Awareness of redress in the most recent session (All UK adults who have had regulated financial advice in the last 12 months)	101
Table 6.6 Action taken as a result of the advice received in the most recent advice session (All UK adults who have had regulated financial advice in the last 12 months)	102
Figure 6.6 Action taken as a result of the advice received in the most recent advice session by nature of adviser relationship (All UK adults who have had regulated financial advice in the last 12 months)	103
Table 6.7 Understanding the actions taken as a result of the advice received (All UK adults who have had regulated financial advice in the last 12 months who followed the advice given or chose to do something different)	104
Figure 6.7 Propensity to use the advice session to validate own thinking in the most recent advice session (All UK adults who have had regulated financial advice in the last 12 months)	105
Table 6.8 Propensity to use the advice session to validate own thinking in the most recent advice session (All UK adults who have had regulated financial advice in the last 12 months)	106
 Chapter 7: People who had regulated advice in the last 12 months - types of advice received	
Figure 7.1 Sources of regulated financial advice for the most recent advice session (All UK adults who have had regulated financial advice in the last 12 months)	108
Table 7.1 Sources of regulated financial advice for the most recent advice session (All UK adults who have had regulated financial advice in the last 12 months)	109
Figure 7.2 Delivery channel for the most recent advice session (All UK adults who have had regulated financial advice in the last 12 months)	110
Table 7.2 Delivery channel, for the most recent advice session (All UK adults who have had regulated financial advice in the last 12 months)	111

Chapter 8: People who had regulated advice in the last 12 months - relationship with and trust in their provider

Figure 8.1 Length of time using adviser/ firm (All UK adults who have had regulated financial advice in the last 12 months)	113
Table 8.1 Length of time using adviser/ firm (All UK adults who have had regulated financial advice in the last 12 months)	115
Figure 8.2 Propensity to use the same adviser/ firm (All UK adults who have had regulated financial advice in the last 12 months and who have used the adviser before)	116
Table 8.2 Propensity to use the same adviser/ firm (All UK adults who have had regulated financial advice in the last 12 months and who have used the adviser before)	117
Figure 8.3 Level of trust in adviser/ firm (All UK adults who have had regulated financial advice in the last 12 months)	118
Table 8.3 Level of trust in adviser/ firm (All UK adults who have had regulated financial advice in the last 12 months)	119
Figure 8.4 Satisfaction with most recent regulated advice received (All UK adults who have had regulated financial advice in the last 12 months)	120
Table 8.4 Satisfaction with most recent regulated advice received (All UK adults who have had regulated financial advice in the last 12 months)	121
Figure 8.5 Satisfaction with most recent regulated advice received by type of adviser used (All UK adults who have had regulated financial advice in the last 12 months)	122
Figure 8.6 Advised adults who have also made a purchase without advice in the last 12 months (All UK adults who have had regulated financial advice in the last 12 months)	122
Table 8.5 Type of decision made without advice (All UK adults who have had regulated financial advice in the last 12 months and who made an investment or pension purchase/ decision without advice)	123
Figure 8.7 Awareness of redress (All UK adults who have had regulated financial advice in the last 12 months and who made an investment or pension purchase/decision without advice)	124

Chapter 9: Awareness and use of automated online pension or investment services

Figure 9.1 Awareness of any provider of automated online investment or pension services (All UK adults)	126
Table 9.1 Awareness of any provider of automated online investment or pension services (All UK adults)	128

Table 9.2.1: Awareness of any provider of automated online investment or pension services (All UK adults)	129
Table 9.2.2 Awareness of any provider of automated online investment or pension services (All UK adults)	130
Figure 9.2 Use of providers of automated online investment or pension services in the last 12 months (All UK adults)	131
Table 9.3 Use of providers of automated online investment and pension services in the last 12 months (All UK adults who have used any provider of automated online investment and pension services in the last 12 months)	133
Table 9.4.1 Characteristics of those using automated online investment or pension services (All UK adults who have used any provider of automated online investment and pension services in the last 12 months)	134
Table 9.4.2 Characteristics of those using automated online investment or pension services (All UK adults who have used any provider of automated online investment and pension services in the last 12 months)	135
 Chapter 10: Willingness to pay for advice	
Figure 10.1 Willingness to pay for advice if the costs were reasonable (All UK adults)	138
Table 10.1 Willingness to pay for advice if the costs were reasonable (All UK adults)	139
Figure 10.2 Fee paid for advice in most recent session (All UK adults who have had regulated financial advice in the last 12 months)	140
Table 10.2 Fee paid for advice (All UK adults who have had regulated financial advice in the last 12 months)	141
Figure 10.3 Perception of the fee paid for advice (All UK adults who have had regulated financial advice in the last 12 months who paid a one-off fee or paid through the product)	142
Table 10.3 Perception of the fee paid for advice (All UK adults who have had regulated financial advice in the last 12 months who paid a one-off fee or paid through the product)	143
Figure 10.4 Willingness to pay, in the foreseeable future, for advice from a regulated adviser (All UK adults who have not had advice, but might have a need for it)	144
Figure 10.5 Willingness to pay, in the foreseeable future, for advice from a regulated adviser (All UK adults who have not had advice, but might have a need for it, excluding those who said they would not pay for advice)	145
Figure 10.6 Willingness to pay, in the foreseeable future, for advice from a regulated adviser (All UK adults who have not had advice, but might have a need for it, excluding those who said	

they would not pay for advice and those with less than £10,000 in investable assets, or who don't know or refused to disclose their investible assets)	146
Figure 10.7 Willingness to pay, in the foreseeable future, for automated online investment advice (All UK adults who have had advice in the last 12 months and those who have not, but might have a need for it)	147
Table 10.4 Willingness to pay for automated online investment advice (All UK adults who have had regulated financial advice in the last 12 months but not used automated advice and say that they "would pay for automated online advice" and all UK adults who have not had advice, but might have a need for it and say they "would pay for automated online advice")	149
Figure 10.8 Willingness to pay for automated online investment advice (All UK adult that have had regulated financial advice in the last 12 months who are willing to pay)	150
Figure 10.9 Willingness to pay for automated online advice regarding pension decumulation (All UK adults who have had regulated financial advice in the last 12 months who are two years or less from retirement or accessing a DC pension)	151
Chapter 11: Information and guidance	
Figure 11.1 Sources of information and guidance used in the last 12 months by use of regulated financial advice or their likelihood to need it (All UK adults)	154
Figure 11.2 Sources of information and guidance used in the last 12 months for adults aged 55 and over (All UK adults, all UK adults aged 55 and over and planning to retire within 2 years, all UK adults 55 and over and not planning to retire within 2 years)	155
Table 11.1.1 Sources of information and guidance used in the last 12 months (All UK adults)	156
Table 11.1.2 Sources of information and guidance used in the last 12 months continued (All UK adults)	157
Table 11.2 Reasons for using information or guidance in the last 12 months (All UK adults who used information or guidance in the last 12 months)	158
Table 11.3 Actions taken as a result of using information or guidance (All UK adults who used information or guidance in the last 12 months)	159
Table 11.4 Helpfulness of information or guidance received by information or guidance source (All UK adults who have used information or guidance in the last 12 months)	160
Chapter 12: Likelihood to seek regulated financial advice in the future	
Figure 12.1 Likelihood of seeking regulated advice in the future (All UK adults who have had regulated financial advice in the last 12 months)	162

Table 12.1 Likelihood to seek regulated advice in the future (All UK adults who have had regulated financial advice in the last 12 months)	163
Figure 12.2 Likelihood to seek regulated financial advice in the future (All UK adults who have not had advice, but might have a need for it)	164
Table 12.2 Likelihood to seek regulated financial advice in the future (All UK adults who have not had advice, but might have a need for it)	165

1. Introduction

1.1 Report objectives

The Financial Advice Market Review (FAMR) was launched in August 2015 in light of concerns that the market for financial advice in the UK was not working well for consumers. The aim of the Review was to explore ways in which Government, industry and regulators could take individual and collective steps to stimulate the development of a market which delivers affordable and accessible financial advice and guidance to everyone, at all stages of their lives.

FAMR considered that progress in achieving this vision should be judged against a number of success factors:

- Good availability of affordable, high quality advice and guidance, which consumers at all stages of their lives are able to access to help them with their particular needs.
- There is greater innovation in the interests of consumers, encouraged by a flexible and well-understood regulatory framework for advice.
- A range of channels exist, through which consumers are able to access advice and guidance, including in the workplace; and there is appropriate flexibility in the way consumers are able to pay for advice.
- Consumers engage with their own financial affairs and so seek out the advice and guidance they need.

To help track the outcomes of FAMR against the vision set out above, Her Majesty's Treasury (HMT) and the Financial Conduct Authority (FCA) were asked to develop a baseline and indicators for the advice market. These measures incorporate a range of metrics from both supply (advisory firm) and demand (consumer) side perspectives.

One source for consumer information and perspectives is the FCA's Financial Lives Survey 2017.

This report provides insights into the support UK adults are currently getting with their financial decisions, to inform the FAMR baseline and to provide an understanding of:

- Those who had received regulated advice related to investments, saving into a pension or retirement planning in the last 12 months and those that had not.
- The profile of these different parts of the market, not only demographically, but in several ways, including by financial resilience and resources.
- Peoples' engagement with their financial affairs and their perceptions relating to financial matters. This covers:
 - Current ownership of savings, investments and pensions.

- How confident and knowledgeable they feel making decisions about their money.
- Trust in and satisfaction with advisers.
- The types of people who are currently using advice, how they are doing this and the drivers for use, as well as the support they expect to use in the future.
- The characteristics of people whose circumstances suggest there might be a need for financial advice, and the reasons why they did not make use of any advice service.
- Affordability, including willingness to pay for advice and their perceptions of quality and value.
- The types of people who are making use of different sources of information or guidance.

1.2 Relevant survey methodology and questions

1.2.1 *The Financial Lives Survey 2017*

The information contained in this report is drawn from the FCA's Financial Lives Survey 2017. The Financial Lives Survey 2017 is a robust large-scale quantitative survey, using random probability sampling to recruit respondents to a largely online survey, with, however, an important smaller number of interviews conducted in person in home, in order to include those without Internet access and to increase the number of participants aged 70 and over.⁵ In total, just under 13,000 respondents from across the UK, all adults aged 18 or over, participated in the survey.

The survey, with questions asked first of all respondents, establishes levels of product ownership, in banking, investment, saving, credit including mortgages, general insurance and protection, and pension products. It also establishes the level of use of regulated financial advice.

Random probability selection rules then allocate each respondent to a single question set about one product area or about advice. Respondents asked the question sets focused on advice were in Groups 1 and 2. Those respondents who were allocated to the question sets on investments and pensions were, if they had had regulated financial advice in the last 12 months, also asked questions about advice.

⁵ Further findings from this survey, together with a technical report, will be published by the FCA later in 2017.

1.2.2 *Establishing whether respondents had received regulated financial advice in the last 12 months*

In this report, where we talk about ‘regulated financial advice’, ‘regulated advice’ or ‘advice’, we mean regulated advice about investments, saving into a pension or retirement planning. This report has not considered regulated advice on other financial products, for example mortgages, general insurance or consumer credit.

For the purposes of this report, we assume that a respondent has had regulated financial advice on investments, saving into a pension or retirement planning in the last 12 months, if they confirm that they:

- Had advice from one of the following advisers: an adviser from a financial advice firm such as an IFA (Independent Financial Adviser); an adviser from a bank or building society; an adviser from an insurance company, investment company or pension provider; or automated online advice.
- And they paid for the advice, or would have paid for the advice if they had taken out the product.⁶

We were keen to differentiate between those who had received regulated advice and those who had received support which they perceived to be ‘advice’, but which falls outside the regulatory perimeter. We chose to use the fact that advice is paid for as an indicator that the advice falls within the regulatory perimeter. There is no regulatory requirement that firms charge for advice in every case; nonetheless, we believe that payment remains a strong indicator that regulated advice has been received.

If a respondent tell us ‘*No, the advice was free, whether or not I took out a product*’, we do not count this as having received regulated financial advice. There could be valid reasons for why no payment is made. Often this is the case for a short, introductory conversation at the beginning of any relationship. For the purposes of the Financial Lives Survey 2017, we have assumed, however, that the respondent may be mistaken, either through not having seen a professional financial adviser or not having been given advice.

⁶ The respondent is also told: *Before 1 January 2013, payment may instead have taken the form of a commission from the product provider to the adviser.*

We also provided the following clarifications of what is meant by ‘investments’, ‘a pension’ and ‘retirement planning’:

- By ‘investments’ we mean retail investment products including stocks and shares ISA, insurance bonds, investment funds and endowments, shares and equities, corporate bonds, gilts or government bonds, crowdfunding and peer-to-peer lending, and structured investments/ deposits. Please do not include investment in property or in collectables like wine, art or jewellery.
- By ‘pension’ we mean a pension arranged through an employer or one you have arranged yourself. Please do not think about State pensions.
- By ‘retirement planning’ we mean the choices you need to make when starting to take money from your pension savings to fund your retirement. This could include buying an annuity or entering into income drawdown or taking cash from your pension pot.

1.2.3 Segmenting the UK adult population into four groups based on their use of regulated financial advice or their likely need for it

Once use of regulated financial advice in the last 12 months had been established, other respondents (i.e. those who had not received regulated financial advice in the last 12 months) were divided into three groups based on their investible assets, including DC pension assets for those close to retirement or to planned pension decumulation.⁷

Thus the UK adult population as a whole could be divided into four groups:

- Group 1: Those who have had regulated financial advice in the last 12 months related to investments, saving into a pension or retirement planning.
- Group 2: Those who have not had regulated financial advice in the last 12 months, but whose circumstances suggest there might be a need for financial advice: these are people who have at least £10,000 in savings and/ or investments,⁸ or who have at least £10,000 in a DC pension and a plan to retire or to access a DC pension in the next 2 years.
- Group 3: Those who have not had regulated financial advice in the last 12 months, and whose circumstances suggest that a need for financial advice is less likely: these are people who have less than £10,000 in savings and/ or investments, and do not have

⁷ See questions D10a, B3, P_AC12, B1, B2 and B11, when the survey questionnaire is published.

⁸ For respondents in Group 2 we will sometimes know they have £10,000 or more in savings and/ or investments, without knowing the full extent of their assets, e.g. if they tell us they have over £10,000 in savings but ‘prefer not to say’ what level of investments they have.

£10,000 or more in a DC pension and a plan to retire or to access a DC pension in the next 2 years.

- Group 4: Those who have not had regulated financial advice in the last 12 months, but who cannot be allocated to Group 2 or 3 because insufficient information was provided about their financial situation.⁹

We make frequent reference to these groups throughout this report. It is useful to note:

- Group 1 constitutes the ‘advised’ (in the last 12 months) compared to the combination of Groups 2, 3 and 4 who together make up the total of those ‘not advised’ (in the last 12 months).
- Any respondent who told us that they received in the last 12 months advice that was ‘free’ *and* no advice that was ‘paid for’ will, dependent on the financial resources they have and have disclosed, be included in Group 2, Group 3 or Group 4. They are included in the bases of 3,220, 6,432 and 2,413 described in Section 1.3.1.
- Any respondent who told us that they received in the last 12 months advice that was ‘free’ *and* no advice that was ‘paid for’ *and* had £10,000 or more in savings and/ or investments (and so fall into Group 2) we decided not to interview further about their advice experience or use of guidance. They are not included in the base of 2,941 described in Section 1.3.2. This decision was taken so as not to attempt to interview online respondents who may think they received regulated financial advice about why they had not done so. It is consequently a limitation of the survey (but an interviewing necessity) that in reporting Group 2 in Chapters 4, 10, 11 and 12 we under-represent that group by excluding the 8% of it that had had advice they described as ‘free’ in the last 12 months.

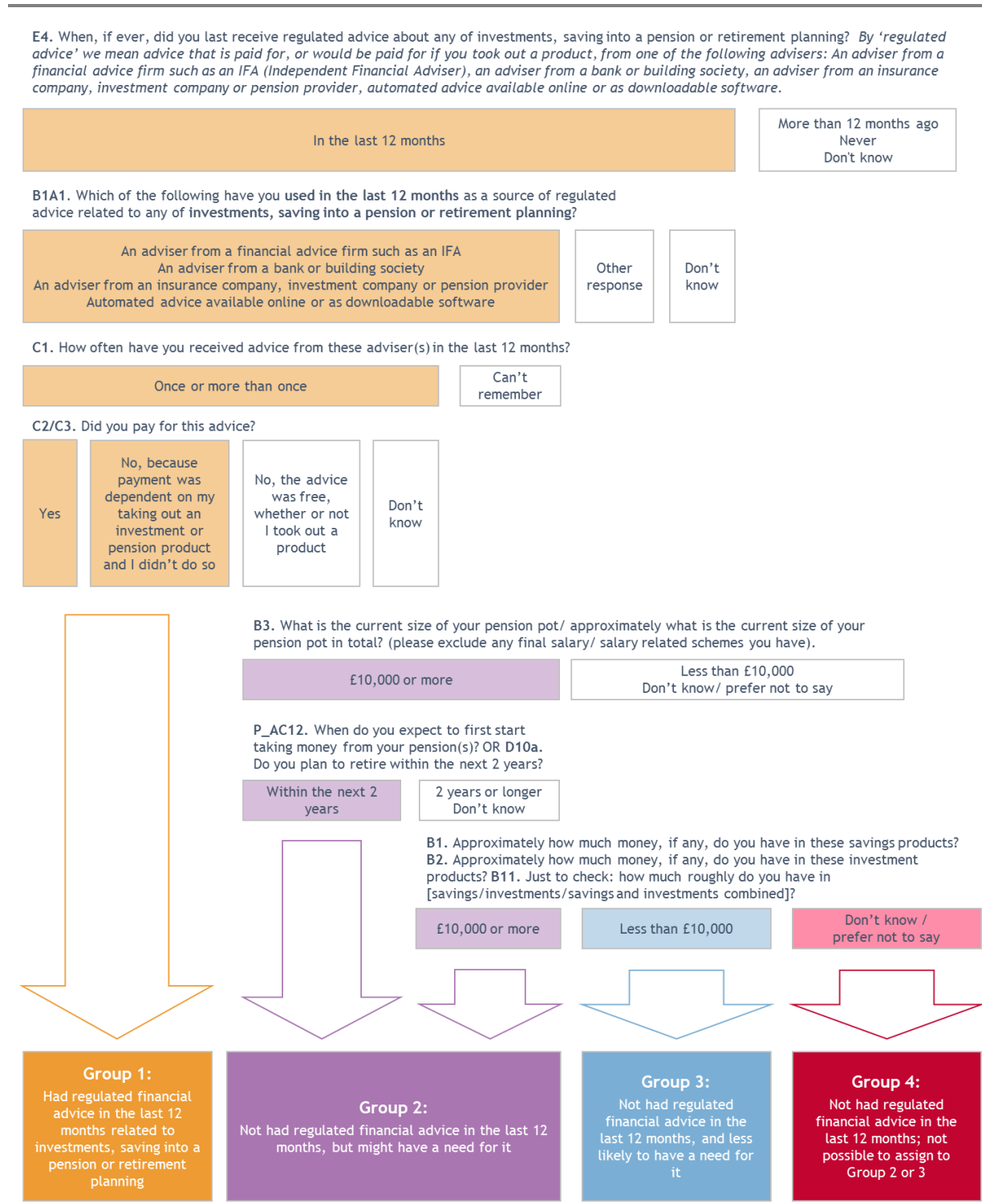
This approach to segmentation is based on survey questions and terms people should have been able to understand, according to cognitive testing run by Kantar Public. Nonetheless, some respondents will not have read the definitions correctly or not understood them, and it is possible that some survey respondents will not have been assigned to the group to which they actually belong.

⁹ For respondents in Group 4 we may have some partial information on their investible assets, but not enough to be able to assign them to Group 2 or Group 3, e.g. if they tell us they have under £5,000 in savings but ‘prefer not to say’ what level of investments they have.

1.2.4 Graphic representation of survey questions used to establish the use of regulated advice and to assign each respondent to Group 1, 2, 3 or 4

Figure 1.1 shows which questions were asked to establish the use of regulated advice in the last 12 months and to assign each respondents to a group.

Figure 1.1 Graphic representation of survey questions used to assign respondents to groups



1.2.5 Reporting is for the sole or most recent regulated financial advice session in the last 12 months

Although respondents are asked about the advice experiences they have had in the past, the main focus of the survey is on last 12 months. This is because people usually have a better recall of the recent events, compared with those from a few years ago.

If a respondent has had a single regulated advice session in the last 12 months they are asked about that session. If they have had more than one session (and this occurs in over half (53%) of cases), they are asked about the most recent session.

1.3 Commonly reported populations

As explained in Section 1.2.1, the Financial Lives Survey 2017 has a modular structure. Some questions are asked of all respondents, such as those which establish levels of product ownership and the level of use of regulated financial advice, and others are asked of a selection of respondents, such as those focused on their experiences of advice.

For this reason, base sizes vary throughout this report. This section lists some of the most commonly reported populations (e.g. ‘all UK adults’) and some of the analysis breaks also commonly reported (e.g. ‘by gender’).

1.3.1 Tables reporting on questions asked of all respondents

As shown below, questions asked to all respondents in the Financial Lives Survey 2017 are based on a population of 12,865. Results are usually shown at a total population level and by a number of different demographic and financial resource indicators.¹⁰

All UK adults:		12,865
- by gender	Excludes ‘prefer not to say’ (68) ¹¹ and ‘other’ (7) responses	12,790
- by couple status	Excludes ‘don’t know’ responses (200)	12,665
- by working status	Excludes ‘don’t know’ responses (60)	12,805
- by household income	Excludes ‘don’t know’ (973) and ‘prefer not to say’ responses (2,229)	9,663

¹⁰ All numbers in Sections 1.3.1-2 and in the base information provided at the bottom of tables and figures are weighted.

¹¹ Our treatment of ‘don’t know’ and ‘prefer not to say’ responses is covered further in Section 1.3.3. All respondents provided their age, so we do not need to show exclusions for ‘don’t know’ or prefer not to say’; the same is true for analysis by life stage.

As discussed in Sections 1.2.2-3, this report segments respondents into three groups, based on their use of regulated financial advice over the last 12 months or their likelihood to need it. As a result, a large number of tables report bases for one or more of these three groups. The populations for these three groups are shown below.

All adults that have had regulated financial advice in the last 12 months (Group 1):		800
- by gender	Excludes 'prefer not to say' (3) and 'other' (2) responses	796
- by couple status	Excludes 'don't know' responses (8)	792
- by working status	Excludes 'don't know' responses (2)	798
- by household income	Excludes 'don't know' (16) and 'prefer not to say' responses (118)	666
All adults that have not had regulated financial advice in the last 12 months, but whose circumstances suggest there might be a need for financial advice (Group 2):		3,220
- by gender	Excludes 'prefer not to say' (3) and 'other' (2) responses	3,215
- by couple status	Excludes 'don't know' responses (18)	3,203
- by working status	Excludes 'don't know' responses (0)	3,220
- by household income	Excludes 'don't know' (113) and 'prefer not to say' responses (215)	2,891
All adults that have not had regulated financial advice in the last 12 months and whose circumstances suggest that a need for financial advice is less likely (Group 3):		6,432
- by gender	Excludes 'prefer not to say' (50) and 'other' (3) responses	6,379
- by couple status	Excludes 'don't know' responses (95)	6,338
- by working status	Excludes 'don't know' responses (50)	6,383
- by household income	Excludes 'don't know' (574) and 'prefer not to say' responses (488)	5,371
All adults that have not had regulated advice and who have not disclosed their savings and/ or investments (Group 4)		2,413
- by gender	Excludes 'prefer not to say' (12) and 'other' (0) responses	2,401
- by couple status	Excludes 'don't know' responses (79)	2,334
- by working status	Excludes 'don't know' responses (8)	2,405
- by household income	Excludes 'don't know' (270) and 'prefer not to say' responses (1408)	736
All adults that have not had regulated financial advice in the last 12 months (Groups 2, 3, 4 combined):		12,065
- by gender	Excludes 'prefer not to say' (65) and 'other' (5) responses	11,994
- by couple status	Excludes 'don't know' responses (192)	11,873
- by working status	Excludes 'don't know' responses (60)	12,005
- by household income	Excludes 'don't know' (957) and 'prefer not to say' responses (2,111)	8,997

1.3.2 Tables reporting on questions asked of a random selection of respondents

Questions that focus on experiences of advice are asked of a selection of respondents. Commonly reported populations for these questions are shown below.

All adults that have had regulated financial advice in the last 12 months (Group 1):		781¹²
- by gender	Excludes 'prefer not to say' (4) and 'other' (2) responses	775
- by couple status	Excludes 'don't know' responses (7)	774
- by working status	Excludes 'don't know' responses (2)	779
- by household income	Excludes 'don't know' and 'prefer not to say' responses (106)	675
- by investible assets	Excludes 'don't know' and 'prefer not to say' responses (101)	681
All adults that have not had regulated financial advice, but whose circumstances suggest there might be a need for financial advice (Group 2):		2,941
- by gender	Excludes and 'other' responses (2)	2,931
- by couple status	Excludes 'don't know' responses (23)	2,918
- by working status	No exclusions	2,941
- by household income	Excludes 'don't know' and 'prefer not to say' responses (274)	2,667
- by investible assets	Excludes 'don't know' and 'prefer not to say' responses (19)	2,922

1.4 Reporting conventions

1.4.1 Table conventions

In tables, the following conventions are used when displaying results:

*	Percentages based on fewer than 20 unweighted observations have been removed.
[x]	Percentages based on 20 or more but fewer than 50 unweighted observations.
0	No observations.
-	Category not applicable.

¹² Random probability sampling allocation rules gave respondents who had had advice in the last 12 months a much greater chance of being selected for questions on advice than on, say, their bank current account. This is why the base of 781 is not much lower than the base of 800 at Section 1.3.1.

1.4.2 Rounding

In tables and report text, percentages derived from the survey analysis or associated calculations are usually rounded upwards or downwards to the nearest whole number. Where a percentage, calculated to one decimal place, is x.5% the convention is to round upwards, e.g. 56.5% is shown as 57%. Totals in tables, therefore, may not add to 100%.

1.4.3 Treatment of 'don't know' and 'prefer not to say' responses

Findings are always rebased to exclude respondents who refused to answer a question.

We also rebase the results to exclude respondents who said 'don't know', where their 'don't know' response is not a meaningful result. As an example:

- If x% of the UK adult population do not know who their pension provider is, then we would consider this to be a meaningful result and include 'don't know' responses in the data (here, the fact that they do not know who provides their pension is an interesting finding that conveys some meaning).
- If x% of the UK adult population do not know how confident they feel in managing their money, then we would not consider this to be a meaningful result and rebase the results to exclude 'don't know' answers (here, people should be able to say how they feel, even if they have no feeling one way or another).

The base information below the tables gives the details on the weighted number of respondents that have been excluded because they refused to answer or were not able to give an answer.

For commonly reported populations by commonly reported analysis breaks, we refer the reader to Section 1.3.1 or 1.3.2.

1.4.4 Statistically significant differences

We have tested all of the survey results to a confidence interval (CI) of 95%. Where we pick out results in the report text, they are **always statistically significant** to a CI of 95%, unless we explicitly say they are not.

For example, if we say that *'retirees are more likely than the population as a whole to have had regulated financial advice in the last 12 months'*, there is just a 5% chance that this difference could have happened by chance.

1.4.5 Standard analysis breaks

In the tables, we always show the survey results at a total population level and by a range of different demographic and financial resource indicators, unless the number of people answering the question is too small to allow us to undertake this analysis:

- **Gender:** male, female
- **Age:** 18-34, 35-44, 45-55, 56-64, and 65+
- **Working status:** employed, self-employed, unemployed, retired, and other (which includes semi-retired (defined as drawing a pension or other income sources but still working), student, permanently sick/disabled, temporarily sick (no job to go to), looking after the home, and other responses)
- **Life stage:** not retired 18-44, not retired 45-54, not retired 55+, and retired
- **Gross annual household income** (from all sources before tax and other deductions): less than £15,000, £15,000-£29,999, £30,000-£49,999, and £50,000+
- **Investible assets:** most tables show the following bands £0-£9,999, £10,000-£19,999, £20,000-£49,999, and £50,000+. Some tables provide further granularity by splitting the £0-£9,999 band into the following bands: £0, £1-999, £1,000-£1,999, £2,000-£4,999, £5,000-£9,999¹³

Investible assets include all savings and investments, excluding: property, collectables like jewellery, and DC or DB pension savings. Respondents are asked, if they hold any savings or investments jointly, to only include the amounts they would consider theirs:

- Savings products include: current accounts, savings accounts, NS&I bonds, credit union savings accounts, e-money accounts, Post Office card accounts, cash ISAs
- Investment products include: stocks and shares ISAs, insurance bonds, investment funds and endowments, shares/equities, corporate bonds/ gilts/ government bonds, crowdfunding/ peer-to-peer lending, structured investments/ deposits

¹³ Investible assets figures have been rebased to exclude a small number of respondents who took part in the pilot (soft launch) phase of the survey who said that they had between £1 and £4,999 in savings or investments. This band was removed in the final (main stage) survey and replaced with more granular bands below £5,000. Therefore, it was not possible to assign these respondents to one of the bands below £5,000. As a result, the proportion of all UK adults with savings less than £5,000 reported in this report is very slightly under-represented.

In some tables we may also include additional indicators to highlight interesting findings. Some of the more commonly reported indicators include:

- **Education level:** postgrad/ degree, A level/ diploma, GCSE/ trade, other (which includes: O level/ GCSE grade D-G/ SCE Standard/Ordinary grades below 3 NVQ/ SVQ/ GSVQ level 1/ GNVQ foundation BTEC/ SCOTVEC First/ General certificate City and Guilds Part I/ RSA Stage I-III SCOTVEC modules/ Junior Certificate or other qualifications including overseas), and no qualifications
- **House ownership:** own outright, mortgage, renting, rent free/ other (which includes living in a relative's or friend's property (excluding squatting), part rent and part mortgage (shared ownership), sheltered accommodation, and other)
- **Gross annual personal income** (from all sources before tax and other deductions): less than £15,000, £15,000-£29,999, £30,000-£49,999, and £50,000+
- **Tax bracket:** no tax, basic rate tax, higher rate tax/ additional rate
- **Knowledgeable about financial matters:** high (self-rated score of 9 or 10 out of 10), moderate (self-rated score of 7 or 8 out of 10), and low or not at all (self-rated score of 0 to 6 out of 10)
- **Internet ability:** excellent, good/ fair, poor/ bad, never use the internet, and don't know

In this report, we do not conduct any statistical analysis (for example, regression analysis) to determine the relationships amongst our standard analysis breaks. Furthermore, we are aware that our definitions will drive some of the findings - for example, by definition Group 3 will have fewer investible assets than Group 2.

1.5 Terms used in the report

In Table 1.1 we list a number of terms that are referred to regularly in this report and describe the way that these were explained to the survey respondents.

Research with consumers consistently shows that they struggle to understand industry terminology and so, wherever possible, we have tried to use words and definitions in our survey that people can understand and relate to. This means these definitions are not industry standard or to be found in the FCA's Handbook Glossary.

That said, although we have tried to make terms easier for our respondents to understand, and Kantar Public undertook some pre-survey cognitive testing of terms to this end, it remains possible that not all respondents will have understood terms put to them or understood them in quite the same ways. This reflects a limitation of consumer research, particularly when relatively complex concepts are involved.

Table 1.1 Definitions provided to respondents or term used in this report based on questions asked of respondents

Term	<i>Definition provided to respondents or term used in this report based on questions asked of respondents</i>
Advice	Shorthand for regulated financial advice .
Advised	Those who have received regulated financial advice in the last 12 months. Also referred to as Group 1. ¹⁴
Decumulation/ decumulate	<p>Pension decumulation is the process of converting pension savings to retirement income.</p> <p>Ways of decumulating, as explained to respondents, include <i>taking out an annuity, entering into income drawdown, starting to take money from UFPLS, or taking a whole pension in cash in one go</i>.</p>
Information or guidance	<p>We explained to respondents that sources of information or guidance about investments, saving into a pension or retirement planning included <i>government, financial service industry and other private sector websites and services; the media; the workplace and friends and family</i>.</p> <p>Where we refer to information in this report we mean material that is purely factual. Where we refer to guidance this means material that provides an opinion about the relative merits of products generally as opposed to specific products, but does not involve a personal recommendation. Respondents were, however, asked about their experiences of information or guidance, without being given these definitions.</p>
Investible assets	The total amount of money held in savings only, in investments only, or, if both held, in savings and investments combined.
Investments	<i>By ‘investments’ we mean retail investment products including stocks and shares ISAs, insurance bonds, investment funds and endowments, shares and equities, corporate bonds, gilts or government bonds, crowdfunding and peer-to-peer lending, and structured investments/deposits. Please do not include investment in property or in collectables like wine, art or jewellery.</i>
Not advised consumer	Consumer who has not received any regulated financial advice in the last 12 months. Such consumers fall into Groups 2, 3 or 4.
Regulated advice	Shorthand for regulated financial advice .

¹⁴ Terms in bold are also included in this table.

Term	Definition provided to respondents or term used in this report based on questions asked of respondents
Regulated financial advice	<p>By ‘regulated advice’ we mean advice that is paid for, or would be paid for if you took out a product, from one of the following advisers:</p> <ul style="list-style-type: none"> • An adviser from a financial advice firm such as an IFA (Independent Financial Adviser) • An adviser from a bank or building society • An adviser from an insurance company, investment company or pension provider • Automated advice available online or as downloadable software. This is personalised advice which usually incurs a charge, where you input your financial information and objectives and this information is used to generate investment and/or pension recommendations suitable for you (automated). It does not include simple online tools and calculators. <p>In this report, regulated financial advice is always restricted to advice related to investments, saving into a pension or retirement planning.</p>
Retirement planning	By ‘retirement planning’ we mean the choices you need to make when starting to take money from your pension savings to fund your retirement. This could include buying an annuity or entering into income drawdown or taking cash from your pension pot.
Saving into a pension	By ‘pension’ we mean a pension arranged through an employer or one you have arranged yourself. Please do not think about State pensions.
Savings	Money that is held in deposit-based accounts, including current accounts, savings accounts, Post Office card accounts, NS&I bonds, credit union savings accounts, e-money accounts and cash ISAs.

2. Product ownership

2.1 Introduction

To provide context for the remainder of this report, this chapter sets out key information on savings, investment and pension products that are currently held by UK adults:

- Savings
- Investments, covering:
 - Stocks and shares ISAs
 - Insurance bonds
 - Investments not held in either of these wrappers, including: investment funds and endowments, shares and equities, corporate bonds, gilts or government bonds, crowdfunding and peer-to-peer lending, and structured investments or deposits.
- DC pensions, covering:
 - Those contributing to or receiving contributions into a DC pension
 - Those who decumulated any DC pension in the last two years
 - Those planning to decumulate a DC pension in the next two years

Although the FCA does not regulate advice on investments in property or collectables like wine, art or jewellery, we also report the ownership of these investments as useful context.

2.2 Summary

- The majority (72%) of UK adults hold at least one savings product, and the most popular product by far is a savings account with a bank or building society or NS&I (held by 59% of all UK adults).
- Despite this, many adults have little or no savings - one in eight (13%) have no savings at all and a further one in four (25%) have less than £2,000. These results could be over- or under-estimates, since one in five (21%) did not know how much they have in savings or refused to answer the question.
- Around seven in ten (68%) UK adults do not hold currently any of the investment products covered in the survey, including property and collectables like art.
- The most commonly held investment product is a stocks and shares ISA (or its previous incarnation, the PEP): one-sixth (17%) of UK adults hold money in these.

- Just over one in twenty UK adults (7%) have a buy-to-let, second home or investment property, rising to one in eight (12%) of those aged 45-54, and one in seven (15%) for the self-employed.
- The likelihood of holding an investment product is generally positively related to age, household income, and being part of a couple.
- Half of UK adults (49%) say that they do not have a pension of any kind (excluding the State Pension). There is no significant difference in pension ownership between men and women, although there is a significant difference by age, employment status and household income.
- Excluding those who have retired, three-eighths (38%) say that they do not have a pension of any kind (excluding the State Pension). Of the non-retirees, those most likely to have no pension provision are the 18-24 year olds (51%), people who are self-employed (51%) or unemployed (78%), those with no investible assets (67%) and those with household incomes of less than £15,000 (72%).
- One-quarter (24%) of UK adults who are employed currently have no pension. With the introduction of auto-enrolment, we would expect this to decrease over time as more and more people are offered a workplace pension for the first time.
- A much higher proportion of UK adults have a DC pension (37%) than a DB pension (17%), reflecting the changing nature of pension provision in the UK.
- Almost three-fifths (58%) of all retirees have decumulated a DB or DC pension, and over one-third (36%) of all 55 year olds and over who have not retired have decumulated a DC or DB pension. These numbers include those who did not have DB or DC pension.
- Just over one-fifth of all men (22%) are in receipt of pension income or have taken a cash lump sum from a pension, which is slightly higher than women (17%), reflecting historical gender differences in pension ownership.
- Just over two-fifths (43%) of everyone planning to decumulate a DC pension in the next 2 years are aged 55-64 and over a half (55%) are aged 65 and over.

2.3 Product ownership: Savings

Table 2.1 shows that the vast majority of UK adults hold at least one savings product and that the most popular product by far is a savings account with a bank or building society or NS&I.

Three-eighths (37%) of UK adults hold a cash ISA.

Table 2.1 Savings products held by UK adults (All UK adults)

	Proportion of UK adults who have product (column percentage)
Any savings product	72
Savings account with a bank or building society or with National Savings and Investments (NS&I)	59
Cash ISA account	37
Premium bonds	21
National Savings and Investment (NS&I) bond	7
Credit union savings account	2
None of these	26
Don't know	2

P_RB2sum2. Which, if any, of these products do you have currently, either in your own name or in joint names? Please do not include any products that are used solely for business purposes.

Base: All UK adults (12,865).

Table 2.2 provides a profile of the owners of the savings products held by at least 5% of UK adults, and shows that:

- Those in a couple are more likely to have a savings product compared to those not in a couple.
- The likelihood of holding a savings product increases with both household income and the level of investible assets.
- The likelihood of holding a cash ISA increases with age, for example three-tenths (30%) of 18-34 year olds have a cash ISA compared to under half (45%) of those aged 65 or over.

Table 2.2 Savings products held by 5% or more of all UK adults (All UK adults)

		Proportion of all UK adults who have product (row percentages)			
		Savings account	Cash ISA account	Premium bonds	NS&I bond
Total		59	37	21	7
Gender	Male	60	36	21	7
	Female	59	38	20	6
Age	18-34	52	30	7	3
	35-44	59	34	12	5
	45-54	65	36	23	4
	55-64	66	46	32	5
	65+	60	45	36	15
Couple status	In couple	65	41	24	7
	Not in couple	51	31	16	5
Working status	Employed	63	38	17	4
	Self-employed	63	38	26	7
	Unemployed	31	17	6	2
	Retired	62	46	36	14
	Other	46	23	14	4
Life stage	Not retired 18-44	55	31	9	3
	Not retired 45-54	65	36	23	4
	Not retired 55+	64	44	32	7
	Retired	62	46	36	14
Annual gross household income	Less than £15,000	40	23	12	4
	£15,000-£29,999	57	35	22	7
	£30,000-£49,999	66	42	22	7
	£50,000+	76	48	26	8
Investible assets	Nil ¹	20	7	1	0
	£1-£999	48	19	8	2
	£1,000-£1,999	57	30	12	3
	£2,000-£4,999	62	33	13	3
	£5,000-£9,999	67	51	22	5
	£10,000-£19,999	69	55	28	6
	£20,000-£49,999	78	60	37	6
	£50,000+	84	61	46	20

P_RB2sum2. Which, if any, of these products do you have currently, either in your own name or in joint names? Please do not include any products that are used solely for business purposes.

Base: All UK adults (12,865) - see Section 1.3.1.

Notes: Multiple responses allowed. ¹ This row shows that of all adults who said they have no savings or investments when asked to provide monetary figures (see questions B1, B2, and B11 when the survey questionnaire is published), 20% said that they have a savings account, 7% said they have a cash ISA and 1% said they have premium bonds. We are aware that these results are an abnormality in that it should not be possible to continue to hold these products without at least a minimum balance being maintained.

As Table 2.3 shows, the amount of money held in savings is very limited, with almost half of all UK adults (47%) having less than £5,000 in savings in total. Younger adults have less savings than their older counterparts - for example, almost half (47%) of 18-34 year olds have less than £1,000 in savings,

compared to just 14% of those aged 65 or over. A high proportion of retirees did not know or refused to say how much savings they have, but, even taking this into account, retirees are significantly more likely to have more than £50,000 of savings than the other age groups.

For those with savings of less than £50,000, there is no difference in the amount held by men and women. Past this threshold, men are more likely to have higher levels of savings than women.

Table 2.3 Total amount of money held in savings products (All UK adults)

		All UK adults (row percentages)								
		Nil	£1 to £999	£1,000 to £1,999	£2,000 to £4,999	£5,000 to £9,999	£10,000 to £19,999	£20,000 to £49,999	£50,000+	Don't know/ PNTS ¹
Total		13	19	6	9	7	7	7	10	21
Gender	Male	12	19	6	9	7	8	8	12	19
	Female	14	20	6	9	7	7	7	8	23
Age	18-34	20	27	9	10	7	5	3	3	15
	35-44	16	25	7	11	6	7	6	6	17
	45-54	13	19	6	9	7	8	9	10	19
	55-64	8	15	4	8	6	9	12	15	23
	65+	5	9	3	7	7	8	10	18	32
Couple status	In couple	11	18	6	9	7	8	9	11	21
	Not in couple	17	22	6	9	6	6	5	8	21
Working status	Employed	12	22	7	11	8	8	7	7	18
	Self-employed	10	19	6	9	6	8	10	12	19
	Unemployed	37	26	6	5	1	3	3	5	15
	Retired	5	9	3	7	7	8	10	18	32
	Other	26	25	6	8	4	4	4	7	16
Life stage	Not retired 18-44	19	26	8	10	7	6	4	4	16
	Not retired 45-54	13	20	6	9	7	8	9	10	19
	Not retired 55+	9	14	4	8	6	9	12	15	23
	Retired	5	9	3	7	7	8	10	18	32
Annual gross household income	Less than £15,000	27	27	6	9	5	6	4	5	11
	£15,000-£29,999	14	26	7	10	7	7	8	11	11
	£30,000-£49,999	10	22	9	12	8	9	9	12	8
	£50,000+	5	17	7	12	10	11	13	18	7
Investible assets	Nil	100	0	0	0	0	0	0	0	0
	£1-£999	1	99	0	0	0	0	0	0	0
	£1,000-£1,999	1	14	85	0	0	0	0	0	0
	£2,000-£4,999	8	5	5	81	0	0	0	0	0
	£5,000-£9,999	0	3	2	10	84	0	0	0	0
	£10,000-£19,999	0	2	2	6	11	77	0	0	2
	£20,000-£49,999	1	2	1	4	5	15	69	0	3
	£50,000+	1	2	1	3	3	5	15	68	4

B1. Approximately how much money, if any, do you have in these savings products?

Base: All UK adults (12,621), excluding pilot respondents who have £1-£4,999 in savings (244).

Notes: Respondents who don't hold any savings products (349) - and were not asked this question - have been included in the 'nil' savings column. Findings rebased to exclude pilot respondents who said that they had between £1 and £4,999 in these savings products (244) as it was not possible to assign them one of the savings bands below £5,000. As a result, the proportion of all UK adults with savings less than £5,000 reported in this table is very slightly under-represented. ¹ Due to the way in which this question was asked, it is not always possible to separate 'don't know' from 'PNTS' responses. We also suspect some 'don't know' responses are actually a refusal rather than a genuine 'don't know'. For this reason we report combined 'don't know' and 'PNTS' responses in this table, rather than removing the 'PNTS' responses and rebasing the results.

2.4 Product ownership: Investments

Table 2.4 shows that around seven in ten (68%) UK adults do not currently hold any of the investment products covered in the survey.

One-sixth (17%) of UK adults hold money in stocks and shares ISAs (or their previous incarnation, PEPS) and a similar number (16%) have direct holdings of shares/equities. Just one in ten (10%) have money in investment funds (such as unit trusts, OEICs, or ETFs) or endowments, and one in twenty (5%) have money in insurance bonds.

The figure (16%) for direct holdings of shares/equities should be treated with some caution as it does not mean that this proportion of UK adults comprises active stock pickers. The survey did not explore what types of shares and equities are held. Some of the holdings will have been acquired as a result of a historic demutualisation of a building society, or from the de-nationalisation of utilities such as BT, British Gas, and so on, or as a result of share save schemes operated by employers.

At present, a tiny minority (1%) are using alternative investments such as crowdfunding or peer-to-peer lending; however, these types of products are very much in their infancy and it will be very interesting to track trends in their usage over time.

Table 2.4 also shows that just under one in ten (7%) own an investment property, reflecting the increasing popularity of property as an investment.

Table 2.4 Investment products held by UK adults (All UK adults)

	All UK adults who have product (column percentage)
Stocks and shares ISA, including PEP ISA	17
Insurance bonds	5
Other investments not held in either of these wrappers, of which:	22
Shares/ equities	16
Investment fund (e.g. unit trust, OEIC, ETF) or endowment	10
Buy-to-let, second home, or other property investment including commercial property ¹	7
Other 'real' investments (e.g. wine, art, jewellery) ¹	2
Corporate bond or gilt/ government bond	2
Crowdfunding investment or peer-to-peer lending	1
Structured deposit or structured investment	2
Other investment	0
None of these ²	68

P_RI1a. Do you currently have any investments held in stocks and shares ISAs, including PEP ISAs, either in your own name or in joint names? **P_RI1b.** Do you currently have any investments held in insurance bonds, either in your own name or in joint names? **P_RI2.** Which, if any, of these investments do you currently have, either in your own name or in joint names? Please do not include any investments held within a stocks and shares ISA or an insurance bond. **P_RB2.** Which, if any, of these products do you have currently, either in your own name or in joint names? Please do not include any products that are used solely for business purposes.

Base: All UK adults (12,865).

Notes: ¹ While we provide ownership statistics for these types of investments here for context, the value of these investments are **NOT** included in the figures given by respondents for the total value of their investments (Table 2.6), nor are they included in the calculation of total investible assets when considering whether someone might need regulated financial advice. ² 'None of these' category includes 'don't know' responses (1%) and 'none of these' (66%).

Table 2.5 provides a profile of the owners of the investment products held by at least 5% of UK adults, and shows that:

- Bar insurance bonds, men are more likely to hold any type of investment product than women.
- The likelihood of holding a product is generally related to age, household income, overall level of investible assets and living in a couple.
- Just over one in twenty UK adults (7%) have a buy-to-let, second home or investment property, rising to one in eight (12%) of those aged 45-54, and one in seven (15%) for the self-employed.
- Self-employed adults are more likely to have investments compared to those who are employed. For example, one-quarter (24%) of the self-employed own a stocks and shares ISA compared to one in seven (14%) who are employed.

Table 2.5 Investments products held by 5% or more of all UK adults (All UK adults)

		All UK adults who have product (row percentages)				
		Stocks & shares ISA	Shares/Equities	Investment fund	Investment property ¹	Insurance Bond
Total		17	16	10	7	5
Gender	Male	20	20	12	8	5
	Female	14	13	7	6	5
Age	18-34	6	6	3	3	2
	35-44	13	13	7	8	3
	45-54	22	22	12	12	5
	55-64	24	24	15	11	6
	65+	27	22	15	6	9
Couple status	In couple	21	20	12	10	6
	Not in couple	12	10	6	3	3
Working status	Employed	14	15	8	7	4
	Self-employed	24	21	14	15	6
	Unemployed	7	6	4	3	1
	Retired	28	22	15	6	9
	Other	9	9	6	6	3
Life stage	Not retired 18-44	8	9	4	5	2
	Not retired 45-54	22	22	12	12	5
	Not retired 55+	23	24	15	11	7
	Retired	28	22	15	6	9
Annual gross household income	Less than £15,000	7	6	3	1	3
	£15,000-£29,999	15	12	8	4	5
	£30,000-£49,999	18	19	10	8	5
	£50,000+	28	28	18	17	6
Investible assets	Nil	0	0	0	1	0
	£1-£999	1	1	0	2	0
	£1,000-£1,999	8	8	3	6	2
	£2,000-£4,999	8	8	3	7	1
	£5,000-£9,999	12	16	4	8	3
	£10,000-£19,999	19	19	10	9	6
	£20,000-£49,999	31	31	17	12	7
	£50,000+	57	51	38	19	14

P_RI1a. Do you currently have any investments held in stocks and shares ISAs, including PEP ISAs, either in your own name or in joint names? P_RI1b. Do you currently have any investments held in insurance bonds, either in your own name or in joint names? P_RI2. Which, if any, of these investments do you currently have, either in your own name or in joint names?

Base: All UK adults (12,865) - see Section 1.3.1.

Notes: ¹ While we provide ownership statistics for these types of investments here for context, the value of these investments are NOT included in the figures given by respondents for the total value of their investments (Table 2.6), nor are they included in the calculation of total investible assets when considering whether someone might need regulated financial advice. Findings rebased to exclude 'don't know' and 'prefer not to say' responses - see Section 1.3.1.

Table 2.6 shows the amount of investments held by UK adults. Again, holdings are limited. Seven-tenths (71%) have no investments at all, less than one-tenth (8%) have between £1 and £4,999, and just one-eighth (12%) have more than £10,000. Patterns of holdings are very similar to cash: couples are more likely to have money in investments compared to those not in a couple; the self-employed are more likely to have money in investments compared to those in employment; and those with high levels of investment holdings, i.e. more than £50,000, are concentrated amongst the older age groups and those with higher incomes.

Table 2.6 Total amount of investments held by UK adults (All UK adults)

		All UK adults (row percentages)								
		Nil	£1 to £999	£1,000 to £1,999	£2,000 to £4,999	£5,000 to £9,999	£10,000 to £19,999	£20,000 to £49,999	£50,000+	Don't know/ PNTS
Total		71	3	2	3	2	3	3	6	7
Gender	Male	67	4	2	3	2	3	4	8	7
	Female	75	3	1	3	2	2	3	4	7
Age	18-34	89	3	1	2	1	1	1	1	2
	35-44	76	4	2	3	2	2	3	2	4
	45-54	65	4	2	4	3	4	5	6	7
	55-64	60	4	2	5	3	3	5	10	10
	65+	59	2	1	3	2	5	5	12	12
Couple status	In couple	66	4	2	4	2	3	4	7	8
	Not in couple	80	3	1	2	1	2	2	4	5
Working status	Employed	74	4	2	3	2	2	3	3	5
	Self-employed	64	3	2	3	2	4	4	9	8
	Unemployed	88	1	1	1	1	1	1	3	3
	Retired	58	2	1	3	2	4	5	12	12
	Other	84	2	1	2	1	1	2	4	4
Life stage	Not retired 18-44	84	3	2	2	1	1	2	1	3
	Not retired 45-54	65	4	2	4	3	3	5	6	7
	Not retired 55+	61	3	1	4	3	4	5	10	9
	Retired	58	2	1	3	2	4	5	12	12
Annual gross household income	Less than £15,000	86	2	1	2	1	2	1	2	2
	£15,000-£29,999	76	3	1	3	2	3	4	5	3
	£30,000-£49,999	69	4	2	4	3	3	4	7	3
	£50,000+	56	5	3	5	4	5	7	12	4
Investible assets	Nil	100	-	-	-	-	-	-	-	-
	£1-£999	95	2	-	-	-	-	-	-	-
	£1,000-£1,999	85	14	1	-	-	-	-	-	-
	£2,000-£4,999	84	5	5	6	-	-	-	-	-
	£5,000-£9,999	72	7	3	12	6	-	-	-	1
	£10,000-£19,999	63	4	2	9	10	9	-	-	3
	£20,000-£49,999	43	3	3	7	7	15	17	-	4
	£50,000+	21	3	3	4	4	7	14	40	6

B2. How much in total do you currently have in these investments (stocks and shares ISA, insurance bonds, investment fund, shares/equities, corporate bond/gilt, crowdfunding/peer-to-peer lending, or structured deposit)? Please think about the current market value of your investments.

Base: All UK adults (12,785), excluding pilot respondents who have £1-£4,999 in investments (80).

Notes: Excludes value of investments held in Buy-to-let, second home, or other property investment including commercial property and other 'real' investments (e.g. wine, art, jewellery). So, of the 71% of respondents who currently have nothing invested in the qualifying investment products, a small proportion do have investments in property or other 'real' investments (3%). This accounts for the different between the 71% 'nil' responses in this table and the 68% reported as having 'none of these products' in Table 2.4. Respondents who don't hold any of the investment products listed (9,132) - and were not asked this question - have been included in the 'nil' investment column. Findings rebased to exclude pilot respondents who said that they had between £1 and £4,999 in these investment products (80) as it was not possible to assign them one of the investment bands below £5,000. As a result, the proportion of all UK adults with investments less than £5,000 reported in this table is very slightly under-represented.

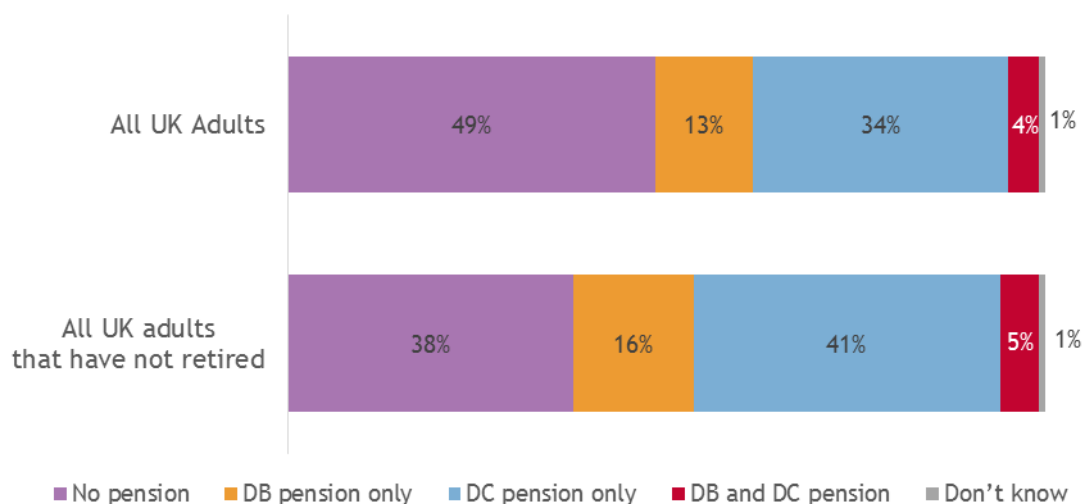
2.5 Product ownership: Pensions

Figure 2.1 provides an overview of the number of UK adults who have no non-State pension provision at all, compared to those that have a defined contribution (DC) or defined benefit (DB) pension. It only includes pensions that have not been accessed, i.e. ones that the pension holders are not receiving an income from nor have taken a cash lump sum payment from. It includes pensions into which contributions are currently being made (either by the holders or on their behalf, for example by an employer) and pensions into which no contributions are currently being made. It is also important to note that people may, of course, have more than one pension and more than one type of pension.

Half of all UK adults (49%) say that they do not have a pension of any kind (excluding the State Pension). One in three (34%) have a DC pension only, one in seven (13%) have a DB pension only, and one in twenty-five (4%) have both a DC and DB pension.

Excluding retirees, many of whom are in receipt of a DB or DC income, three-eighths (38%) do not have a pension of any kind, two-fifths (41%) have a DC pension only, one-sixth (16%) have a DB pension only, and one in twenty (5%) have both a DC and DB pension.

Figure 2.1 Pension products held (All UK adults; All UK adults that have not retired)



P_ACDV7_2. Classification of pension types held.

Base: All UK adults (12,865; All UK adults that have not retired (9,912).

Note: Figure shows the proportion of adults that have a DB or DC pension, regardless of how many DB or DC pensions they have or whether contributions are currently being made to the pension or not. It excludes any pension from which a person is receiving an income or has taken a cash lump sum payment.

Table 2.7 explores pension ownership in more detail by looking at the characteristics of those who say they have no non-State pension provision at all, compared to those that have a DC or DB pension.

Looking first at all UK adults (the first three columns in Table 2.7), there is a small difference in overall pension ownership between men and women (45% of men have no DB or DC pension, compared to 52% of women).

The likelihood of having a pension also increases with age. Half of those aged 18-34 (51%) had no pension compared to just under three in ten (28%) of those aged 35-44. The majority (84%) of people aged 65 and over do not have a pension; however, as we show in Table 2.8 in the pension decumulation section of this chapter, over half (56%) of people in this age group are in receipt of an income or have taken a cash lump sum payment from a pension.

Looking now at just those adults who have not retired (the last three columns in Table 2.7), those most likely to have no pension provision are the 18-34 year olds (51%), people who are self-employed (51%) or unemployed (78%), those with no investible assets (67%) and those with household incomes of less than £15,000 (72%).

One-quarter (24%) of those who are employed currently have no pension. With the introduction of auto-enrolment, we would expect this to decrease over time as more and more people are offered a workplace pension for the first time.

Looking at the more detailed breakdown by type of pension scheme, just one in nine (11%) 18-34 years olds have a DB pension, compared to three-tenths (31%) of 45-54 year olds who are not yet retired, reflecting the closure to new members of many of these schemes. In contrast, two-fifths (39%) of 18-34 years olds have a DC pension, compared to over half (55%) of 45-54 year olds.

Three-tenths (32%) of people with a household income of £50,000 or more have a DB pension and three-fifths (59%) have a DC pension. In contrast, just one in sixteen (6%) of people with a household income of less than £15,000 have a DB pension and just one-fifth (22%) have a DC pension.

Table 2.7 Pension products held by type of pension (All UK adults)

		All UK adults (row percentages) ¹			All UK adults that have not retired (row percentages) ²		
		No DB or DC	All with DB	All with DC	No DB or DC	All with DB	All with DC
Total		49	17	37	38	20	45
Gender	Male	45	18	40	36	21	48
	Female	52	16	35	40	20	44
Age	18-34	51	10	39	51	11	39
	35-44	28	24	51	28	24	51
	45-54	23	31	55	22	31	55
	55-64	45	23	38	37	26	44
	65+	84	6	10	67	10	25
Couple status	In couple	42	20	42	30	24	51
	Not in couple	61	12	29	52	13	37
Working status	Employed	24	26	54	24	26	55
	Self-employed	51	12	41	51	12	41
	Unemployed	78	6	18	78	6	18
	Retired	85	6	9	-	-	-
	Other	78	6	17	78	6	17
Life stage	Not retired 18-44	42	15	44	43	15	44
	Not retired 45-54	22	31	55	23	32	55
	Not retired 55+	44	22	40	44	23	40
	Retired	85	6	9	-	-	-
Annual gross household income	Less than £15,000	78	6	18	72	6	22
	£15,000-£29,999	52	13	36	39	16	47
	£30,000-£49,999	35	22	47	26	24	54
	£50,000+	22	30	55	17	32	59
Investible assets	Nil	70	7	23	67	8	25
	£1-£999	51	13	36	48	14	39
	£1,000-£1,999	40	20	44	35	21	48
	£2,000-£4,999	41	19	42	33	22	49
	£5,000-£9,999	38	19	46	24	23	56
	£10,000-£19,999	35	23	46	20	29	57
	£20,000-£49,999	36	26	45	17	33	58
	£50,000+	47	21	40	21	32	61

P_ACDV7_2. Summary: Accumulating pension schemes held.

Base: ¹ All UK adults (12,865) - see Section 1.3.1. ² All UK adults that have not retired (9,912).

Notes: Table shows the proportion of adults that have a DB or DC pension, regardless of how many DB or DC pensions they have or whether contributions are currently being made to the pension or not. It excludes any pension which a person is receiving an income or has taken a cash lump sum payment from. Findings rebased to exclude 'don't know' and 'prefer not to say' responses - see Section 1.3.1. Multiple responses allowed.

2.6 Product ownership: Pension decumulation

This section is split into two parts.

The first part looks at people who have decumulated a pension at any time in the past and at people who have decumulated a pension in the last 2 years. Note that this two year period will include people who have decumulated their DC pension under the new pension freedoms¹⁵ as well as a short period of time under the previous pension rules.

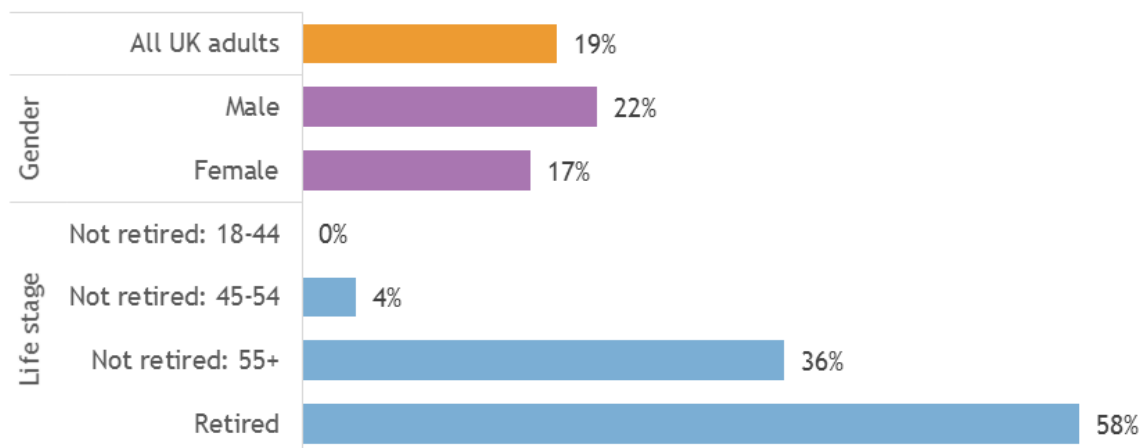
The second part looks at people planning to decumulate a DC pension in the next 2 years.

2.5.1 People who have decumulated a pension

Figure 2.2 shows everyone who has decumulated a pension - that is, are receiving an income from the pension or have taken a lump sum from it - regardless of when this was. In total, almost three-fifths (58%) of retirees have decumulated a pension, and over one-third (36%) of 55 year olds and over who have not retired have decumulated a pension.

Just over one-fifth of men (22%) are in receipt of pension income or have taken a cash lump sum from a pension, which is slightly higher than women (17%), reflecting historical gender differences in pension ownership.

Figure 2.2 UK adults who have ever decumulated a DB or DC pension (All UK adults)



P_DEC2. Thinking only of the pension or pensions you are receiving an income from, or have taken a cash lump sum from, what type of pension was this?

Base: All UK adults (12,865) - see Section 1.3.1.

¹⁵ In April 2015, the Government removed all restrictions on accessing defined contribution savings for anyone over the age of 55. Consequently, individuals now have much greater flexibility in how and when they access their defined contribution savings regardless of pot size.

As shown in Table 2.8, marginally more people have decumulated a DB pension (10%) than a DC pension (9%). As we saw in the pension accumulation section, given that more people now have a DC pension, we would expect these figures to shift over time toward DC decumulation.

Almost three-fifths (58%) of those who have retired are receiving an income or taken a cash lump sum payment for a pension. The propensity to have accessed a pension increases with the level of investible assets. Under half (45%) of those with investible assets of £50,000 or more are receiving an income or taken a cash lump sum payment from a pension.

Table 2.8 UK adults who have ever decumulated a DB or DC pension (All UK adults)

		All UK adults (row percentages)			
		All receiving an income or taken a lump sum from a pension	Receiving an income or taken a lump sum from a DB pension	Receiving an income or taken a lump sum from a DC pension	Receiving an income or taken a lump sum, but don't know what type of pension
Total		19	10	9	2
Gender	Male	22	12	10	1
	Female	17	8	7	2
Age	18-34	0	0	0	0
	35-44	0	0	0	0
	45-54	4	2	1	2
	55-64	39	21	17	3
	65+	56	30	27	4
Couple status	In couple	20	11	9	2
	Not in couple	17	9	8	2
Working status	Employed	6	3	3	1
	Self-employed	15	5	10	2
	Unemployed	3	1	2	1
	Retired	58	34	26	3
	Other	11	6	5	1
Life stage	Not retired 18-44	0	0	0	0
	Not retired 45-54	4	1	1	2
	Not retired 55+	36	15	19	4
	Retired	58	34	26	3
Annual gross household income	Less than £15,000	18	7	10	2
	£15,000-£29,999	26	14	13	2
	£30,000-£49,999	20	12	8	1
	£50,000+	13	8	5	1
Investible assets	Nil	5	1	3	1
	£1-£999	7	2	4	1
	£1,000-£1,999	8	3	5	1
	£2,000-£4,999	12	5	7	1
	£5,000-£9,999	17	7	10	1
	£10,000-£19,999	20	10	9	2
	£20,000-£49,999	30	18	12	2
	£50,000+	45	30	18	2

P_DEC2. Thinking only of the pension or pensions you are receiving an income from, or have taken a cash lump sum from, what type of pension was this?

Base: All UK adults (12,865) - see Section 1.3.1.

Note: Multiple responses allowed (some people are receiving an income from a DB and a DC pension).

Figure 2.3 focuses only on people who have decumulated a DC pension, and done so in the last two years. This group is of particular interest given the significant changes that have taken place in the pension decumulation market since the introduction of the new pension rules in April 2015.

In total, just 4% of UK adults have decumulated a DC pension in the last 2 years. A slightly higher proportion of men have decumulated a DC pension compared to women (5% compared to 3%, respectively).

Figure 2.3 UK adults who have decumulated a DC pension in the last 2 years (All UK adults)

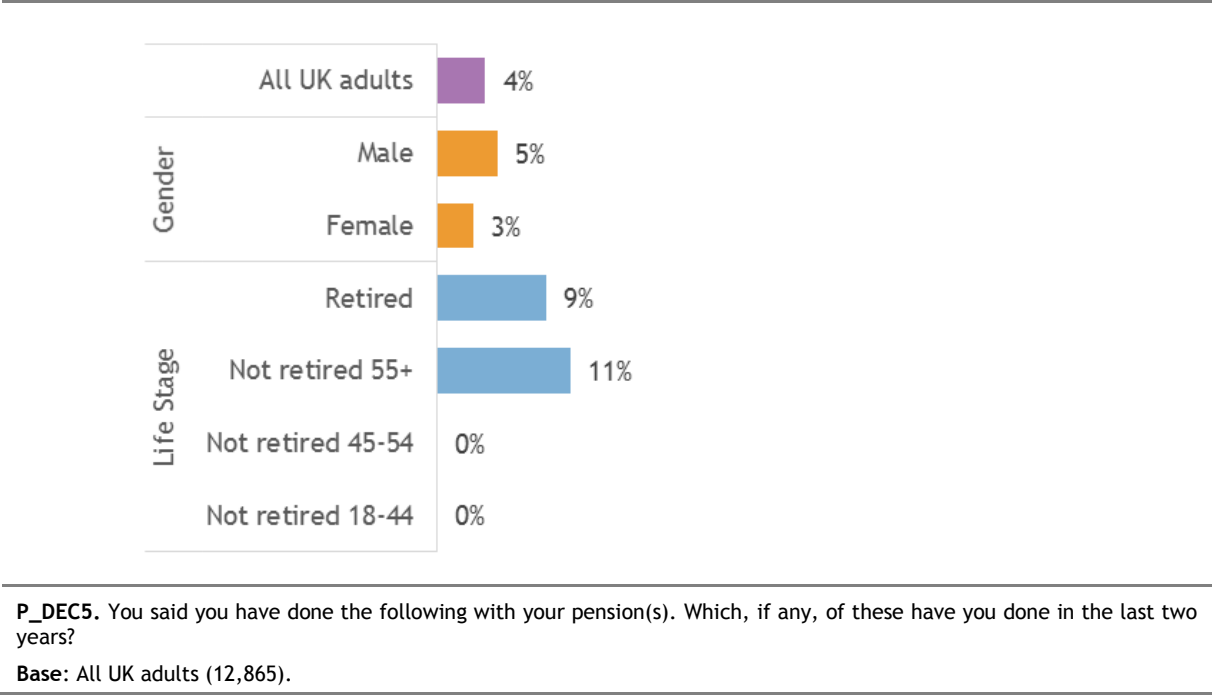


Table 2.9 shows the proportion of all people who have decumulated a DC pension in the last 2 years by age, gender and other characteristics. For context, it compares these numbers to the overall UK adult population and to the population who have a DC pension that they have not decumulated.

Of everyone who has decumulated a DC pension in the last 2 years, only a slight majority (53%) are retired. Almost one-quarter (23%) are employed, one-seventh (14%) are self-employed and just under one-tenth (8%) are in the *other working status* category, which includes people who are semi-retired. These figures support some of the early evidence emerging since the introduction of the new pension freedoms that a significant number of people are accessing at least part of their DC pension income prior to retirement.

Men are far more likely to have decumulated a DC pension in the last two years than women (61% of those who have decumulated a DC pension in the last two years are male and just 39% are female). Although not shown in the Table 2.9, part of the reason for this difference can be explained by DC pension ownership figures; for example, under half (45%) of men aged 55 and over who have not

retired have a DC pension that they have not accessed, compared to one-third (34%) of women, and overall half (50%) of all men aged 55 and over either have a DC pension or have decumulated a DC pension, compared to over one-third (35%) of women.

Table 2.9 UK adults who have decumulated a DC pension in the last 2 years (All UK adults)

		All UK adults (column percentages)		
		Total ¹	Have a DC pension ^{2,4}	Decumulated a DC pension in the last 2 years ³
Gender	Male	49	53	61
	Female	51	47	39
Age	18-34	29	30	0
	35-44	16	22	0
	45-54	18	26	2
	55-64	15	15	43
	65+	22	6	55
Couple status	In couple	63	71	69
	Not in couple	37	29	31
Working status	Employed	54	78	23
	Self-employed	8	9	14
	Unemployed	4	2	2
	Retired	23	5	53
	Other	11	5	8
Life stage	Not retired 18-44	45	52	0
	Not retired 45-54	18	26	2
	Not retired 55+	15	16	45
	Retired	22	5	53
Annual gross household income	Less than £15,000	20	8	23
	£15,000-£29,999	25	22	32
	£30,000-£49,999	25	28	25
	£50,000+	31	41	21
Investible assets	Nil	12	7	5
	£1-£999	17	17	6
	£1,000-£1,999	6	7	4
	£2,000-£4,999	9	10	7
	£5,000-£9,999	6	7	6
	£10,000-£19,999	7	9	9
	£20,000-£49,999	7	9	11
	£50,000+	14	15	30
	Don't know/ PNTS	22	19	22

P_DEC5. Which, if any, of these have you done in the last two years?

Base: ¹ All UK adults (12,865) - see Section 1.3.1. ² All UK adults who have a DC pension (4,791) ³ All UK adults who have decumulated a DC pension in the last 2 years (473).

Notes: ⁴ Proportion of UK adults that have one or more of this type of pension, regardless of whether contributions are currently being made to the scheme or not. Excludes any pension which a person is receiving an income or has taken a cash lump sum payment from. Findings rebased to exclude 'don't know' and 'prefer not to say' responses - see Section 1.3.1.

Table 2.10 shows the option or options chosen by people who have decumulated a DC pension in the last 2 years. Not surprisingly, given the confusion about at retirement options, one-quarter (25%) are not sure what they have done. Looking at the detail in Table 2.10, some interesting differences emerge. For example, it appears that women are less sure about what they have done than men (36% of women are not sure, compared to 17% of men). Four in ten (41%) people who are not in a couple were not sure about what they have done, compared to 17% of those are in a couple. Those who are 65 or over are more unsure about what they have done (29%) than those who are 55 to 64 (18%). Similarly, those on lower household incomes are more unsure than those on higher incomes (for example, 37% of those on £15,000 or less are unsure, compared to 10% of those on £50,000 or more).

Overall, almost three in ten (29%) of those accessing a DC pension in the last two years say they bought an annuity. There is no difference by gender. Those 65 and over were more likely to buy an annuity, whereas their younger counterparts were more likely to fully encash.

Overall, one-fifth entered income drawdown (20%), just one in eight (12%) started taking money out of their pot via UFPLS, and a similar number (17%) took all of the pension they accessed in cash in one go.

That said, these figures should be treated with caution as we know that consumers do not always understand what pension decumulation options they have chosen.¹⁶

¹⁶ These figures are also a little different to the FCA's retirement income market statistics. See www.fca.org.uk/publication/data/data-bulletin-issue-8.pdf.

Table 2.10 Pension decumulation options chosen (All UK adults who have decumulated a DC pension in the last 2 years)

		All UK adults who have decumulated a DC pension in the last 2 years (row percentages)				
		Annuity	Income drawdown	UFPLS	Fully encashed	Not sure
Total		29	20	12	17	25
Gender	Male	30	27	15	16	17
	Female	29	11	7	20	36
Age	18-34	0	0	0	0	0
	35-44	0	0	0	0	0
	45-54	*	0	*	*	*
	55-64	19	23	15	28	18
	65+	37	19	9	8	29
Couple status	In couple	34	22	14	16	17
	Not in couple	20	18	7	18	41
Working status	Employed	24	21	17	26	14
	Self-employed	19	30	12	29	14
	Unemployed	*	*	*	*	*
	Retired	36	18	8	9	31
	Other	*	*	*	*	*
Life stage	Not retired 18-44	0	0	0	0	0
	Not retired 45-54	*	*	*	*	*
	Not retired 55+	22	24	16	26	17
	Retired	36	18	8	9	31
Annual gross household income	Less than £15,000	30	7	7	21	37
	£15,000-£29,999	31	19	10	13	28
	£30,000-£49,999	26	32	16	19	12
	£50,000+	24	29	20	22	10
Investible assets	Nil	[26]	[8]	[4]	[31]	[39]
	£1-£999	[22]	[7]	[4]	[22]	[46]
	£1,000-£1,999	*	*	*	*	*
	£2,000-£4,999	19	9	11	39	25
	£5,000-£9,999	[30]	[19]	[19]	[12]	[25]
	£10,000-£19,999	[29]	[30]	[15]	[15]	[14]
	£20,000-£49,999	38	17	7	17	22
	£50,000+	32	31	20	9	14

P_DEC5. Which, if any, of these have you done in the last two years?

Base: All UK adults who have decumulated a DC pension in the last two years (473).

Note: Multiple responses allowed.

2.5.2 People who plan to decumulate a pension

As shown in Table 2.11, just over two-fifths (42%) of everyone planning to decumulate a DC pension in the next 2 years are aged 55-64 and under half (46%) are aged 65 and over. Table 2.11 also suggests there may be some confusion amongst UK adults about when a DC pension can be decumulated.

Currently, this can happen at any time from 55 onwards, but just over one in twenty (7%) who say they plan to decumulate a pension in the next two years are aged 45-54, and a further 2% are aged 18-34 and 3% are aged 35-44.

Table 2.11 Characteristics of people who plan to decumulate a DC pension in the next two years compared to the UK adult population and to those who have a DC pension (All UK adults)

		(column percentages)		
		All UK adults ¹	All UK adults who have a DC pension ^{2,4}	All UK adults planning to decumulate a DC pension in the next 2 years ³
Gender	Male	49	53	61
	Female	51	47	39
Age	18-34	29	30	2
	35-44	16	22	3
	45-54	18	26	7
	55-64	15	15	42
	65+	22	6	46
Couple status	In couple	63	71	69
	Not in couple	37	29	31
Working status	Employed	54	78	40
	Self-employed	8	9	9
	Unemployed	4	2	3
	Retired	23	5	40
	Other ⁴	11	5	8
Life stage	Not retired 18-44	45	52	5
	Not retired 45-54	18	26	6
	Not retired 55+	15	16	48
	Retired	22	5	40
Annual gross household income	Less than £15,000	20	8	20
	£15,000-£29,999	25	22	29
	£30,000-£49,999	25	28	26
	£50,000+	31	41	25
Investible assets	Nil	12	7	2
	£1-£999	17	17	10
	£1,000-£1,999	6	7	1
	£2,000-£4,999	9	10	5
	£5,000-£9,999	6	7	2
	£10,000-£19,999	7	9	12
	£20,000-£49,999	7	9	13
	£50,000+	14	15	31
	Don't Know/ PNTS	22	19	24

P_AC12. When do you expect to first start taking money from your pension(s) from which you haven't yet received any income or taken any payments?

Base: ¹ All UK adults (12,865). ² All UK adults who have a DC pension (4,791). ³ All UK adults who plan to decumulate a DC pension in the next 2 years (209).

Notes: ⁴ Proportion of UK adults that have one or more of this type of pension, regardless of whether contributions are currently being made to the scheme or not. Excludes any pension which a person is receiving an income or has taken a cash lump sum payment from. Findings rebased to exclude 'don't know' and 'prefer not to say' responses - see Section 1.3.1.

3. Profile of the advised and not advised UK adult population

3.1 Introduction

This chapter segments the UK adult population into four groups, **Groups 1, 2, 3 and 4**, which are defined in the **Executive Summary** and explained further in **Sections 1.2.2-1.2.4**.

In this chapter we look at the relative size of each group, before comparing their characteristics.

3.2 Summary

- Less than one in ten UK adults (6%), or 3.2 million people, had regulated financial advice in the last 12 months and made up Group 1.
- Over nine in ten UK adults (94%), or 47.9 million people, did not receive regulated advice in the last 12 months, splitting into 12.8 million (Group 2), 25.5 million (Group 3) and 9.6 million (Group 4).
- Men are more likely than women to be in Group 1 or Group 2, making up three-fifths (59%) and over half (54%) of each group, respectively.
- The propensity to be in each of these groups increases markedly with age. Over six in ten (62%) of Group 1 were aged 55 and over, compared to just over half (52%) of Group 2.
- Although retired people make up just under one-quarter (23%) of the UK adult population, they account for around one in three of Group 1 (34%) and of Group 2 (32%).
- Almost half (47%) of all adults in Group 1 have a gross annual household income of £50,000 or more, and a half (50%) have investible assets of £50,000 or more; the comparative figures for the UK adult population as a whole are 31% and 14%, respectively. While there appears to be a strong link between financial resources and being in Group 1, a considerable proportion (17%) of this group has investible assets under £10,000.
- Unsurprisingly, there is a strong link between financial resilience and being in Group 1 or Group 2. Seven in ten of those in Group 1 (72%) and in Group 2 (71%) said that they could cover their household living expenses for at least six months, compared to over one-third (36%) of the adult population as a whole.
- Those in Group 3 are less resilient: only one-seventh (15%) could cover their household living expenses for at least six months. More carry unsecured debt (65% of Group 3, compared with 38% of Group 1 and 40% of Group 2) and fewer with a credit card pay off their balance in full each month (39% of Group 3, compared with 81% of Group 1 and 84% of Group 2). Looking at debt carried in an overdraft, on a credit card or in other unsecured

loans, fewer in Group 3 have no debt (44% of Group 3, compared with 69% of Group 1 and 70% of Group 2).

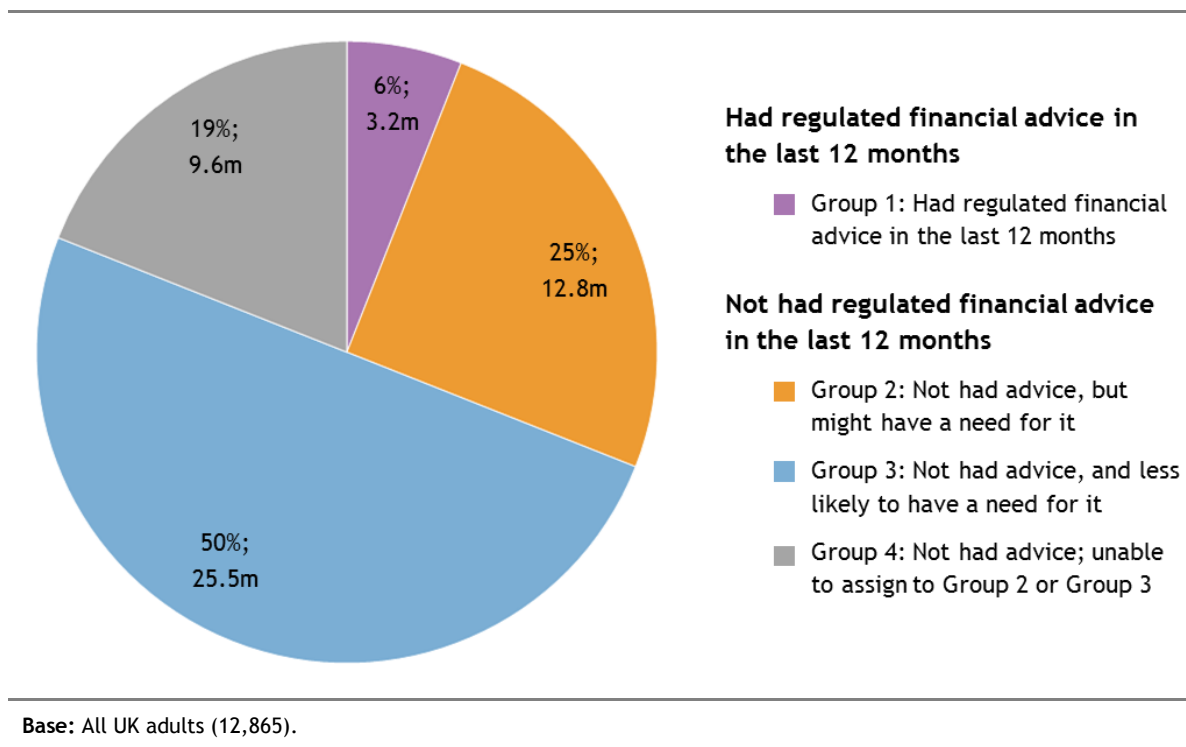
- It is consequently no surprise that fewer non-retirees in Group 3 (15%) have thought a great deal about how they are going to manage financially when they retire, compared with Group 1 (60%) and Group 2 (40%). Group 3 non-retirees aged 45 and over are also the least optimistic in terms of their expectations for retirement: only three in ten (30%) expect to maintain current living standards and half (51%) expect to be worse off, while the same holds true, respectively, for 54% and 37% of Group 1 non-retirees in that age range.
- In terms of levels of trust, these are higher among Group 1 adults compared with the other groups, but as many as three in ten (30%) of Group 1 have low or no trust in financial firms and a fifth (21%) rate as low or zero their trust in advisers' acting in the best interest of their clients.

3.3 UK adult population by whether or not they had regulated financial advice in the last 12 months

As depicted in Figure 3.1, less than one in ten UK adults (6%), or 3.2 million people, had regulated financial advice related to investments, saving into a pension or retirement planning in the last 12 months (Group 1).

One-quarter (25%) of all UK adults, or 12.8 million people, are in Group 2, and a half (50%) of all UK adults, or 25.5 million people, are in Group 3. The remainder (19%), equating to 9.6 million people, are in Group 4.

Figure 3.1 Number of UK adults that have had regulated financial advice in the last 12 months (Group 1), compared to those that have not had advice in the same period (Groups 2, 3, and 4)



In the following sections in this chapter we seek to look at the four groups set out in Figure 3.1 from two different angles.

Firstly, as for example in Table 3.1, we focus on column percentages, reading down the columns, to see that while a quarter (23%) of the UK adult population is retired, Group 1 contains an above average proportion of retirees (34%) and Group 3 a below average proportion of retirees (12%).

In Table 3.2, on the other hand, we read across the rows, to see that retirees split into the four groups in the proportions of 9% - 36% - 27% - 28%, while the same proportions for all UK adults are 6% - 25% - 50% - 19%.

So, one-third (34%) of Group 1 is made up of those who are retired, but only one in ten (9%) of the retired are in Group 1.

3.4 Profile of the four groups: demographics

Table 3.1 provides a detailed comparison of the demographic profile of our four groups.

Looking first at any gender differences, Table 3.1 shows a greater proportion of men than women in Groups 1 and 2. Three-fifths (59%) of all UK adults in Group 1 were men compared to two-fifths (41%) who were women. Over half (54%) of those in Group 2 were men, while women make up under half (46%) of this group. The gender split for those in Group 3 is a little more even, where 47% are men and 53% are women.

The propensity to be in Group 1 or Group 2 increases markedly with age. As also summarised in Table 3.1, over six in ten (62%) in Group 1 were aged 55 and over (26% for the 55-64 year olds, and 35% for the 65s and over). Similarly, just over half (52%) of those in Group 2 were aged 55 and over (21% for the 55-64 year olds, and 31% for the 65s and over). Extending this analysis to look at everyone over 45 years old increases these percentages even further, to 85% and 72% respectively. The fact that advice use or likely need is related to age is, perhaps, not a surprising finding in itself given that people have had more time to accumulate savings and investments and are more likely to be starting to plan for retirement.

Advice usage and likely need vary significantly by couple status. While couples account for five-eighths (63%) of the population as a whole, around three-quarters of Group 1 (76%) and of Group 2 (72%) were in a couple.

Looking specifically at working status, Table 3.1 highlights some interesting results:

- Although retired people only make up under one-quarter (23%) of the UK adult population, they account for just one in three of each of Group 1 (34%) and of Group 2 (32%).
- Likewise, while fewer than one in ten (8%) of the adult population are self-employed, they account for nearly twice as many (15%) of those in Group 1.
- In contrast, although over half (54%) of the adult population are employed, employed people only account for fewer (44%) of Group 1 by ten percentage points.

Table 3.1 Demographic profile of the four groups: column percentages (All UK adults)

		All UK adults (column percentages)				
		Total	Group 1 Had advice in the last 12 months	Group 2 Not had advice, but might have a need for it	Group 3 Not had advice, and less likely to have a need for it	Group 4 Not had advice; unable to assign to Group 2 or 3
Gender	Male	49	59	54	47	44
	Female	51	41	46	53	56
Age	18-34	29	6	14	41	22
	35-44	16	9	14	20	13
	45-54	18	23	20	17	16
	55-64	15	26	21	10	15
	65+	22	35	31	12	33
Couple status	In couple	63	76	72	58	62
	Not in couple	37	24	28	42	38
Working status	Employed	54	44	50	59	47
	Self-employed	8	15	9	7	7
	Unemployed	4	1	2	6	3
	Retired	23	34	32	12	34
	Other	11	6	6	15	9
Life stage	Not retired 18-44	45	15	28	61	35
	Not retired 45-54	18	23	20	17	16
	Not retired 55+	15	28	21	10	15
	Retired	22	34	32	12	34

Base: All UK adults (12,865) - see Section 1.3.1.

Note: Findings rebased to exclude 'don't know' and 'prefer not to say' responses - see Section 1.3.1.

As shown in Table 3.2, men are slightly more likely than women to be in Group 1 (8% of men compared to just 5% of women), but are also more likely to be in Group 2 (28% of men compared to 22% of women).

Age is strongly linked with the make-up of the different groups:

- The propensity to be in Group 1 increases significantly by age; with one in ten (10%) of all adults aged 55 and over having had regulated financial advice in the last 12 months (made up of 11% of those aged 55-64 and 10% of those aged 65 and over), compared to just 1% of adults aged 18-34 and 3% of adults aged 35-44.
- Similar findings emerge for Group 2: just over a third (35%) of those 55 and over are in this group (made up of 36% of those aged 55-64 and 35% of those aged 65 and over), while far fewer (12%) of those aged 18-34 are in Group 2.
- For Group 3, the picture is, unsurprisingly, different: while three in ten (30%) of those 55 and over are in this group (made up of 34% of those aged 55-64 and 27% of those aged 65 and over), far more (72%) of those aged 18-34 are in this group.

Of all adults living in a couple, one in ten (8%) are in Group 1, and three in ten (29%) are in Group 2. In contrast, one in twenty-five (4%) adults not in a couple are in Group 1 and a fifth (20%) in Group 2. Retired and self-employed people are more likely to be in Group 1, compared to the adult population as a whole (9% of retirees and 12% of the self-employed, compared to 6% for the population as a whole).

Table 3.2 Demographic profile of the four groups: row percentages (All UK adults)

		All UK adults (row percentages)			
		Group 1	Group 2	Group 3	Group 4
		Had advice in the last 12 months	Not had advice, but might have a need for it	Not had advice, and less likely to have a need for it	Not had advice; unable to assign to Group 2 or 3
Total		6	25	50	19
Gender	Male	8	28	48	17
	Female	5	22	52	20
Age	18-34	1	12	72	14
	35-44	3	21	60	16
	45-54	8	28	47	17
	55-64	11	36	34	20
	65+	10	35	27	28
Couple status	In couple	8	29	46	18
	Not in couple	4	20	57	19
Working status	Employed	5	23	55	16
	Self-employed	12	29	44	16
	Unemployed	2	11	74	14
	Retired	9	36	27	28
	Other	3	15	67	15
Life stage	Not retired 18-44	2	15	68	15
	Not retired 45-54	8	28	48	17
	Not retired 55+	12	35	35	19
	Retired	9	36	27	28

Base: All UK adults (12,865) - see Section 1.3.1.

3.5 Profile of the four groups: financial resources

This section compares the resources available to each of our groups. We have defined ‘resources’ not only to cover financial resources, such as household income, investible assets, home ownership and financial resilience, but also education levels.

Looking at the financial resources of our four groups reveals some marked differences.

There is a difference between people with a postgraduate qualification or first degree and the rest of the adult population; adults with a postgraduate qualification or first degree account for two-fifths of Group 1 (42%) and of Group 2 (41%), but only for three in ten (29%) of the adult population.

This result could be because those with the highest education levels are also likely to have higher than average household incomes and investible assets. Indeed, as Table 3.3 shows, annual gross household income and investible assets are key indicators of whether someone has had regulated financial advice in the last 12 months, and so is in Group 1. For example, almost half (47%) of all adults in Group 1 have a gross annual household income of £50,000 or more, and a half (50%) have investible assets of £50,000 or more; the comparative figures for the UK adult population as a whole are 31% and 14%, respectively.

This pattern also holds for those in Group 2. Although, by definition, this group must have at least £10,000 in investible assets (or have £10,000 or more in pension assets and be looking at retiring or at making a DC decumulation decision in the next 2 years), we see that many have much higher levels of investible assets than that. Here, just under half (45%) have investible assets of £50,000 or more.

Home ownership certainly appears to be a key indicator of whether someone is in Group 1 or Group 2. Compared to the national figure of three in ten (30%) of adults owning outright the property in which they currently live, this is true of three in five (59%) of Group 1 adults and half (50%) of those in Group 2. In contrast, just one in twenty (5%) of those in Group 1 and one in nine (11%) of those in Group 2 are renting their property (including those on Housing Benefit or Local Housing Allowance), although three in ten (29%) of all adults do so.

There is a strong link between financial resilience and whether someone has had, or might need, regulated financial advice. Seven in ten of those in Group 1 (72%) and in Group 2 (71%) said that they could cover their household living expenses for at least six months, compared to one-seventh (15%) of Group 3 and to over one-third (36%) of the adult population as a whole.

Table 3.3 Resources profile of the four groups: column percentages (All UK adults)

		All UK adults (column percentages)				
		Total	Group 1 Had advice in the last 12 months	Group 2 Not had advice, but might have a need for it	Group 3 Not had advice, and less likely to have a need for it	Group 4 Not had advice; unable to assign to Group 2 or 3
Education level	Postgrad/ degree	29	42	41	24	22
	A level/ diploma	28	28	26	30	23
	GCSE/ trade	21	19	19	23	22
	Other	10	6	6	12	13
	No qualifications	12	5	9	11	20
Annual gross household income¹	Less than £15,000	20	6	10	26	28
	£15,000-£29,999	25	21	22	26	31
	£30,000-£49,999	25	26	25	25	21
	£50,000+	31	47	43	24	20
Investible assets	Nil	12	2	0	23	-
	£1-£999	17	3	0	33	-
	£1,000-£1,999	6	3	0	11	-
	£2,000-£4,999	9	5	0	17	-
	£5,000-£9,999	6	4	0	11	-
	£10,000-£19,999	7	6	26	-	-
	£20,000-£49,999	7	10	27	-	-
	£50,000+	14	50	45	-	-
House ownership²	Don't know/ PNTS	22	16	1	4	100
	Own outright	30	59	50	12	41
	Mortgage	33	34	34	34	27
	Renting	29	5	11	43	24
How long household could cover living expenses, if lost main source of income³	Rent free/ other	8	2	5	11	8
	Less than a month	21	5	3	34	13
	A month to less than 6 months	32	19	21	40	30
	6 months or longer	36	72	71	15	36
	Don't know	11	4	5	11	21

Base: All UK adults (12,865) - see Section 1.3.1.

Notes: ¹ Findings rebased to exclude 'don't know' and 'prefer not to say' responses - see Section 1.3.1. ² Findings rebased to exclude 'don't know' responses (175). ³ Findings rebased to exclude 'prefer not to say' respondents (494)

As Table 3.4 demonstrates, people that hold a degree are more likely to have had regulated financial advice in the last 12 months, and so be in Group 1, compared to the UK average (9% of adults that hold a degree had advice, compared to a UK average of 6%) and also more likely to be in Group 2 (36% compared to 25% for all adults).

As Table 3.4 again shows, people with higher household incomes are far more likely to be in Group 1 or Group 2, compared to the adult population as a whole. Of those with a household income of

£50,000 or more, one in ten (10%) are in Group 1 and a further two-fifths (42%) are in Group 2, compared to the 6% and 25%, respectively, of all UK adults in these groups. At the other end of the spectrum, of those with a household income of less than £15,000, just one in fifty (2%) are in Group 1, and one in seven (15%) are in Group 2.

A similar trend is shown when looking at investible assets. Of course, for those with £10,000 or less of investible assets, the split between Group 2 and Group 3 is driven by our definition. Beyond this, it is interesting to look at the relative size of Group 1 and Group 2. Here, just over a fifth (22%) of people with investible assets of £50,000 or more are in Group 1 and nearly four-fifths (78%) are in Group 2.

One in eight (12%) of those who own their home outright are in Group 1, compared to just one in one hundred (1%) of those who are renting. In fact, the majority (73%) of adults living in rented accommodation are in Group 3, compared to just one-fifth (20%) of those who own their own home outright.

Table 3.4 Resources profile of the four groups: row percentages (All UK adults)

		All UK adults (row percentages)			
		Group 1	Group 2	Group 3	Group 4
		Had advice in the last 12 months	Not had advice, but might have a need for it	Not had advice, and less likely to have a need for it	Not had advice; unable to assign to Group 2 or 3
Total		6	25	50	19
Education level	Postgrad/ degree	9	36	41	13
	A level/ diploma	7	24	55	15
	GCSE / trade	6	22	53	19
	Other	4	16	58	23
	No qualifications	3	19	48	30
Annual gross household income	Less than £15,000	2	15	72	11
	£15,000-£29,999	6	26	58	9
	£30,000-£49,999	7	30	56	6
	£50,000+	10	42	43	5
Investible assets	Nil	1	0	99	-
	£1-£999	1	0	99	-
	£1,000-£1,999	4	0	96	-
	£2,000-£4,999	3	0	96	-
	£5,000-£9,999	5	1	95	-
	£10,000-£19,999	5	95	-	-
	£20,000-£49,999	9	91	-	-
	£50,000+	22	78	-	-
	Don't know/ PNTS	5	1	10	84
House ownership	Own outright	12	42	20	25
	Mortgage	6	26	52	16
	Renting	1	10	73	16
	Rent free/ other	2	16	66	17
How long household could cover living expenses, if lost main source of income?	Less than a month	1	4	83	11
	A month to less than 6 months	4	17	64	16
	6 months or longer	12	50	21	17
	Don't know	2	12	51	34

Base: All UK adults (12,865) - see Section 1.3.1.

Table 3.5 shows credit product holdings (excluding first and second charge mortgages) and credit card activity for the adult population as a whole, and for our four groups. For running-account credit products (credit and store cards, overdrafts, and catalogue credit) the table only includes adults who revolve a balance, i.e. use these products as a form of borrowing rather than to simply transact.

Overall, under half (47%) of UK adults do not currently hold a credit product nor have held one in the last 12 months, but this figure falls to one-third (33%) for those in Group 3. Likewise, of those adults currently using a credit card, three-fifths (62%) repay their statement balance in full every month, but this figure falls to two-fifths (39%) for those in Group 3.

Table 3.5 Credit product holdings and credit card activity of the four groups: column percentages (All UK adults)

	All UK adults (column percentages)				
	Total	Group 1 Had advice in the last 12 months	Group 2 Not had advice, but might have a need for it	Group 3 Not had advice, and less likely to have a need for it	Group 4 Not had advice; unable to assign to Group 2 or 3
Consumer credit product holding					
Any credit product, of which:	51	40	38	65	37
- Overdraft ²	25	19	15	35	15
- Credit card ³	19	12	9	27	12
- Personal loan	12	11	8	16	8
- Student Loans Company loan	11	3	7	16	7
- Motor finance	10	16	10	10	7
- Loan from friends or family	7	4	2	11	4
- Catalogue credit ³	5	1	1	9	4
- Other retail credit	5	4	4	7	3
- Store card ³	3	2	1	5	2
- Other hire purchase (i.e. other than motor finance)	3	4	3	4	2
- Credit union loan	1	0	0	1	1
- Home collected loan	1	0	0	1	1
- Payday loan (single payment)	1	1	0	2	1
- Short-term instalment loan	1	1	0	2	1
- Peer-to-peer loan	0	1	0	0	0
- Logbook loan	0	0	0	0	0
- Pawnbroking	1	1	0	1	0
- Loan from an unregistered money lender	0	0	0	0	0
- Any other loan	0	0	0	1	0
None of the above	47	61	62	33	61
Don't know	2	0	0	2	2
All UK adults who use a credit card or carry a balance on a credit card (column percentages)					
Credit card activity⁴					
Pay the full statement balance every month	62	81	84	39	70
Pay the full statement balance most months	8	6	7	9	7
Pay less than the full statement balance but more than the minimum payment most months	22	12	9	36	17
Make only the minimum payment most months	10	3	3	19	6
Don't know	1	0	0	1	2

P_CC3/4/5/6sum2. Forms of credit/ loans held now or in the last 12 months. P_CC10. Which of the following describes how you usually repay balances on your credit card(s) - Please select all that apply, where you repay differently on different cards.

Base: ¹ All UK adults (12,865). ² All with a credit card that is being used or carrying a balance (7,471).

Note: ² Includes adults who have been overdrawn at any point in the last 12 months. ³ Excludes adults who pay the full statement balance every, or most months. ⁴ Multiple responses allowed where adults repay differently on different cards.

Table 3.6 shows the total amounts currently owed on overdrafts as well as on credit cards and unsecured loans. Three-fifths (58%) of the UK adult population have no debt, increasing to seven-tenths of Group 1 (69%) and of Group 2 (70%), and dropping to considerably fewer (44%) of Group 3. Almost twice as many in Group 3 (7%) as in Group 1 (4%) or Group 2 (4%) have debts of £25,000 or more.

Table 3.6 Amount currently owed on credit cards, overdrafts, and unsecured loans for the four groups (All UK adults)

	All UK adults (column percentages)				
	Total	Group 1 Had advice in the last 12 months	Group 2 Not had advice, but might have a need for it	Group 3 Not had advice, and less likely to have a need for it	Group 4 Not had advice; unable to assign to Group 2 or 3
Nil	58	69	70	44	78
£1-£499	5	3	4	7	3
£500-£999	3	2	2	4	1
£1,000-£2,499	5	3	3	7	3
£2,500-£4,999	5	3	3	7	2
£5,000-£9,999	7	6	6	9	3
£10,000-£24,999	9	8	6	12	3
£25,000+	5	4	4	7	2
Don't know	4	1	1	4	5

B7/8/9a-d (REBASED). B7. Thinking about your [credit card(s)/store card(s)/credit and store card(s)], approximately how much of the statement balance(s) was not repaid in full last month? B8. You mentioned earlier that you are overdrawn on your [current account(s)/e-money account(s)/current and/or e-money account(s)]. By how much are you currently overdrawn? B9. Approximately how much in total do you currently owe on: your Student Loans Company loan, your motor finance, your loans including any personal loan to buy a motor vehicle, any other credit.

Base: All UK adults (12,420), excluding 'prefer not to say' (445) responses.

Note: Includes credit cards, store cards, overdrafts, personal loans, Student Loans Company loan, motor finance, and any other credit.

3.6 Profile of the four groups: attitudes to financial matters

Turning our attention now to the different groups' attitudes to financial matters, Tables 3.7 shows that those in Group 1 and Group 2 have similar levels of confidence in managing their money, knowledge about financial matters and in how they view themselves as confident and savvy when it comes to financial products and services: in all cases, Groups 1 and 2 present a markedly more positive picture than Group 3. For example, just under two-thirds of Group 1 (64%) and three-fifths of Group 2 (61%) rate themselves as highly confident and savvy, whereas the same holds true for under half (46%) of Group 3.

Table 3.7 also highlights some significant differences between the groups in their trust of advisers:

- Over two-fifths (43%) of Group 1 have a high level of trust in financial services firms, compared to just over one-third (36%) of Group 2 and just over one-quarter (27%) of Group 3.
- Almost three-fifths (58%) of Group 1 have a high level of trust that financial advisers act in the best interests of their clients, compared to three-eighths of Group 2 (37%) and Group 3 (35%).
- While these results feel somewhat self-fulfilling, the results also suggest that there is a significant minority of UK adults in all groups (including one-fifth (21%) of Group 1) that do not trust financial advisers to act in the best interests of their clients.

Unsurprisingly, the vast majority (79%) of adults in Group 1 disagree with the statement that they ‘would not know where to start to look for an adviser’, while over half (55%) of Group 2 and four in ten (38%) of Group 3 did so.

Table 3.7 Attitudinal profile of the four groups: column percentages (All UK adults)

		All UK adults (column percentages)				
		Total	Group 1 Had advice in the last 12 months	Group 2 Not had advice, but might have a need for it	Group 3 Not had advice, and less likely to have a need for it	Group 4 Not had advice; unable to assign to Group 2 or 3
Confidence in managing money¹	High	37	45	45	30	42
	Moderate	39	44	39	39	36
	Low and not at all	24	12	16	31	22
Knowledge about financial matters²	High	16	22	20	13	17
	Moderate	38	49	46	32	39
	Low and not at all	46	29	34	55	44
Savvy consumer - level of agreement³	High	52	64	61	46	53
	Moderate	22	14	16	24	27
	Low and not at all	26	21	23	30	20
Trust in financial firms - level of agreement⁴	High	31	43	36	27	31
	Moderate	33	28	31	34	35
	Low and not at all	36	30	33	39	33
Don't know where to start to look for an adviser - level of agreement⁵	High	34	13	28	40	34
	Moderate	20	8	17	22	25
	Low and not at all	46	79	55	38	41
Trust financial advisers to act in the best interests of their clients - level of agreement	High	36	58	37	35	32
	Moderate	28	21	27	28	31
	Low and not at all	29	21	32	29	28
	Don't know	7	1	4	9	9

AT1a. How confident do you feel managing your money? **AT5.** How knowledgeable would you say you are about financial matters? **AT1c.** How much do you agree or disagree with the following statements? (**ATc_3.**) When it comes to financial services and products, I would consider myself to be a confident and savvy consumer, (**ATc_4.**) I feel most financial firms are honest and transparent in the way they treat me. **A2.** How much do you agree or disagree with each of the following statements? (**A2_4.**) When it comes to advice on financial products, I don't know where to start to look for an adviser, (**A2_5.**) I trust financial advisers to act in the best interests of their clients.

Base: All UK adults (12,865).

Notes: ¹ Findings rebased to exclude 'Don't know' responses (111). ² Findings rebased to exclude 'Don't know' responses (165). ³ Findings rebased to exclude 'Don't know' responses (281). ⁴ Findings rebased to exclude 'Don't know' responses (553). ⁵ Findings rebased to exclude 'Don't know' responses (682).

Looking at the different groups' attitudes to retirement planning, as shown in Table 3.8, there are some marked differences. Three-fifths (60%) of those in Group 1 who have not yet retired have thought a great deal about how they are going to manage financially when they retire, compared to just two-fifths (40%) of non-retirees in Group 2, and one-seventh (15%) of the non-retirees in Group 3.

Table 3.8 Thought given to how they are going to manage financially when they come to retire for the four groups (All UK adults not retired)

	All UK adults who have not retired (column percentages)				
	Total	Group 1 Had advice in the last 12 months	Group 2 Not had advice, but might have a need for it	Group 3 Not had advice, and less likely to have a need for it	Group 4 Not had advice; unable to assign to Group 2 or 3
Yes I have given it a great deal of thought	25	60	40	15	28
Yes, I have thought about it a little	40	34	44	39	37
No, I have not really thought about it	35	6	16	46	35

P_AC14. Have you thought about how you are going to manage financially when you come to retire?

Base: All UK adults who have not retired (9,645), excluding 'Don't know' (330) responses.

Table 3.9 explores the expectations those 45 and over who have not yet retired have for their living standards in retirement. Very few (7% overall) expect to be better off than they are today. Around half of those in Group 1 (54%) and Group 2 (48%) think they will have the same standard of living as today. Group 3 is less optimistic: only three in ten (30%) expect to maintain current living standards and half (51%) expect to be worse off. This is perhaps not a surprise as this group contains those with very limited savings, but it is important to remember that this group includes some with DB pension entitlements and/ or with DC pots that they are not expecting to access in the next 2 years, and some with income levels which are very similar to their likely State Pension entitlement.

Table 3.9 Expectations for standard of living in retirement for the four groups (All UK adults aged 45 and over and not retired)

	All UK adults aged 45 and over who have not retired (column percentages)				
	Total	Group 1 Had advice in the last 12 months	Group 2 Not had advice, but might have a need for it	Group 3 Not had advice, and less likely to have a need for it	Group 4 Not had advice; unable to assign to Group 2 or 3
I think it will be the same as I have now	40	54	48	30	42
I think it will be better than now	7	7	5	8	8
I think it will be worse than now	44	37	42	51	35
Don't know	9	2	5	11	15

P11. Thinking about your finances: when you come to retire, do you expect to have the same standard of living as you have now?

Base: All UK adults aged 45 and over who have not retired (4,201).

4. Profile of those who have not been advised in the last 12 months

4.1 Introduction

In this chapter we look in more detail at the profile of 47.9 million adults in the UK who are ‘not advised,’ that is people who have not had regulated financial advice in the last 12 months in relation to investments, saving into a pension or retirement planning. In particular, we explore what advice experiences these people have had in the past, if any, and how they currently feel about their financial affairs.

They are made up of the adults we have described as Groups 2, 3 and 4.¹⁷ Although adults in these three groups have not received regulated financial advice in the last 12 months, they may have had regulated advice in the past.

This chapter also considers whether those not advised in the last 12 months have had any potential advice needs in the last 12 months, such as purchasing an investment product or making a decision to access a DC pension pot.

Within the not advised population, we provide more detailed information for Groups 2 and 3.

4.2 Summary

- Under half (45%) of the not advised population think that they have had regulated financial advice related to investments, saving into a pension or retirement planning in the past. However, this is a self-reported figure and is likely to significantly overestimate the true number that have received advice in the past as we know that people do not always understand what regulated financial advice is.
- Two-thirds (65%) of Group 2 and more than a third (36%) of Group 3 think that they have had regulated financial advice in the past.
- Just over a quarter (27%) of Group 2 and one-seventh (14%) of Group 3 last had regulated advice more than five years ago, which may reflect the commission-based environment which operated at that time.

¹⁷ Groups 1, 2, 3 and 4 are defined in the Executive Summary and explained further in Sections 1.2.2-1.2.4.

- On balance, the not advised population do not believe that financial advice is only available for people who have a large amount of money to invest - just over a quarter (27%) agree, compared to half (49%) who disagree. Group 2 is more likely to disagree with this statement than Group 3 (62% compared to 44% respectively).
- Just over a quarter of the not advised population (27%) agree that they know enough to choose pensions that are suitable for their circumstances themselves compared to half (54%) that disagree. It should also be noted that these figures exclude people who said they 'don't know' or said that the question is 'not applicable' to their circumstances (presumably because they do not have a DC pension or any intention to take out one).
- Likewise a similar number, three-tenths (29%), agree that they know enough about investments to choose ones that are suitable for their circumstances without financial advice, compared to half (51%) that disagree.
- Group 2 is more confident in their own ability to make choices regarding pensions and investments than Group 3.
- On balance, those not advised people who are not yet retired disagree with the statement that they are putting off retirement planning because they are afraid of making a mistake (20% agree and 48% disagree); however, one-third (32%) are undecided in so far as they neither agree nor disagree.
- Under half (46%) of not advised people who are not yet retired agree that they are happy with the choices they have made with their pension arrangements, compared to one-fifth (21%) who are not happy. Group 2 is more likely to be happy with their pension arrangements than Group 3 (59% compared to 39%)
- There is a marked difference in the financial situations of those in Group 2 compared to those in Group 3. Almost three-quarters (72%) of those in Group 2 are not at all burdened by keeping up with bills and credit commitments, compared to around one-third (35%) of those in Group 3. At the other end of the scale, under three-tenths (28%) of Group 2 say that keeping up with bills and credit commitments is a heavy burden or somewhat of a burden (2% and 26%, respectively), compared to two-thirds (65%) of Group 3 (17% and 48%, respectively).
- Just over half (54%) of Group 2 have never tried to access advice. That said, a significant proportion (41%) have had such advice in the past, but not in the last 12 months. Very few said that they had approached a financial adviser for advice in the last 12 months and were turned down.
- The vast majority (89%) of Group 2 did not purchase a product which might have resulted in a need for regulated advice in the last 12 months. Of those that made a purchase, when asked what they would do if they were to make a similar purchase in the future, again, the majority (67%) said that they would not want to take regulated advice.

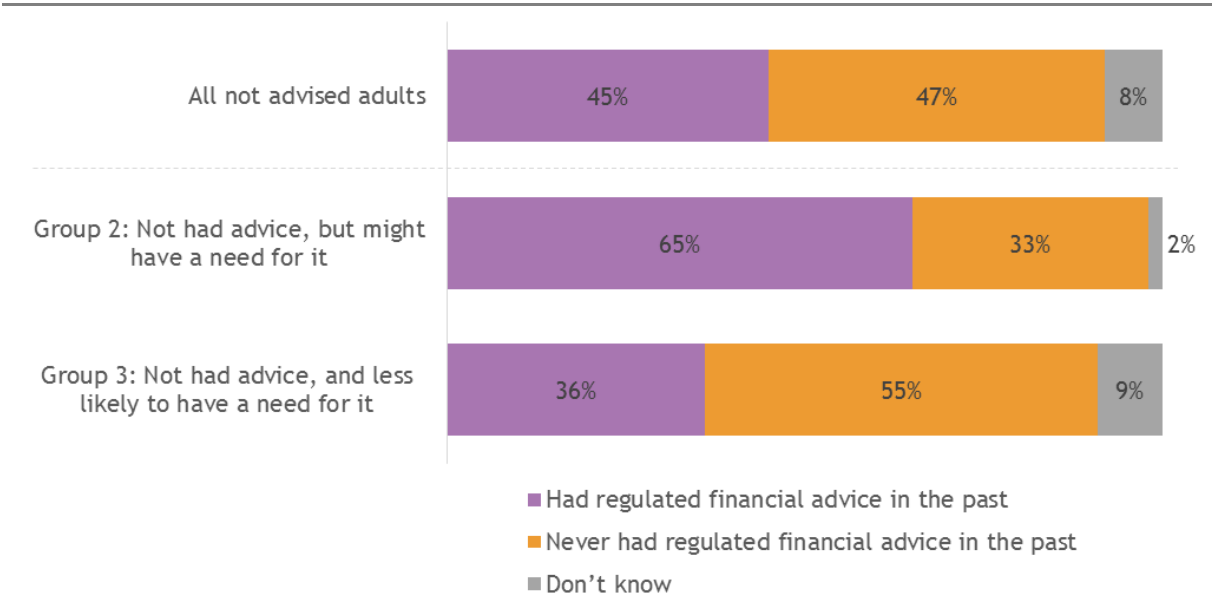
- Exploring the reasons Group 2 gave for not taking financial advice in the last 12 months, by far the most popular response given was that they did not recognise that they had an advice need. Half (50%) felt they had no need to use an adviser during this time, and under three-tenth (28%) felt able to decide what to do with their money on their own. One in eight (13%) did not think about whether or not they needed advice, and one in ten (10%) had not got round to it yet.
- Very few of Group 2 (5%) said that the reason for not using advice was that they were not sure what a financial adviser could offer, whereas slightly more expressed some concerns about the quality of the advice they might receive (11%) and whether they could trust financial advisers (9%).

4.3 Historic advice experiences of the not advised population

As shown in Figure 4.1, under half (45%) of the not advised population think that they have had regulated financial advice related to investments, saving into a pension or retirement planning in the past from either an adviser from a financial advice firm such as an IFA; an adviser from a bank or building society; an adviser from an insurance company, investment company or pension provider, or from a provider of automated advice available online or as downloadable software. Almost half (47%) think that they have never had regulated advice, and a small minority (8%) are unsure.

Two-thirds (65%) of Group 2 and more than one-third (36%) of Group 3 think that they have had regulated advice in the past.

Figure 4.1 Historic advice experiences (All UK adults who have not had advice in the last 12 months)



E4. When, if ever, did you last receive regulated advice about any of investments, saving into a pension or retirement planning? By ‘regulated advice’ we mean advice that is paid for, or would be paid for if you took out a product, from one of the following advisers: An adviser from a financial advice firm such as an IFA (Independent Financial Adviser), an adviser from a bank or building society, an adviser from an insurance company, investment company or pension provider, automated advice available online or as downloadable software.

Base: All not advised UK adults (12,065) - see Section 1.3.1.

Note: The ‘all not advised adults’ category in this graphic (and throughout this chapter) includes Group 2, Group 3 AND Group 4, but we only break out Group 2 and 3.

Table 4.1 shows how long ago they last received regulated financial advice about investments, saving into a pension or retirement planning.

One in ten (10%) of the not advised population said they had regulated financial advice in the last 12 months, but later confirmed that this advice was either not from one of the four types of adviser mentioned in the question (or they did not know what type of adviser they used) or that the advice was free regardless of whether or not they took out a product.¹⁸ Therefore, it is highly likely that these respondents did not receive regulated financial advice at all. What this number demonstrates is that people are confused about what types of advice they have or have not received even when given clear explanations of what constitutes regulated advice.

Looking at this in more detail, one in eight (13%) of those in Group 2 thought that they had regulated advice in the last 12 months compared to just one in twenty-five (8%) of Group 3.

¹⁸ See Figure 1.1. These respondents will have fallen out of Group 1 based on questions B1A1, C1, or C2/C3.

Excluding those who say they have had regulated financial advice in the last 12 months, just one-sixth (17%) of the not advised population have had regulated financial advice in the last five years, compared to one-quarter of Group 2 (25%) and one-seventh (14%) of Group 3. That being said, no further checks were carried out on these responses to check that this advice was from one of the four types of adviser mentioned in the question or that the advice was not free, so these figures are likely to overestimate the true number of people that have had advice in the past.

Just over a quarter (27%) of Group 2 and one-seventh (14%) of Group 3 last had regulated advice more than five years ago, which may reflect the commission-based environment which operated at that time.

Table 4.1 Historic advice experiences (All not advised UK adults who have not had advice in the last 12 months)

	All not advised UK adults (column percentages)		
	Total	Group 2	Group 3
		Not had advice, but might have a need for it	Not had advice, and less likely to have a need for it
In the last 12 months	10	13	8
Not in the last 12 months, but within the last 2 years	8	11	7
Not in the last 2 years, but within the last 5 years	9	14	7
Not in the last 5 years, but longer ago	18	27	14
Never	47	33	55
Don't know	8	2	9

E4. When, if ever, did you last receive regulated advice about any of investments, saving into a pension or retirement planning? By 'regulated advice' we mean advice that is paid for, or would be paid for if you took out a product, from one of the following advisers: An adviser from a financial advice firm such as an IFA (Independent Financial Adviser), an adviser from a bank or building society, an adviser from an insurance company, investment company or pension provider, automated advice available online or as downloadable software.

Base: All not advised UK adults (12,065) - see Section 1.3.1.

As summarised in Table 4.2, just one-quarter (24%) of the not advised population used some form of information or guidance in the last 12 months to help them with decisions related investments, saving into a pension or retirement planning.

Use of information or guidance is significantly higher for Group 2 compared to Group 3 (40% and 19%, respectively). More information on the sources they used, and how this compares to the advised population can be found in Chapter 11.

Table 4.2 Use of information or guidance in the last 12 months (All UK adults who have not had advice in the last 12 months)

	All not advised UK adults (column percentages)		
	Total	Group 2	Group 3
		Not had advice, but might have a need for it	Not had advice, and less likely to have a need for it
Used any sources of information or guidance ¹	24	40	19
Not used any sources of information or guidance ²	76	59	81

B1A2/B1XX. And which, if any, of the following have you used in the last 12 months as a source of information or guidance related to any of investments, saving into a pension or retirement planning?

Base: All not advised UK adults (11,389) - see Section 1.3.1.

Notes: ¹ Includes Pension Wise, The Pensions Advisory Service (TPAS), Other government/consumer website(s) or services (e.g. Money Advice Service, Citizens Advice, GOV.UK), Website or other literature from a bank, building society or other insurance/ investment/ pension provider, Private sector money advice websites (e.g. moneysavingexpert.com, moneysupermarket.com, Which?), Media/newspapers or their websites (e.g. Daily Mail, Guardian, BBC), Any information or guidance provided at your workplace (other than through an adviser), and Any information or guidance from family or friends

² In addition to people who have used none of the information or guidance sources listed, also includes other (30) and 'don't know' (490) responses.

4.4 Attitudes of the not advised population towards advice

As detailed in Table 4.3, on balance the not advised population do not believe that financial advice is only available for people who have a large amount of money to invest - just over a quarter (27%) agree, compared to half (49%) who disagree. Group 2 is more likely to disagree with this statement than Group 3 (62% compared to 44%, respectively).

Table 4.3 Attitudes towards advice: Financial advice is only suitable for people who have a large amount to invest (All UK adults who have not had advice in the last 12 months)

	All not advised UK adults (column percentages)		
	Total	Group 2	Group 3
		Not had advice, but might have a need for it	Not had advice, and less likely to have a need for it
Agree, of which:	27	22	31
- Strongly agree	9	6	11
- Slightly agree	18	16	20
Neither agree nor disagree	18	14	19
Disagree, of which:	49	62	44
- Slightly disagree	22	26	20
- Strongly disagree	27	35	24
Don't know	6	2	6

A2_6. Financial advice is only suitable for people who have a large amount of money to invest.

Base: All not advised UK adults (12,065) - see Section 1.3.1.

Table 4.4 explores people's confidence in their own ability to make choices without financial advice.

Overall, a relatively small proportion of the not advised population are confident in their ability to make choices without financial advice regarding pensions - just over a quarter (27%) agree that they know enough themselves to choose ones that are suitable for their circumstances, compared to over a half (54%) that disagree. It should also be noted that these figures exclude people who said they 'don't know' or that the question is 'not applicable' to their circumstances (presumably because they do not have a DC pension or an intention to 'choose' a new one).

Turning now to investments, three-tenths (29%) agree that they know enough about investments to choose ones that are suitable for their circumstances without financial advice, compared to half (51%) that disagree.

Group 2 is more confident in their own ability to make choices regarding pensions and investments than Group 3.

Table 4.4 Attitudes towards advice: Confidence in choosing suitable pensions or investments without consulting a financial adviser (All UK adults who have not had advice in the last 12 months)

		All not advised UK adults (column percentages)		
		Total	Group 2	Group 3
			Not had advice, but might have a need for it	Not had advice, and less likely to have a need for it
Pensions¹	Agree, of which:	27	35	21
	- Strongly agree	9	13	6
	- Slightly agree	18	23	15
	Neither agree nor disagree	19	15	20
	Disagree, of which:	54	50	59
	- Slightly disagree	23	23	24
	- Strongly disagree	31	26	35
Investments²	Agree, of which:	29	40	23
	- Strongly agree	9	14	6
	- Slightly agree	20	26	17
	Neither agree nor disagree	20	15	21
	Disagree, of which:	51	45	57
	- Slightly disagree	22	23	22
	- Strongly disagree	29	22	34

A2. How much do you agree or disagree with each of the following statements? (**A2_1**) I know enough about pensions to choose ones that are suitable for my circumstances, without consulting a financial adviser; (**A2_2**) I know enough about investments to choose ones that are suitable for my circumstances, without consulting a financial adviser.

Base: All not advised UK adults (12,065) - see Section 1.3.1.

Notes: ¹ Findings rebased to exclude 'don't know' (608) and 'not applicable' (1,499) responses. ² Findings rebased to exclude 'don't know' (615) and 'not applicable' (822) responses.

Looking now at Table 4.5, on balance those not advised people who are not yet retired disagree with the statement that they are putting off retirement planning because they are afraid of making a mistake (20% agree and 48% disagree); however, a large proportion are undecided (32%). Within this population, Group 2 is far more likely to disagree with this statement (65% disagree) compared to Group 3 (42% disagree).

Table 4.5 also shows that under half (46%) of not advised people who are not yet retired agree that they are happy with the choices they have made with their pension arrangements, compared to one-fifth (21%) who are not happy. Group 2 is more likely to be happy with their pension arrangements than Group 3 (59% compared to 39%), which is perhaps not surprising since Group 2 is more likely to have a pension than Group 3, and, for those with a DC pension, more likely to have a larger amount saved.

Table 4.5 Attitudes towards advice: Retirement planning and pension decision-making (All UK adults who have not had advice in the last 12 months and are not retired)

		All not advised UK adults who are not retired (column percentages)		
		Total	Group 2 Not had advice, but might have a need for it	Group 3 Not had advice, and less likely to have a need for it
I keep putting off retirement planning because I am afraid I will make the wrong decision¹	Agree, of which:	20	15	22
	- Strongly agree	5	3	6
	- Slightly agree	15	12	16
	Neither agree nor disagree	32	20	36
	Disagree, of which:	48	65	42
	- Slightly disagree	19	21	19
	- Strongly disagree	29	44	23
I am happy with the choices I have made with my pension arrangements²	Agree, of which:	46	59	39
	- Strongly agree	16	23	12
	- Slightly agree	30	36	27
	Neither agree nor disagree	27	20	29
	Disagree, of which:	21	18	23
	- Slightly disagree	12	11	14
	- Strongly disagree	9	7	10
	Don't know	7	2	8

P17_1. Below are a number of statements people have made about planning their finances for retirement. How much do you agree or disagree? a) I keep putting off retirement planning because I am afraid I will make the wrong decision. **P17_2.** I am happy with the choices I have made with my pension arrangements.

Base: All not advised UK adults that have not retired (9,448).

Notes: ¹ Findings rebased to exclude excluding 'don't know' responses (1,069). ² Findings rebased to exclude 'not applicable' (1,291) responses.

4.5 Financial resilience of the not advised population

Turning now to explore the results in Table 4.6, there is a marked difference in the financial situations of those in Group 2 compared to those in Group 3. Almost three-quarters (72%) of those in Group 2 are not at all burdened by keeping up with bills and credit commitments, compared to just over one-third (35%) of those in Group 3.

At the other end of the scale, under three-tenths (28%) of Group 2 say that keeping up with bills and credit commitments is a heavy burden or somewhat of a burden (2% and 26%, respectively), compared to almost two-thirds (65%) of Group 3 (17% and 48%, respectively).

Table 4.6 Measures of financial resilience: Burdened by bills and credit commitments (All UK adults who have not had advice in the last 12 months)

	All not advised UK adults (column percentages)		
	Total	Group 2	Group 3
		Not had advice, but might have a need for it	Not had advice, and less likely to have a need for it
It is not a burden at all	50	72	35
It is somewhat of a burden	39	26	48
It is a heavy burden	11	2	17

K1. To what extent do you feel that keeping up with your bills and credit commitments is a burden?

Base: All not advised UK adults (12,065) - see Section 1.3.1.

Note: Findings rebased to exclude 'don't know' (518) responses.

Furthermore, as Table 4.7 shows, a significant minority of the not advised population (8%) have fallen behind on, or missed, payments for credit commitments or domestic bills for three or more months; however, Group 2 is far less likely to have fallen behind or missed payments (1%) compared to Group 3 (13%).

Table 4.7 Measures of financial resilience: Fallen behind or missed payments (All UK adults who have not had advice in the last 12 months)

	All not advised UK adults (column percentages)		
	Total	Group 2	Group 3
		Not had advice, but might have a need for it	Not had advice, and less likely to have a need for it
Yes	8	1	13
No	89	99	84
Don't Know	2	0	3

K2. In the last 6 months, have you fallen behind on, or missed, any payments for credit commitments or domestic bills for any 3 or more months?

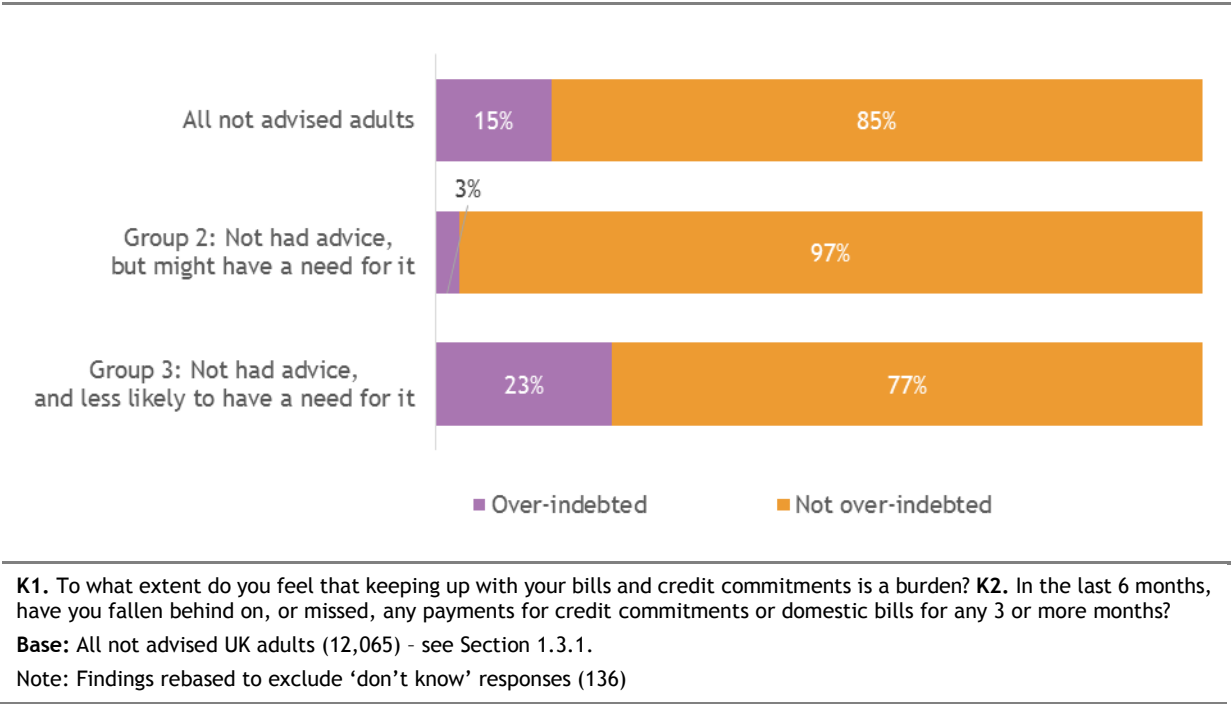
Base: All not advised UK adults (12,065) - see Section 1.3.1.

Figure 4.2 combines the results from Table 4.6 and 4.7 to provide a snapshot of people whom we might classify as over-indebted.¹⁹ These are people who said:

- Keeping up with my bills and credit commitments is a heavy burden, and/or
- I have fallen behind on, or missed, any payments for credit commitments or domestic bills for any three months or more out of the last six months

Overall, one in seven (15%) not advised adults could be classified as over-indebted. Unsurprisingly, those with more investible assets (i.e. Group 2 rather than Group 3) are far less likely to be over-indebted compared to the not advised population as a whole.

Figure 4.2 Measures of financial resilience: Over-indebtedness



¹⁹ This definition mirrors the definition used by the Money Advice Service (MAS). See www.moneyadviceservice.org.uk/en/corporate/a-picture-of-over-indebtedness.

4.6 Exploring the reasons why Group 2 has not received any regulated financial advice in the last 12 months

Group 2 is an important group to understand. The Financial Lives Survey 2017 selected a random sample of these respondents to answer a few additional questions on their attitudes to, and previous experiences of, advice to provide deeper insights into this group's motivations and experiences.

When told that, based on their answers so far, they have not had any regulated advice about investments, saving into a pension or retirement planning in the last 12 months, they were asked to say why this was the case. Looking at their answers in Table 4.9, just over a half (54%) have never tried to access advice. That said, a significant proportion (41%) of Group 2 has had such advice in the past, but not in the last 12 months. Very few said that they had approached a financial adviser for advice in the last 12 months and were turned down.

Table 4.8 Attempts made to access advice in the past (All UK adults who have not had advice, but might have a need for it)

	Group 2 All UK adults who have not had advice, but might have a need for it (column percentages)
I have never tried to get regulated financial advice	54
I have had regulated financial advice in the past, but not in the last 12 months	41
I have tried to get regulated financial advice in the past, but not in the last 12 months	2
I have looked into getting regulated financial advice in the last 12 months, but decided not to do so	3
I have tried to find a regulated financial adviser in the last 12 months, but could not find one	0
I have been turned down for advice, when I approached a regulated financial adviser in the last 12 months	0
ADV_E1. In the last 12 months, you have not had any regulated advice about investments, saving into a pension or retirement planning, and we would like to understand more about why that is. Which of these statements best describes your situation? Base: All UK adults who have not had advice, but might have a need for it (2,941).	

Furthermore, as shown in Table 4.9, the vast majority (89%) of Group 2 did not purchase a product which might have resulted in a need for regulated financial advice in the last 12 months.

Of those that made a purchase, when asked what they would do if they were to make a similar purchase in the future, again, the majority (67%) said that they would not want to take regulated financial advice.

Table 4.9 Propensity to purchase investment or pension products in the last 12 months without advice (All UK adults who have not had advice, but might have a need for it)

		Group 2 All UK adults who have not had advice, but might have a need for it (column percentages)
Purchased within the last 12 months any investment or pension products without taking any regulated advice? ¹	Yes - for pensions	3
	Yes - for investments	7
	No	89
	Don't know	2
If you made a similar purchase or change in the future, do you think you would take any regulated advice? ²	Yes	15
	No	67
	Don't know	18

ADV_E5. Just to check: have you purchased within the last 12 months any investment or pension products (including buying an annuity or entering into income drawdown, or taking cash from your pension pot) without taking any regulated advice?
ADV_E7. If you made a similar purchase or change in the future, do you think you would take any regulated advice?

Base: ¹ All UK adults who have not had advice, but might have a need for it (2,941) ² All UK adults who have not had advice, but might have a need for it and who have purchased any pension or investment products in the last 12 months (272).

Note: ¹ Multiple answers allowed.

Turning now to Table 4.10, which gives the reasons Group 2 gave for not taking financial advice in the last 12 months, by far the most popular response given was that they did not have an advice need. Half (50%) felt they had no need to use an adviser during this time, and a further three-tenths (28%) felt able to decide what to do with their money on their own. Just one in eight (13%) did not think about whether or not they needed advice, and one in ten (10%) had not got round to it yet.

Just under one in ten (9%) felt that affordability was a reason for them not receiving advice in the last 12 months. Very few respondents said the reasons for them not accessing advice were about accessibility - only 1% gave not being able to find an adviser to help them as a reason, and less than one in ten (7%) said they had doubts about whether they could find an adviser 'right' for them.

Very few (5%) said that the reason for not using advice was that they were not sure what a financial adviser could offer, whereas slightly more expressed some concerns about the quality of the advice they might receive (11%) and whether they could trust financial advisers (9%).

Table 4.10 Reasons for not taking regulated financial advice in the last 12 months (All UK adults that have not had advice, but might need it)

	Group 2 All UK adults who have not had advice, but might have a need for it (column percentages)
I had no need for using an adviser over the last 12 months	50
I decided I could make any decisions on my own	28
I didn't think about it	13
I have little confidence in the quality of financial advice	11
Not got round to it yet	10
I do not trust financial advisers	9
I couldn't afford/ didn't want to pay the adviser's fees	9
I am not confident about finding the right adviser for me	7
I took advice from someone else	7
I didn't know enough about financial advisers and what they can offer	5
I didn't know how to find a suitable adviser	5
I couldn't find a suitable adviser	1
I couldn't find an adviser willing or able to offer me advice	1
There was no flexibility from advisers in how I would have to pay their fees	0
Other	1
Don't know	3

ADV_E2. Which of the following reasons describe why you have not used a regulated financial adviser over the last 12 months?

Base: All UK adults who have not had advice, but might have a need for it (2,941).

Note: Multiple answers allowed.

5. Profile of people who have had regulated financial advice in the last 12 months

5.1 Introduction

In this chapter we consider the views towards advice and the financial resilience of those who had regulated financial advice in the last 12 months related to investments, saving into a pension or retirement planning. These are people in Group 1.²⁰

This group is by far the smallest of our four groups, accounting for 3.2 million people.

5.2 Summary

- On balance, the advised population disagree (52% strongly disagree and 24% slightly disagree) with the statement that financial advice is only for those who have a large amount of money to invest, perhaps reflecting their own experiences.
- Most are not confident in their ability to make decisions without financial advice - just three-tenths say they know enough about pensions (29%) or investments (28%) to choose ones that are suitable for their circumstances, without consulting a financial adviser.
- Three-quarters (75%) of Group 1 feel happy with the pension choices they have made, and the same proportion (75%) are not putting off a retirement decision through fear of making a mistake.
- Group 1 adults appear to be in a strong financial position. The vast majority (98%) have managed to keep on top of bills and credit card payments in the last 6 months, and almost three-quarters (72%) do not find keeping up with such payments a burden at all.

²⁰ Group 1 is defined in the Executive Summary and explained further in Sections 1.2.2-1.2.4.

5.3 Attitudes of the advised population towards advice

Table 5.1 summarises the attitudes of Group 1 towards advice. On balance, they disagree (52% strongly disagree and 24% slightly disagree) with the statement that financial advice is only for those who have a large amount of money to invest. They hold this view much more strongly than the not advised population (see Table 4.3).

Most do not have confidence in their ability to make decisions without financial advice - just three-tenths of Group 1 say they know enough about pensions (29%) or investments (28%) to choose ones that are suitable for their circumstances, without consulting a financial adviser. They are less confident in their ability to make decisions than Groups 2, but are more confident than Group 3 (see Table 4.4).

What these findings do not tell us, however, is whether those in Group 1 sought advice because they feel less confident, or whether having advice has made them realise the complexity of the task at hand.

Three-quarters (75%) of Group 1 feel happy with the pension choices they have made, and the same proportion (75%) are not putting off a retirement decision through fear of making a mistake. These results are perhaps not surprising, given that they have had the benefit of an 'expert' helping them in the last 12 months; perhaps the more interesting issue is why the remaining quarter are not of the same opinion.

Table 5.1 Attitudes towards advice (All UK adults who have had regulated financial advice in the last 12 months)

		Group 1
		Had regulated financial advice in the last 12 months (column percentages)
Financial advice is only suitable for people who have a large amount of money to invest¹	Agree, of which:	13
	- Strongly agree	3
	- Slightly agree	10
	Neither agree nor disagree	8
	Disagree, of which:	77
	- Strongly disagree	24
	- Slightly disagree	52
	Don't know	2
I know enough about pensions to choose ones that are suitable for my circumstances, without consulting a financial adviser^{1,3}	Agree, of which:	29
	- Strongly agree	9
	- Slightly agree	20
	Neither agree nor disagree	8
	Disagree, of which:	63
	- Strongly disagree	37
	- Slightly disagree	26
I know enough about investments to choose ones that are suitable for my circumstances, without consulting a financial adviser^{1,4}	Agree, of which:	28
	- Strongly agree	7
	- Slightly agree	21
	Neither agree nor disagree	10
	Disagree, of which:	62
	- Strongly disagree	37
	- Slightly disagree	25
I keep putting off retirement planning because I am afraid I will make the wrong decision^{2,5}	Agree, of which:	11
	- Strongly agree	3
	- Slightly agree	8
	Neither agree nor disagree	14
	Disagree, of which:	75
	- Strongly disagree	59
	- Slightly disagree	16
I am happy with the choices I have made with my pension arrangements^{2,6}	Agree, of which:	75
	- Strongly agree	38
	- Slightly agree	37
	Neither agree nor disagree	11
	Disagree, of which	13
	- Strongly disagree	6
	- Slightly disagree	7
	Don't know	1

A2. How much do you agree or disagree with each of the following statements? (**A2_6**) Financial advice is only suitable for people who have a large amount of money to invest. (**A2_1**) I know enough about pensions to choose ones that are suitable for my circumstances, without consulting a financial adviser. (**A2_2**) I know enough about investments to choose ones that are suitable for my circumstances, without consulting a financial adviser. **P17.** Below are a number of statements people have made about planning their finances for retirement. How much do you agree or disagree? (**P17_1**) I keep putting off retirement planning because I am afraid I will make the wrong decision. (**P17_2**) I am happy with the choices I have made with my pension arrangements.

Base: ¹ All UK adults who have had regulated financial advice in the last 12 months (800). ² All UK adults who had regulated financial advice in the last 12 months and who are not retired (527).

Notes: ³ Findings rebased to exclude 'Don't know' responses (11). ⁴ Findings rebased to exclude 'Don't know' responses (13).

⁵ Findings rebased to exclude 'Don't know' responses (8). ⁶ Findings rebased to exclude 'Not applicable' responses (6).

5.4 Resources of the advised population

Looking at Table 5.2, Group 1 appears to be in a strong financial position. The vast majority (98%) have managed to keep on top of bills and credit card payments in the last 6 months, and almost three-quarters (72%) do not find keeping up with such payments a burden at all.

We do not ascertain through the survey whether people in Group 1 are in a strong position because they have had some help with managing their finances, or they are simply people who were already in a strong position.

Table 5.2 Measures of financial resilience (All UK adults who have had regulated financial advice in the last 12 months)

		Group 1
		Have had regulated financial advice in the last 12 months (column percentages)
Is keeping up with bills or credit cards a burden?¹	It is not a burden at all	72
	It is somewhat of a burden	25
	It is a heavy burden	3
Fallen behind on any bills or credit card payments in the last 6 months?	Yes	2
	No	98
	Don't know	0

K1. To what extent do you feel that keeping up with your bills and credit commitments is a burden? **K2.** In the last 6 months, have you fallen behind on, or missed, any payments for credit commitments or domestic bills for any 3 or more months?

Base: All UK adults who have had financial advice in the last 12 months (800).

Note: ¹ Findings rebased to exclude 'Don't know' responses (5).

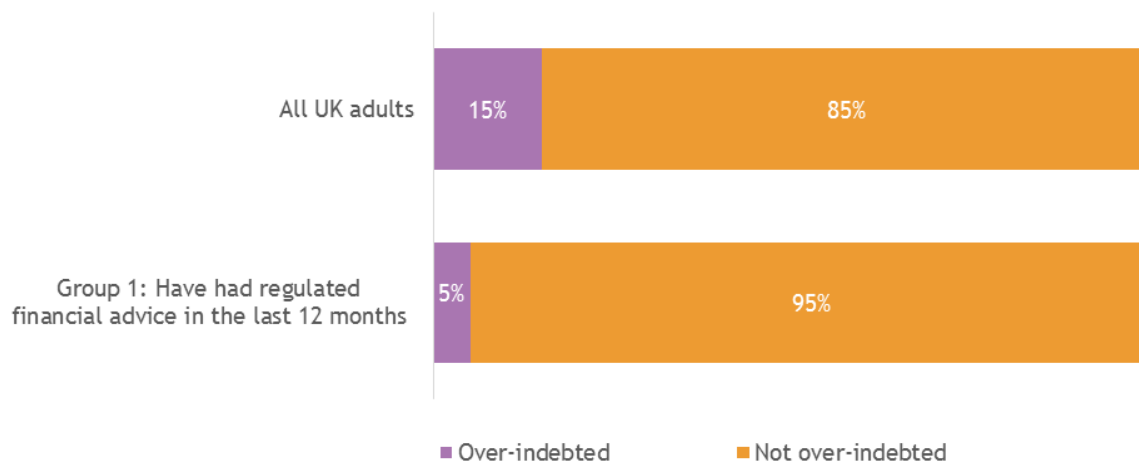
Figure 5.1 combines the results from questions K1 and K2 in Table 5.2 to provide a snapshot of people whom we might classify as over-indebted.²¹ These are people who said:

- Keeping up with my bills and credit commitments is a heavy burden, and/or
- I have fallen behind on, or missed, any payments for credit commitments or domestic bills for any three months or more out of the last six months

Overall, one in seven (15%) of all UK adults could be classified as over-indebted, but this figure falls to one in twenty (5%) of those in Group 1.

²¹ This definition mirrors the definition used by the Money Advice Service (MAS). See www.moneyadviceservice.org.uk/en/corporate/a-picture-of-over-indebtedness.

Figure 5.1 Measures of financial resilience: Over-indebtedness



K1. To what extent do you feel that keeping up with your bills and credit commitments is a burden? **K2.** In the last 6 months, have you fallen behind on, or missed, any payments for credit commitments or domestic bills for any 3 or more months?

Base: All UK adults (12,865) - see Section 1.3.1; All UK adults who have had financial advice in the last 12 months (800).

6. People who had regulated advice in the last 12 months - frequency, topics, reasons for advice and actions taken

6.1 Introduction

In this chapter we explore the number of advice sessions received by those who had regulated financial advice in the last 12 months, namely those in Group 1,²² and the topics covered in these sessions.

By definition we know that these advice sessions related to investments, saving into a pension and/or retirement planning, and here we consider whether advice was provided on more than one of these topics in the last 12 months.

While some people may have had multiple advice sessions within this 12 month period, the focus of this and subsequent chapters is generally on their sole or **most recent** session, where we explore the topic or topics covered in that session, the nature of the advice wanted and the drivers for seeking advice.

6.2 Summary

- Five-eighths (63%) of Group 1 had a single session, but it was not uncommon for people to have had more than one session (26% had two or three sessions, and 6% had four or more sessions). The propensity to have had multiple sessions in the last 12 months increases with age. For example, three-eighths (38%) of adults aged 65 and over had more than one advice session in the last 12 months compared to one-sixth (17%) of 18-34 year olds.
- ‘Always advised’ consumers (those who, in the past 5 years, have always taken regulated financial advice relating to decisions about investments, saving into a pension or retirement planning) are more likely to have had advice on more than one occasion in the last 12 months compared to consumers who are ‘sometimes advised’ (those who, in the past 5 years, have sometimes made their own decisions without advice).
- Many consumers received advice on more than one topic in the last 12 months. Thinking about their most recent advice session, retirees were the most likely to have advice on investments, adults aged 35-44 and 45-54 were the most likely to have advice on saving

²² Group 1 is defined in the Executive Summary and explained further in Sections 1.2.2-1.2.4.

into a pension, and adults aged 55-64 were the most likely to have advice on retirement planning.

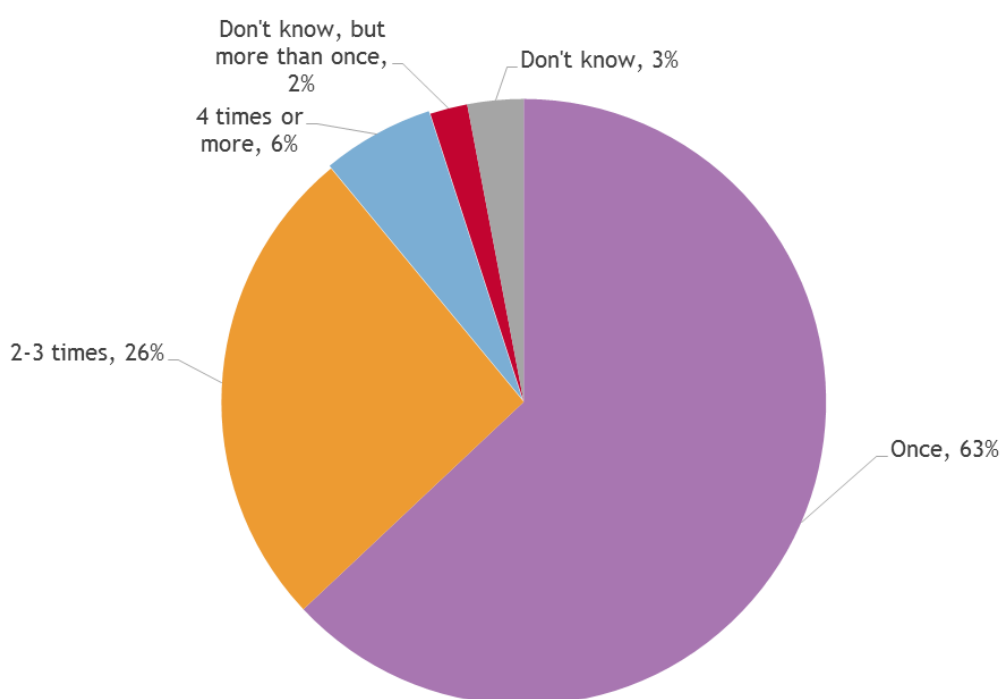
- Most people in Group 1 mentioned they have had advice in the past (65%), and therefore can be said to have an 'advice habit'; this is by far the most common reason stated for seeking advice in the last 12 months.
- Although a significant change in circumstances can trigger an advice need, only one-eighth (12%) of those in Group 1 said that this was the reason for them seeking advice in their most recent advice session. Women are more likely than men to be prompted by a significant change in circumstances, such as a birth, death or marriage.
- There are no material differences between the 'advice habit' of retirees (where 78% have had advice before) and those coming up to retirement (where 73% of those aged 55+ who have not retired have had advice in the past), suggesting that age rather than life stage is the more important factor here.
- The self-employed are more likely to have had advice before (69%), compared to the advised population as a whole (65%).
- Just three-fifths (61%) of Group 1 were aware that they would be able to seek compensation if the regulated advice received was shown to have been misleading or not in their best interests.
- The vast majority (87%) of Group 1 followed the advice given either fully or partially. Very few took no action at all. There were some differences in the response to this question by the nature of the relationship with the adviser. People who have always used an adviser in the last 5 years are much more likely to follow their advice completely - but even here only four-fifths (80%) said that this is what they did, compared to over half (53%) who have sometimes used an adviser.
- Similarly, seven in ten (69%) of those with an established relationship (where they have been meeting with the adviser for more than 2 years) followed the advice completely, compared to half (49%) who were seeing that adviser for the first time.
- Of those taking some action, the most popular action was related to an investment decision, with over half (53%) taking out a new product with a lump sum, changing investment choices and/ or starting or increasing payments to a product. This compares to around one-fifth (21%) making a pension accumulation decision and just over one in nine (11%) making a pension decumulation decision.
- Seven in ten (69%) people in Group 1 had a good idea of what they wanted do, but wanted the reassurance of using an adviser to validate their thinking.
- A higher proportion of men (73%) are 'validators' compared to women (63%). Furthermore, older groups, perhaps with more experience of financial affairs, are more likely to be a validator than their younger counterparts.

6.3 Frequency of advice in the last 12 months

Figure 6.1 shows that five-eighths (63%) of Group 1 had a single session, but it was not uncommon for people to have had more than one session (26% had two or three sessions and 6% had four or more sessions).

People who had multiple sessions in the last year may, of course, not necessarily have had them all with the same advice firm, or even the same type of advice firm (for example, some sessions could have been with a bank or building society, and some with an adviser from an advice firm).

Figure 6.1 Frequency of advice in the last 12 months (All UK adults who have had regulated financial advice in the last 12 months)



C5. In the last 12 months, how many times have you received regulated advice about investments, saving into a pension or retirement planning?

Base: All UK adults who had regulated financial advice in the last 12 months (800).

Table 6.1 looks at frequency of advice over the last 12 months in a little more detail. It shows that:

- There is no significant difference in the frequency of advice in the last 12 months between men and women.
- The propensity to have had multiple sessions in the last 12 months increases with age. For example, three-eighths (38%) of adults aged 65 and over had more than one advice session in the last 12 months ('2-3 times', '4 times or more', and 'don't know, but more than one' responses combined) compared to one-sixth (17%) of 18-34 year olds.

- Retirees are more likely to have had multiple advice sessions than employees. Two-fifths (42%) of retirees had more than one advice session in the last 12 months compared to three-tenths (29%) of employees.
- There is no significant difference in frequency of advice by household income. For example, one-third (34%) of those earning less than £15,000 had more than one advice session in the last 12 months, compared to three-eighths (37%) of those earning £50,000 or more). However, there is a significant difference by investible assets. Here, just over two-fifths (42%) of those with £50,000 or more of investible assets had multiple sessions in the last year, compared to just one-eighth (12%) with investible assets of less than £10,000.

Table 6.1 Frequency of advice in the last 12 months (All UK adults who have had regulated financial advice in the last 12 months)

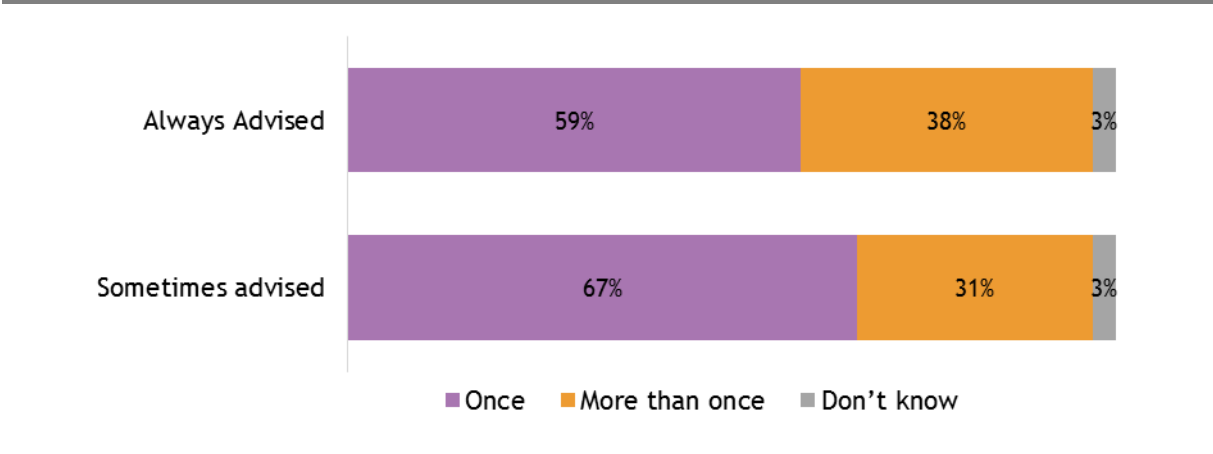
		All UK adults who had regulated advice in the last 12 months (row percentages)				
		Once	2-3 times	4 times or more	Don't know, but more than one	Don't know
Total		63	26	6	2	3
Gender	Male	62	27	7	2	3
	Female	66	23	5	3	3
Age	18-34	[71]	[16]	[0]	[1]	[12]
	35-44	81	11	0	2	6
	45-54	66	27	5	1	1
	55-64	59	29	8	2	2
	65+	59	27	8	3	3
Couple status	In couple	63	26	6	2	4
	Not in couple	63	26	7	2	2
Working status	Employed	69	23	5	1	2
	Self-employed	63	22	4	2	8
	Unemployed	*	*	*	*	*
	Retired	56	31	8	3	2
	Other	65	22	6	3	3
Life stage	Not retired 18-44	77	13	0	2	8
	Not retired 45-54	67	26	4	1	1
	Not retired 55+	62	25	8	1	3
	Retired	56	31	8	3	2
Annual gross household income	Less than £15,000	[59]	[19]	[7]	[8]	[7]
	£15,000-£29,999	67	22	7	1	3
	£30,000-£49,999	65	23	4	2	5
	£50,000+	61	29	7	1	2
Investible assets	Less than £10,000	84	8	2	2	4
	£10,000-£19,999	[66]	[14]	[19]	[0]	[1]
	£20,000-£49,999	74	22	2	0	2
	£50,000+	55	33	7	2	3

C5. In the last 12 months, how many times have you received regulated advice about investments, saving into a pension or retirement planning?

Base: All UK adults who had regulated financial advice in the last 12 months (800) - see Section 1.3.1.

In Figure 6.2 we look at the number of times people have had advice in the last 12 months against their previous advice experiences over the past 5 years. ‘Always advised’ consumers (those who, in the past 5 years, have always taken regulated financial advice relating to decisions about investments, saving into a pension or retirement planning) are more likely to have had advice on more than one occasion in the last 12 months compared to consumers who are ‘sometimes advised’ (those who have sometimes made their own decision without advice in the past five years).

Figure 6.2 Frequency of advice in the last 12 months by nature of relationship with adviser (All UK adults who have had regulated financial advice in the last 12 months)



C5. In the last 12 months, how many times have you received regulated advice about investments, saving into a pension or retirement planning? C7. Thinking back over the last 5 years, would you say you have always taken regulated advice relating to decisions about investments, saving into a pension or retirement planning, or did you sometimes make your own decisions without advice?

Base: All UK adults who have had regulated financial advice in the last 12 months (769), excluding 'don't know' responses to question C7.

6.4 Topics covered in any advice sessions over the last 12 months

Turning our attention to the topics covered in any advice session in the last 12 months, by definition we know that these advice sessions related to investments, saving into a pension or retirement planning.

As Table 6.2 shows, however, many adults received advice on more than one of these topics. Two-thirds (65%) of Group 1 had advice related to investments, compared to almost three-eighths (38%) who wanted advice related to saving into a pension. That being said, planning for retirement is clearly a key advice need for all but the 18-34 year olds.

Table 6.2 Topics covered in ANY advice session or sessions in the last 12 months (All UK adults who have had regulated financial advice in the last 12 months)

		All UK adults who have had regulated financial advice in the last 12 months (row percentages)		
		Investments	Saving into a Pension	Retirement Planning
Total		65	38	46
Gender	Male	62	39	48
	Female	70	36	44
Age	18-34	49	51	18
	35-44	41	61	41
	45-54	63	66	55
	55-64	59	35	60
	65+	78	14	35
Couple status	In couple	64	38	49
	Not in couple	69	35	38
Working status	Employed	52	55	52
	Self-employed	56	49	51
	Unemployed	*	*	*
	Retired	85	9	35
	Other	60	44	57
Life stage	Not retired 18-44	44	57	32
	Not retired 45-54	62	66	55
	Not retired 55+	52	41	59
	Retired	85	9	35
Annual gross household income	Less than £15,000	[59]	[21]	[49]
	£15,000-£29,999	68	24	41
	£30,000-£49,999	67	31	44
	£50,000+	62	50	49
Investible assets	Less than £10,000	24	56	49
	£10,000-£19,999	[49]	[38]	[40]
	£20,000-£49,999	60	40	59
	£50,000+	81	31	44

C4/C6. Thinking of the different occasions when you received advice in the last 12 months, was the advice about investments, saving into a pension or retirement planning?

Base: All UK adults who have had regulated financial advice in the last 12 months (767), excluding don't know response (33). Multiple responses allowed.

Focusing now on the topic or topics covered in their sole or **most recent** advice session in Table 6.3, we see that quite a large proportion of sessions touch on more than one topic. Three-fifths (62%) of Group 1 had advice on investments, one-third (35%) on saving into a pension and over two-fifths (43%) on retirement planning.

Retirees were the most likely to have advice on investments (84% of retirees had advice on investments in their most recent session, compared to 62% for all adults in Group 1), adults aged 35-44 and 45-54 were the most likely to have advice on saving into a pension (61% and 63% respectively

compared to 35% for all adults in Group 1), and adults aged 55-64 were the most likely to have advice on retirement planning (57% compared to 43% for all adults in Group 1).

Table 6.3 Topics covered in the sole or most recent advice sessions in the last 12 months (All UK adults who have had regulated financial advice in the last 12 months)

		All UK adults who have had regulated financial advice in the last 12 months (row percentages)		
		Investments	Saving into a Pension	Retirement Planning
Total		62	35	43
Gender	Male	59	37	45
	Female	67	32	41
Age	18-34	[49]	[47]	[18]
	35-44	39	61	37
	45-54	59	63	52
	55-64	55	30	57
	65+	77	12	32
Couple status	In couple	62	35	46
	Not in couple	65	32	36
Working status	Employed	49	52	49
	Self-employed	54	49	50
	Unemployed	*	*	*
	Retired	84	6	32
	Other	52	40	55
Life stage	Not retired 18-44	43	55	30
	Not retired 45-54	58	64	53
	Not retired 55+	49	36	56
	Retired	84	6	32
Annual gross household income	Less than £15,000	60	15	48
	£15,000-£29,999	65	21	39
	£30,000-£49,999	64	30	43
	£50,000+	59	47	45
Investible assets	Less than £10,000	22	56	48
	£10,000-£19,999	49	27	37
	£20,000-£49,999	55	37	58
	£50,000+	78	28	40

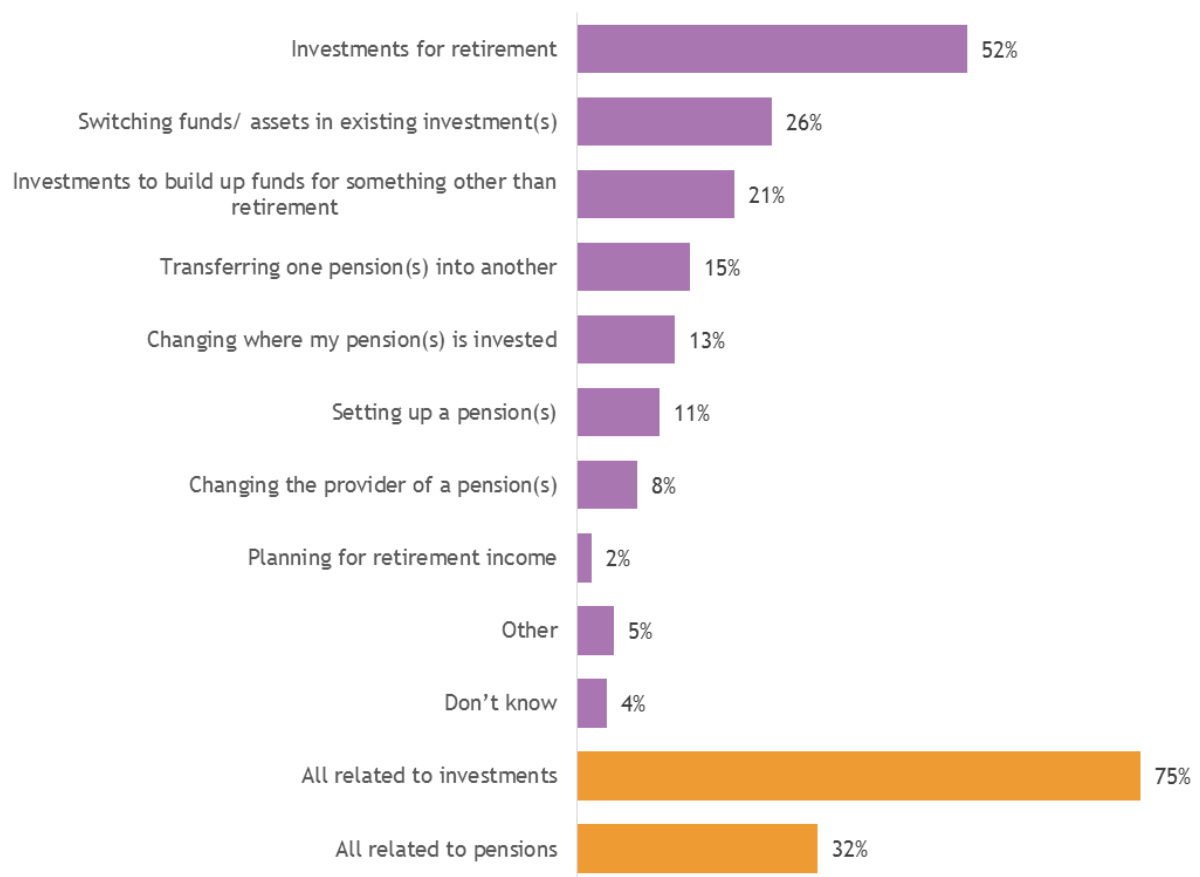
C4/C6a. You mentioned having had regulated advice. Thinking of this one occasion was the advice about investments, saving into a pension or retirement planning?

Base: All UK adults who have had regulated financial advice in the last 12 months (767), excluding don't know response (33), most recent session. Multiple responses allowed.

6.5 Topics of advice that covered in their most recent session

Figure 6.3 shows the topics covered in the most recent session. Here, three-quarters (75%) Group 1 had advice related to investments, compared to just one-third (32%) who had related to a pension. That being said, planning for retirement appears to be an important driver for advice, as just over half (52%) had some help with non-pension investments for retirement.

Figure 6.3 Nature of advice needed in the most recent advice session (All UK adults who have had regulated financial advice in the last 12 months)



D4_cmbd. Was the nature of the advice you wanted...?

Base: All UK adults who have had regulated financial advice in the last 12 months (767), most recent session.

Note: Multiple responses allowed.

From the more detailed breakdown of the topic covered in the most recent advice session in the last 12 months given in Table 6.4, we see that men are more likely to want advice related to investments (78%) compared to women (69%).

Those aged 45-54 are the most likely to want advice related to pensions, with half (50%) of this age group saying this was their situation, compared to one-third (32%) for the advised population as a whole.

Table 6.4 Nature of advice needed in the most recent advice session (All UK adults who have had regulated financial advice in the last 12 months)

		All UK adults who have had regulated advice in the last 12 months (row percentages)	
		Related to investments	Related to pensions
Total		75	32
Gender	Male	78	32
	Female	69	33
Age	18-34	[46]	[52]
	35-44	[61]	[40]
	45-54	74	50
	55-64	81	32
	65+	80	16
Couple status	In couple	78	34
	Not in couple	65	27
Working status	Employed	72	43
	Self-employed	68	42
	Unemployed	*	*
	Retired	83	14
	Other	71	35
Life stage	Not retired 18-44	54	46
	Not retired 45-54	73	50
	Not retired 55+	77	34
	Retired	83	14
Annual gross household income	Less than £15,000	[57]	[32]
	£15,000-£29,999	73	27
	£30,000-£49,999	76	33
	£50,000+	79	35
Investible assets	Less than £10,000	54	51
	£10,000-£19,999	[64]	[45]
	£20,000-£49,999	76	33
	£50,000+	83	28

D4_cmbd. Was the nature of the advice you wanted?

Base: All UK adults who had regulated financial advice in the last 12 months (767), most recent session.

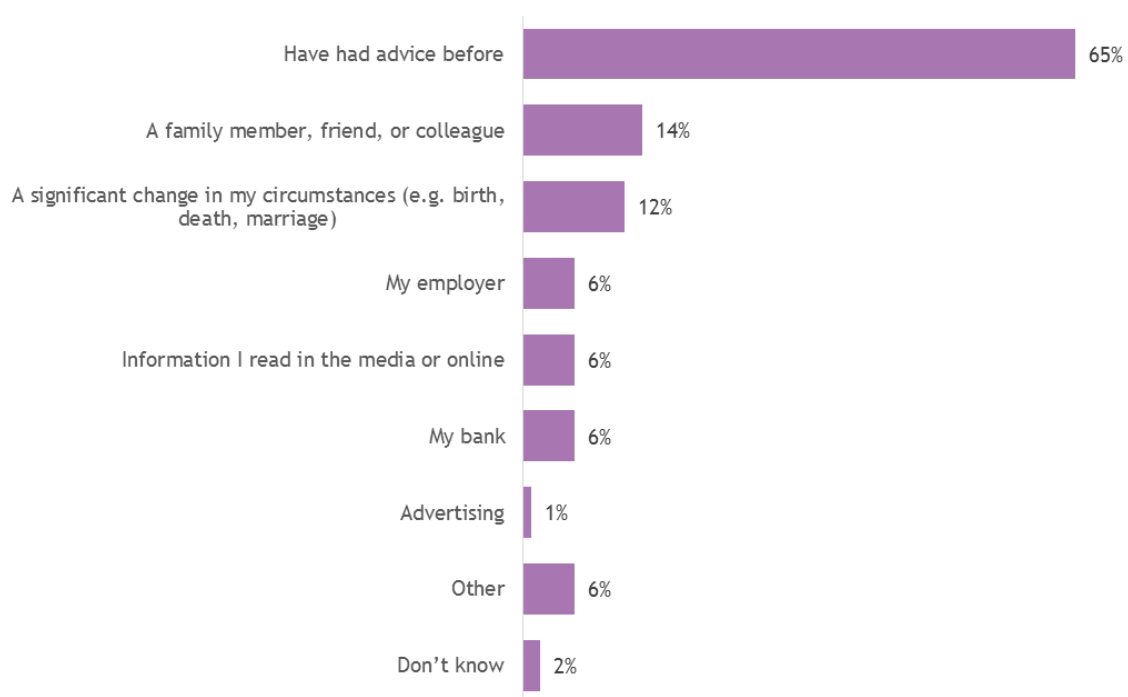
Note: Multiple responses allowed.

6.6 Drivers for seeking advice

Figure 6.4 shows that most people in Group 1 mention they have had advice in the past (65%), and therefore can be said to have an ‘advice habit’; this is by far the most commonly stated reason for seeking advice.

Although a significant change in circumstances can trigger an advice need, only one-eighth (12%) of those in Group 1 said that this was the reason for them seeking advice in their most recent advice session. Figure 6.4 also shows that friends and family had a greater influence than either employers or banks.

Figure 6.4 Prompts for seeking advice in the most recent advice session (All UK adults who have had regulated financial advice in the last 12 months)



D5_cmbd. Who or what prompted you to seek advice on this occasion?

Base: All UK adults who have had regulated financial advice in the last 12 months (781), most recent session.

Note: Multiple responses allowed.

Looking at these findings in a little more detail, Table 6.5 shows that there are few differences in the prompts for seeking advice between men and women, although women are more likely to be prompted by a significant change in circumstances, such as a birth, death or marriage.

Exploring the reasons for seeking advice by life stage indicates that those under 44 are more likely to be triggered to take advice by family or friends (28%) or by their employer (17%) than those who are older.

There are no material differences between the ‘advice habit’ of retirees (where 78% have had advice before) and those coming up to retirement (where 73% of those aged 55+ who have not retired have had advice in the past), suggesting that age rather than life stage is the more important factor here.

The self-employed are more likely to have had advice before (69%), compared to the advised population as a whole (65%).

Table 6.5 Prompts for seeking advice in the most recent session (All UK adults who have had regulated financial advice in the last 12 months)

		All UK adults who received regulated advice in the last 12 months (row percentages)					
		Have had advice before ¹	A significant change in my circumstances (e.g. birth, death, marriage)	A family member, friend, or colleague	Employer	Information I read in the media or online	My bank
Total		65	12	14	6	6	6
Gender	Male	67	9	12	7	7	6
	Female	62	16	16	4	4	7
Age	18-34	[25]	[2]	[46]	[17]	[5]	[11]
	35-44	[50]	[17]	[14]	[16]	[3]	[9]
	45-54	57	20	15	5	9	3
	55-64	71	12	14	5	4	5
	65+	78	6	6	1	5	7
Couple status	In couple	67	9	13	5	5	6
	Not in couple	61	21	15	6	6	7
Working status	Employed	55	17	19	12	7	7
	Self-employed	69	8	10	0	4	2
	Unemployed	*	*	*	*	*	*
	Retired	78	7	8	1	3	7
	Other	74	8	10	2	9	7
Life stage	Not retired 18-44	39	10	28	17	4	10
	Not retired 45-54	56	20	15	6	9	3
	Not retired 55+	73	11	11	5	7	5
	Retired	78	7	8	1	3	7
Annual gross household income	Less than £15,000	[45]	[29]	[14]	[0]	[12]	[10]
	£15,000-£29,999	60	9	18	5	6	11
	£30,000-£49,999	68	7	15	6	7	3
	£50,000+	67	14	12	7	5	5
Investible assets	Less than £10,000	37	10	23	21	8	8
	£10,000-£19,999	[64]	[0]	[30]	[0]	[14]	[12]
	£20,000-£49,999	68	18	17	4	3	1
	£50,000+	74	12	9	3	4	6

D5_cmbd. Who or what prompted you to seek advice on this occasion?

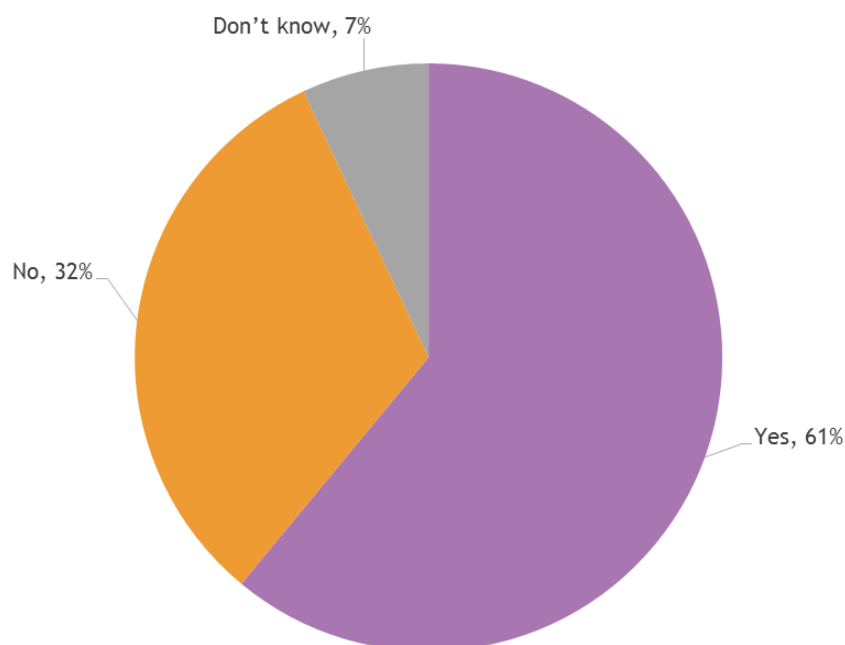
Base: All UK adults who have had regulated financial advice in the last 12 months (781), most recent session.

Notes: Multiple responses allowed. ¹ Includes people who take advice regularly and people who have sought advice before.

6.6.1 Awareness of redress if the advice was shown to be misleading

As can be seen in Figure 6.5, just three-fifths (61%) of those in Group 1 were aware that they would be able to seek compensation, if the regulated advice received was shown to have been misleading or not in their best interests.

Figure 6.5 Awareness of redress in the most recent session (All UK adults who have had regulated financial advice in the last 12 months)



D4_2_cmbd. Were you aware that you would be able to seek compensation, if the regulated advice you received was shown to have been misleading or not in your best interests?

Base: All UK adults who have received regulated financial advice in the last 12 months (781), most recent session.

6.7 Exploring the actions taken as a result of the advice experience

As Table 6.6 shows, the vast majority (87%) of Group 1 followed the advice given either fully or partially (66% followed it completely, compared to 21% who partially followed the advice). Very few (6%) chose not to do anything.

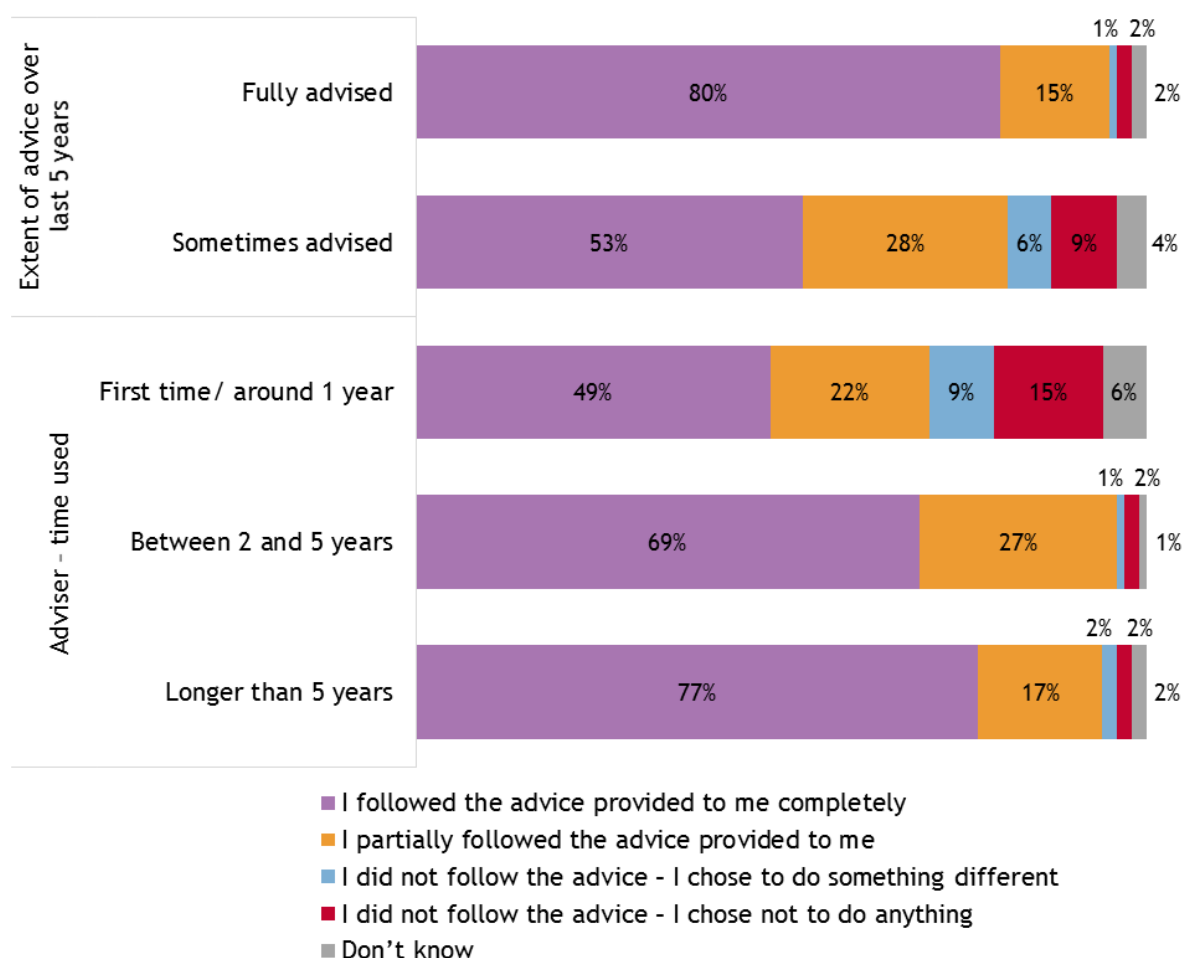
Table 6.6 Action taken as a result of the advice received in the most recent advice session (All UK adults who have had regulated financial advice in the last 12 months)

	Group 1
	Had regulated financial advice in the last 12 months (column percentages)
I followed the advice provided to me completely	66
I partially followed the advice provided to me	21
I did not follow the advice - I chose to do something different	3
I did not follow the advice - I chose not to do anything	6
Don't know	4

D13_cmbd. Which one of the following statements best describes the action you took as a result of this advice?
Base: All UK adults who had regulated financial advice in the last 12 months (781), most recent session.

Figure 6.6 shows that there are some differences in the response to this question by the nature of the relationship with the adviser. People who have always used an adviser in the last 5 years (the 'fully advised') are much more likely to follow their advice completely - but even here only four-fifths (80%) said that this is what they did, compared to just over half (53%) who have sometimes used an adviser. Similarly seven in ten (69%) of those with an established relationship (where they have been meeting with the adviser for more than 2 years) followed the advice completely, compared to half (49%) who were seeing that adviser for the first time.

Figure 6.6 Action taken as a result of the advice received in the most recent advice session by nature of adviser relationship (All UK adults who have had regulated financial advice in the last 12 months)



D13_cmbd. Which one of the following statements best describes the action you took as a result of this advice?

Base: All UK adults who have had regulated financial advice in the last 12 months (781), most recent session.

Excluding those who chose not to do anything themselves, Table 6.7 provides details of what happened as a result of the advice given. The most popular action was related to an investment decision, with over half (53%) taking out a new product with a lump sum, changing investment choices and/ or starting or increasing payments to a product. This compares to around one-fifth (21%) making a pension accumulation decision and just one in nine (11%) making a pension decumulation decision.

One-fifth (19%) did not take any action. It is not always the case that an advice session necessarily results in a recommendation for the individual to take some action, for example they may be in no need to take action if the person's financial circumstances have not changed, or if the review conducted by the adviser shows that financial plans are on track to meet agreed objectives.

Table 6.7 Understanding the actions taken as a result of the advice received (All UK adults who have had regulated financial advice in the last 12 months who followed the advice given or chose to do something different)

All UK adults who have had regulated financial advice in the last 12 months who followed the advice given or chose to do something different (row percentage)	
Any action related to investments	53
- I purchased an investment, putting a lump sum into it	25
- I started or increased monthly payments into an investment	8
- I have changed the funds/ assets in an investment	30
Any action related to pension accumulation	21
- I purchased a personal pension, putting a lump sum into it	6
- I started or increased monthly payments into a private pension	5
- I made changes to the funds in which my pension is invested	13
Any action related to pension decumulation	11
- I purchased an annuity	3
- I entered into income drawdown	5
- I took cash from my pension pot	6
I did not take any action	19
Something else	5
Don't know	4

D15_cmbd. Which, if any, of the following actions did you take following the advice you received?

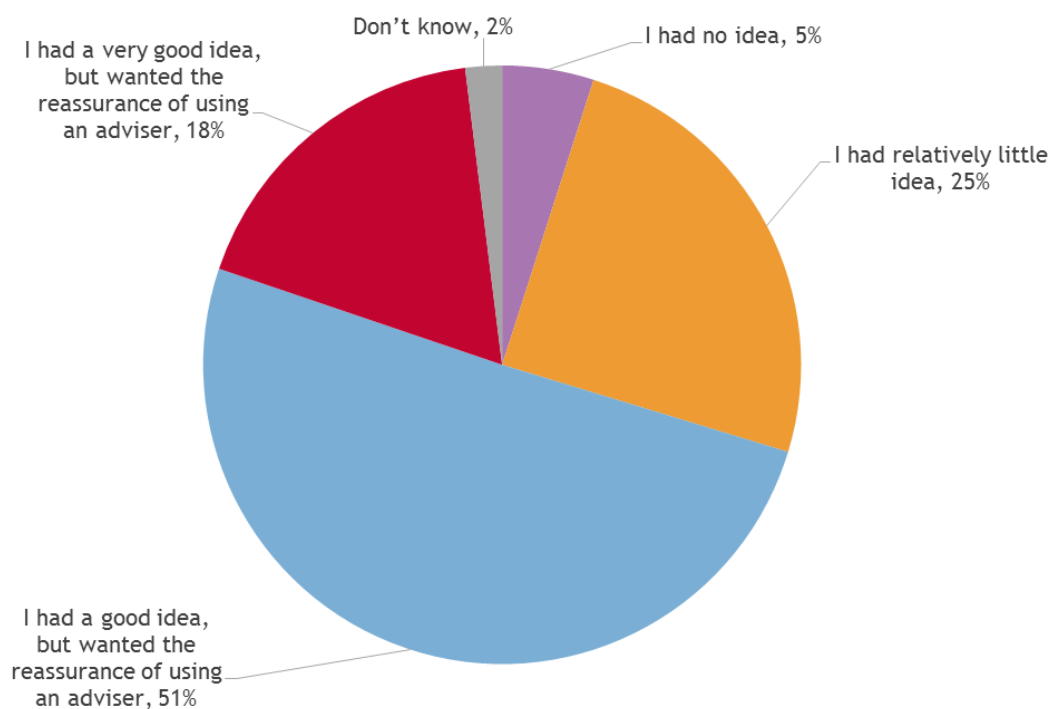
Base: All UK adults who had regulated financial advice in the last 12 months who took action, most recent session, who said at D13_cmbd. 'I followed the advice provided to me completely', 'I partially followed the advice provided to me', 'I did not follow the advice - I chose to do something different', or 'Don't know' (732)

Note: Multiple responses allowed.

6.8 Using the advice session to validate their own thinking

Looking now at Figure 6.7, this shows that seven in ten (69%) people in Group 1 had a good idea of what they wanted do, but wanted the reassurance of using an adviser to validate their thinking.

Figure 6.7 Propensity to use the advice session to validate own thinking in the most recent advice session (All UK adults who have had regulated financial advice in the last 12 months)



D4_1_cmbd. When you were seeking this advice, did you already have an idea of what you wanted to do?

Base: All UK adults who have received regulated financial advice in the last 12 months (781), most recent session.

Table 6.8 gives more information about the nature of these ‘validators’. This table shows that a higher proportion of men (73%) are validators compared to women (63%). Furthermore, older groups, perhaps with more experience of financial affairs, are more likely to be a validator than their younger counterparts. For example, just over one-third (35%) of those aged 35-44 were looking for reassurance, compared to around three-quarters in the older groups (75% for 45-54 year olds, 77% for 55-64 year olds, and 72% for 65 year olds and over).

Table 6.8 Propensity to use the advice session to validate own thinking in the most recent advice session (All UK adults who have had regulated financial advice in the last 12 months)

		All UK adults who have had regulated advice in the last 12 months (row percentages)	
		All who had no idea or little idea	All who had a good or very good idea, but wanted reassurance
Total		29	69
Gender	Male	26	73
	Female	34	63
Age	18-34	[61]	[35]
	35-44	[49]	[48]
	45-54	25	75
	55-64	24	77
	65+	25	72
Couple status	In couple	28	71
	Not in couple	34	64
Working status	Employed	34	65
	Self-employed	25	72
	Unemployed	*	*
	Retired	28	71
	Other	18	79
Life stage	Not retired 18-44	54	42
	Not retired 45-54	26	74
	Not retired 55+	20	78
	Retired	28	71
Annual gross household income	Less than £15,000	[32]	[68]
	£15,000-£29,999	32	67
	£30,000-£49,999	30	69
	£50,000+	29	71
Investible assets	Less than £10,000	40	56
	£10,000-£19,999	[29]	[71]
	£20,000-£49,999	31	70
	£50,000+	24	74

D4_1_cmbd. When you were seeking this advice, did you already have an idea of what you wanted to do?

Base: All UK adults who have had regulated financial advice in the last 12 months (781), most recent session - see Section 1.3.2.

7. People who had regulated advice in the last 12 months - type of advice received

7.1 Introduction

In this chapter we explore where those who had regulated financial advice in the last 12 months related to investments, saving into a pension or retirement planning, namely Group 1,²³ have been getting their advice.

People were asked to recall whether they had received advice in the last 12 months from:

- An adviser from a financial advice firm, such as an IFA (Independent Financial Adviser)
- An adviser from a bank or building society
- An adviser from an insurance company, investment company or pension provider
- A provider of automated advice available online or as downloadable software.

It is important to note that all of those in Group 1 were asked to recall details of their *most recent* session only.

7.2 Summary

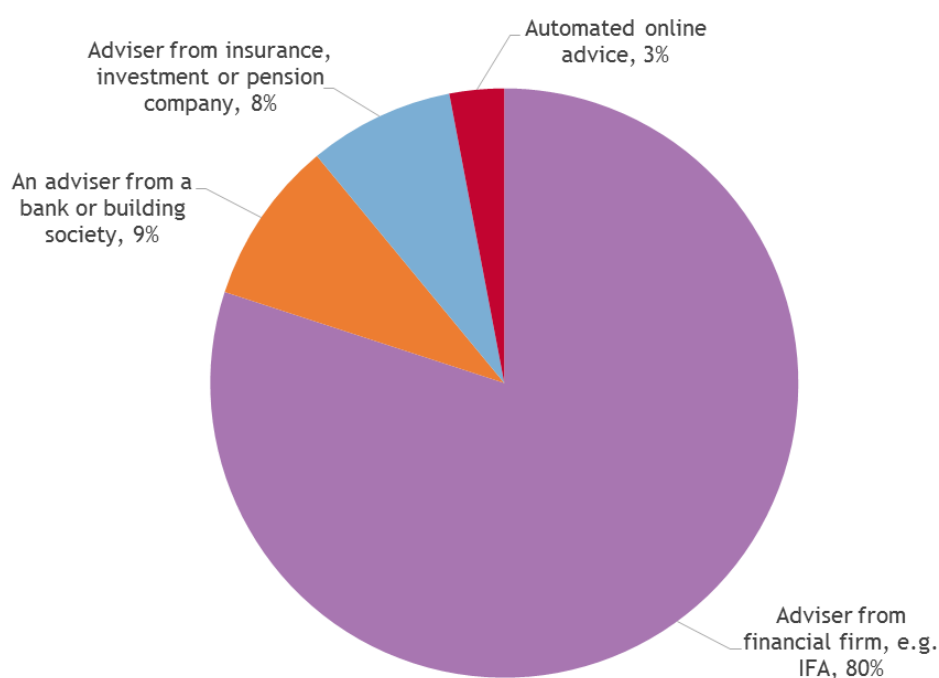
- By far the most popular source of regulated financial advice was an adviser from a financial advice firm, mentioned by four-fifths (80%) of in Group 1.
- By far the most popular delivery channel for their most recent session is a face-to-face meeting, with five-sixths (84%) people in Group 1 receiving their advice in this way.

7.3 Sources of regulated financial advice in the last 12 months

Figure 7.1 shows the source of regulated financial advice for Group 1's *most recent* advice session. By far the most popular source of advice was an adviser from a financial firm, mentioned by four-fifths (80%). Around one-tenth (9%) of Group 1 said that this advice came from an adviser at a bank or building society.

²³ Group 1 is defined in the Executive Summary and explained further in Sections 1.2.2-1.2.4.

Figure 7.1 Sources of regulated financial advice for the most recent advice session (All UK adults who have had regulated financial advice in the last 12 months)



D1_cmbd1. Who provided this regulated advice?

Base: All UK adults who have had regulated financial advice in the last 12 months (781), most recent session.

As shown in Table 7.1, there is very little difference in the type of adviser used by demographics or resources - which perhaps should not be surprising given the dominance of advisers from financial advice firms.

Table 7.1 also shows that very few people are currently using automated online advice, reflecting the embryonic nature of this market. Although small sample sizes mean that it is difficult to make any definitive statements about those who are using this particular channel, there is an early indication that 18-34 year olds are likely to be the early adopters.

Table 7.1 Sources of regulated financial advice for the most recent advice session (All UK adults who have had regulated financial advice in the last 12 months)

		All UK adults who have had regulated financial advice in the last 12 months (row percentages)			
		Adviser from financial firm, e.g. IFA	An adviser from a bank or building society	Adviser from insurance, investment or pension company	Automated online advice
Total		80	9	8	3
Gender	Male	81	8	9	2
	Female	78	10	8	3
Age	18-34	[57]	[10]	[15]	[18]
	35-44	[82]	[10]	[6]	[2]
	45-54	84	5	8	3
	55-64	83	8	9	1
	65+	79	12	7	1
Couple status	In couple	80	9	8	3
	Not in couple	80	9	10	1
Working status	Employed	79	8	8	5
	Self-employed	85	4	9	3
	Unemployed	*	*	*	*
	Retired	80	13	6	0
	Other	75	8	17	0
Life stage	Not retired 18-44	71	10	10	9
	Not retired 45-54	84	5	8	3
	Not retired 55+	81	6	11	2
	Retired	80	13	6	0
Annual gross household income	Less than £15,000	[63]	[23]	[14]	[0]
	£15,000-£29,999	73	14	10	3
	£30,000-£49,999	83	5	8	4
	£50,000+	85	8	6	2
Investible assets	Less than £10,000	78	7	8	8
	£10,000-£19,999	[42]	[10]	[34]	[14]
	£20,000-£49,999	92	6	1	1
	£50,000+	82	10	7	1

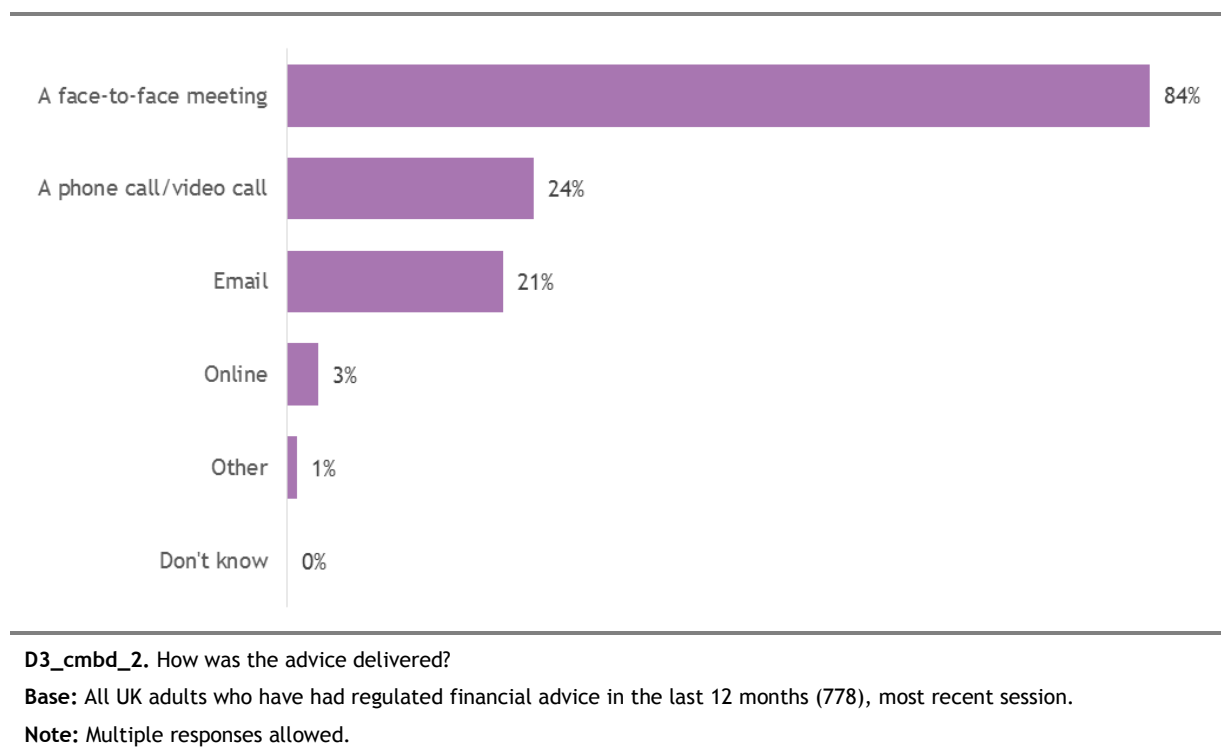
D1_cmbd1. Who provided this regulated advice?

Base: All UK adults who have had regulated financial advice in the last 12 months (781), most recent session - see Section 1.3.2.

7.4 Delivery channel for the most recent advice session in the last 12 months

Figure 7.2 confirms that amongst people in Group 1, by far the most popular delivery channel for their most recent session was a face-to-face meeting, with five-sixths (84%) receiving their advice in this way.

Figure 7.2 Delivery channel for the most recent advice session (All UK adults who have had regulated financial advice in the last 12 months)



Given the dominance of the face-to-face channel, Table 7.2 demonstrates that there is very little difference in the delivery channels used by demographics or resources for those who have received regulated financial advice in the last 12 months.

The notable exception are the 18-34 year olds, who are more likely to use online advice and less likely to use face-to-face advice. Given that delivery face to face is usually the most expensive channel, as the adviser often has to build in travel time to see their client at home or in the workplace, it is interesting to see indications that the younger group (who often have lower investible assets than older consumers) are more willing to explore alternatives to the traditional delivery channels.

The Financial Lives Survey will track these numbers over time to see whether there are any changes in the extent to which advisers and their clients are willing to embrace cheaper alternatives to the face-to-face meeting, such as video calling or automated online advice, and whether this means that more people are able to access advice.

Table 7.2 Delivery channel, for the most recent advice session (All UK adults who have had regulated financial advice in the last 12 months)

		All UK adults who have had regulated financial advice in the last 12 months (row percentages)					
		A face-to-face meeting	A phone call/video call	Email	Online	Other	Don't know
Total		84	24	21	3	1	0
Gender	Male	85	26	23	2	2	0
	Female	83	22	17	3	0	0
Age	18-34	[52]	[25]	[26]	[18]	[0]	[4]
	35-44	[73]	[30]	[25]	[2]	[0]	[0]
	45-54	89	26	18	3	2	0
	55-64	89	21	21	1	1	0
	65+	87	24	20	1	2	0
Couple status²	In couple	86	21	21	3	1	0
	Not in couple	81	33	20	1	2	1
Working status	Employed	81	21	17	5	1	1
	Self-employed	85	23	29	3	4	0
	Unemployed	*	*	*	*	*	*
	Retired	90	26	20	0	0	0
	Other	81	35	25	0	5	0
Life stage	Not retired 18-44	64	28	26	9	0	2
	Not retired 45-54	89	26	17	3	2	0
	Not retired 55+	86	19	22	2	3	0
	Retired	90	26	20	0	0	0
Annual gross household income	Less than £15,000	[82]	[32]	[15]	[0]	[4]	[0]
	£15,000-£29,999	81	24	13	3	0	0
	£30,000-£49,999	88	25	26	4	1	0
	£50,000+	84	24	22	2	2	0
Investible assets	Less than £10,000	70	22	16	8	2	2
	£10,000-£19,999	[65]	[24]	[12]	[14]	[0]	[0]
	£20,000-£49,999	97	20	16	1	0	0
	£50,000+	86	27	25	1	2	0

D3_cmbd_2. How was the advice delivered?

Base: All UK adults who have had regulated financial advice in the last 12 months (778), most recent session - see Section 1.3.2.

Note: Multiple responses allowed.

8. People who had regulated advice in the last 12 months - relationship with and trust in their adviser

8.1 Introduction

Chapter 3 provided a comparison of how those in Group 1 feel more generally about advice, and compared their views to those of adults not advised in the last 12 months (Groups 2, 3, and 4).

In this chapter we specifically explore the relationship that people in Group 1 have with their adviser, and also assess the degree to which they have trust in the advice they have received.²⁴

8.2 Summary

- Looking at their most recent session only, just under half (48%) of Group 1 have been using that adviser for more than 5 years. That said, there is a significant minority (21%) where this session was the first time they had used that adviser.
- The key drivers of the length of time using an adviser appear simply to be age and the level of investible assets. Two-thirds (67%) of those 65 and over have had a relationship for more than 5 years, compared with three-eighths (38%) of those who are 45-54.
- Over nine in ten (92%) of people who have used an adviser generally use the same adviser or firm, suggesting that they have built a trusted relationship with their adviser(s).
- Unsurprisingly, as these long-standing relationships dominate, those who have received advice in the last 12 months have high levels of trust in the adviser. Over half (56%) gave a score of 9 or 10 when asked to rate their levels of trust out of 10, and further three in ten (30%) gave a score of 7 or 8; however, there was a small minority, just one-seventh (14%), who felt least sure, including a very small number (under 1%) who said they do not trust their adviser at all.
- The over 65s have the highest level of trust in their adviser with seven-tenths (71%) giving a high score (9 or 10).
- Overall, most people are highly or moderately satisfied with the advice they received - just under half (48%) are highly satisfied and three-eighths (37%) are moderately satisfied

²⁴ Groups 1, 2, 3 and 4 are defined in the Executive Summary and explained further in Sections 1.2.2-1.2.4.

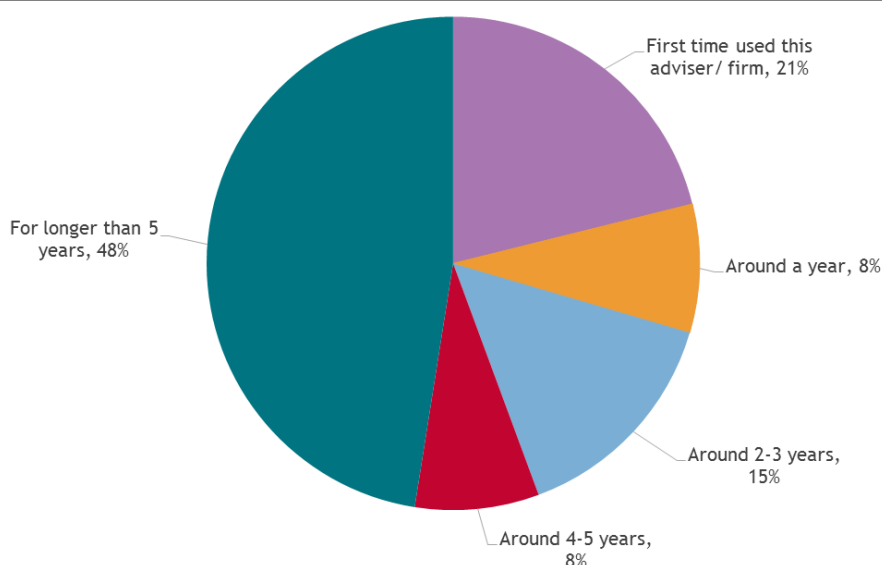
with the most recent regulated advice they received. Just one-seventh (15%) give a low score, or say they are not satisfied at all. In general, people are more satisfied with the advice they received from an adviser from a financial firm (e.g. an IFA) than advice from an adviser at a bank or building society.

- Around nine in ten (88%) of those who have received financial advice in the last 12 months have not made any pension or investment purchase without advice in that period.
- Two-thirds (66%) of those who had made such a purchase without advice invested a lump sum, and the most popular amount for the lump sum investment was £2,000 or more, mentioned by three in five (59%).
- The vast majority (98%) of those purchasing without advice in the last 12 months were aware that they have to take full responsibility to make sure that their investment is right for them and that they will have no redress to the Financial Services Ombudsman if in the future the decision turns out not to be suitable.

8.3 Length of time using the adviser

As summarised in Figure 8.1, many of those who received advice in the last 12 months have a long standing relationship with their adviser. Looking at their most recent session only, just under half (48%) of the advised population have been using that adviser for more than 5 years. That said, there is a significant minority (21%) where this session was the first time they had used this adviser/firm.

Figure 8.1 Length of time using adviser/ firm (All UK adults who have had regulated financial advice in the last 12 months)



D6a_cmbd. For how long have you been using this adviser/firm?

Base: All UK adults who have had regulated financial advice in the last 12 months (762), excluding 'Don't know' responses (19), most recent session.

Table 8.1 looks at this in more detail. The key drivers of the length of time using an adviser simply appear to be age and the level of investible assets. There is also likely to be a relationship between these two factors, as older people have more time to build up their investments.

Two-thirds (67%) of those 65 and over have had a relationship with their adviser or advisory firm for more than 5 years, compared with just one-fifth ([20%]) of those who are 18-34. What these findings do not show is whether the over 65s have longstanding relationships simply because they are older and have had more time to build this relationship, or whether the driver for the length of the relationship is that the over 65s are more likely to have sufficient funds to feel that paying for advice on an ongoing basis is worthwhile.

Couples are more likely to have used an adviser for more than 5 years (50%) compared to those not in a couple (39%), but as the likelihood of being in a couple increases with age, again this finding suggests that age is the key factor. Similarly, retirees are more likely than employees or those self-employed to have had an adviser relationship for over 5 years.

Nearly six in ten (58%) of those with investible assets of £50,000 or more have had a relationship for more than 5 years. At the other end of the spectrum, two-fifths (39%) of those with less than £10,000 used this adviser or firm for the first time. Interestingly, one-fifth (20%) of those with investible assets of less than £10,000 say they have used their firm or adviser for more than five years. Of course, this table presents a snapshot of the level of investible assets today; we do not know whether they had more investible assets at the start of this relationship.

Table 8.1 Length of time using adviser/ firm (All UK adults who have had regulated financial advice in the last 12 months)

		All UK adults who received regulated financial advice in the last 12 months (row percentages)				
		First time used this adviser/ firm	Around a year	Around 2-3 years	Around 4-5 years	For longer than 5 years
Total		21	8	15	8	48
Gender	Male	21	6	15	10	49
	Female	21	12	15	6	46
Age	18-34	[45]	[26]	[9]	[0]	[20]
	35-44	[36]	[10]	[13]	[21]	[20]
	45-54	26	12	16	7	38
	55-64	20	7	18	10	45
	65+	11	4	13	5	67
Couple status	In couple	19	8	14	7	50
	Not in couple	25	9	17	11	39
Working status	Employed	27	13	16	10	34
	Self-employed	23	9	12	4	53
	Unemployed	*	*	*	*	*
	Retired	12	3	13	7	65
	Other	27	3	16	7	48
Life stage	Not retired 18-44	40	17	11	12	20
	Not retired 45-54	26	12	17	7	38
	Not retired 55+	18	7	17	8	49
	Retired	12	3	13	7	65
Annual gross household income	Less than £15,000	[23]	[17]	[12]	[2]	[46]
	£15,000-£29,999	25	6	16	8	44
	£30,000-£49,999	18	8	17	7	50
	£50,000+	21	10	13	11	46
Investible assets	Less than £10,000	39	18	15	8	20
	£10,000-£19,999	[21]	[18]	[11]	[8]	[43]
	£20,000-£49,999	32	7	16	9	36
	£50,000+	14	5	14	9	58

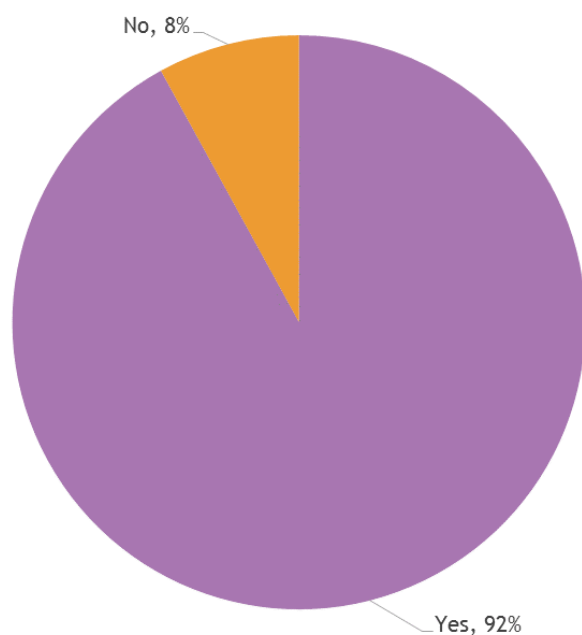
D6a_cmbd. For how long have you been using this adviser/firm?

Base: All UK adults who have had regulated financial advice in the last 12 months (762), excluding 'Don't know' responses (19), most recent session - see Section 1.3.2.

8.4 Nature of the relationship with the adviser

Figure 8.2 confirms that over nine in ten (92%) of people who have used an adviser before generally use the same adviser, suggesting that they have built a trusted relationship with that individual adviser or firm.

Figure 8.2 Propensity to use the same adviser/ firm (All UK adults who have had regulated financial advice in the last 12 months and who have used the adviser before)



D6b_cmbd. Do you generally use the same adviser / firm for regulated advice about investments, saving into a pension and / or retirement planning?

Base: All UK adults who have had regulated financial advice in the last 12 months, most recent session, and who used that adviser before (610), excluding 'Don't know' responses (10).

The detailed information in Table 8.2 suggests that there is very little difference by demographics.

The likelihood of using the same adviser grows a little stronger with age - just 4% of those aged 65 and over had not used the firm or adviser before, compared to 8% for all those who had used an adviser before.

A quarter (24%) of those with investible assets of less than £10,000 used their adviser for the first time. This suggests that the majority of those with relatively small levels of investments today have also had a longer standing relationship with their advisers.

Table 8.2 Propensity to use the same adviser/ firm (All UK adults who have had regulated financial advice in the last 12 months and who have used the adviser before)

		All UK adults who have had regulated financial advice in the last 12 months, who used an adviser before (row percentages)	
		Yes	No
Total		92	8
Gender¹	Male	91	9
	Female	93	7
Age	18-34	*	*
	35-44	[86]	[14]
	45-54	90	10
	55-64	93	7
	65+	96	4
Couple status²	In couple	90	10
	Not in couple	96	4
Working status	Employed	89	11
	Self-employed	87	13
	Unemployed	*	*
	Retired	96	4
	Other	[96]	[4]
Life stage	Not retired 18-44	[80]	[20]
	Not retired 45-54	89	11
	Not retired 55+	92	8
	Retired	96	4
Annual gross household income	Less than £15,000	[92]	[8]
	£15,000-£29,999	90	10
	£30,000-£49,999	92	8
	£50,000+	93	7
Investible assets	Less than £10,000	76	24
	£10,000-£19,999	[74]	[26]
	£20,000-£49,999	97	3
	£50,000+	95	5

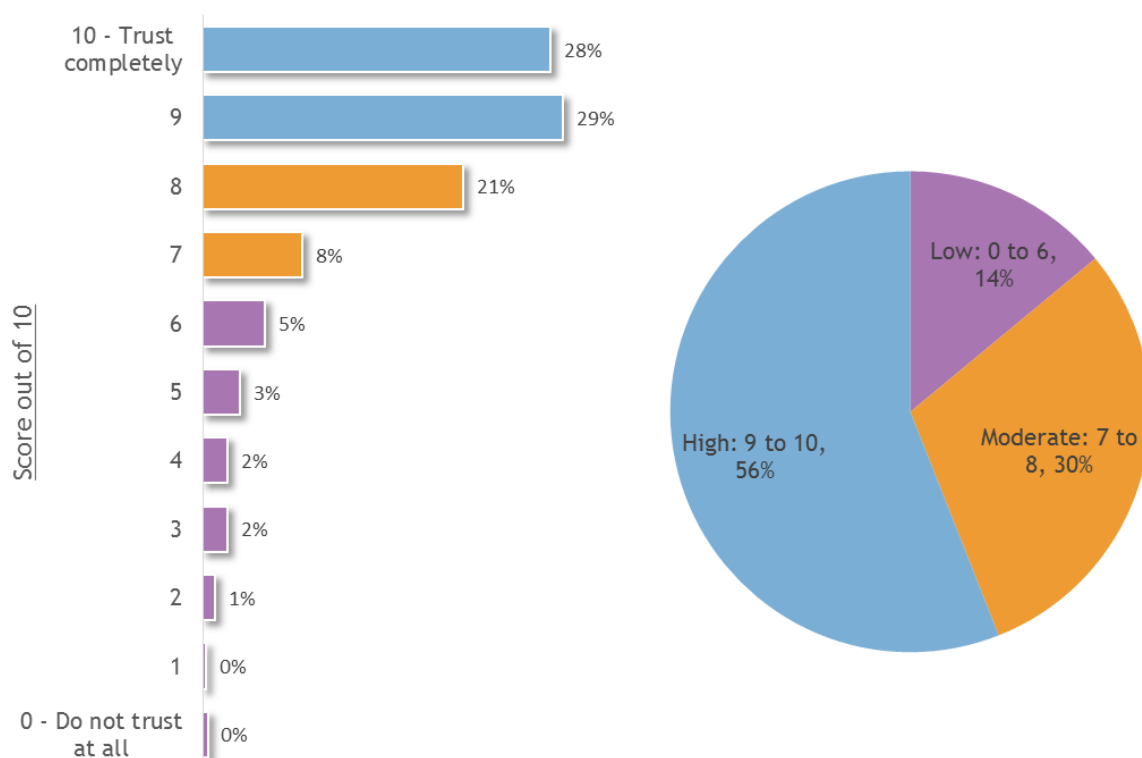
D6b_cmbd. Do you generally use the same adviser / firm for regulated advice about investments, saving into a pension and / or retirement planning?

Base: All UK adults who have had regulated financial advice in the last 12 months, most recent session, and who used that adviser before (611), excluding 'Don't know' responses (10).

8.5 Levels of trust in the advice given

It is perhaps not surprising, given the dominance of these long-standing relationships, that those who have received advice in the last 12 months have high levels of trust in the adviser. Over half (56%) gave a score of 9 or 10 when asked to rate their levels of trust out of 10, and a further three in ten (30%) gave a score of 7 or 8; however, there was a small minority, just under one-seventh (14%), who felt less sure, including a very small number (under 1%) who said they do not trust their adviser at all.

Figure 8.3 Level of trust in adviser/ firm (All UK adults who have had regulated financial advice in the last 12 months)



D18_cmbd. On a scale of 0-10, how much did you trust this adviser/ firm?

Base: All UK adults who have had regulated financial advice in the last 12 months, most recent session (771), excluding 'Don't know' responses (11).

Looking at this in more detail in Table 8.3, the over 65s have the highest level of trust in their adviser with seven-tenths (71%) giving a high score (9 or 10), perhaps reflecting the long standing relationship they have built with the adviser over time.

Table 8.3 Level of trust in adviser/ firm (All UK adults who have had regulated financial advice in the last 12 months)

		All UK adults who have had regulated financial advice in the last 12 months (row percentages)		
		Low and not at all (Score of 0-6 out of 10)	Moderate (Score of 7-8 out of 10)	High (Score of 9-10 out of 10)
Total		14	30	56
Gender	Male	15	31	55
	Female	13	29	58
Age	18-34	[43]	[33]	[25]
	35-44	[19]	[40]	[40]
	45-54	15	29	55
	55-64	14	37	50
	65+	6	23	71
Couple status	In couple	12	31	56
	Not in couple	18	26	56
Working status	Employed	18	33	48
	Self-employed	17	34	50
	Unemployed	*	*	*
	Retired	7	25	69
	Other	17	22	61
Life stage	Not retired 18-44	30	37	33
	Not retired 45-54	16	30	55
	Not retired 55+	13	33	55
	Retired	7	25	69
Annual gross household income	Less than £15,000	[11]	[12]	[77]
	£15,000-£29,999	19	33	49
	£30,000-£49,999	19	29	53
	£50,000+	11	31	58
Investible assets	Less than £10,000	32	28	40
	£10,000-£19,999	[16]	[39]	[44]
	£20,000-£49,999	17	29	55
	£50,000+	9	30	61

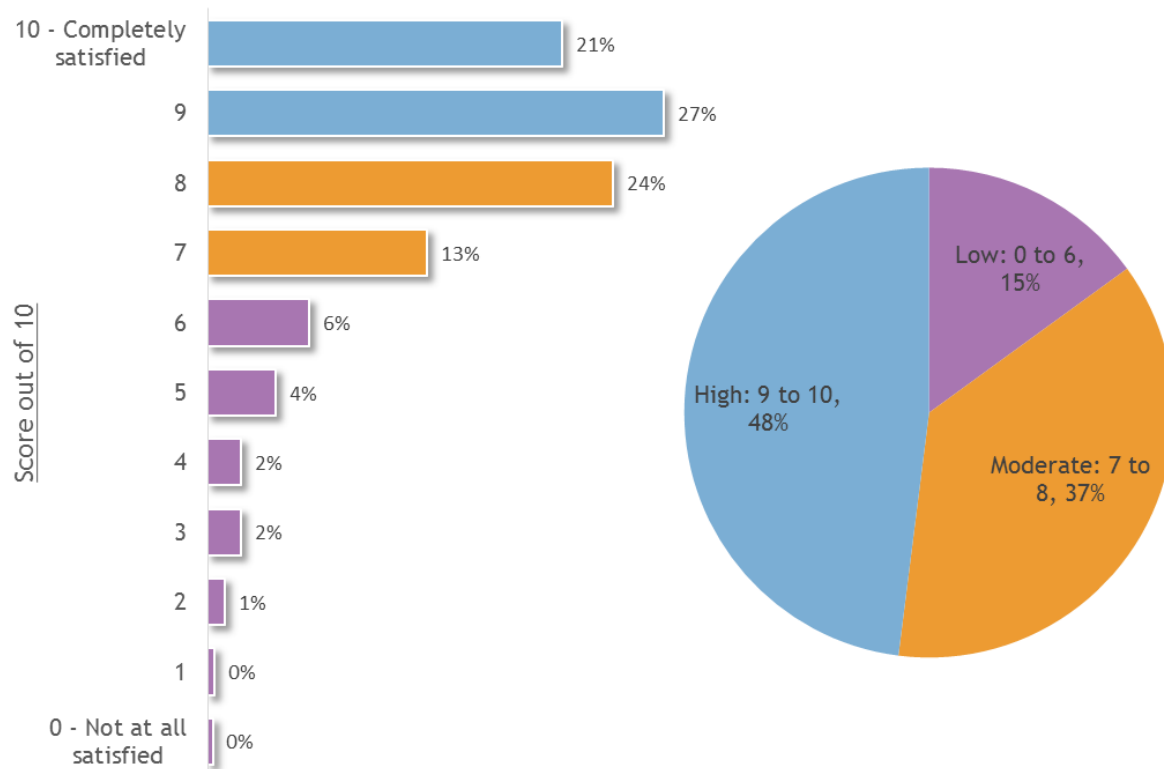
D18_cmbd. On a scale of 0-10, how much did you trust this adviser/ firm?

Base: All UK adults who have had regulated financial advice in the last 12 months, most recent session (771), excluding 'Don't know' responses (11) - see Section 1.3.2.

8.6 Satisfaction with the advice received in the most recent session

The advised population are, on balance satisfied with the advice they received in their most recent session, as evidenced in Figure 8.4. Here, just one-seventh (15%) give a low score, or say they are not satisfied at all.

Figure 8.4 Satisfaction with most recent regulated advice received (All UK adults who have had regulated financial advice in the last 12 months)



DNew_cmbd. On a scale of 0-10, overall how satisfied were you with your adviser / firm?

Base: All UK adults who have had regulated financial advice in the last 12 months, most recent session (769), excluding 'Don't know' responses (13).

Looking in detail at their characteristics in Table 8.4, the least satisfied are: those in employment, with one-sixth (18%) giving a low score, or saying they are not satisfied at all; those aged 18-34, with just over two-fifths ([42%]) giving a low score, or saying they are not satisfied at all; and those with investible assets of less than £10,000, where again a third (32%) gave a low score, or said that they are not satisfied at all.

Table 8.4 Satisfaction with most recent regulated advice received (All UK adults who have had regulated financial advice in the last 12 months)

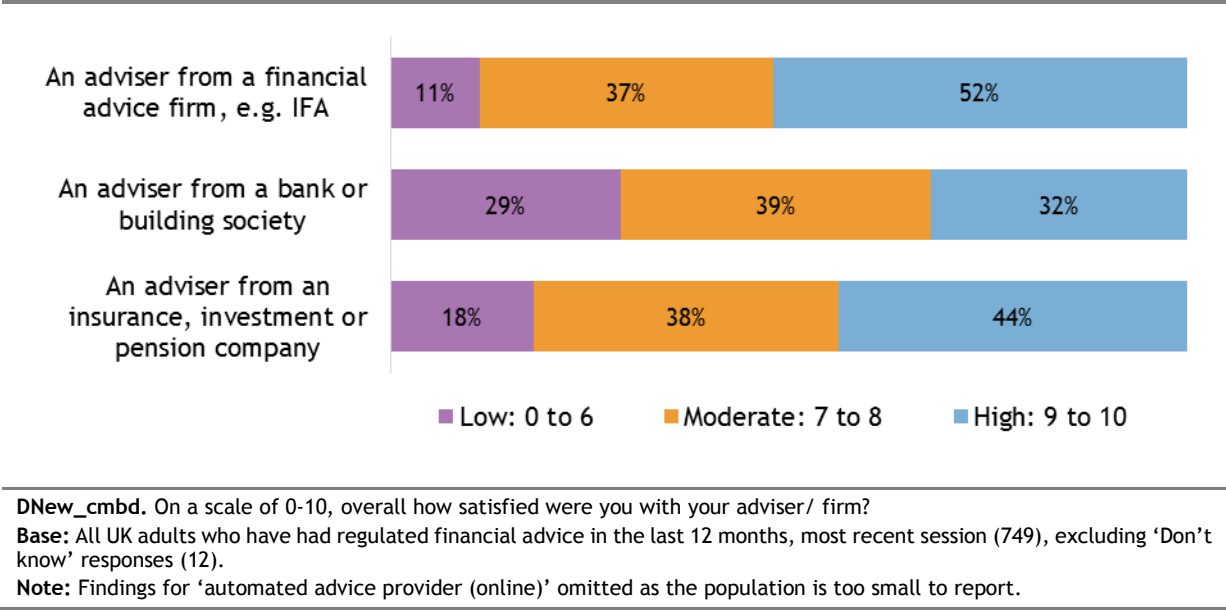
		All UK adults who have had regulated financial advice in the last 12 months (row percentages)		
		Low and not at all (Score of 0-6 out of 10)	Moderate (Score of 7-8 out of 10)	High (Score of 9-10 out of 10)
Total		15	37	48
Gender	Male	15	38	47
	Female	14	36	51
Age	18-34	[42]	[42]	[16]
	35-44	[26]	[38]	[35]
	45-54	14	39	47
	55-64	12	43	44
	65+	9	30	61
Couple status	In couple	13	39	48
	Not in couple	19	32	49
Working status	Employed	18	41	41
	Self-employed	18	39	43
	Unemployed	*	*	*
	Retired	8	32	60
	Other	24	23	53
Life stage	Not retired 18-44	33	40	26
	Not retired 45-54	14	39	46
	Not retired 55+	13	40	48
	Retired	8	32	60
Annual gross household income	Less than £15,000	[13]	[14]	[74]
	£15,000-£29,999	21	38	41
	£30,000-£49,999	15	38	47
	£50,000+	13	39	48
Investible assets	Less than £10,000	32	36	32
	£10,000-£19,999	[20]	[35]	[45]
	£20,000-£49,999	17	33	50
	£50,000+	9	38	53

DNew_cmbd. On a scale of 0-10, overall how satisfied were you with your adviser/ firm?

Base: All UK adults who have had regulated financial advice in the last 12 months, most recent session (769), excluding 'Don't know' responses (13) - see Section 1.3.2.

Looking now at satisfaction levels by type of adviser, Figure 8.5 suggests that people are, in general, more satisfied with the advice they received from an adviser from a financial firm, e.g. an IFA, than with advice from an adviser at a bank or building society.

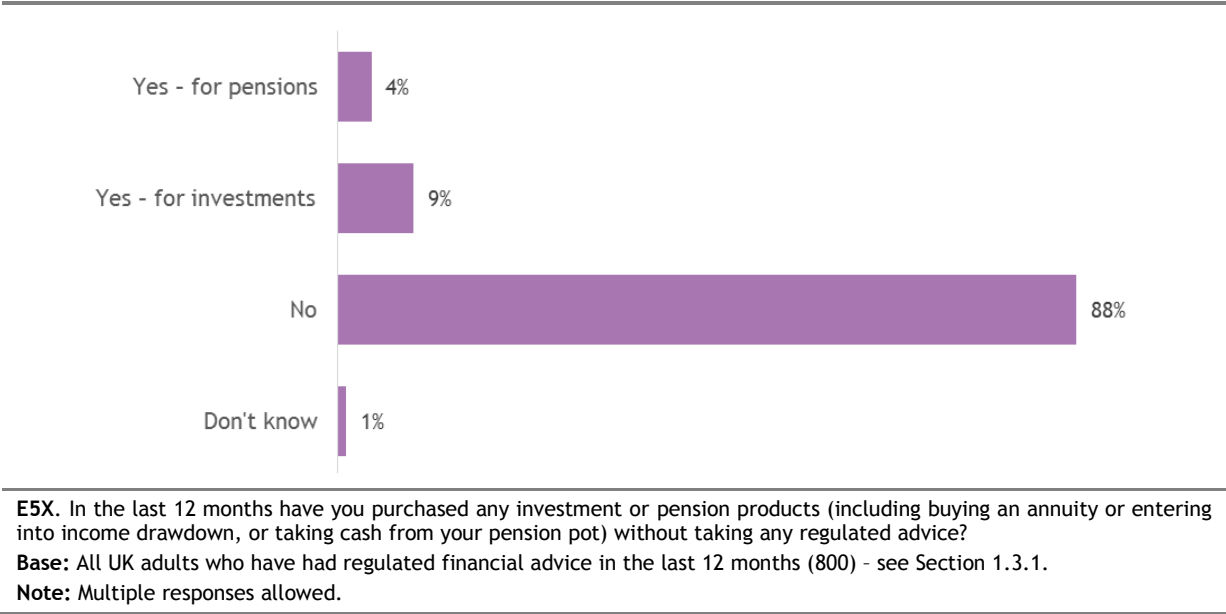
Figure 8.5 Satisfaction with most recent regulated advice received by type of adviser used (All UK adults who have had regulated financial advice in the last 12 months)



8.7 Transactions made without advice

Given the high levels of trust in their adviser, and the long-standing nature of these relationships, it is perhaps not surprising to see in Figure 8.6 that almost nine in ten (88%) of those who have received financial advice in the last 12 months have not made any kind of purchase related to pensions or investments without advice.

Figure 8.6 Advised adults who have also made a purchase without advice in the last 12 months (All UK adults who have had regulated financial advice in the last 12 months)



The most popular course of action, as evidenced in Table 8.5, was to take an action related to a lump sum. Here, two-thirds (66%) of those who purchased without advice did this, and the most popular amount for the lump sum investment was £2,000 or more, mentioned by six in ten (59%).

Table 8.5 Type of decision made without advice (All UK adults who have had regulated financial advice in the last 12 months and who made an investment or pension purchase/ decision without advice)

	Advised adults who have made purchase without advice (column percentages)
Any action related to a lump sum, of which:	66
- <i>Putting in a cash lump sum of £2,000 or more</i>	59
- <i>Putting in a cash lump sum of less than £2,000</i>	10
Any action related to a monthly payment, of which:	20
- <i>Setting up a monthly payment of £150 or more</i>	14
- <i>Setting up a monthly payment of less than £150</i>	6
Any action related to pension decumulation, of which:	7
- <i>Buying an annuity</i>	0
- <i>Entering into income drawdown</i>	3
- <i>Taking cash from your pension pot</i>	4
None of these	21

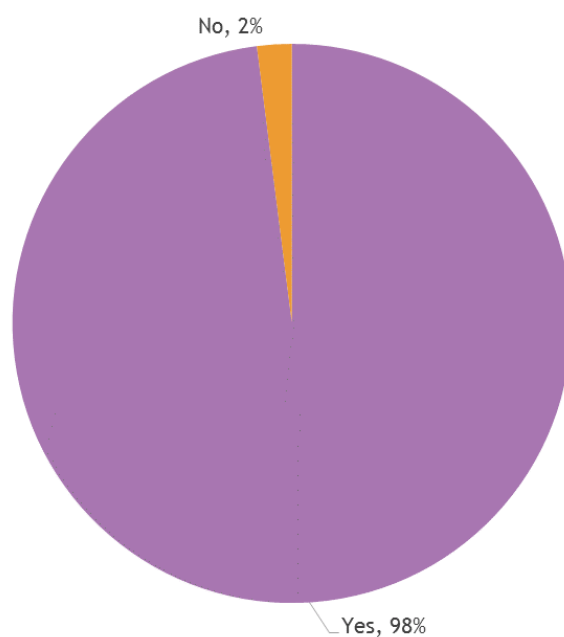
E5Xa. Which, if any, of the following did you do in the last 12 months, without taking any regulated advice?

Base: All UK adults who have had regulated financial advice in the last 12 months and who made an investment or pension purchase/ decision without advice in last 12 months (85), excluding 'don't know' responses (7).

Note: Multiple answers allowed.

As shown in Figure 8.7, the vast majority (98%) of those who made an investment or pension purchase without advice in the last 12 months were aware that they have to take full responsibility to make sure that the investment is right for them and that they will have no redress to the Financial Services Ombudsman if in the future the decision turns out not to be suitable.

Figure 8.7 Awareness of redress (All UK adults who have had regulated financial advice in the last 12 months and who made an investment or pension purchase/decision without advice)



E5Xb. When you decided to do this [i.e. answer at E5Xa] without taking regulated advice, were you aware that you would have the responsibility to ensure the investment product is right for you and meets your needs - and so if it later ... ?

Base: All UK adults who have had regulated financial advice in the last 12 months who made an investment or pension purchase/decision without advice in last 12 months (66), excluding 'Don't know' responses (1).

9. Awareness and use of automated online pension or investment services

9.1 Introduction

In this chapter we look specifically at an emerging channel for advice. The market for automated online advice is still in its infancy but the number of players active in the market and services available to consumers has increased dramatically in the last few years, and this innovation is expected to continue apace.

The results presented in this chapter form an early baseline for the awareness and take-up of such services. The Financial Lives Survey will track these questions over time, enabling us to see how the market develops.

We are aware that automated online advice is a very difficult area to define, given the similarities with other online services. To overcome this limitation, results in this chapter have been derived using responses to questions which specifically ask everyone about awareness and use of a number of named automated advice providers currently active in the market.²⁵

Nonetheless, there are still some issues with this approach, and all numbers in this chapter should be treated with caution.

9.2 Summary

- One in ten (10%) UK adults had heard of at least one of the automated online investment and pension services included in the Financial Lives Survey 2017.
- A very small proportion (just 2%)²⁶ of UK adults has used any provider of automated online investment and pension services in the last 12 months.

²⁵ Please note that this is different from the approach taken to establishing the incidence of the use of regulated financial advice in the last 12 months, where we use a specific definition of automated online advice, namely: *Regulated financial advice available online or as downloadable software. It is similar to advice from a traditional financial adviser, because it is personalised: consumers input financial information and objectives, and this information is used to generate suitable investment and/ or retirement planning recommendations. It does not include simple online tools and calculators.* Please see Section 1.2.2.

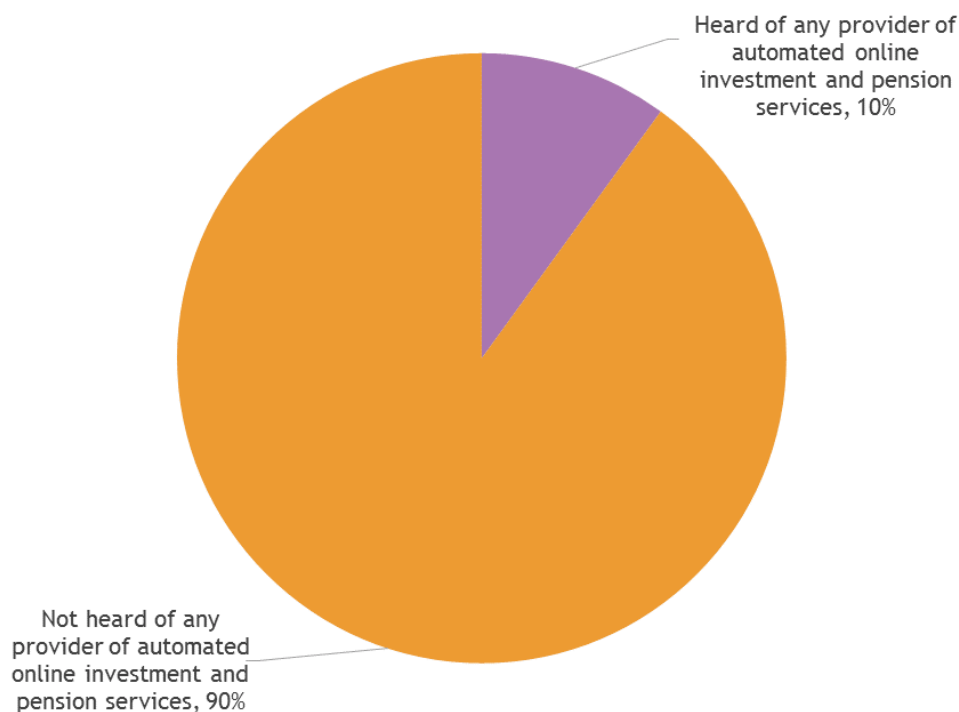
²⁶ This question was asked of all respondents and does not establish if use of the service involved payment, whereas, as we explain in Section 1.2.2, we have assumed that regulated financial advice was advice that was paid for. Consequently, the 1% of adults using a provider of automated online investment and pension services

9.3 Awareness of automated online investment or pension providers

As depicted in Figure 9.1, we estimate that one in ten (10%) UK adults have **heard of** at least one of the automated online investment and pension services included in the Financial Lives Survey 2017.

It is important to note, however, that a significant proportion of these people reported awareness of a provider which is a well-known household name for financial services wider than automated online advice. It is unclear whether they based their answer to this question simply on brand recognition, or a specific awareness of the automated online advice service offered. This estimate is therefore subject to large margins of uncertainty and should be treated with considerable caution.

Figure 9.1 Awareness of any provider of automated online investment or pension services (All UK adults)



B2a. Which of the following providers of automated online investment and pension services have you heard of?

Base: All UK adults (12,865).

Note: Not heard of any automated online investment and pension services category includes 'don't know' responses.

in the last 12 months includes people in Groups 2, 3, and 4, as well as Group 1. Groups 1, 2, 3 and 4 are defined in the Executive Summary and explained further in Sections 1.2.2-1.2.4.

Table 9.1 gives a detailed breakdown of those who said they were aware of at least one provider of automated online investment or pension services. For the reasons outlined above, these figures are also subject to large margins of uncertainty and should be treated with caution.

From Table 9.1 we see that those 65 and over are the least likely to have heard of any provider of automated online investment and pension service, with just less than one in twenty-five (4%) recognising one of the brands tested. Comparing this group to the 'millennials' - those under 35, who are often said to be the target market for such service - sees awareness rise to one in seven (14%).

Awareness of automated online advice services is much higher for higher/ additional rate taxpayers (20%) and those with an annual income of at least £50,000 (17% for household income, 20% for personal income), compared to awareness for the adult population as a whole (10%). Although not shown in this table, further analysis indicates that a quarter (25%) of people with household income of at least £100,000 and three-tenths (30%) of people with a personal income of at least £100,000 have heard of one or more of these providers.

Given these are online services, ability to use the internet could be a useful indicator of the types of people who have heard of such a service; just one-eighth (12%) of those who rate their internet ability as 'excellent' have heard of these providers, however, compared with one-tenth (10%) of all people. Similarly, there is little difference between those who rate themselves as highly knowledgeable about financial matters, compared to those who give themselves a 'moderate' score.

Table 9.1 Awareness of any provider of automated online investment or pension services (All UK adults)

All UK adults who have heard of any provider of automated online investment or pension services (row percentages)					
Total		10			
Gender	Male	12	Annual gross household income	Less than £15,000	6
	Female	9		£15,000-£29,999	9
Age	18-34	14		£30,000-£49,999	11
	35-44	13		£50,000+	17
	45-54	10	Personal income	Less than £15,000	7
	55-64	8		£15,000-£29,999	10
	65+	4		£30,000-£49,999	12
				£50,000+	20
Couple status	In couple	11	Investible assets	Less than £10,000	9
	Not in couple	9		£10,000-£19,999	13
Working status	Employed	12		£20,000-£49,999	15
	Self-employed	13		£50,000+	14
	Unemployed	8	Tax bracket	No tax	7
	Retired	5		Basic	10
	Other	11		Higher/ additional	20
Life stage	Not retired 18-44	14	Knowledgeable about financial matters	High	15
	Not retired 45-54	10		Moderate	12
	Not retired 55+	8		Low or not at all	8
	Retired	5	Internet ability	Excellent	15
Education levels	Postgrad/ degree	15		Good/ fair	9
	A level/ diploma	12		Poor/ bad	4
	GCSE / trade	8		Never use the internet	3
	Other	8	Use or likelihood to need regulated financial advice	Group 1	15
	No qualifications	2		Group 2	14
				Group 3	9

B2a. Which of the following providers of automated online investment and pension services have you heard of?

Base: All UK adults (12,865) - see Section 1.3.1.

Looking at Tables 9.2.1 and 9.2.2, men are more likely to be aware of automated online investment and pension services than women (57% of those who are aware are men, compared to 43% who are women).

Two-fifths (40%) of those who are aware of these services are aged 18-34, but this age group accounts for just three-tenths (29%) of the adult population. Similarly, over two-fifths (43%) of those who are aware have a degree, compared to three-tenths (29%) of the adult population.

Awareness also increases among the 'better off', as indicated by higher levels of income, investible assets and tax bracket among those who are aware. For example, higher/ additional rate tax payers make up one in seven (14%) of UK adults but a quarter (26%) of those aware of these automated online advice services.

Table 9.2.1: Awareness of any provider of automated online investment or pension services (All UK adults)

		All UK adults (column percentages) ¹	All UK adults who have heard of any provider of automated online investment and pension services (column percentages) ²
Gender	Male	49	57
	Female	51	43
Age	18-34	29	40
	35-44	16	20
	45-54	18	18
	55-64	15	12
	65+	22	10
Couple status	In couple	63	68
	Not in couple	37	32
Working status	Employed	54	64
	Self-employed	8	10
	Unemployed	4	3
	Retired	23	11
	Other	11	11
Life stage	Not retired 18-44	45	61
	Not retired 45-54	18	17
	Not retired 55+	15	11
	Retired	22	11
Education levels	Postgrad/ degree	29	43
	A level/ diploma	28	32
	GCSE / trade	21	15
	Other	10	8
	No qualifications	12	3

B2a. Which of the following providers of automated online investment and pension services have you heard of?

Base: ¹ All UK adults (12,865), ² All UK adults who have heard of any provider of automated online investment and pension services (1,389).

Notes: ¹ Findings rebased to exclude 'don't know' and 'prefer not to say' responses - see Section 1.3.1. ² Findings rebased to exclude 'don't know' and 'prefer not to say' answers as follows: base for gender (1,318), excluding 'prefer not to say' answers (6); base for couple status (1,307), excluding 'don't know' answers (17); base for education level (1,302), excluding don't know and prefer not to say answers (22).

Table 9.2.2 Awareness of any provider of automated online investment or pension services (All UK adults)

		All UK adults (column percentages) ¹	All UK adults who have heard of any provider of automated online investment or pension services (column percentages) ²
Annual gross household income	Less than £15,000	20	11
	£15,000-£29,999	25	20
	£30,000-£49,999	25	23
	£50,000+	31	46
Personal income	Less than £15,000	33	21
	£15,000-£29,999	30	27
	£30,000-£49,999	21	24
	£50,000+	16	29
Investible assets	Less than £10,000	49	45
	£10,000-£19,999	7	8
	£20,000-£49,999	7	11
	£50,000+	14	20
	Don't know/ prefer not to say	22	16
Tax bracket	No tax	24	16
	Basic	62	58
	Higher/ additional	14	26
Knowledgeable about financial matters	High	16	22
	Moderate	38	44
	Low or not at all	46	34
Internet ability	Excellent	40	56
	Good/ fair	45	38
	Poor/ bad	5	2
	Never use the internet	10	3
	Don't know	0	0
Use or likelihood to need regulated financial advice	Group 1	6	9
	Group 2	25	34
	Group 3	50	44
	Group 4	19	13

B2a. Which of the following providers of automated online investment and pension services have you heard of?

Base: ¹ All UK adults (12,865), ² All UK adults who have heard of any provider of automated online investment and pension services (1,389).

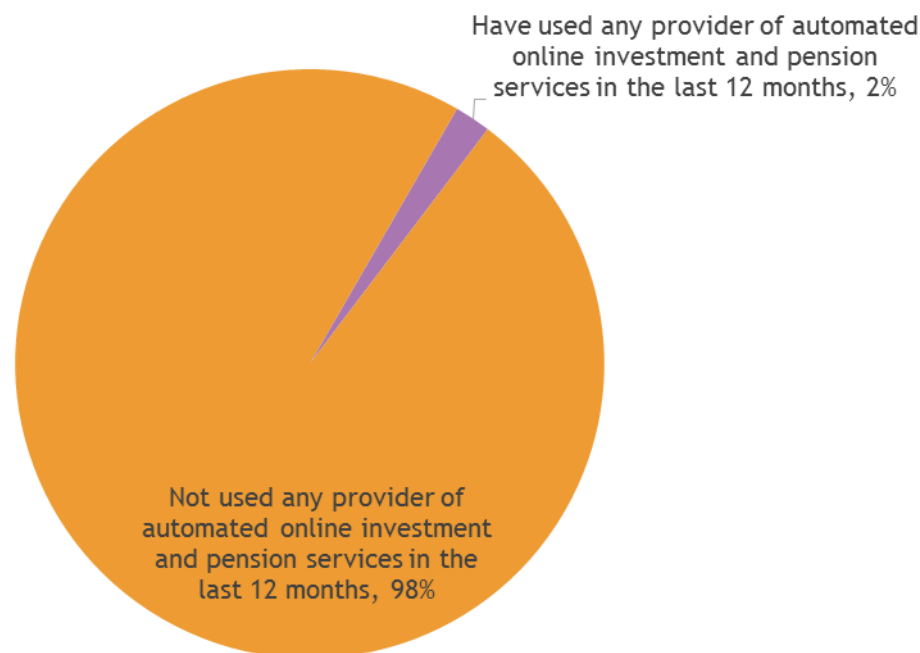
Notes: ¹ Findings rebased to exclude 'don't know' and 'prefer not to say' responses - see Section 1.3.1 ² Findings rebased to exclude don't know and 'prefer not to say' answers as follows: base for gross annual household income (1,081), excluding 'don't know' and 'PNTS' answers (243); base for personal income (1,055), excluding 'don't know' and 'PNTS' answers (269); base for tax bracket (1,177), excluding 'don't know' and 'PNTS' answers (147); base for knowledgeable about financial matters (1,321), excluding 'don't know' answers (3).

9.4 Use of automated online investment or pension providers in the last 12 months

People were asked to say whether they had **used** an automated online investment or pension service from any of the providers listed. An analysis of the age and investment profile of the people who said that they had used an automated online investment or pension service indicated that there may have been some confusion about the nature of these services, which is perhaps not surprising given the nascent nature of this market and the grey areas between automated advice and other online services.

So although Figure 9.2 suggests that 2% of UK adults have used any provider of automated online investment and pension services in the last 12 months, this figure is likely to be an overestimation and therefore should be treated with considerable caution.

Figure 9.2 Use of providers of automated online investment or pension services in the last 12 months (All UK adults)



B2b. And which of these providers of automated online investment services have you used in the last 12 months?

Base: All UK adults (12,865).

Note: Not used any automated online investment services category includes other responses.

9.5 Characteristics of those who have used automated online investment or pension services in the last 12 months

Table 9.3 explores the proportion of people who say they have used a provider of automated online investment or pension services in the last 12 months across a range of different demographic and financial resource indicators. For the reasons outlined above, these figures are also subject to large margins of uncertainty and should be treated with considerable caution.

Take-up of automated online investment or pension services is very low across all demographic and resources groups at the moment. As a result it is difficult to see any large differences in Table 9.3 below. That said, use is marginally higher amongst men compared to women, amongst younger adults compared to older adults, and amongst adults with a higher personal income (in excess of £50,000 per year).

As the market matures and take-up increases, this analysis is likely to provide more interesting and insightful results.

Table 9.3 Use of providers of automated online investment and pension services in the last 12 months (All UK adults who have used any provider of automated online investment and pension services in the last 12 months)

All UK adults who have used any provider of automated online investment and pension service in the last 12 months (row percentages)					
Total		1			
Gender	Male	2	Annual gross household income	Less than £15,000	1
	Female	1		£15,000-£29,999	1
Age	18-34	2		£30,000-£49,999	2
	35-44	2		£50,000+	2
	45-54	2	Personal income	Less than £15,000	1
	55-64	1		£15,000-£29,999	1
	65+	0		£30,000-£49,999	2
Couple status	In couple	2		£50,000+	3
	Not in couple	1	Investible assets	Less than £10,000	1
Working status	Employed	2		£10,000-£19,999	3
	Self-employed	2		£20,000-£49,999	2
	Unemployed	1		£50,000+	2
	Retired	0	Tax bracket	No tax	1
	Other	2		Basic	1
Life stage	Not retired 18-44	2		Higher/ additional	3
	Not retired 45-54	2	Knowledgeable about financial matters	High	2
	Not retired 55+	2		Moderate	2
	Retired	0		Low or not at all	1
Education levels	Postgrad/ degree	2	Internet ability	Excellent	2
	A level/ diploma	2		Good/ fair	1
	GCSE / trade	1		Poor/ bad	1
	Other	1		Never use the internet	0
	No qualifications	0			

B2b. And which of these providers of automated online investment services have you used in the last 12 months?

Base: All UK adults (12,865).

Tables 9.4.1 and 9.4.2 explore the characteristics of those who have used a provider of automated online investment and pension services in the last 12 months in comparison to the overall population.

As we have seen also in the non-automated advice market, men are more likely to use automated online investment or pension services than women (of all users of automated online services 61% are men, compared to 49% of men in the population as a whole).

These services also appear to be more appealing to younger people - two-fifths (41%) of current users are under the age of 35 compared to three-tenths (29%) in the population as a whole - and to those with higher education levels, where two-fifths (42%) of all current users are educated to degree level or above compared to three-tenths (29%) of the population as a whole.

Level of use too increases among the 'better off', as indicated by higher levels of income, investible assets and tax bracket among those who have used these services. For example, higher/ additional

rate tax payers make up one in seven (14%) of UK adults but a quarter (26%) of those who have used these automated online services in the last 12 months.

Table 9.4.1 Characteristics of those using automated online investment or pension services (All UK adults who have used any provider of automated online investment and pension services in the last 12 months)

		All UK adults (column percentages) ¹	All UK adults who have used any provider of automated online investment and pension service in the last 12 months (column percentages) ²
Gender	Male	49	61
	Female	51	39
Age	18-34	29	41
	35-44	16	17
	45-54	18	20
	55-64	15	15
	65+	22	7
Couple status	In couple	63	74
	Not in couple	37	26
Working status	Employed	54	65
	Self-employed	8	13
	Unemployed	4	4
	Retired	23	6
	Other	11	12
Life stage	Not retired 18-44	45	58
	Not retired 45-54	18	20
	Not retired 55+	15	16
	Retired	22	6
Education levels	Postgrad/ degree	29	42
	A level/ diploma	28	36
	GCSE / trade	21	14
	Other	10	5
	No qualifications	12	3

B2b. And which of these providers of automated online investment services have you used in the last 12 months?

Base: ¹ All UK adults (12,865); ² All UK adults who have used any provider of automated online investment and pension services in the last 12 months (185).

Notes: ¹ Findings rebased to exclude 'don't know' and 'prefer not to say' responses - see Section 1.3.1. ² Findings rebased to exclude 'don't know' and 'prefer not to say' answers as follows: base for gender (183), excluding 'prefer not to say' answers (3); base for couple status (180), excluding 'don't know' answers (5); base for education level (176), excluding 'don't know' answers (9).

Table 9.4.2 Characteristics of those using automated online investment or pension services (All UK adults who have used any provider of automated online investment and pension services in the last 12 months)

		All UK adults (column percentages) ¹	All UK adults who have used any provider of automated online investment and pension service in the last 12 months (column percentages) ²
Annual gross household income	Less than £15,000	20	9
	£15,000-£29,999	25	18
	£30,000-£49,999	25	27
	£50,000+	31	46
Personal income	Less than £15,000	33	18
	£15,000-£29,999	30	22
	£30,000-£49,999	21	29
	£50,000+	16	31
Investible assets	Less than £10,000	49	41
	£10,000-£19,999	7	13
	£20,000-£49,999	7	11
	£50,000+	14	23
	Don't know/ prefer not to say	22	13
Tax bracket	No tax	24	14
	Basic	62	60
	Higher/ additional	14	26
Knowledgeable about financial matters	High	16	23
	Moderate	38	46
	Low or not at all	46	31
Internet ability	Excellent	40	56
	Good/ fair	45	38
	Poor/ bad	5	4
	Never use the internet	10	3
	Don't know	0	-
Use or likelihood to need regulated financial advice	Group 1	6	9
	Group 2	25	39
	Group 3	50	40
	Group 4	19	11

B2b. And which of these providers of automated online investment services have you used in the last 12 months?

Base: ¹ All UK adults (12,865); ² All UK adults who have used any provider of automated online investment and pension services in the last 12 months (185).

Notes: ¹ Findings rebased to exclude 'don't know' and 'prefer not to say' responses - see Section 1.3.1. ² Findings rebased to exclude don't know and 'prefer not to say' answers as follows: base for gross annual household income (154), excluding 'don't know' and 'PNTS' answers (31); base for personal income (147), excluding 'don't know' and 'PNTS' answers (38); base for tax bracket (164), excluding 'don't know' and 'PNTS' answers (21).

10. Willingness to pay for advice

10.1 Introduction

In this chapter we explore in detail the extent to which the fees associated with regulated financial advice are a barrier to the take-up of advice. It is useful to conduct analysis on this topic at this particular moment in time, as the market is starting to look at the feasibility of lower-cost solutions to the traditional face-to-face model, including the services offered by nascent automated online advice services.

Respondents to the Financial Lives Survey 2017 were asked about their attitudes towards paying for advice if the cost was ‘reasonable’ as part of a series of questions exploring their general attitudes to financial matters. However, this question did not provide any context about what a ‘reasonable’ cost would be. This means that the findings from this question are indicative of general sentiment, but cannot be used to draw any firm conclusions.

Later in the survey, respondents were asked some very specific questions about how much they would be willing to pay for a specific investment situation, which required them to think much more deeply and consciously, providing more focused and reliable responses.

10.2 Summary

- Under half (46%) of all UK adults would be willing to pay for advice if the costs are reasonable. Almost three-fifths (58%) of Group 2 would be willing to pay for advice, but this figure drops to two-fifths (40%) for Group 3.
- People in Group 1 were asked how they feel about the fee that they paid for regulated financial advice. The majority (72%) felt it was about right, while just over one in five (21%) felt it was a little expensive.²⁷
- When asked to consider the attractiveness of investment advice at specific price points, half (51%) of those in Group 2 would not pay for advice from a regulated financial adviser at any price.

²⁷ Groups 1, 2, 3 and 4 are defined in the Executive Summary and explained further in Sections 1.2.2-1.2.4.

- Looking at those in Group 2 who would be willing to pay for investment advice in more detail, a fifth (20%) think advice would be too expensive at a cost of £100. A further one in twenty-five (4%) would not want to pay more than £50. At the other end of the spectrum, a fifth (19%) would be willing to pay more than £500.
- When asked to think about how much they would be willing to pay for automated online investment advice, five-sixths (83%) of those in Group 1 would not pay at any price, and the figure for Group 2 is slightly lower at three-quarters (76%).
- Looking at those who would be willing to pay for automated online investment advice in more detail, a quarter (24%) of Group 1 would not want to pay more than £100 for automated online investment advice, but very few (3%) would not want to pay more than £50. Those in Group 2 who are willing to pay are more sensitive to price. Here, a third (32%) would not pay more than £100 and a tenth (9%) would not pay more than £50.
- Fewer than one in ten (7%) of those in Group 1 who are within two years of retirement or accessing a DC pension would be willing to pay for an automated online pension decumulation advice service, perhaps reflecting the much more complex nature of this decision, and even lower levels of awareness of what such a service could look like in practice.

10.3 Willingness to pay for advice

10.3.1 Overall willingness to pay for advice

When asked for their top of mind thoughts on paying for advice, under half (46%) of all UK adults would be willing to pay if the costs are ‘reasonable’, as Figure 10.1 shows. Not surprisingly, this figure jumps to 81% for those adults who have had regulated financial advice in the last 12 months (‘Group 1’). Perhaps more surprising, almost one in ten (8%) adults in Group 1 would not be willing to pay for advice, even if the costs were reasonable.

Figure 10.1 also shows that willingness to pay for advice is much lower for the parts of not advised population that are Group 2 and Group 3. Just three-fifths (58%) of those in Group 2 would pay for advice, and this figure drops further to two-fifths (40%) for Group 3.

It is important to note that when answering this question those who have not recently received regulated financial advice may not be aware of or may underestimate the costs involved, and so these figures should be treated with some caution.

Figure 10.1 Willingness to pay for advice if the costs were reasonable (All UK adults)

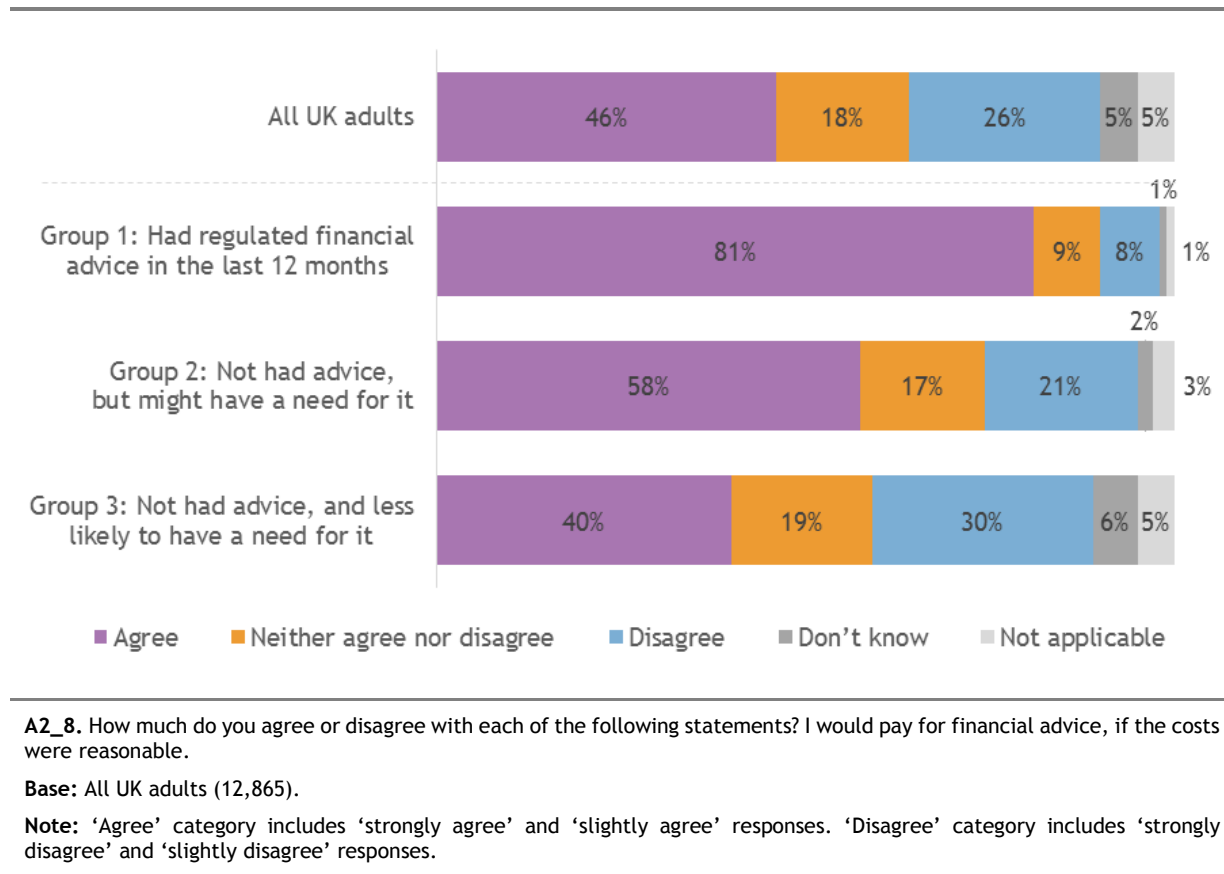


Table 10.1 provides more details on the types of people who would or would not be willing to pay for advice if the costs were reasonable, revealing some interesting differences across the groups. For example, looking at the result by age, the proportion saying that they would be willing to pay for advice increases steadily in Group 1 from almost seven-tenths (69%) of the 18-34 year olds to six in seven (85%) of those aged 65 and over. In Groups 2 and 3, however, there is a less of a difference by age. For example, in Group 2 over half of those aged 18-34 (53%) and of those aged 65 and over (55%) are willing to pay for advice. In Group 3, these numbers fall to two-fifths (39%) and just over one-third (35%), respectively.

Across all three groups, people with higher incomes or more investible assets are more likely to be willing to pay for advice than those with lower incomes or fewer investible assets.

Table 10.1 Willingness to pay for advice if the costs were reasonable (All UK adults)

		All UK adults (row percentages)							
		Total		Group 1		Group 2		Group 3	
				Had advice in the last 12 months		Not had advice, but might have a need for it		Not had advice, and less likely to have a need for it	
		Agree	Disagree	Agree	Disagree	Agree	Disagree	Agree	Disagree
Total		46	26	81	8	58	21	40	30
Gender	Male	49	24	82	8	61	19	41	28
	Female	44	27	80	9	54	23	39	31
Age	18-34	41	28	69	9	53	26	39	30
	35-44	48	26	78	11	60	19	45	29
	45-54	50	23	82	8	62	18	40	28
	55-64	50	25	80	10	58	20	36	32
	65+	47	24	85	6	55	21	35	32
Couple status	In couple	50	24	82	7	59	20	44	28
	Not in couple	40	29	79	11	55	23	35	32
Working status	Employed	49	25	79	10	60	20	45	29
	Self-employed	53	21	77	7	63	17	44	27
	Unemployed	32	30	*	*	55	16	27	31
	Retired	47	25	87	5	54	22	34	32
	Other	34	28	[73]	[16]	50	26	28	30
Life stage	Not retired 18-44	44	28	74	10	57	23	41	29
	Not retired 45-54	49	23	81	8	61	18	40	28
	Not retired 55+	51	23	79	11	61	17	37	32
	Retired	47	25	87	5	54	22	34	32
Annual gross household income	<£15,000	36	31	89	8	50	24	31	34
	£15,000-£29,999	44	28	74	12	52	23	39	32
	£30,000-£49,999	51	26	83	7	58	22	44	31
	£50,000+	61	19	82	7	63	17	55	23
Investible assets	Nil	28	33	*	*	*	*	28	33
	£1-£999	40	30	[66]	[21]	*	*	39	30
	£1,000-£1,999	43	30	[64]	[13]	*	*	42	31
	£2,000-£4,999	47	27	[82]	[6]	*	*	46	28
	£5,000-£9,999	52	24	[68]	[12]	*	*	51	24
	£10,000-£19,999	56	20	[83]	[12]	54	21	-	-
	£20,000-£49,999	59	21	83	8	57	22	-	-
	£50,000+	65	17	84	7	60	20	-	-

A2_8. How much do you agree or disagree with each of the following statements? I would pay for financial advice, if the costs were reasonable.

Base: All UK adults (12,865) - see Section 1.3.1.

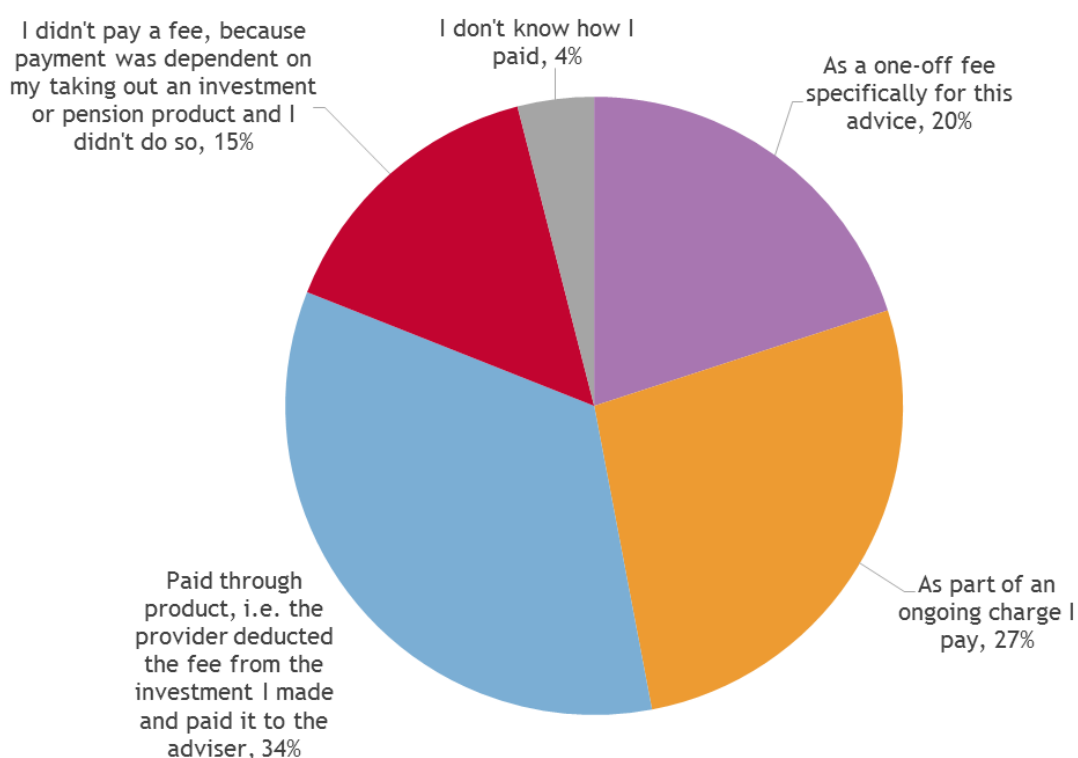
Note: Percentages do not add to 100% because the table omits 'neither agree nor disagree', 'not applicable', and 'don't know' answers. 'Agree' category includes 'strongly agree' and 'slightly agree' responses. 'Disagree' category includes 'strongly disagree' and 'slightly disagree' responses.

10.3.2 Advised population's satisfaction with the price they paid for advice

Turning now to those who have actually received regulated financial advice in the last 12 months, Figure 10.2 provides some context by showing how Group 1 paid for the advice they received in their most recent advice session.

Just over one-quarter (27%) said that they are paying an ongoing charge, and a further third (34%) had the fee deducted from the investment made. Just one-fifth (20%) paid an explicit fee to their adviser.

Figure 10.2 Fee paid for advice in most recent session (All UK adults who have had regulated financial advice in the last 12 months)



D9_cmbd. Thinking still about the most recent regulated advice you received in the last 12 months that covered investments/ saving into a pension/ retirement planning, how was the adviser/firm paid?

Base: All UK adults who received regulated financial advice in the last 12 months (781), most recent session.

Table 10.2 shows that the propensity to pay an ongoing charge increases with age. Very few of those under 45 pay for their advice in this way. One-sixth (18%) of 45 to 54 year olds pay an ongoing fee, compared to just over one-third (35%) of those aged 65 or over. Around two-fifths of retirees (39%) pay for advice in this way.

Looking at the situation of those in work, the self-employed are more likely to pay an ongoing fee than those in employment (28% compared to 19%, respectively).

Table 10.2 Fee paid for advice (All UK adults who have had regulated financial advice in the last 12 months)

		All UK adults who have had regulated financial advice in the last 12 months (row percentages)				
		As a one-off fee specifically for this advice	As part of an ongoing charge I pay	Paid through product, i.e. the provider deducted the fee from the investment I made and paid it to the adviser	I didn't pay a fee, because payment was dependent on my taking out an investment or pension product and I didn't do so	I don't know how I paid
Total		20	27	34	15	4
Gender	Male	21	26	37	12	4
	Female	18	28	31	19	4
Age	18-34	[11]	[5]	[26]	[53]	[6]
	35-44	[28]	[16]	[23]	[28]	[4]
	45-54	20	18	42	16	4
	55-64	23	33	32	10	2
	65+	16	35	35	8	5
Couple status	In couple	20	26	36	15	3
	Not in couple	18	30	31	14	7
Working status	Employed	23	19	33	21	3
	Self-employed	17	28	36	11	8
	Unemployed	*	*	*	*	*
	Retired	16	39	33	8	4
	Other	16	23	38	24	0
Life stage	Not retired 18-44	21	11	24	39	5
	Not retired 45-54	19	18	42	17	5
	Not retired 55+	24	29	36	9	3
	Retired	16	39	33	8	4
Annual gross household income	Less than £15,000	[34]	[11]	[36]	[17]	[1]
	£15,000-£29,999	17	30	31	18	4
	£30,000-£49,999	16	31	36	14	4
	£50,000+	22	24	34	16	3
Investible assets	Less than £10,000	23	16	25	30	5
	£10,000-£19,999	[18]	[30]	[26]	[22]	[4]
	£20,000-£49,999	20	18	39	11	11
	£50,000+	18	31	37	11	3

D9_cmbd. Thinking still about the most recent regulated advice you received in the last 12 months about {pop}, how was the adviser/firm paid?

Base: All UK adults who received regulated financial advice in the last 12 months (781), most recent session - see Section 1.3.2

People in Group 1 who paid a one-off fee or paid through the product for the advice they received in their most recent advice session were asked to say how they felt about the fee that they paid.

The vast majority (72%) felt that the fee was about right, as shown in Figure 10.3. However, one in five (21%) felt that the price they paid was too expensive. Fewer than one in ten (6%) could not give an answer to this question.

Figure 10.3 Perception of the fee paid for advice (All UK adults who have had regulated financial advice in the last 12 months who paid a one-off fee or paid through the product)

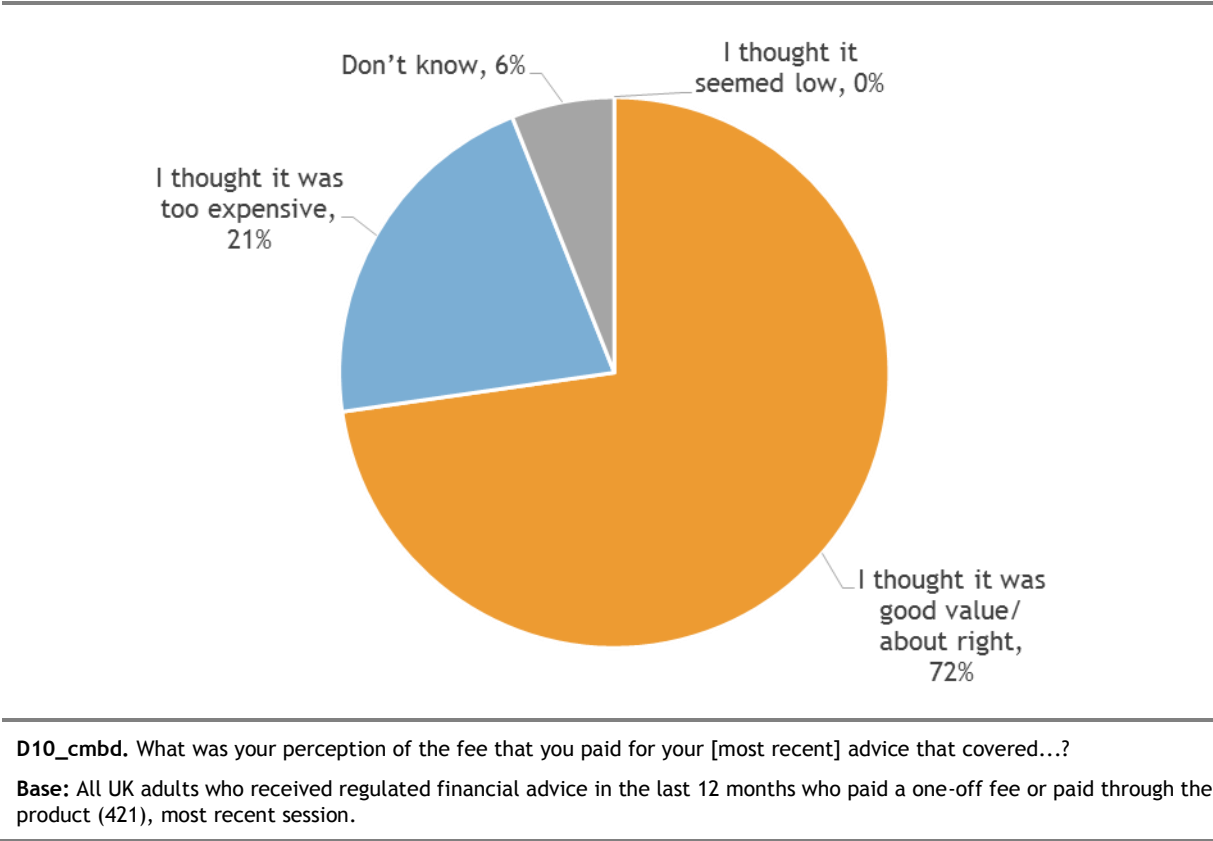


Table 10.3 provides more details on the characteristics of those in Group 1 who said the price they paid for advice was too expensive, seemed about right, or seemed low.

As the dominant feeling is that the price was about right, differences are small. That said, the 45 to 54 year olds are the most likely to feel that they paid too much for the advice their received, with just over a quarter (27%) feeling this way, compared to a fifth (21%) of all those who paid a one-off fee or paid through the product.

Table 10.3 Perception of the fee paid for advice (All UK adults who have had regulated financial advice in the last 12 months who paid a one-off fee or paid through the product)

		All UK adults who have had regulated financial advice in the last 12 months who paid a one-off fee or paid through the product (row percentages)			
		I thought it seemed low	I thought it was good value/about right	I thought it was too expensive	Don't know
Total		0	72	21	6
Gender	Male	0	72	22	6
	Female	1	72	20	8
Age	18-34	*	*	*	-
	35-44	[0]	[69]	[19]	[12]
	45-54	0	68	24	8
	55-64	0	71	27	3
	65+	0	75	18	7
Couple status	In couple	0	74	20	6
	Not in couple	0	69	25	7
Working status	Employed	1	70	23	6
	Self-employed	[0]	[73]	[19]	[10]
	Unemployed	*	*	*	-
	Retired	[0]	73	20	7
	Other	[0]	[83]	[15]	[2]
Life stage	Not retired 18-44	[2]	[75]	[15]	[8]
	Not retired 45-54	0	68	23	8
	Not retired 55+	0	74	23	3
	Retired	0	73	20	7
Annual gross household income	Less than £15,000	[0]	[81]	[9]	[10]
	£15,000-£29,999	[0]	64	31	6
	£30,000-£49,999	1	73	21	5
	£50,000+	[0]	74	20	6
Investible assets	Less than £10,000	[2]	[77]	[17]	[4]
	£10,000-£19,999	*	*	*	*
	£20,000-£49,999	[0]	[72]	[20]	[10]
	£50,000+	0	72	24	5

D10_cmbd. What was your perception of the fee that you paid for your [most recent] advice that covered investments/ savings into a pension/ retirement planning?

Base: All UK adults who received regulated financial advice in the last 12 months who paid a one-off fee or paid through the product (421), most recent session.

10.3.3 Price at which advice looks attractive to those that might have a need for advice

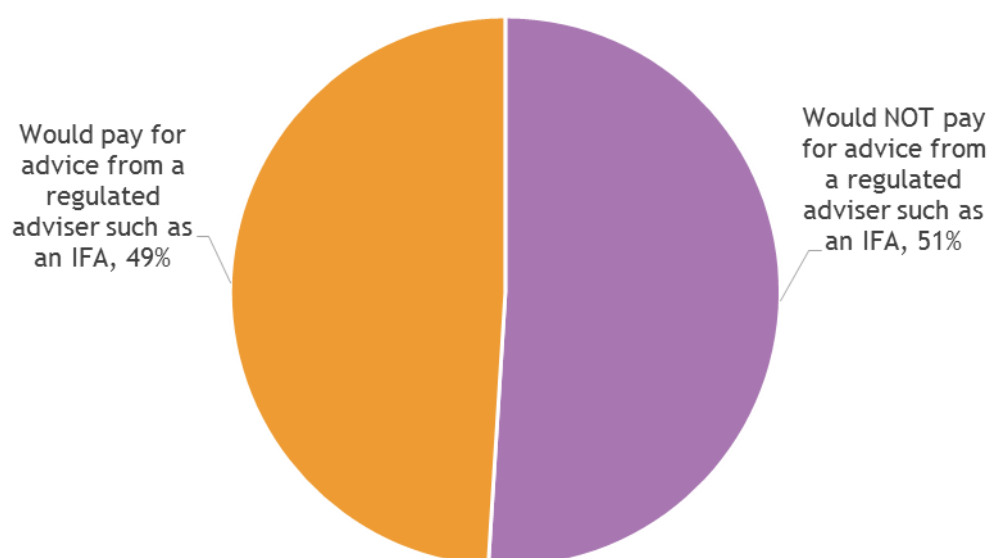
Adults in Group 2 were asked to say at what price they would be willing to pay for advice from a regulated financial adviser, such as an IFA, at what price point they would consider such advice to be too expensive and at what price such advice would feel 'too cheap'.

To ensure that this question was equally meaningful for everyone, people were asked to think about how much they would pay for advice on one of three different levels of investment - either £10,000, £25,000 or £50,000 - depending on the level of investible assets they actually have.

We know that giving people a frame of reference in this way often changes how people think, and it is therefore not surprising that we see different results to this question compared to their top level thoughts shown in Table 6.1.

Now, half (51%) would not pay for advice from a regulated financial adviser at any price, as shown in Figure 10.4. A half (49%) still said that they would be willing to pay.

Figure 10.4 Willingness to pay, in the foreseeable future, for advice from a regulated adviser (All UK adults who have not had advice, but might have a need for it)



Adv_E8a. Please think about how much you might be willing to pay, in the foreseeable future, for advice from a regulated adviser, such as an Independent Financial Adviser (IFA), about how you might invest [£10,000/£25,000/£50,000]. 1. At what price would the advice seem good value?

Base: All UK adults who have not had advice, but might have a need for it (2,941).

Looking only at the people in Group 2 who would be willing to pay in more detail, a fifth (20%) think advice would be too expensive at a cost of £100, and they would not want to pay that much. A further one in twenty-five (4%) would not want to pay more than £50. At the other end of the spectrum, a fifth (19%) would be willing to pay more than £500. Conversely, at a price point of £50 or less, the vast majority (80%) of people would question the quality of the advice they were getting, perceiving this cost to be 'too cheap'. These findings are summarised in Figure 10.5.

This question was not asked to Group 3 or Group 4 so no comparisons can be made.

Figure 10.5 Willingness to pay, in the foreseeable future, for advice from a regulated adviser (All UK adults who have not had advice, but might have a need for it, excluding those who said they would not pay for advice)

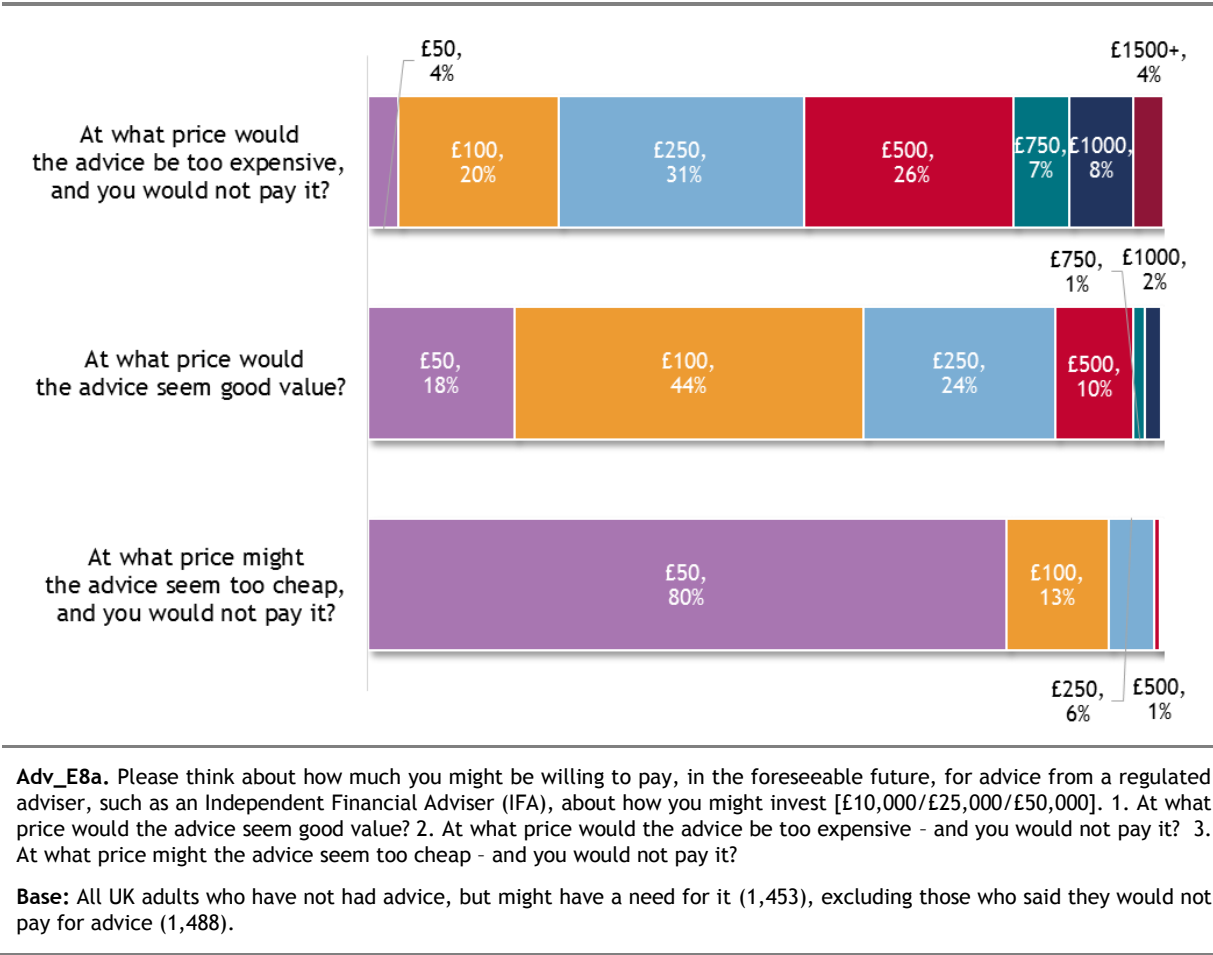
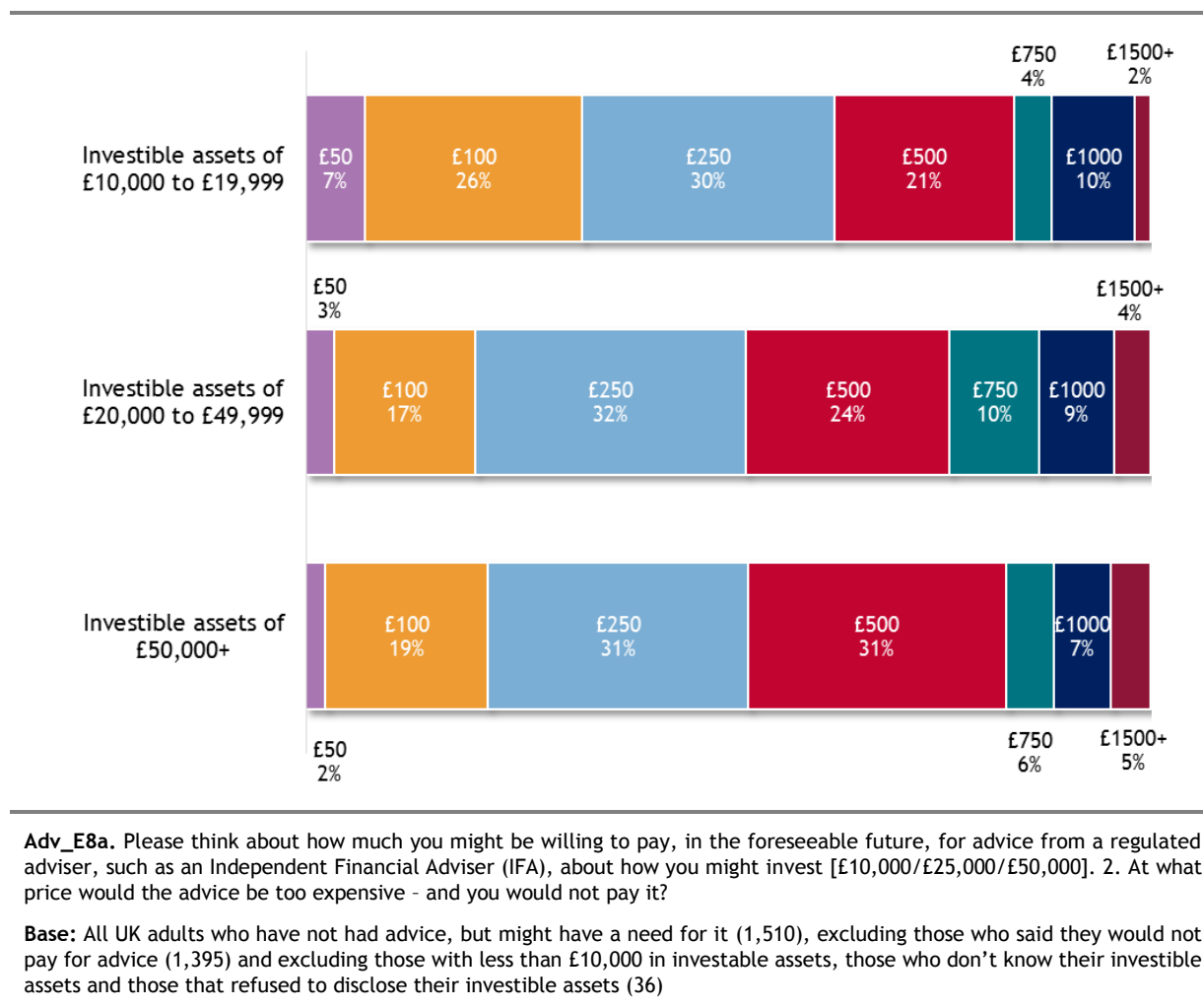


Figure 10.6 goes a step further to compare the willingness to pay for advice for different levels of investible assets. Although people with £50,000 or more of investible assets are willing to pay a little more compared to those with fewer investible assets, any differences between the groups are small.

Figure 10.6 Willingness to pay, in the foreseeable future, for advice from a regulated adviser (All UK adults who have not had advice, but might have a need for it, excluding those who said they would not pay for advice and those with less than £10,000 in investable assets, or who don't know or refused to disclose their investible assets)



10.4 Willingness to pay for automated online advice

10.4.1 Willingness to pay for automated online investment advice

As the automated online advice market for investments is developing rapidly, it is difficult to predict what impact such services will have in the future. It is possible that such services will simply be a substitute for existing regulated advice (i.e. those currently receiving such advice simply switch to automated online advice for some or all of their advice needs). It is also possible that automated online advice expands the total number of people accessing regulated advice, perhaps by making these services more accessible, or by having lower price points which make such services more attractive.

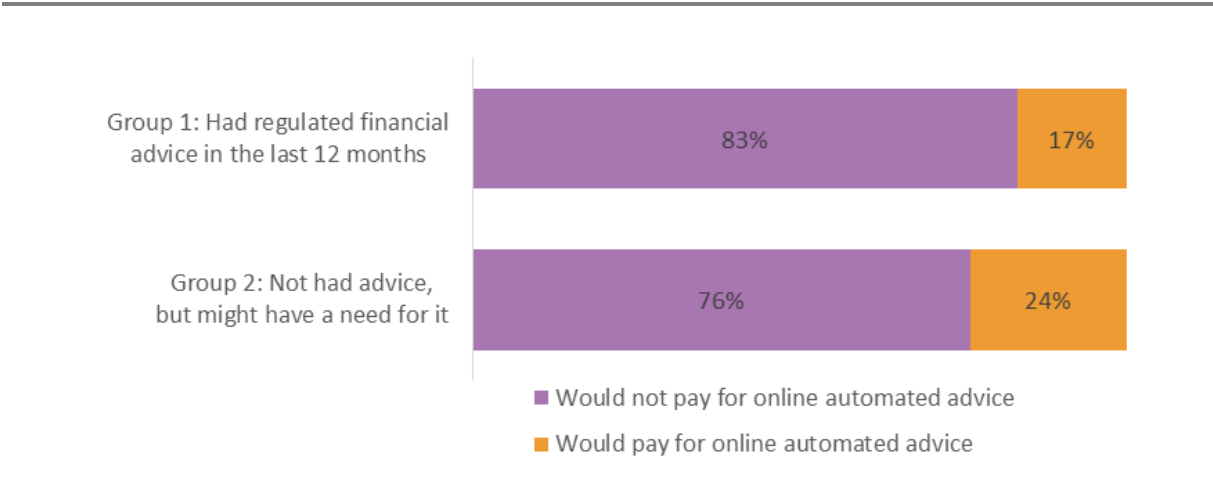
To explore people’s attitudes towards various price points, Groups 1 and 2 were asked to say whether they would be willing to pay for automated online investment advice if they had a sizeable sum to invest. Again, people were asked to think about how much they would pay for advice on one of three different levels of investment - £10,000, £25,000 or £50,000 - depending on the level of investible assets they actually have.

This question was not asked to Groups 3 and 4 and therefore no comparisons can be made.

It is important to note that, as automated online investment advice is a relatively new service, awareness of the exact nature of what it can and cannot do is quite low. This means that the majority of respondents will have based their answers to this question simply on the brief description of its features given in the survey. Furthermore, many of those in Group 2 may also have a limited understanding of what regulated advice entails, especially those who have never had this type of advice in the past.

Bearing in mind these caveats, as shown in Figure 10.7, it is perhaps not surprising that four-fifths (83%) of Group 1 said that they would not pay for automated online investment advice at any price, and the figure for Group 2 is slightly lower, at 76%. These numbers may change over time as people become more familiar with what online advice services can deliver. This, of course, suggests that around one-sixth (17%) of Group 1 and a quarter (24%) of Group 2 could be willing to pay for automated online investment advice in the future.

Figure 10.7 Willingness to pay, in the foreseeable future, for automated online investment advice (All UK adults who have had advice in the last 12 months and those who have not, but might have a need for it)



D23a_cmbd and Adv_E9a. Please think about how much you might be willing to pay, in the foreseeable future, for online automated advice, about how you might invest [£10,000/£25,000/£50,000]. Automated advice is personalised advice which usually incurs a charge, where you input your financial information and objectives and this information is used to generate investment and/or pension recommendations suitable for you (automated). Not to be confused with simple online tools and calculators, online automated advice usually incurs a charge. 2. At what price would the advice be too expensive and you would not pay it?

Base: All UK adults who have had regulated financial advice in the last 12 months, but not automated advice (737), All UK adults who have not had advice, but might have a need for it (2,936).

Despite these caveats, it is interesting to explore the characteristics of those who said they would be willing to pay for automated online investment advice. Table 10.4 gives a more detailed breakdown, and although these numbers should be treated with some caution, they nevertheless provide some interesting early insights into who might be likely to take up such services.

For example, Table 10.4 suggests that the group least likely to feel comfortable paying for automated online investment advice are those 65 and over, where just one in nine (11%) of Group 1 and one in seven (15%) of Group 2 would be open to paying for this type of advice. Contrast this to the 44-54 year olds, where a quarter (25%) of 44-54 year olds in Group 1 and three in ten (30%) in Group 2 are willing to pay.

Those with higher household incomes are also more willing to pay. Here, just under a quarter (23%) of those in Group 1, and just under three in ten (28%) of those in Group 2, with household incomes of £50,000 or more, would be willing to pay for automated online advice, compared to almost one-sixth (17%) of everyone in Group 1 and a quarter (24%) of everyone in Group 2.

This table also indicates that men are more willing to pay for automated online advice than women. Here a fifth (20%) of men in Group 1, and almost three in ten (28%) of men in Group 2, would be willing to pay, compared to the 13% and 19% of women who would be willing to pay in Group 1 and 2, respectively.

Table 10.4 Willingness to pay for automated online investment advice (All UK adults who have had regulated financial advice in the last 12 months but not used automated advice and say that they “would pay for automated online advice” and all UK adults who have not had advice, but might have a need for it and say they “would pay for automated online advice”)

Proportion of UK adults who would pay for automated online advice (row percentages)							
		Group 1	Group 2			Group 1	Group 2
Total		17	24				
Gender	Male	20	28	Annual gross household income	Less than £15,000	[15]	18
	Female	13	19		£15,000-£29,999	10	23
Age	18-34	[33]	37		£30,000-£49,999	18	22
	35-44	[25]	34		£50,000+	23	28
	45-54	25	30	Personal income	Less than £15,000	10	20
	55-64	12	20		£15,000-£29,999	15	20
	65+	11	15		£30,000-£49,999	18	29
Couple status	In couple	19	23		£50,000+	27	30
	Not in couple	14	27	Investible assets	Less than £10,000	21	*
Working status	Employed	23	31		£10,000-£19,999	[24]	24
	Self-employed	22	26		£20,000-£49,999	21	26
	Unemployed	*	[33]		£50,000+	18	23
	Retired	10	14	Tax bracket	No tax	10	22
	Other	9	24		Basic	14	22
Life stage	Not retired 18-44	28	36		Higher/ additional	27	30
	Not retired 45-54	26	30	Knowledgeable about financial matters	High	15	23
	Not retired 55+	13	21		Moderate	19	25
	Retired	10	14		Low or not at all	16	24
Education levels	Postgrad/ degree	21	29	Internet ability	Excellent	24	29
	A level/ diploma	14	23		Good/ fair	14	24
	GCSE / trade	13	24		Poor/ bad	*	14
	Other	[15]	17		Do not use the internet	*	[13]
	No qualifications	[14]	17				

D23a_cmbd and Adv_E9a. Please think about how much you might be willing to pay, in the foreseeable future, for online automated advice, about how you might invest [£10,000/£25,000/£50,000]. Automated advice is personalised advice which usually incurs a charge, where you input your financial information and objectives and this information is used to generate investment and/or pension recommendations suitable for you (automated). Not to be confused with simple online tools and calculators, online automated advice usually incurs a charge. 2. At what price would the advice be too expensive and you would not pay it?

Base: All UK adults who have had regulated financial advice in the last 12 months, but not automated advice (737), All UK adults who have not had advice, but might have a need for it and have not used automated advice (2,936).

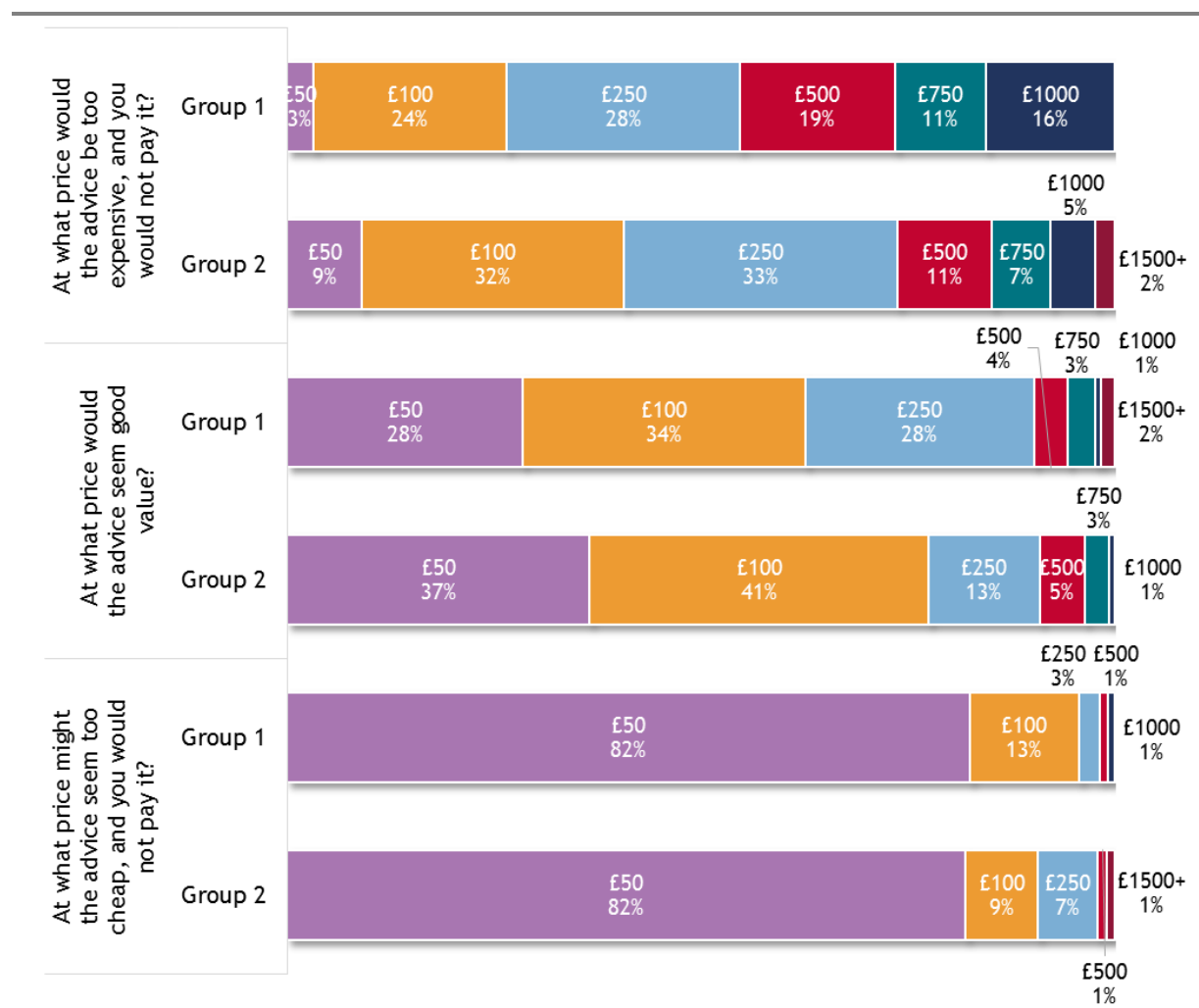
10.4.2 Price at which automated online investment advice looks attractive to those who are willing to pay

Table 10.4 (above) shows that around a quarter (24%) of people in Group 2 and one-sixth (17%) of people in Group 1 would be willing to pay for automated online investment advice. For each of these groups, we explore what price points automated online advice would need to be delivered to be attractive, at what price it would seem too expensive, and at what price it would be perceived to be ‘too cheap’.

As depicted in Figure 10.8, around a quarter (24%) of Group 1 would not want to pay more than £100 for automated online investment advice, while very few (3%) would not want to pay more than £50. Those in Group 2 who are willing to pay are more sensitive to price. Here, a third (32%) would not pay more than £100 and a tenth (9%) would not pay more than £50.

However, Figure 10.8 also suggests that automated online advice providers have a fine line to tread with their pricing strategy, as five-sixths (82%) of each group would not trust the advice if it is priced at £50 or less.

Figure 10.8 Willingness to pay for automated online investment advice (All UK adult that have had regulated financial advice in the last 12 months who are willing to pay)



D23a_cmbd and Adv_E9a. Please think about how much you might be willing to pay, in the foreseeable future, for online automated advice about how you might invest [£10,000/£25,000/£50,000]. Automated advice is personalised advice which usually incurs a charge, where you input your financial information and objectives and this information is used to generate investment and/or pension recommendations suitable for you (automated). Not to be confused with simple online tools and calculators, online automated advice usually incurs a charge. 1. At what price would the advice seem good value? 2. At what price would the advice be too expensive - and you would not pay it? 3. At what price might the advice seem too cheap - and you would not pay it?

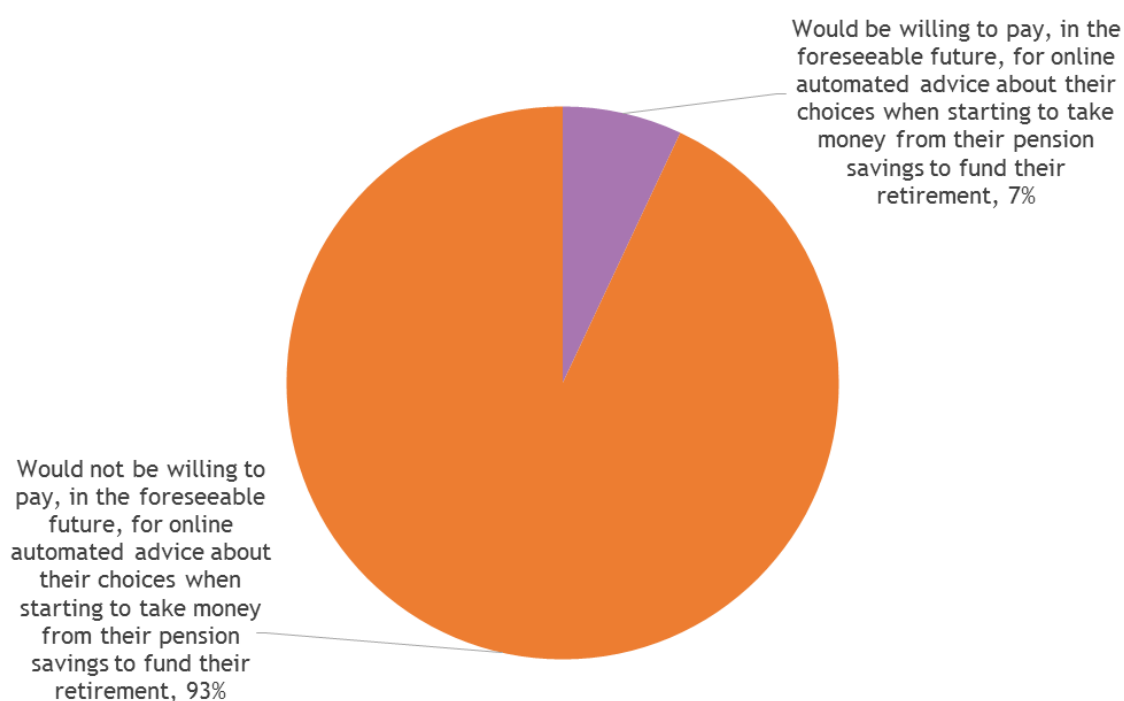
Base: All UK adults who have had regulated advice in last 12 months but not automated advice (737), excluding those who would not pay for automated advice (610); All UK adults who have not had advice, but might have a need for it and have not used automated advice (2,936), excluding those who would not pay for automated advice (2,226).

10.4.3 Willingness to pay for automated online advice on pension decumulation

Those in Group 1 with a DC pension who are nearing retirement were asked the same set of questions about automated online advice on accessing a DC pension. The number of people asked this question in Group 2 was too small to report any robust results, and so no comparisons can be made.

Perhaps reflecting the much more complex nature of this decision, and even lower levels of awareness of what an online decumulation advice service could look like in practice, under one in ten (7%) of Group 1 said that they would be willing to pay for such a service in the foreseeable future. This result is shown in Figure 10.9.

Figure 10.9 Willingness to pay for automated online advice regarding pension decumulation (All UK adults who have had regulated financial advice in the last 12 months who are two years or less from retirement or accessing a DC pension)



D23b_cmbd. Please think about how much you might be willing to pay, in the foreseeable future, for online automated advice about your choices when starting to take money from your pension savings to fund your retirement. This could include buying an annuity or entering into income drawdown or taking cash from your pension pot. Automated advice is personalised advice which usually incurs a charge, where you input your financial information and objectives and this information is used to generate investment and/or pension recommendations suitable for you (automated). Not to be confused with simple online tools and calculators, online automated advice usually incurs a charge. 2. At what price would the advice be too expensive - and you would not pay it?

Base: All UK adults who have had regulated advice in last 12 months but not automated advice, and are two years or less from retirement or accessing a DC pension (79).

11. Information and guidance

11.1 Introduction

In this chapter we examine what types of information or guidance consumers are using related to investments, saving into a pension or retirement planning.

11.2 Summary

- One-quarter (26%) of all adults have used at least one type of information or guidance related to investments, saving into a pension or retirement planning in the last 12 months.
- Most used, by one in ten adults, were provider websites (by 10%), private sector money advice websites (by 9%) and media/ newspapers or their websites (by 9%).
- Of people aged 55 and over and planning to retire in the next two years, one in ten (10%) used TPAS and somewhat fewer (7%) used Pension Wise.
- Most people using information or guidance were doing so in relation to investments, with 14% purchasing an investment with a lump sum as a result of the information or guidance they received, 9% starting or increasing monthly payments into an investment, and 9% changing the funds or assets in an investment.
- The vast majority, over 80%, found each of the information or guidance sources they used to be helpful. Information or guidance from friends and family and through the workplace was said to be the most helpful among users of these.

11.3 Sources of information or guidance used

As shown in Figure 11.1, one-quarter (26%) of all adults used at least one type of information or guidance related to investments, saving into a pension or retirement planning in the last 12 months, and this number increases to under half (45%) for those that received regulated financial advice in the last 12 months as well.

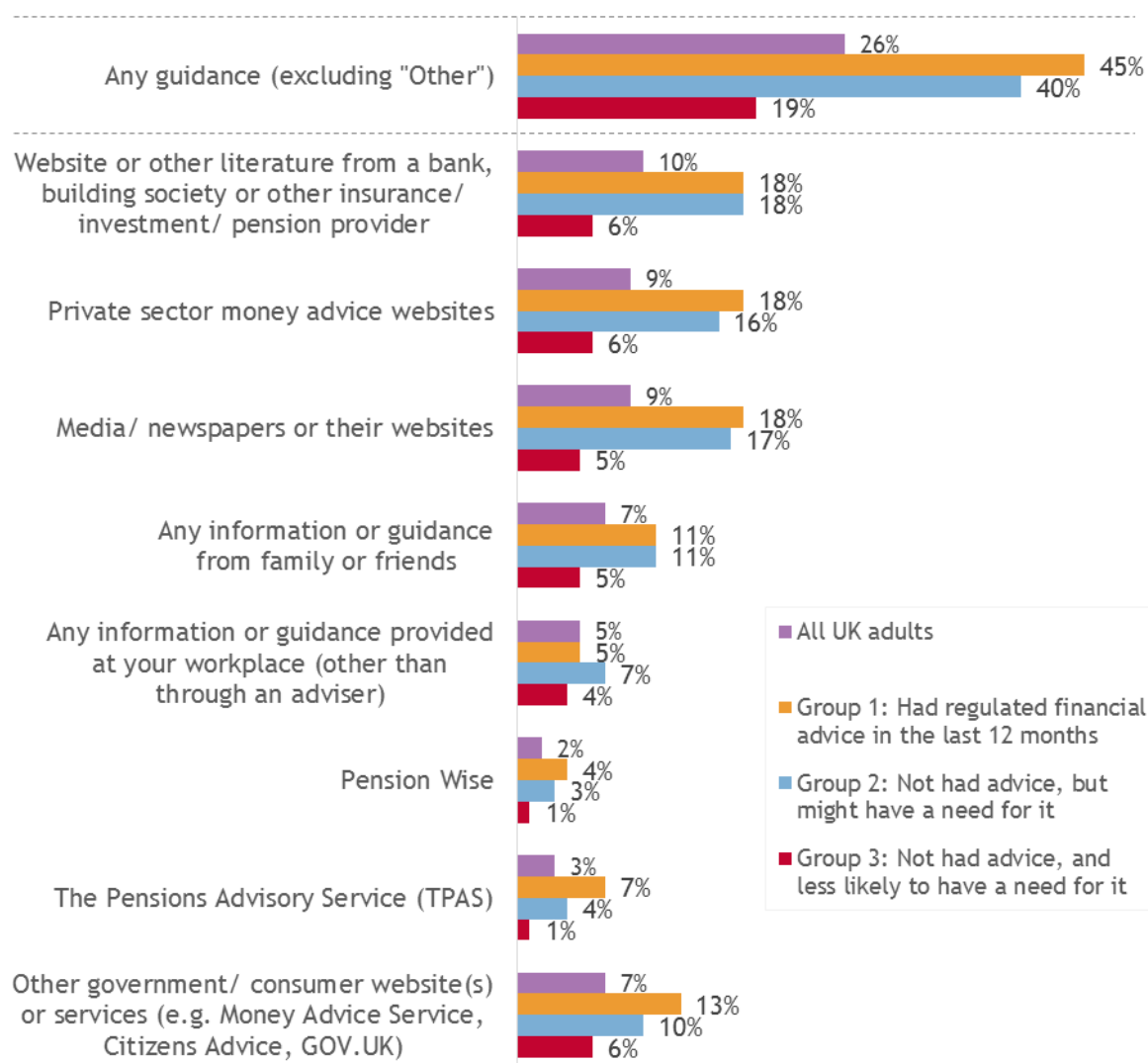
Almost half (45%) of those that received regulated financial advice in the last 12 months also used a type of information or guidance related to investments, saving into a pension or retirement planning in the same time period, compared to two-fifths (40%) of Group 2 and one-fifth (19%) of Group 3.²⁸

²⁸ Groups 1, 2, 3 and 4 are defined in the Executive Summary and explained further in Sections 1.2.2-1.2.4.

The most used types of information or guidance in the last 12 months - but each type by only one in ten adults - were websites or other literature from banks, building societies, or other insurance/ investments or pension providers (10%), private sector money advice websites (9%), and media/ newspapers or their websites (9%).

Just 2% of all adults used Pension Wise in the last 12 months, 3% used TPAS and 7% used other government/ consumer websites such as Money Advice Service, Citizens Advice, or GOV.UK.

Figure 11.1 Sources of information and guidance used in the last 12 months by use of regulated financial advice or their likelihood to need it (All UK adults)



B1A2. And which, if any, of the following have you used in the last 12 months as a source of information or guidance related to any of investments, saving into a pension or retirement planning?

Base: All UK adults (12,865).

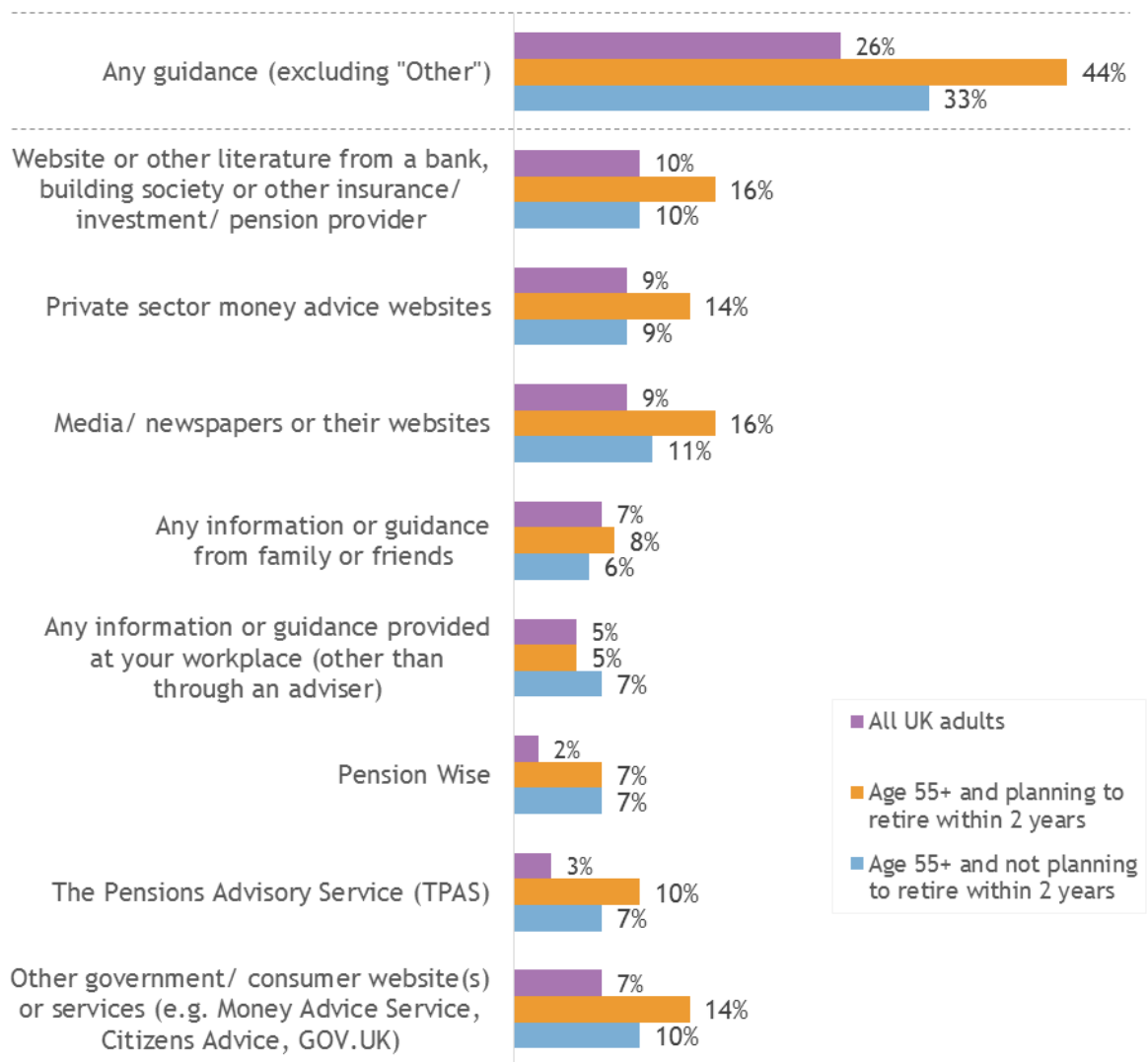
Note: Multiple answers allowed.

Figure 11.2 compares the use of information or guidance in the last 12 months by people aged 55 and over who have not yet retired to use by the overall adult population. Within the 55 and over non retired population, it compares usage for those who say they plan to retire in the next two years to those that have no immediate plans to retire.

Over two-fifths (44%) of all people aged 55 and over and planning to retire in the next two years used at least one type of information or guidance related to investments, pension or retirement planning

in the last 12 months. While only 10% used TPAS and 7% used Pension Wise, this was over three times the usage of all UK adults.

Figure 11.2 Sources of information and guidance used in the last 12 months for adults aged 55 and over (All UK adults, all UK adults aged 55 and over and planning to retire within 2 years, all UK adults 55 and over and not planning to retire within 2 years)



B1A2/B1XX. And which, if any, of the following have you used in the last 12 months as a source of information or guidance related to any of investments, saving into a pension or retirement planning?

Base: All UK adults (12,865).

Note: Multiple answers allowed.

Tables 11.1.1 and 11.1.2 show more detailed information on the use of information and guidance. In particular they show that the use of information and guidance increases significantly with age, household income and investible assets.

Table 11.1.1 Sources of information and guidance used in the last 12 months (All UK adults)

		All UK adults (row percentages)				
		Any guidance (excl. "Other")	Website or other literature from a bank, building society or other insurance/ investment/ pension provider	Private sector money advice websites	Media/ newspapers or their websites	Any information or guidance from family or friends
Total		26	10	9	9	7
Gender	Male	28	12	11	11	6
	Female	24	8	7	6	7
Age	18-34	22	8	7	6	8
	35-44	27	13	12	8	7
	45-54	30	12	12	10	7
	55-64	36	12	11	12	7
	65+	20	7	6	10	5
Couple status	In couple	29	11	10	10	7
	Not in couple	20	7	6	6	7
Working status	Employed	30	12	10	9	7
	Self-employed	31	12	13	12	8
	Unemployed	15	4	5	5	5
	Retired	21	8	6	10	6
	Other	18	6	5	6	7
Life stage	Not retired 18-44	24	10	9	7	7
	Not retired 45-54	30	12	12	10	7
	Not retired 55+	35	11	10	12	7
	Retired	21	8	6	10	6
Retirement plans for the 55+	Retire within 2 yrs	44	16	14	16	8
	Not retire in 2 yrs	33	10	9	11	6
Annual gross household income	Less than £15,000	14	4	2	3	4
	£15,000-£29,999	24	8	7	8	5
	£30,000-£49,999	31	12	11	11	8
	£50,000+	39	18	17	15	10
Investible assets	Nil	10	2	2	2	3
	£1-£999	18	5	4	4	5
	£1,000-£1,999	23	8	8	6	5
	£2,000-£4,999	27	10	10	7	7
	£5,000-£9,999	30	12	10	10	8
	£10,000-£19,999	33	12	10	11	8
	£20,000-£49,999	38	18	14	14	11
	£50,000+	46	21	21	23	12

B1A2/B1XX. And which, if any, of the following have you used in the last 12 months as a source of information or guidance related to any of investments, saving into a pension or retirement planning?

Base: All UK adults (12,865) - see Section 1.3.1.

Note: Multiple answers allowed.

Table 11.1.2 Sources of information and guidance used in the last 12 months continued (All UK adults)

		All UK adults (row percentages)				
		Any guidance (excl. "Other")	Any information or guidance provided at your workplace (other than through an adviser)	Pension Wise	The Pensions Advisory Service (TPAS)	Other government/ consumer website(s) or services (e.g. Money Advice Service, Citizens Advice, GOV.UK)
Total		26	5	2	3	7
Gender	Male	28	5	2	3	8
	Female	24	4	1	2	7
Age	18-34	22	5	0	1	7
	35-44	27	6	0	1	7
	45-54	30	7	1	4	9
	55-64	36	7	7	8	12
	65+	20	0	1	2	3
Couple status	In couple	29	5	2	3	8
	Not in couple	20	3	1	2	6
Working status	Employed	30	8	2	3	9
	Self-employed	31	2	2	4	9
	Unemployed	15	2	1	1	5
	Retired	21	1	2	2	4
	Other	18	1	1	1	6
Life stage	Not retired 18-44	24	5	0	1	7
	Not retired 45-54	30	8	1	4	9
	Not retired 55+	35	6	7	7	10
	Retired	21	1	2	2	4
Retirement plans for the 55+	Retire within 2 yrs	44	5	7	10	14
	Not retire in 2 yrs	33	7	7	7	10
Annual gross household income	Less than £15,000	14	1	1	1	4
	£15,000-£29,999	24	4	2	2	7
	£30,000-£49,999	31	6	2	3	9
	£50,000+	39	9	3	4	11
Investible assets	Nil	10	1	1	1	4
	£1-£999	18	4	1	1	6
	£1,000-£1,999	23	5	1	2	9
	£2,000-£4,999	27	6	1	3	8
	£5,000-£9,999	30	8	1	3	10
	£10,000-£19,999	33	8	3	3	7
	£20,000-£49,999	38	8	3	5	10
	£50,000+	46	6	4	5	12

B1A2/B1XX. And which, if any, of the following have you used in the last 12 months as a source of information or guidance related to any of investments, saving into a pension or retirement planning?

Base: All UK adults (12,865) - see Section 1.3.1.

11.4 Reasons for using information or guidance

Table 11.2 explores the reasons why people sought information or guidance from the different sources included in the Financial Lives Survey 2017. The main reason for seeking information or guidance from provider websites, media/ newspapers or private sector money advice websites in the last 12 months was for help with investments, while Pension Wise, TPAS and other government websites such as Money Advice Service, Citizens Advice and GOV.UK were more likely to be used for help with retirement planning.

Table 11.2 Reasons for using information or guidance in the last 12 months (All UK adults who used information or guidance in the last 12 months)

	All UK adults who used information or guidance in the last 12 months from the following sources: (row percentages)				
	Investments	Saving into a pension	Retirement planning	None of these	Don't know
Pension Wise ¹	6	24	71	11	0
The Pensions Advisory Service (TPAS) ²	7	34	54	11	4
Other government/consumer website(s) or services (e.g. Money Advice Service, Citizens Advice, GOV.UK) ³	25	31	39	19	4
Website or other literature from a bank, building society or other insurance/investment/pension provider ⁴	56	25	21	17	3
Private sector money advice websites (e.g. moneysavingexpert.com, moneysupermarket.com, Which?) ⁵	58	20	23	22	2
Media/newspapers or their websites (e.g. Daily Mail, Guardian, BBC) ⁶	60	24	29	16	2
Any information or guidance provided at your workplace ⁷	15	64	36	10	3
Any information or guidance from family or friends ⁸	51	34	27	16	3

GD1_cmbd. You said that you have used the following types of guidance in the last 12 months about investments, saving into a pension or retirement planning. What did you use each one for?

¹ Base: All UK adults who have received information or guidance from Pension Wise in the last 12 months (210). ² Base: All UK adults who have received information or guidance from TPAS in the last 12 months (345). ³ Base: All UK adults who have received information or guidance from other government/consumer website(s) or services in the last 12 months (921). ⁴ Base: All UK adults who have received information or guidance from website or other literature from a bank, building society or other insurance/investment/pension provider in the last 12 months (1,261). ⁵ Base: All UK adults who have received information or guidance from private sector money advice websites in the last 12 months (1,127). ⁶ Base: All UK adults who have received information or guidance from *media/newspapers or their websites* in the last 12 months (1,133). ⁷ Base: All UK adults who have received information or guidance from any information or guidance provide at your workplace in the last 12 months (600). ⁸ Base: All UK adults who have received information or guidance from family or friends in the last 12 months (858).

Note: Multiple answers allowed.

Table 11.3 shows what actions people took as a result of the information or guidance they used in the last 12 months. Again the results show that most people were mainly using information or guidance in relation to investments, with one-seventh (14%) purchasing an investment with a lump sum as a

result of the guidance they received, one-tenth (9%) changing the funds or assets in an investment, and one-tenth (9%) started or increased monthly payments into an investment.

Over half (54%) said they took no action directly as a result of the information or guidance they received. This is perhaps not that surprising as people using guidance may be at quite an early stage in the decision making process, and are simply seeking to educate themselves and understand their options.

Table 11.3 Actions taken as a result of using information or guidance (All UK adults who used information or guidance in the last 12 months)

	All UK adults who used information or guidance in the last 12 months (column percentages)			
	Total	Group 1 Had advice in the last 12 months	Group 2 Not had advice, but might have a need for it	Group 3 Not had advice, and less likely to have a need for it
I purchased an investment, putting a lump sum into it	14	18	20	3
I started or increased monthly payments into an investment	9	7	10	8
I have changed the funds/ assets in an investment	9	14	14	3
I purchased a personal pension, putting a lump sum into it	2	6	2	0
I started or increased monthly payments into a private pension	7	5	7	9
I made changes to the funds in which my pension is invested	6	7	9	4
I purchased an annuity	0	1	1	0
I entered into income drawdown	1	4	1	-
I took cash from my pension pot	2	3	3	1
I did not take any action directly as a result of the guidance I received	54	40	50	63
Something else	4	5	3	3
Don't know	6	9	3	9

GD3_cmbd. Which, if any, of the following actions did you take directly as a result of the guidance you received?

Base: All UK adults who have used information or guidance in the last 12 months (2,617).

Note: Multiple answers allowed.

11.5 Satisfaction with guidance received

Table 11.4 looks at consumer satisfaction with sources of information or guidance. The vast majority (over 80%) found that each of the information or guidance sources they used was helpful for them.

Information or guidance received from family or friends was felt to be the most helpful, with one third (34%) of those that used this rating it as very helpful in their decision-making and over half (56%) rating it as somewhat helpful.

Of the 5% of adults that received information or guidance through the workplace (as shown in Table 11.1.2), under one-quarter (23%) said it helped a lot, and a further two-thirds (64%) said it helped a little.

Table 11.4 Helpfulness of information or guidance received by information or guidance source (All UK adults who have used information or guidance in the last 12 months)

	All UK adults who used information or guidance from the following sources: (row percentages)			
	Yes, it helped a lot	Yes, it helped a little	No, it didn't help me	Don't know
Pension Wise	26	65	7	3
The Pensions Advisory Service (TPAS)	17	71	6	6
Other government/consumer website(s) or services (e.g. Money Advice Service, Citizens Advice, GOV.UK)	20	68	6	6
Website or other literature from a bank, building society or other insurance/investment/pension provider	23	66	6	4
Private sector money advice websites (e.g. moneysavingexpert.com, moneysupermarket.com, Which?)	28	59	6	7
Media/newspapers or their websites (e.g. Daily Mail, Guardian, BBC)	15	70	11	5
Any information or guidance provided at your workplace	23	64	10	4
Any information or guidance from family or friends	34	56	4	5

GD2_cmbd. Did the information or guidance you received from each of the following help you to make a decision, even if that decision was to do nothing?

¹ Base: All UK adults who have received information or guidance from Pension Wise in the last 12 months (188). ² Base: All UK adults who have received information or guidance from TPAS in the last 12 months (270). ³ Base: All UK adults who have received information or guidance from other government/consumer website(s) or services in the last 12 months (730). ⁴ Base: All UK adults who have received information or guidance from website or other literature from a bank, building society or other insurance/investment/pension provider in the last 12 months (1,031). ⁵ Base: All UK adults who have received information or guidance from private sector money advice websites in the last 12 months (990). ⁶ Base: All UK adults who have received information or guidance from *media/newspapers or their websites* in the last 12 months (1,042). ⁷ Base: All UK adults who have received information or guidance from any information or guidance provide at your workplace in the last 12 months (482). ⁸ Base: All UK adults who have received information or guidance from family or friends in the last 12 months (673).

12. Likelihood to seek regulated financial advice in the future

12.1 Introduction

To assess the future potential for the advice market, respondents were asked to consider whether they would use advice in the future if they had a specific advice need, defined as receiving a £10,000 inheritance to invest.

In this chapter we explore in more detail reactions to this question by two of our four groups: Group 1 and Group 2.²⁹

12.2 Summary

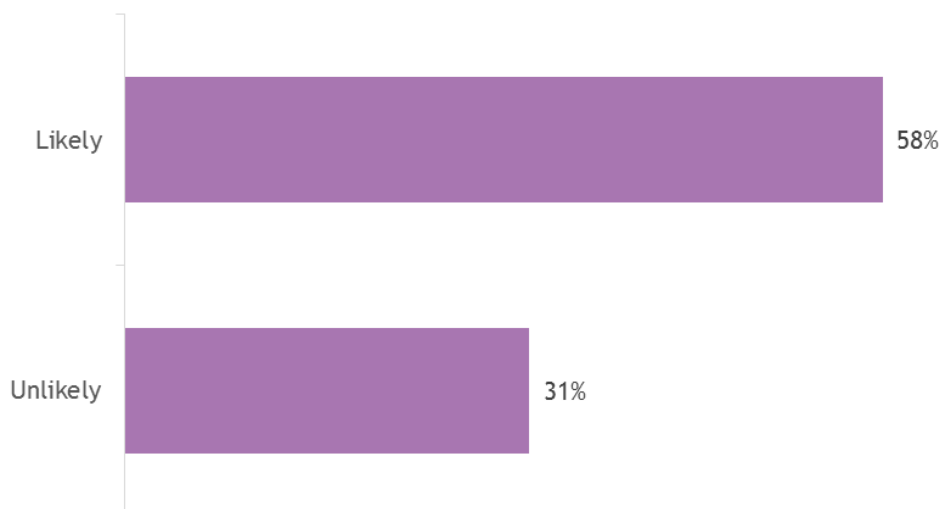
- On balance Group 1 would want to seek advice to invest a £10,000 inheritance, with almost three-fifths (58%) agreeing that this is the action they would want to take. Within this group, a higher proportion of retirees and those with investible assets of £50,000 or more would seek advice.
- The findings for Group 2 are markedly different. For this group, just over three-fifths (62%) would be happy to make their own decision, whereas a quarter (24%) think that they would want to take advice for an investment of this size.

12.3 Likelihood of seeking regulated advice in the future

As summarised in Figure 12.1, on balance Group 1 would want to seek advice to invest a £10,000 inheritance, with almost three-fifths (58%) agreeing that this is the action they would want to take; however, this does leave three-tenths (31%) who would be happy to make this sort of investment without advice and a further one-tenth (10%) who are not sure (9% 'neither likely nor unlikely' and 1% 'don't know').

²⁹ Groups 1, 2, 3 and 4 are defined in the Executive Summary and explained further in Sections 1.2.2-1.2.4.

Figure 12.1 Likelihood of seeking regulated advice in the future (All UK adults who have had regulated financial advice in the last 12 months)



D22_cmbd. If you had a decision to make about a £10,000 inheritance and wanted to invest it, how likely are you to seek regulated financial advice?

Base: All UK adults who received regulated financial advice in the last 12 months (782).

Note: Graph omits 'neither likely nor unlikely' and 'don't know' answers.

Table 12.1 provides additional detail on who would or would not seek regulated financial advice in the future in relation to a £10,000 inheritance. In particular, it suggests a higher proportion of retirees and those with investible assets of £50,000 or more would seek advice.

Table 12.1 Likelihood to seek regulated advice in the future (All UK adults who have had regulated financial advice in the last 12 months)

		All UK adults who have had regulated financial advice in the last 12 months (row percentages)	
		Likely	Unlikely
Total		58	31
Gender	Male	56	33
	Female	62	29
Age	18-34	[51]	[36]
	35-44	[56]	[39]
	45-54	51	35
	55-64	53	37
	65+	68	23
Couple status	In couple	57	32
	Not in couple	63	27
Working status	Employed	50	36
	Self-employed	51	37
	Unemployed	*	*
	Retired	71	22
	Other	56	33
Life stage	Not retired 18-44	54	37
	Not retired 45-54	51	34
	Not retired 55+	49	37
	Retired	71	22
Annual gross household income	Less than £15,000	[72]	[24]
	£15,000-£29,999	62	33
	£30,000-£49,999	59	28
	£50,000+	54	35
Investible assets	Less than £10,000	48	37
	£10,000-£19,999	[46]	[42]
	£20,000-£49,999	57	32
	£50,000+	62	29

D22_cmbd. If you had a decision to make about a £10,000 inheritance and wanted to invest it, how likely are you to seek regulated financial advice?

Base: All UK adults who received regulated financial advice in the last 12 months (782) - see Section 1.3.2.

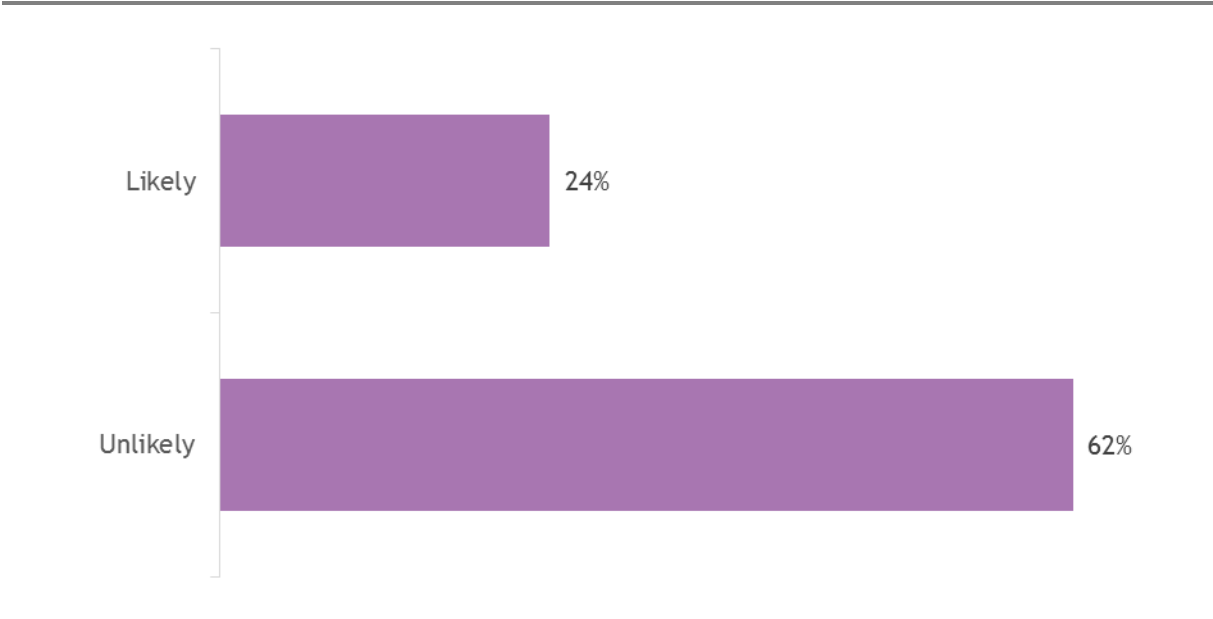
Note: Table omits 'neither likely nor unlikely' and 'don't know' answers.

Figure 12.2 shows the results of the same question for Group 2. Here, we see a marked difference. One-quarter (24%) think that they would want to take advice for an investment of this size and the majority, just over three-fifths (62%), would be happy to make their own decision.

The more detailed information in Table 12.2 shows that two-thirds (67%) of those with the largest investible assets (more than £50,000) would be unlikely to seek advice on an investment of this size.

Just over one-third (35%) of those aged 18-34 would want to seek advice, which is considerably higher than the other age groups.

Figure 12.2 Likelihood to seek regulated financial advice in the future (All UK adults who have not had advice, but might have a need for it)



ADV_D22X. If you had a decision to make about a £10,000 inheritance and wanted to invest it, how likely are you to seek regulated financial advice?

Base: All UK adults who have not had advice, but might have a need for it who were asked the advice module questions (2,941) - see Section 1.3.2

Note: Graph omits 'neither likely nor unlikely' and 'don't know' answers.

Table 12.2 Likelihood to seek regulated financial advice in the future (All UK adults who have not had advice, but might have a need for it)

		All UK adults who have not had advice, but might have a need for it (row percentages)	
		Likely	Unlikely
Total		24	62
Gender	Male	21	66
	Female	27	58
Age	18-34	35	48
	35-44	28	56
	45-54	22	67
	55-64	17	68
	65+	23	64
Couple status	In couple	22	65
	Not in couple	30	56
Working status	Employed	26	58
	Self-employed	17	73
	Unemployed	[22]	[69]
	Retired	22	65
	Other	31	57
Life stage	Not retired 18-44	32	52
	Not retired 45-54	22	67
	Not retired 55+	18	67
	Retired	22	65
Annual gross household income	Less than £15,000	26	62
	£15,000-£29,999	26	57
	£30,000-£49,999	26	60
	£50,000+	20	67
Investible assets	Less than £10,000	*	*
	£10,000-£19,999	26	57
	£20,000-£49,999	28	59
	£50,000+	20	67

ADV_D22X. If you had a decision to make about a £10,000 inheritance and wanted to invest it, how likely are you to seek regulated financial advice?

Base: All UK adults who have not had advice, but might have a need for it who were asked the advice module questions (2,941) - see Section 1.3.2.

Note: Graph omits 'neither likely nor unlikely' and 'don't know' answers.