

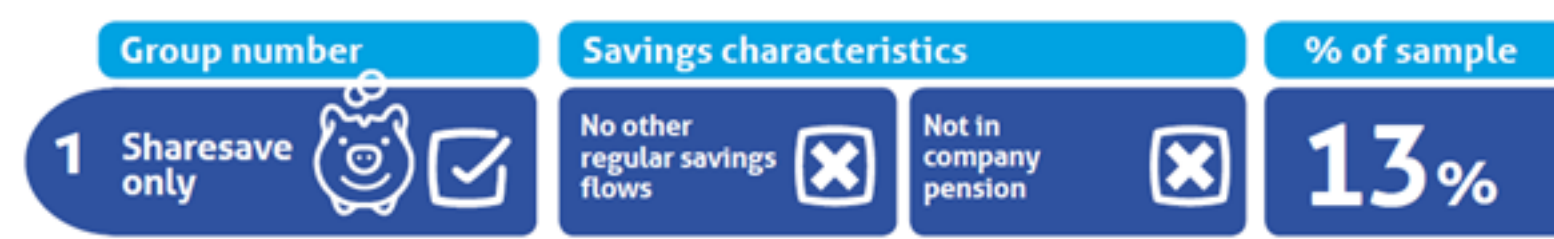
ARE SHARESAVE SCHEMES PROVIDING A ‘SAVINGS LIFELINE’?

10 November 2016

More statistics from YBS Share Plans (YBSSP) survey of Sharesave participants in conjunction with Durham and Leeds University Business Schools.

In the survey of Sharesave participants we undertook a significant proportion of respondents confirmed that Sharesave was their only form of saving and that if Sharesave wasn't available to them they might not save at all.

The research found that 13% of respondents depended solely on Sharesave to put money aside and around 60% said that without this option they'd likely not save at all and spend most (if not all) of their income.




Those saving only into Sharesave were found to be mostly lower-paid employees, usually earning less than £15,000 a year. Many were full-time workers on the minimum wage, or not much more, and most were aged 16 to 34. 43% reported they found it hard to make ends meet and almost a quarter confirmed they could only plan their finances week to week.

No other savings for the majority of this group

Almost half of this group also confirmed they had no other stocks of savings assets; however 30% confirmed they owned shares in their employing company and therefore whilst this group is generally asset poor, Sharesave is allowing them to create some personal wealth.

Asked to confirm what they like about Sharesave schemes over other forms of investment 62% said they thought they were less risky, 59% said they trusted the information more than other financial products and 86% confirmed they liked the ease of making payments direct from their salary.

 “We see this as a vulnerable group and this is reinforced by corresponding financial literacy concerns which were also uncovered during our research into the survey responses,” says Martin Nellist, client experience manager at YBS Share Plans.

A need to understand more

“Whilst it's a positive that Sharesave appears to be offering a ‘savings lifeline’ to this group of employees there's also a need to understand what more we could as an industry be doing to help them, as well as lobbying for such schemes to be included within the scope of the Government's proposed ‘Help to Save’* initiative” added Nellist, Client Experience Manager at YBS Share Plans.

* The scheme, which is expected to be available no later than April 2018, will be open to 3.5m low-income earners and will offer savers a 50% bonus on monthly savings of up to £50 after two years.



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Data were obtained from a survey of Sharesave participants whose accounts are administered by the Yorkshire Building Society. Those holding a Sharesave account with YBS were invited to participate in the survey between October and December 2015 by following a web-link provided in their annual statements to an on-line survey. 3,301 Sharesave participants entered the survey, with around 2790 completing it with more or less full data.



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