

## Media Release

### **COURSE CORRECTION: New research shows tensions building as different generations struggle to navigate the UK's changing financial landscape**

*Covid-19 reveals lack of financial resilience, with half of UK adults regretting past decisions rising to over 72 percent among young adults*

**LONDON, 1 JUNE 2020:** Launched today, a new report by Columbia Threadneedle Investments investigates the financial attitudes of different generations and how they impact their work, relationships, spending, and saving. Entitled: *Course correction: How different generations are adapting to a new financial future*, the research demonstrates that people of all generations are grappling to come to terms with the changing financial landscape. It also reveals the impact of the immediate financial shock caused by the Covid-19 pandemic, including some reasons to be optimistic for the future. Might Covid-19 act as a catalyst for course correction?

In a nationally representative sample of 2000 people in the UK<sup>1</sup>, the survey found that:

- Despite widespread recognition that younger generations face harsher financial conditions than in the past, today's retirees regard Millennials as too extravagant and lacking the ability to save or budget.
- While younger people face significantly different circumstances to previous generations, they continue to look to their parents for financial lessons. But is parental advice fit for purpose?
- Millennials are far more likely to be losing sleep due to financial worries, impacting their mental health and their relationships.
- Faced with the crisis of confidence in the UK's health and social care system, people of all generations are likely to prioritise long-term health over long-term wealth.
- Most UK adults hold no investments at all, favouring cash savings as the best way to meet even long-term financial goals. How much is caution costing cash savers?

---

<sup>1</sup> The report is based on the results of a nationally representative survey of 2000 UK adults, conducted in Sept 2019, supplemented with an additional nationally representative survey of 800 UK adults in May 2020.

- In the face of the Covid-19 pandemic, half of UK adults regret prior financial decisions, rising to almost three in four among 18-24yr olds. Main regrets people hold are not having a proper financial plan and being too short-term in their thinking. Over a third of investors now put more value on professional advice due to Covid-19.

The report shines a light on possible reasons for and motivations behind these findings.

***The route to later life is fundamentally changing – as is the life people expect to lead when they get there***

**Alison Jefferis, Head of Corporate Affairs at Columbia Threadneedle said:** “The research shows our lives are becoming less and less linear. The journeys young people take today will be fundamentally different to those experienced by their parents and grandparents. This manifests no more clearly than in our working lives – with career breaks earlier in life, the job for life and cliff-edge retirement becoming things of the past and working later in life more common.”

According to the survey:

- Just 5% of Millennials worked for (or expect to work for) their first employer for more than 20 years, compared to 21% of Generation Xers and 34% of Baby Boomers.
- More than at any other time in history, younger generations are delaying the start of their working lives. In 2018, the level of 18-year olds in the UK entering higher-education after leaving school was the highest ever recorded at 29%<sup>2</sup>.
- Three in five (59%) agree that the rise of flexible working throughout our lives means people will push back the onset of retirement to compensate.
- Of the Baby-Boomer generation, 44% indicated that they stopped or expect to stop working altogether and enter full retirement. Among both Gen-X and Millennials, only 24% expect to do the same.
- When considering the main motives for working into retirement, a positive picture emerges. 59% of Baby-Boomers, 57% of Gen-X and 51% of Millennials either have or want to continue some work into retirement to keep active and keep their brain alert.

***Life and financial values have changed generationally, resulting in family tensions***

**Ms Jefferis commented:** “The things that motivate the Millennial generation are very different to the things that motivated Baby-Boomers. Millennials tend to look for flexibility in their working lives and place value on life experiences, living for today rather than prioritising the future.

---

<sup>2</sup> Department for Education, ‘Participation Rates in Higher Education: 2006 to 2018’, 2018

Seeing this behaviour, retirees regard younger generations as extravagant and lacking the ability to save or budget. This is causing tension within family units at a time when families need to rely on each other more”.

According to the survey:

- Almost three quarters of retirees (73%) agree younger generations are too extravagant in their spending habits, while 58% agree younger generations generally lack the ability to save or budget.
- Millennials are far more likely to prioritise ‘making the most of life’, with 52% of Millennials seeing this as a financial priority compared to 33% of Gen-X and 21% Baby-Boomers.
- Further, 28% of Millennials say possessions are a financial priority for them, compared with 17% of Gen-X and just 8% of Baby-Boomers.
- Two in five (39%) of Millennials say they argue or disagree with older generations in their family about financial decisions. There is, however, significant empathy towards younger generations today in terms of the financial conditions they face.
- Almost half of retirees (49%) believe younger generations are far too reliant on wealth being passed down by older generations.
- Just over half (52%) of retirees agree the potential future costs of social care mean they are reluctant to give away wealth in the form of an early inheritance as they might need to rely on those funds in the future.
- And 40% of people believe that by 2050 those in retirement will rely on their children or grandchildren to support them financially, with 43% believing that by 2050 people in retirement will increasingly move in with younger family members.

***Will Covid-19 be a wake-up call to change course and adopt new behaviours to ensure a more secure financial future?***

- The most commonly held regrets among UK adults include not having a proper financial plan (20%) and being too short-term in their financial thinking (14%) – fundamental issues that can begin to be addressed from an early age.
- Among those that currently hold investments, over a fifth (22%) regret being too slow to protect their finances before the crisis, while 17% regret being too reluctant to pay for professional advice and 12% regret being too risky with their investments.
- While there’s a high level of concern about the long-term impact on investment holdings and future retirement incomes, only one in five people feel more inclined to sell their investment holdings in light of current volatility, with the majority planning to hold on to their investments. For a third of investors, the financial impact of Covid-19 has made them want to further diversify their investments; over a third (36%) now place greater value in professional advice.

**Ms Jefferis said:** “What the report ultimately tells us is that people in the UK, across generations, are struggling to navigate a changing financial landscape. It also shows that the crucial role of investing to accumulate long-term wealth is not recognised. The power of investment can transform lives, with huge potential upside for those who engage early, plan for the long term and stay the course. More than ever, we need to find a way to bring investing to the mainstream”.

- ENDS -

#### **Notes to editors**

The report, *Course correction: How different generations are adapting to a new financial future* is based on the results of a nationally representative survey of 2000 UK adults, conducted in September 2019. This research was supplemented with an additional nationally representative survey of 800 UK adults in May 2020, to capture how attitudes and behaviours of individuals have been impacted by the outbreak of Covid-19. In analysing and presenting the results, we have grouped responses into three generational bands: Baby- Boomers include those born between 1947 and 1965; Generation X (Gen-X) are those born between 1966 and 1979; and Millennials are those born between 1980 and 2000. Where referencing ‘retirees’, this refers to all those in full retirement or semi-retirement - regardless of age.

The full report can be downloaded at [www.columbiathreadneedle.co.uk/CourseCorrection](http://www.columbiathreadneedle.co.uk/CourseCorrection)

#### **For media enquiries please contact:**

Laura Cook  
+44 20 7464 5650  
[Laura.Cook@columbiathreadneedle.com](mailto:Laura.Cook@columbiathreadneedle.com)

Ella Tekdag  
+44 20 7464 5082  
[Ella.tekdag@columbiathreadneedle.com](mailto:Ella.tekdag@columbiathreadneedle.com)

Verena Moench  
+44 20 7464 5787  
[Verena.Moench@columbiathreadneedle.com](mailto:Verena.Moench@columbiathreadneedle.com)

#### **About Columbia Threadneedle Investments**

Columbia Threadneedle Investments is a leading global asset manager that provides a broad range of actively managed investment strategies and solutions for individual, institutional and corporate clients around the world.

With more than 2000 people including over 450 investment professionals based in North America, Europe and Asia, we manage £373bn (as at 31 Mar 2020) of assets across developed and emerging market equities, fixed income, asset allocation solutions and alternatives.

Our priority is the investment success of our clients. We know investors want strong and repeatable risk-adjusted returns and we aim to deliver this through an active and consistent investment approach that is team-based, risk-aware and performance-driven. Our investment teams around the world work together to uncover investment insights. By sharing knowledge across asset classes and geographies we generate richer perspectives on global, regional and local investment landscapes. The ability to exchange and debate investment ideas in a collaborative environment enriches our teams' investment processes to ensure the best insights are applied to portfolios. More importantly it results in better informed decisions for our clients.

Columbia Threadneedle Investments is the global asset management group of Ameriprise Financial, Inc. (NYSE:AMP), a leading US-based financial services provider. As part of Ameriprise, we are supported by a large and well-capitalised diversified financial services firm.

[www.columbiathreadneedle.com](http://www.columbiathreadneedle.com)

Past performance is not a guide to future performance. The value of investments and any income is not guaranteed and can go down as well as up and may be affected by exchange rate fluctuations. This means that an investor may not get back the amount invested. This material is for information only and does not constitute an offer or solicitation of an order to buy or sell any securities or other financial instruments, or to provide investment advice or services. Issued by Threadneedle Asset Management Limited. Registered in England and Wales, Registered No. 573204, Cannon Place, 78 Cannon Street, London EC4N 6AG, United Kingdom. Authorised and regulated in the UK by the Financial Conduct Authority. Columbia Threadneedle Investments is the global brand name of the Columbia and Threadneedle group of companies.