

# Deadline to Breadline 2022

Exploring the  
financial resilience of  
working households  
across the UK



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# Introduction



“ The cost-of-living crisis is impacting households right across the country, with rising bills and record-breaking energy price hikes.

Our new Deadline to Breadline report reveals some worrying trends, with many workers overly optimistic about their ability to cope financially if they were suddenly to lose their income in the current climate of high household costs.

At the same time, a large number of people are reducing

their savings, to make their money go further, or contemplating removing the safety nets they have in place .

While it is, of course, important to be mindful of the significant and genuinely worrying pressures consumers are facing, it's also important for advisers to help clients make informed decisions to safeguard their financial futures. ”

**Bernie Hickman**  
CEO, Legal & General Retail



Read on for detailed insights into UK consumers in 2022, plus suggestions for how this information could affect your interactions with clients.

# First, our objectives and methodology...

We asked a representative sample of employed and self-employed consumers (aged 18 to 65) – 50 questions about their financial situation. This took the form of an online survey, plus fieldwork.

Results were re-weighted to represent the UK population in terms of age, gender, region and employment status. This report updates our previous wave of research, which took place in April 2020 (two weeks after the first Covid-related lockdown was announced).

For the purposes of this report, ‘basic’ expenses include housing costs, loans/ credit card repayments, utility bills and food. ‘Essentials’ refers to expenses which respondents self-reported as essential in addition to basics, for example broadband or mobile phone costs.

Our objectives for this study included assessing the financial stability and resilience of people across the UK; understanding how long it would take to reach the ‘breadline’ if someone were to lose their income; and establishing what prevents consumers from engaging with their financial plans.



The report covers the following topics, with the aim to provide robust and relevant insights for intermediaries, to help conversations with your clients;

**Financial resilience:**

Assessing the financial stability of consumers across the UK

**Financial security:**

Exploring what households need to feel financially secure

**Financial engagement:**

How households have engaged financially over the last 12 months.

This report is based on an online survey among a nationally representative sample of 5,021 UK consumers. It was carried out by Savanta, an independent market research agency, during the period June to July 2022.

Population figure estimates are based a total workforce of 31.228 million 18 to 65 year olds (Source: ONS Labour Force Survey Apr-Jun 2022). Some charts do not add up to 100%, this is due to multi-code questions, i.e. respondents could select more than one option.

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# Financial resilience

Assessing the financial stability of households across the UK and how long they could manage if they had to rely on their savings



**The average UK consumer is just 19 days from the breadline**

## UK consumers are overestimating their ability to survive with no income.

On average, consumers think they could survive 60 days if they were to suddenly lose their income. When calculated based on their actual savings and spending patterns, however, the average UK consumer is just 19 days from the breadline, down from 24 days in 2020.

Cutting back to just essentials does lengthen this deadline to breadline, but not by much. Furthermore, there are nearly 2 million adults who have no money left each month, a rise of 330,000 in the last 2 years.

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# Income, savings and debt

## Let's look at the financial resilience of UK consumers in more detail

### Annual household income has increased by 11% to just over £38k since 2020.

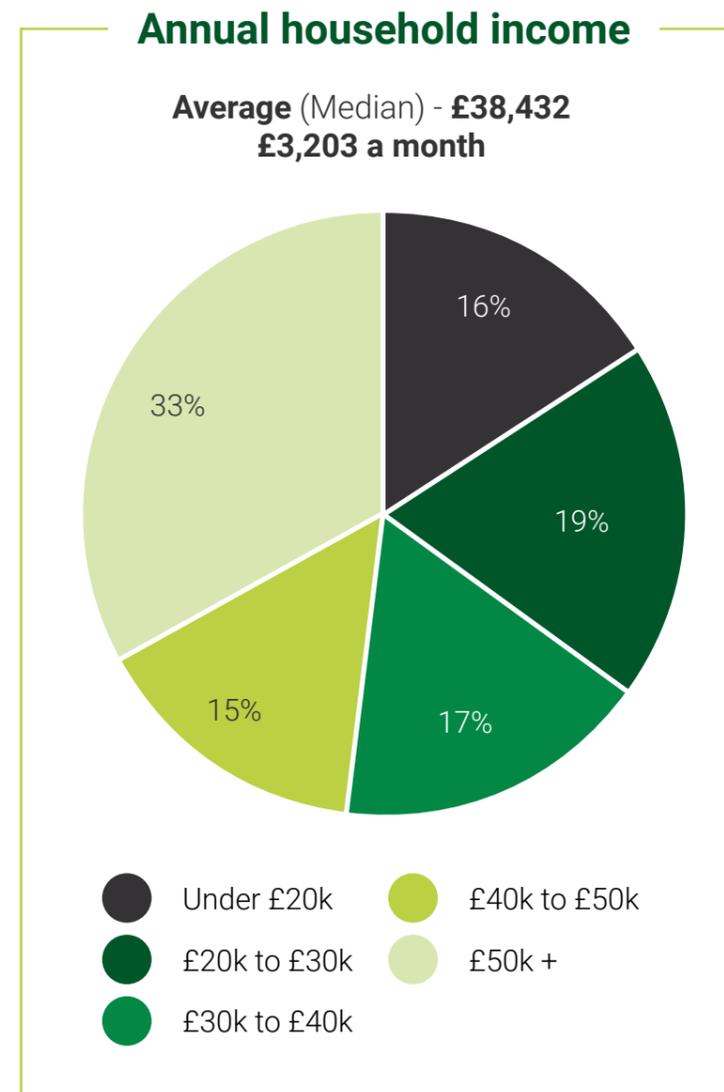
The number of working households with less than £20k has declined by 5%, and one in three working households have an annual household income of over £50k, an increase of 6% vs 2020.

However, whilst income has risen so have the costs of living, squeezing the overall budgets people have

available. Once they have covered basic costs, like rent or mortgage payments, utilities and food, the average household has £700 left to cover everything else. This includes the essential costs they may have to cover, like fuel, mobile phone contracts and broadband. One in three households has less than £500 left after paying for their basic outgoings and one in 17 (6%) is left with nothing.



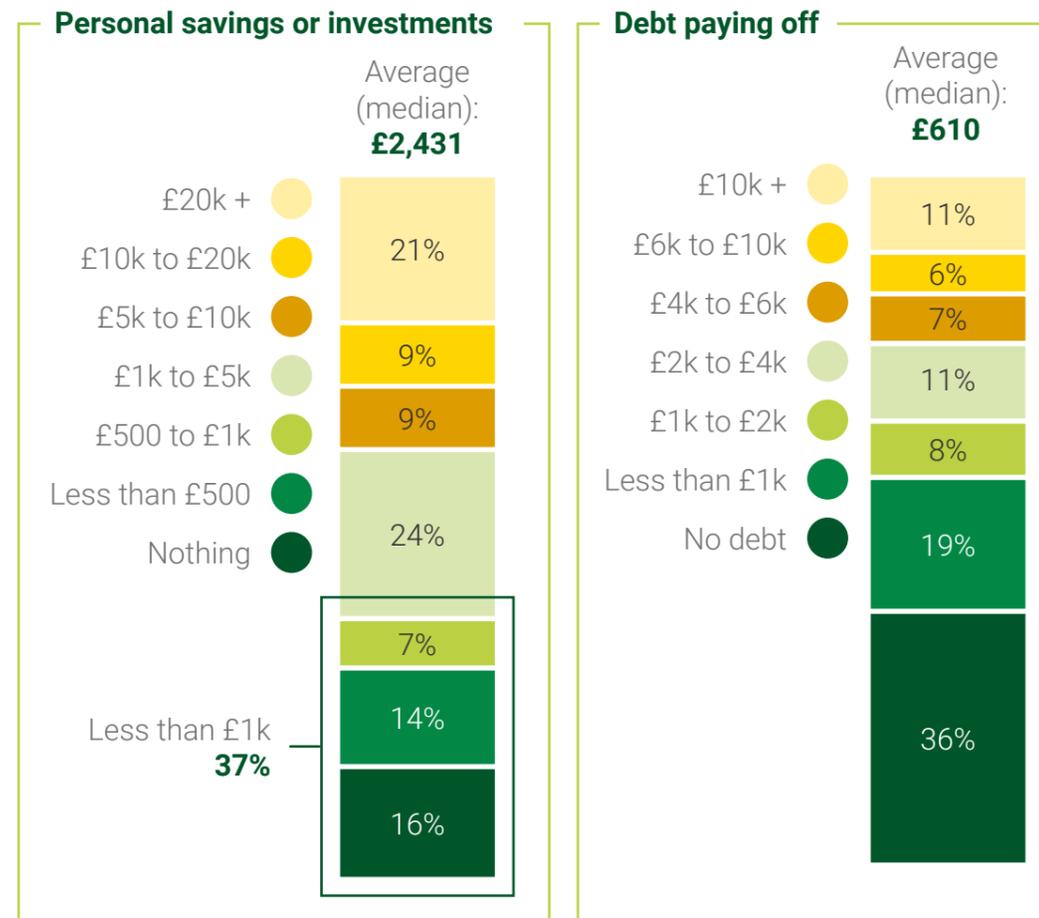
**The average household has £700 left per month after paying for basic expenses, down £100 since 2020**



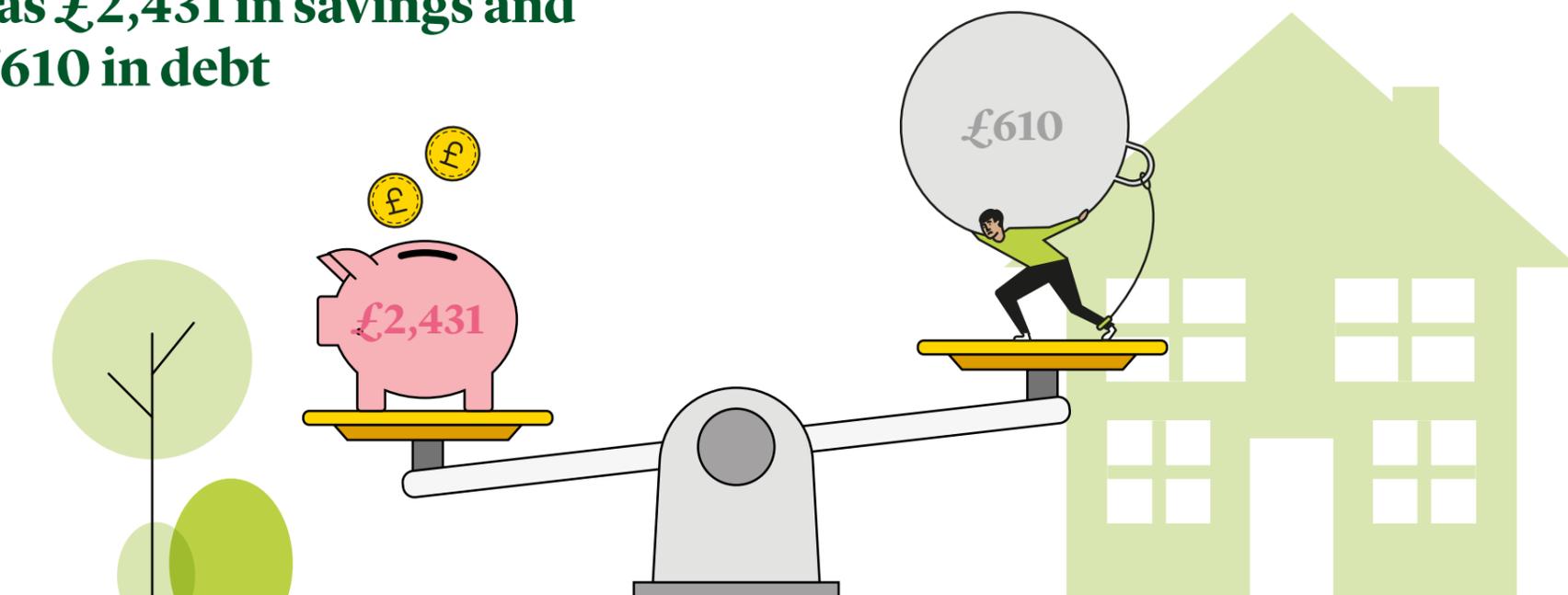
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Adding debt and savings into the mix reveals that many UK households have even less financial resilience than their daily spending would suggest. The average UK household has £2,431 in savings and is £610 in debt (not including mortgages or student loans), so 'real' savings of £1,821, but 37% have less than £1,000 savings including 16% who have no savings at all.

Meanwhile, 64% of households have significant debt, often creating negative 'true savings' (savings minus debt). And, of course, that debt will still need to be paid off.



## The average UK household has £2,431 in savings and £610 in debt



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### Conversation starter

If your client's income did stop, what plans do they have in place?

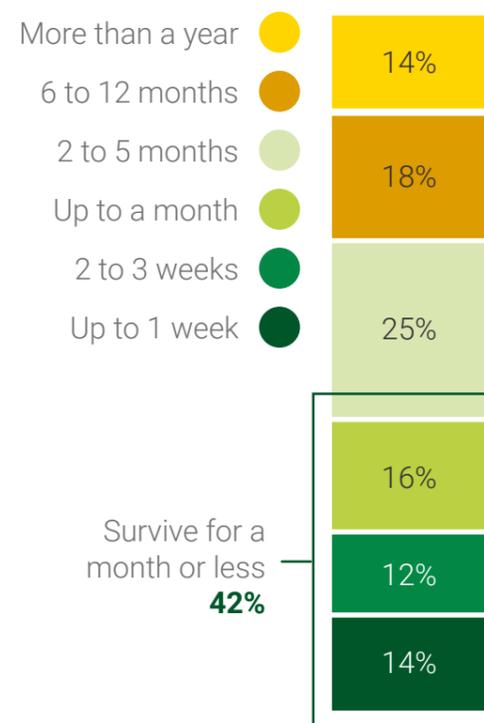
Support and resources are available for you to help your clients understand their money better, such as [budget planners](#) and [calculators](#).

**Unsurprisingly, people with the highest incomes and lowest debts are the most confident about their financial resilience.**

Those aged between 55-65 are the most confident in their ability to sustain their spending levels - over 60% believe they could sustain spending for at least 6 months.

Meanwhile, 42% of employed adults (over 13 million) believe they could only survive a month or less on their savings, with 30% of households – nearly 9.5 million people – believing they could only survive a month. This rises to 38% of those with debt, and nearly 50% of those with a household income of under £20k. However, even this stark picture underestimates the reality, as we will see in the next section.

**How long could you sustain your current level of spending on just your savings?**



**42% of employed adults believe they could only survive a month or less on their savings**

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**Conversation starter**

If your client's income stopped, how would they maintain their current spending levels?

If your client has savings – what are they saving for? How much do they have, how long will it support their current levels of spending?

And if they are relying on savings, do they have a realistic plan in place?

# Days to the breadline

## How long households can really survive depends on spending and savings patterns.

Based on their daily expenses, we calculate that on average UK households have only 19 days' worth of savings, compared to their estimate of 60 days. And it rises to just 22 days if they restricted themselves to spending only on the basics – far less than their estimate of 120 days.

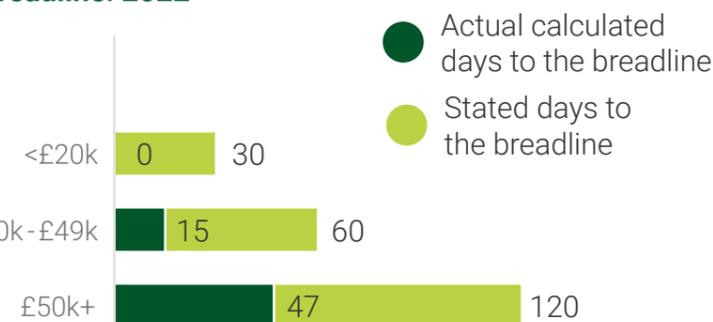
This reduced deadline is seen across all income levels and even those with an income of over £50k see a reduced deadline.

So far, so concerning, and that's before we consider the impact the cost of living will continue to make. With energy bill hikes hitting hard, and other prices still rising, it's perhaps not surprising that 69% of UK consumers are cutting back on essentials and 81% are cutting back on luxuries.

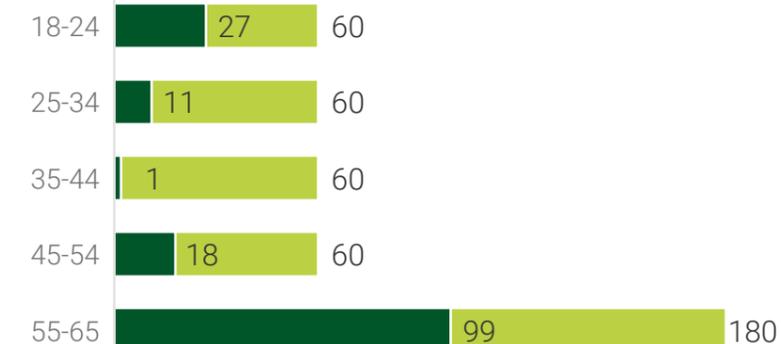
While a quarter are yet to notice an impact from the increased cost of living, almost three-quarters of consumers constantly worry about the rising cost of living. While this number is higher among those with less savings, more debt and/or a lower income, those with £50k+ coming in are not immune: a not inconsiderable 65% still find the rising cost of living a constant worry.

### Days to the breadline: 2022

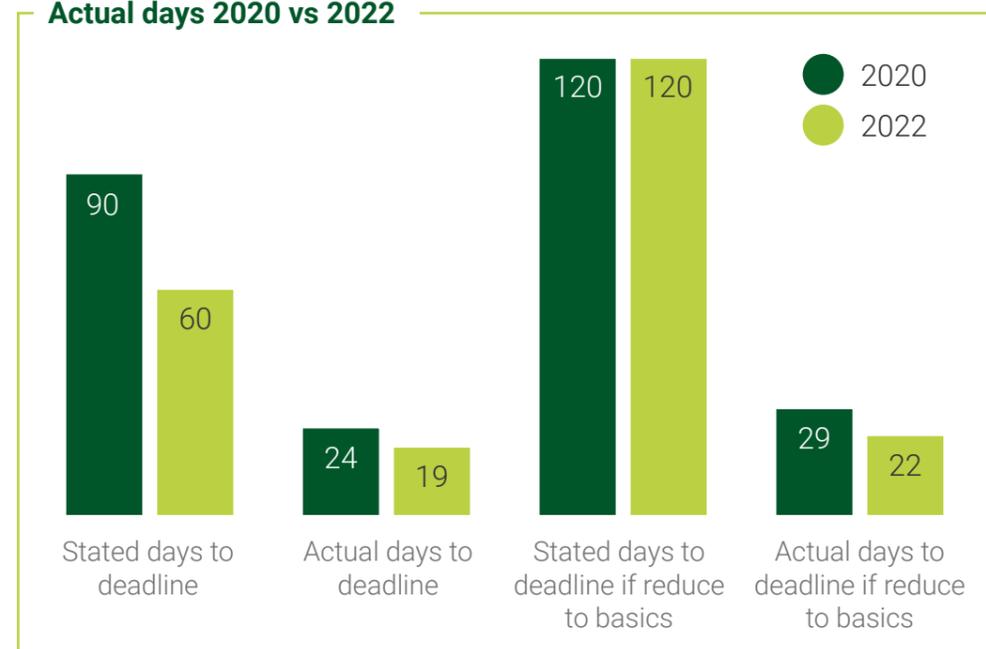
#### Household income



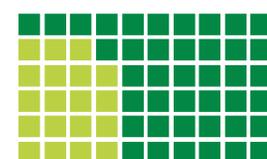
#### Age



### Actual days 2020 vs 2022



### Perception vs reality in 2022



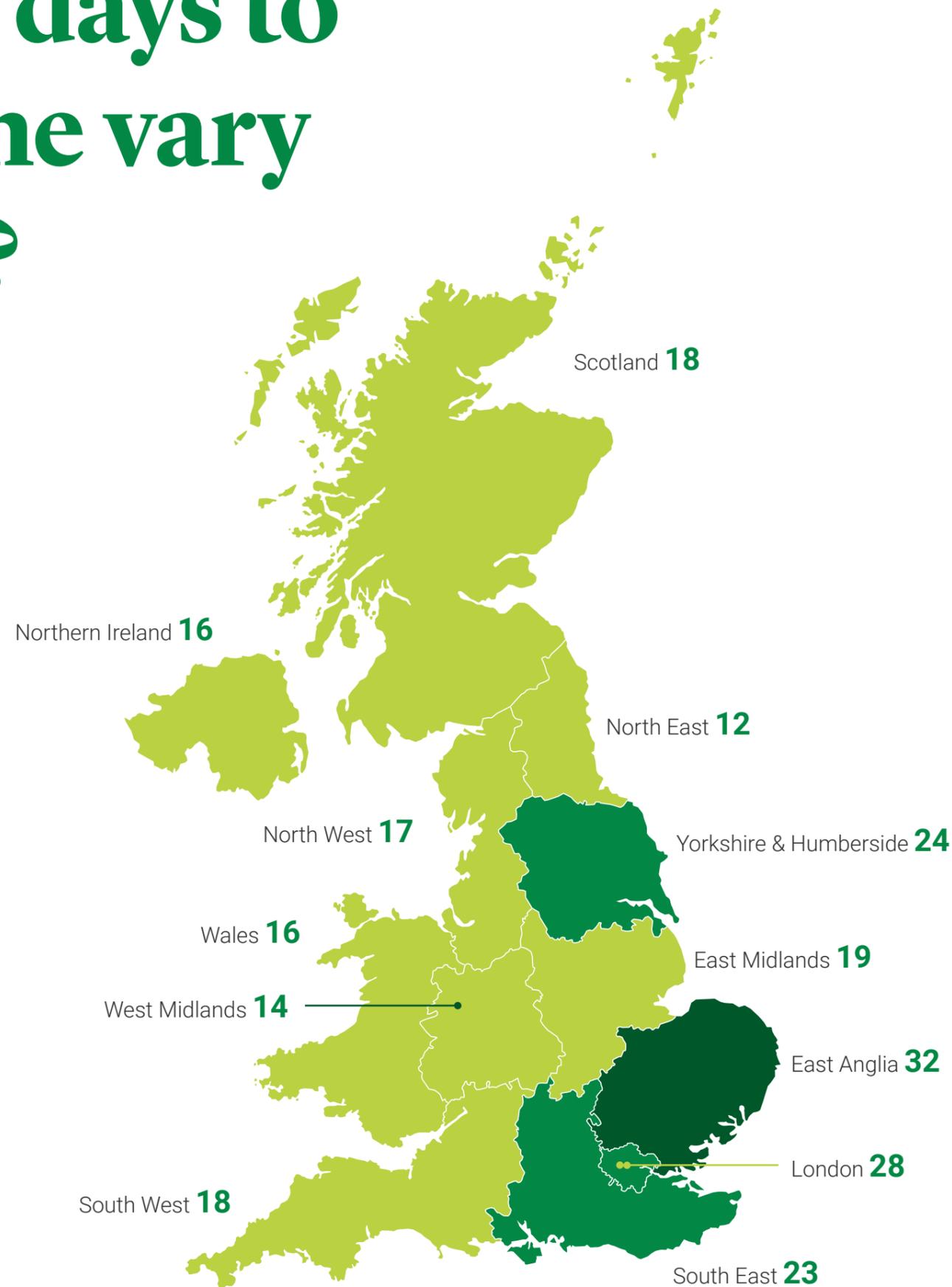
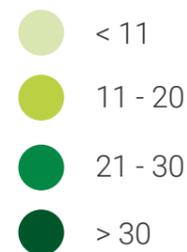
● Perception 60 days  
● Reality 19 days

**Financial resilience has shrunk by 21% since 2020**

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# How do the days to the breadline vary by location?

There are substantial differences between regions across the UK. Those in East Anglia are the furthest away from the breadline at 32 days, compared to those in the North East being the closest to the breadline at 12 days.



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## Find out more

Read more about Legal & General's other initiatives, such as our Rebuilding Britain Index (RBI), and inclusive capitalism.

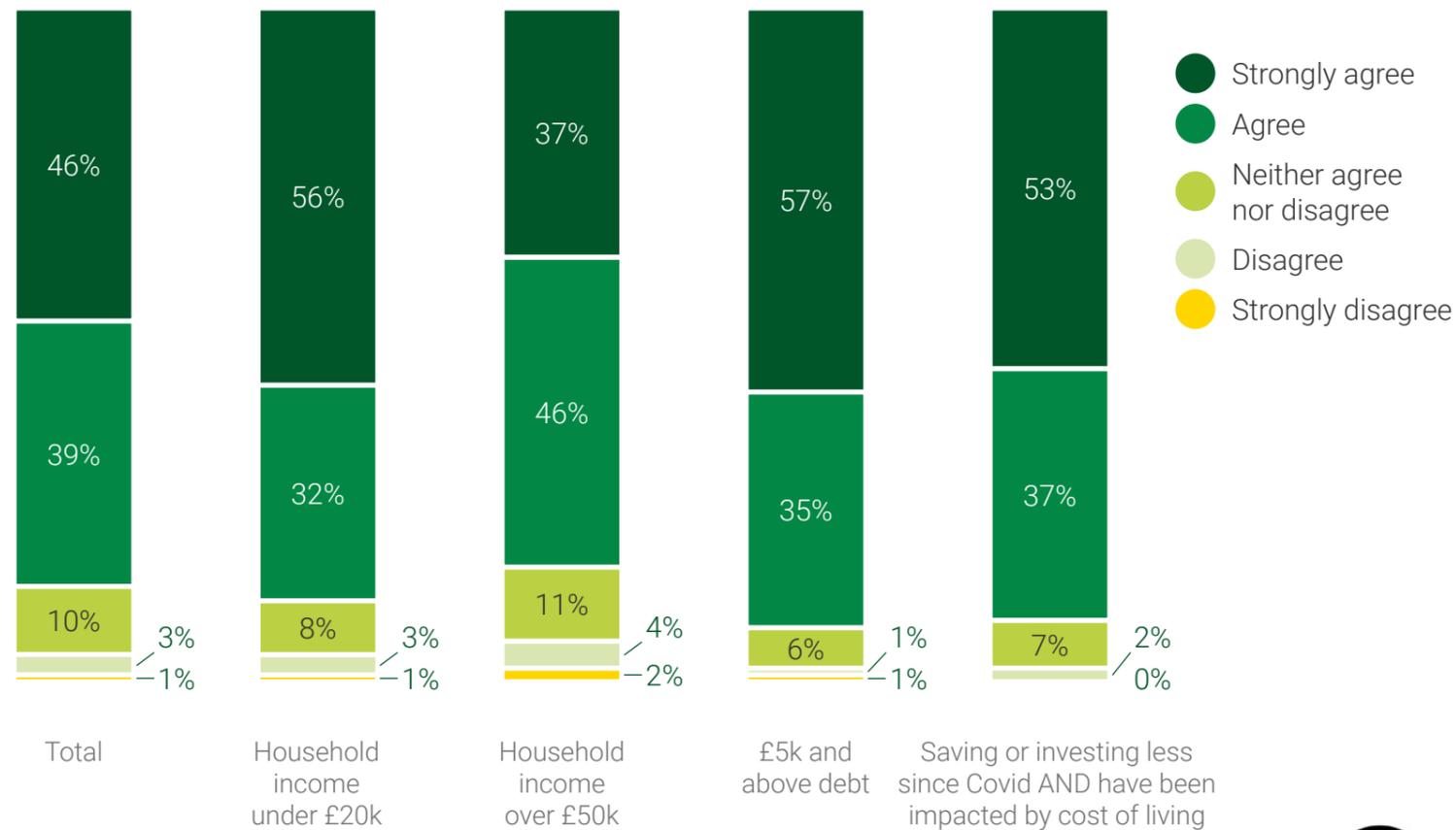
Helping to build a better society, whilst improving the lives of customers across the UK.

[Find out more](#)

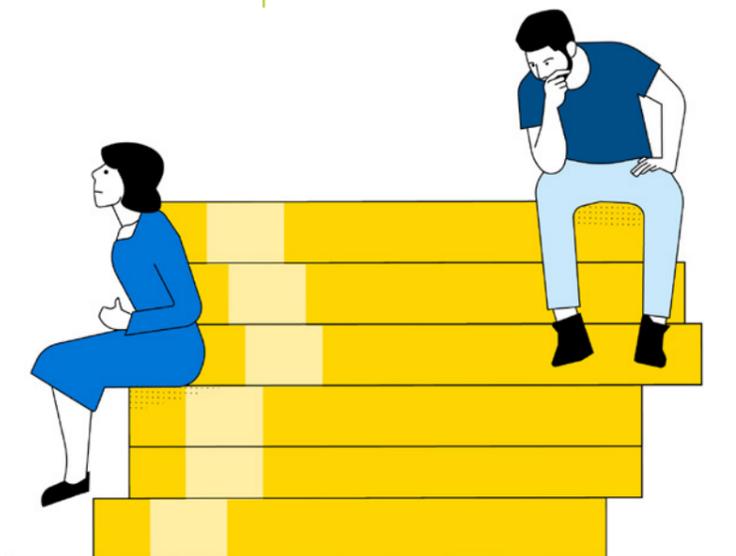
# The impact of cost of living

Around nine in ten people are concerned about the impact of rising costs over the next year, with more than half of the most exposed groups extremely worried (as seen in the chart below). And, regardless of age, household income and current debt level, the vast majority agree that they are adjusting their behaviour due to cost-of-living concerns.

**I worry about the impact the rising cost of living will have over the next 6-12 months**



**9 in 10 people are concerned about the impact of rising costs**



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**Conversation starter**

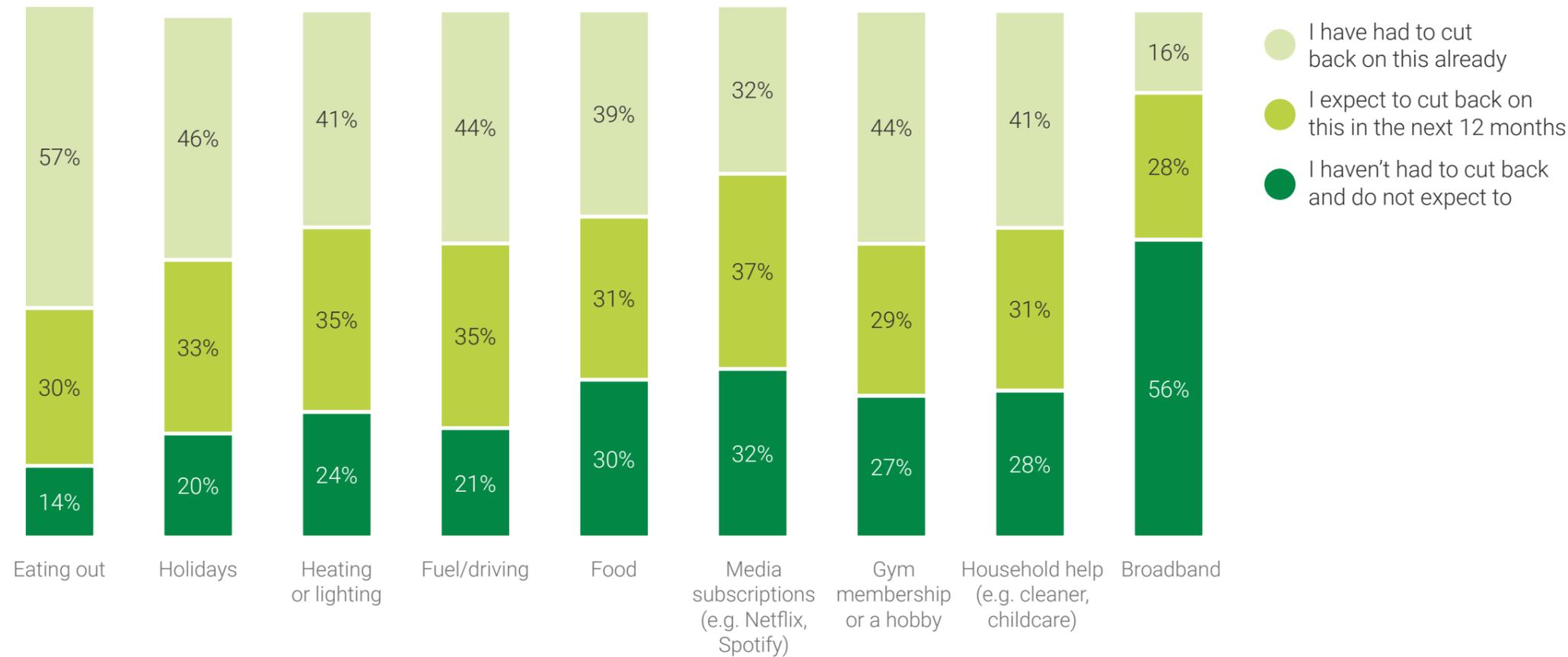
In regard to rising costs what are your clients' biggest concerns?

What actions might they need to take in order to maintain their lifestyle?

What cutbacks might they need to make?

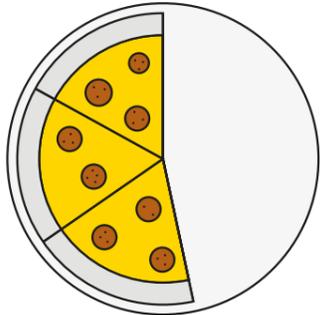
Would they be happy to make these cutbacks, and could you provide alternatives?

Cutting back due to rising cost of living

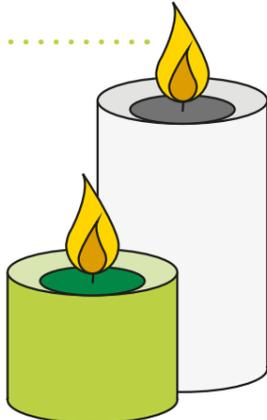


Almost two in five have already had to cut back on food. That's 49% of those with a household income of up to £20k, and 31% of those earning up to £50k. Meanwhile, 41% have also been forced to use less heating and lighting. Of those who drive, almost half have cut back on fuel or are choosing to drive less. 41% of those with household help (e.g., a cleaner or childcare) have cut back on this, with a further 31% intending to. Perhaps unsurprisingly, luxuries such as eating out and holidays are most likely to be reduced.

Covid-19 has also had an impact here. People affected by both the pandemic and cost of living have a much higher level of debt and are just one week from the breadline.



**Almost 2 in 5 have had to cut back on food**



**55% of those with no savings have had to cut back on heating or lighting**



**Over half do not expect to cut back on broadband**

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# Financial security

## Exploring what households need to feel financially secure

**Considering the increased costs of living and rising household income, just how financially secure are UK households? Short answer: they're not.**

People believe, on average, that they need around £12k in savings to feel secure. This figure is consistent or

lower than in 2020 across nearly every audience, only increasing notably amongst those with debt of £5k or more.

Most consumers are a long way from this £12k figure, with 60% of households having less than £5k in savings and 16% having no savings at all (this rises to one in three of those with an income of less than £20k).



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- Impact on ability to work
- What would you rely on?

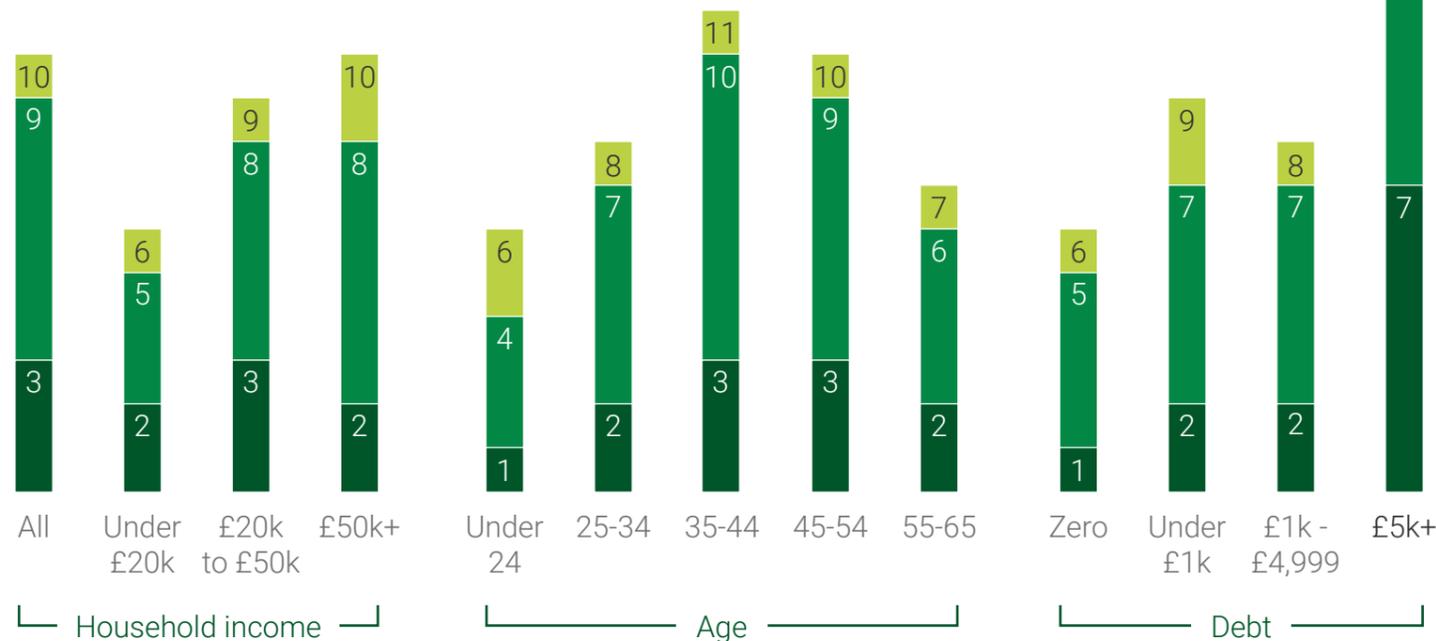
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### Monthly savings needed:

Annual income **£38,400**  
Annual expenditure **£33,600**  
To feel secure **£12,100**

- Years to save gross income
- Years to save annual expenditure
- Years to save amount to feel secure



**60% of households have less than £5k in savings and 16% have no savings at all**

# A savings mindset?

**As reported in our last research, people generally don't have an insurance mindset, with the preference for saving evident across age, household income and debt level.**

Overall, around two in three (67%) prefer to save for an unforeseen event rather than insure, with lower income households significantly less likely to have all financial products and investments.

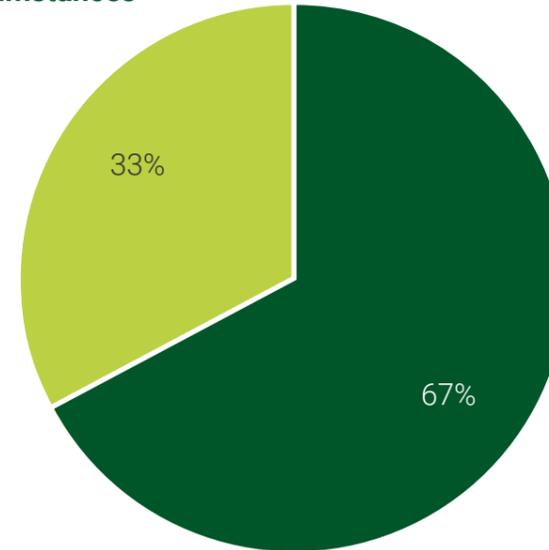
Overall, 39% of UK consumers have at least one protection policy, but only 22% of those with a household income of under £20k (compared to 52% of those with an income of £50k+).

The number is slightly higher than the average among those with larger debt, but still less than half (45%). The pandemic hasn't made a difference to this; 38% of those negatively impacted by Covid and concerned with the cost of living have at least one protection policy, on a par with the average amongst all employed individuals.

**2 in 3 (67%) prefer to save for an unforeseen event rather than insure**

## The attitude towards insuring against and saving up for unforeseen circumstances

- I would prefer to **insure** against unforeseen events rather than relying on savings
- I would prefer to **save up** in case of unforeseen events rather than insuring against them



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### Conversation starter

Based on your client's current expenditure, how long would their savings last if they didn't have an income?

What would they do if their savings ran out?

To help your clients achieve a better insurance mindset and understand the benefits of protection, we have a range of useful educational tools and resources you can access to support your client conversations.

# Impact on ability to work

## Households overestimate the support they could rely on from savings, work and the state, if they were unable to work because of illness or injury.

Eight in ten are concerned about at least one issue affecting their ability to work. Mental health is a major worry, especially for under 25s, where 1 in 3 (33%) are concerned.

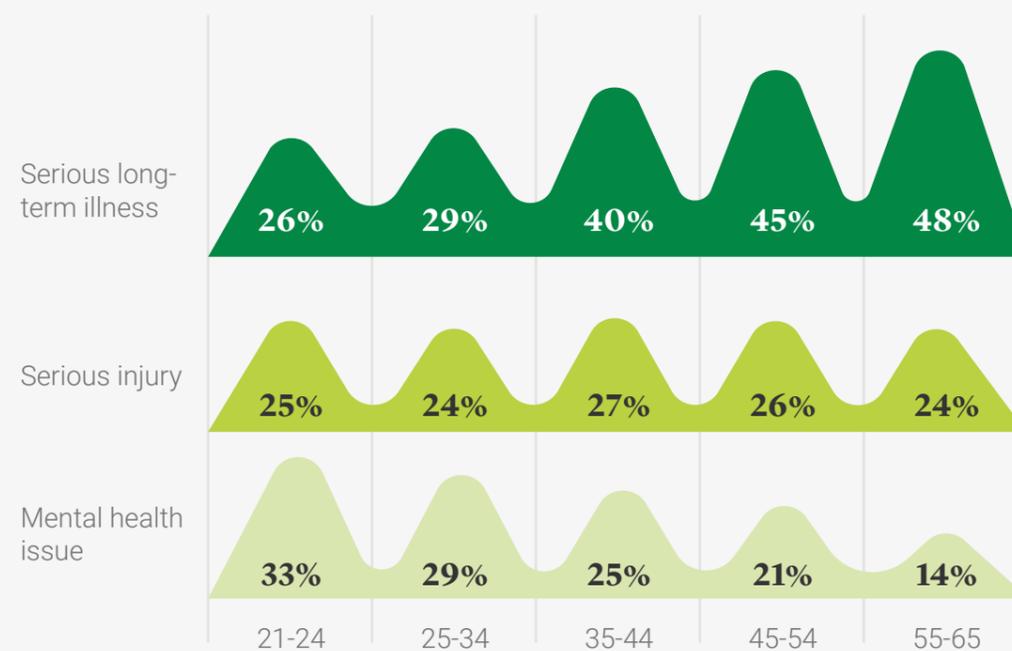
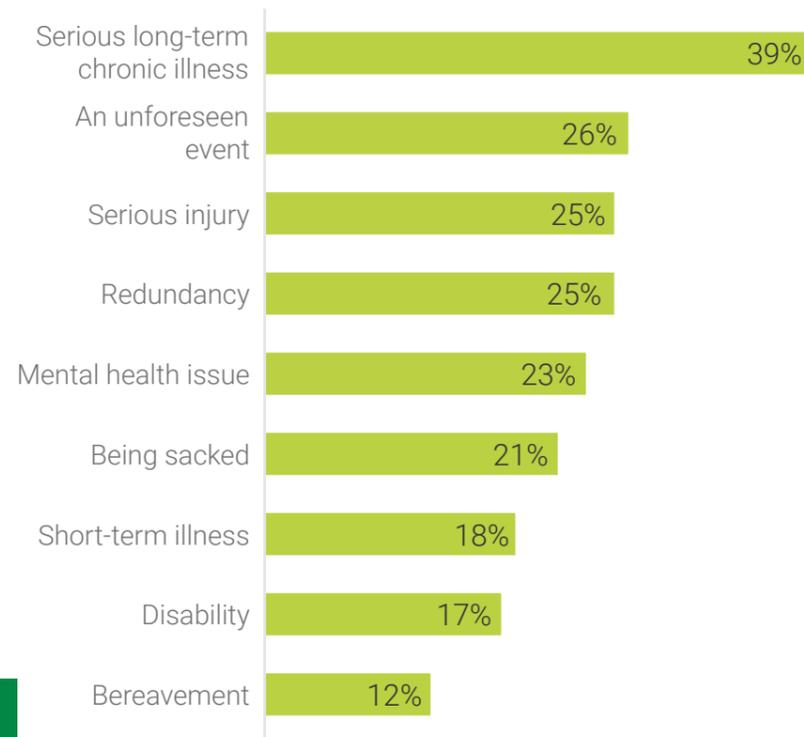
Nearly half of over 55s are concerned about serious long term illness and almost a quarter serious injury, disability or redundancy. But less over 55s are concerned about long term illness compared to 2020.

**8 in 10 are concerned about at least one issue affecting ability to work**

### Age is a huge factor on what concerns households

Age has a significant impact on the types of concerns people are most likely to have. For example, those aged 45+ are the most likely to feel concerned about long term illness, whereas those aged 21-24 are most likely to feel concerned about the impact of mental health.

### What, if anything, are you concerned about which might affect your ability to work?



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# What would you rely on?

**Based on current behaviour, it would take households today three years to save enough to feel secure, and 10 years to save their annual gross income.**

Those with less savings already, or with a mortgage, would need longer. To save just what they spend on essentials would take nine years.

Many households say they would rely on savings, work, benefits or family and friends or would cut back spending... but we know that in many cases this is not that easy. For example, 21% of those aged 25-44 would rely on family or friends, while 9% said they didn't know how they would cope.

If they experienced a serious illness or injury that meant they were unable to work, how would they cope financially? And for those that did experience one of these events, how did they cope financially?

**1 in 3 say they would rely on savings, work benefits or cut back spending**

## If I lost my job...



**I would rely on savings 36%**

**I did rely on savings 28%**



**I would rely on my employer 33%**

**I did rely on my employer 39%**



**I would rely on the state 17%**

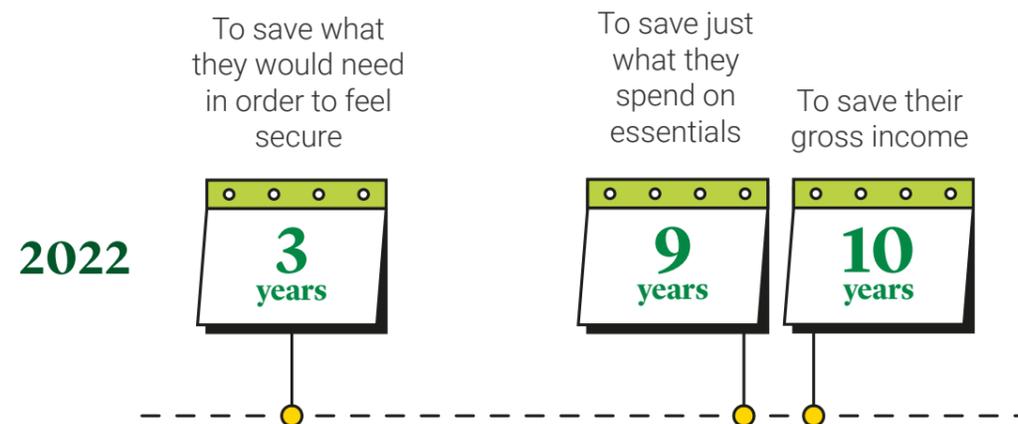
**I did rely on the state 21%**



**I would rely on my family or friends 16%**

**I did rely on my family or friends 22%**

## It would take the average working household



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### Conversation starter

Do your clients know what their state benefit or employee benefits would be? How much would they get, and when would it stop?

Take a look at our educational resources, such as our **Plan Ahead Guide**, to help you position the need and support your client conversations.

# Financial engagement

## How have households engaged financially over the last 12 months?

**Only one in three people are confident they are saving enough for retirement.**

Those aged between 45 and 65 are more likely to have financial reserves, with the need for 'security' cited most often as the reason for putting money away.

Cost is the leading barrier to having savings across all income groups and three in four of those

with £5k+ debt said they couldn't afford to save. However, 22% of consumers said they plan to start saving in the future.

Meanwhile, 45% - over 14 million working adults - are not confident that they are saving enough. And confidence doesn't necessarily increase as people get nearer to retirement age: over 50% of 35-54s and 44% of 55-65 aren't confident in their retirement plans.



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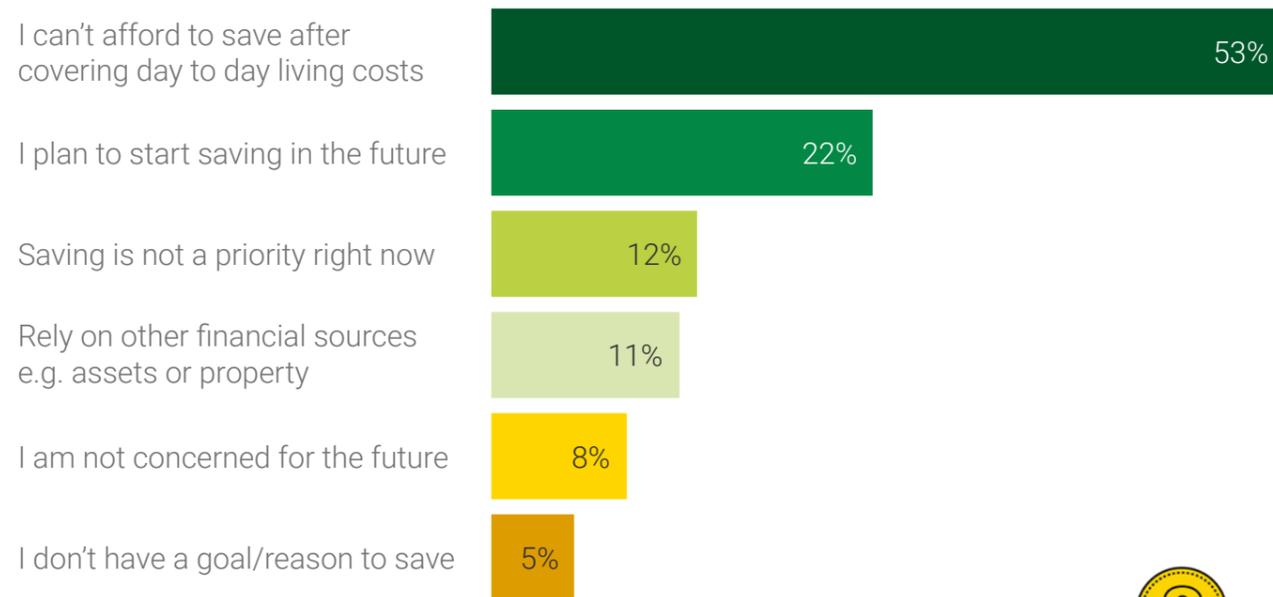
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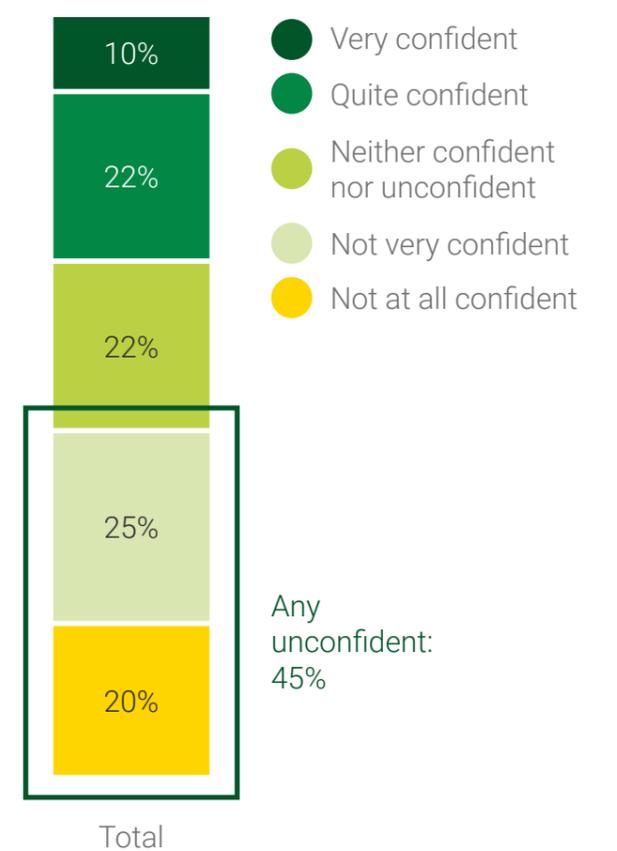
- Confidence in savings
- The protection conversation

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### Reasons for not having any savings



### Confidence in retirement savings



**45% lack confidence they are saving enough for retirement**



# Confidence in savings

**Nearly 17 million people aren't currently contributing to a pension, mainly because they believe they can't afford to, and 2.4 million plan to rely on just the state pension.**

It's worth mentioning that many of those with £50k+ who don't have a personal pension, do have alternatives plans, for example using other investments or property to fund retirement. One in five of those aged 55-65 plan to rely on a state pension, with 7% saying they don't trust pensions. For nearly one in four 18-24 year olds (22%) say

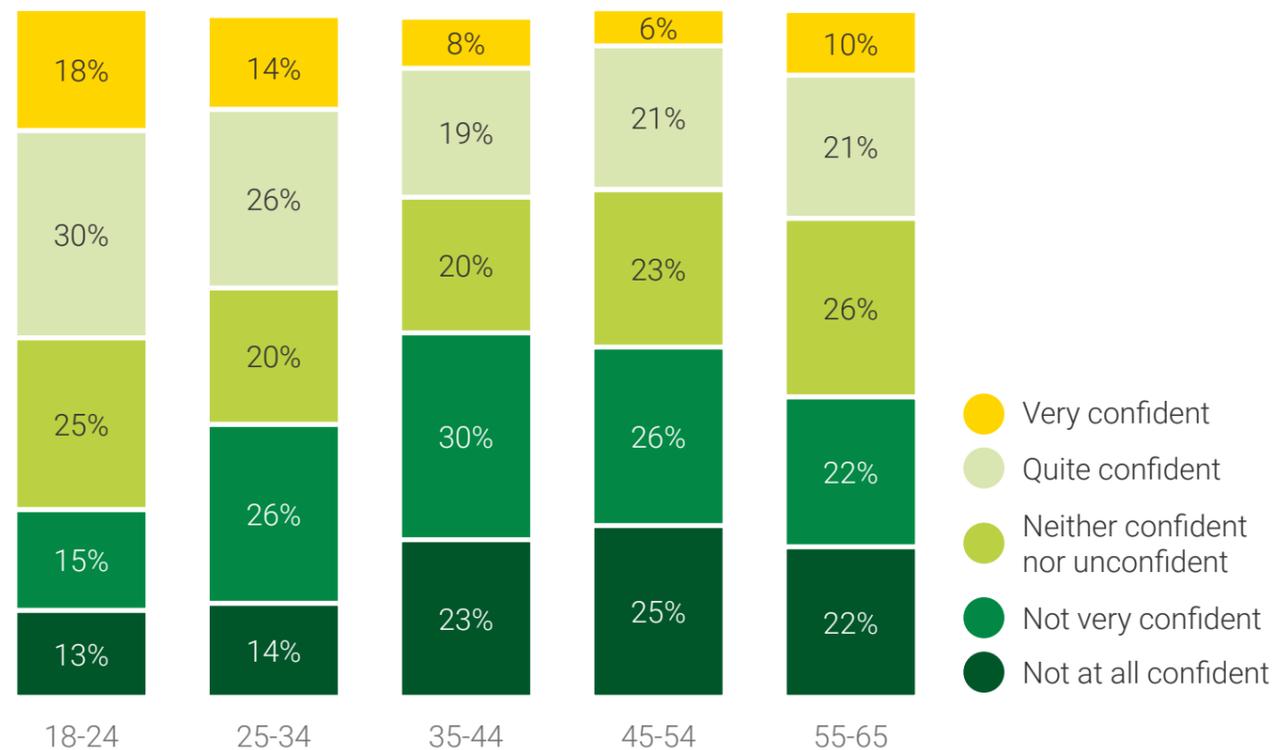
a pension is not a priority yet and for nearly four in 10 (39%) they just believe they are too young.

Covid has also left its mark here. Three-quarters of those impacted by both Covid and the rising cost of living decreased their contributions to their savings, and more than one in three decreased contributions to their pension. Meanwhile, only 16% of those nearing retirement age feel positive about their plans for retirement following the pandemic, with one in five having decreased contributions to savings and 18% now expecting to retire later.



**54% of people aren't currently contributing to a pension**

Confidence in retirement savings



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**Conversation starter**

Cutting back on pension contributions can have long term implications and can also mean missing out on free cash via employers and tax relief.

In the long-term, financial uncertainty may encourage more people to consider Fixed Term Annuities, which provide a guaranteed income for a pre-determined time.

# The protection conversation

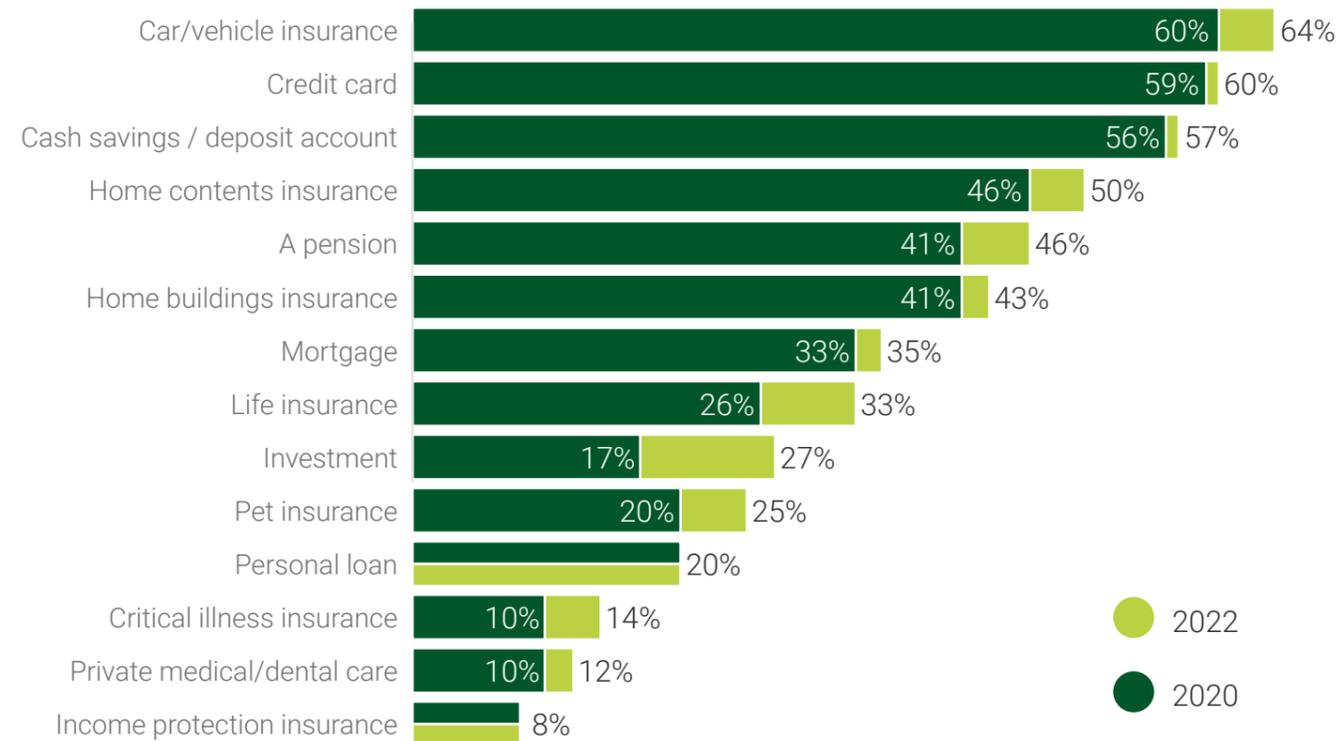
## Cost of living concerns are also impacting how people think about their insurance policies.

Since our last Deadline to Breadline research in 2020 more people have taken out Life Insurance (7%) and critical illness cover (4%), with income protection remaining the same.

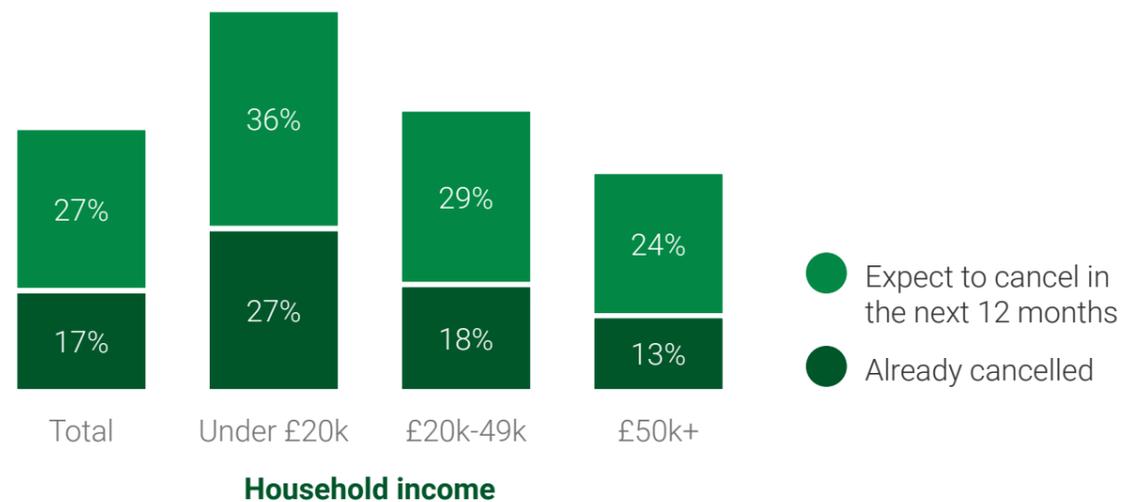
However, within the next 12 months 27% of people with house, car and life insurance policies say they intend to cancel one or more of the policies they hold.

As people look at making savings it is only natural that all outgoings are considered. Advisers are well aware that, in times of crisis, retaining cover is more important than ever.

Financial products currently held (All households)



Impact of rising cost of living on house, car and life insurance policies



**Ownership of protection policies has increased since 2020**

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**Conversation starter**

The good news is that most consumers are not planning to cancel any insurance policies they hold.

Our range of adviser resources, such as calculators, sales aids and case studies are all designed to support your client conversations.

[Find out more](#)

# Working together to support consumers

Fallout from the pandemic and the cost-of-living crisis are making life hard for millions of UK consumers.

This research set out to assess the financial stability and resilience of people across the UK to help advisers understand the concerns and considerations their clients may have at different phases of their life. This insight can help inform conversations, whether that's about the importance of protecting incomes, investing or saving for retirement.

People are worried, and this is prompting them to consider measures to reduce spending and outgoings, but they continue to be hugely over-optimistic about their ability to pay for basics and essentials should they lose their income.

As we now know, the average UK consumer is just 19 days from the breadline, and this figure has declined since 2020. With this in mind, your expert advice and guidance is more important than ever.



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## How Legal & General can help support you and your clients

### Protection

We've sold Life Cover since 1836 and are the UK's number one individual life insurance provider. We also offer critical illness and income protection cover.

**[Find out more](#)**

### Group Protection

We offer Group Life, Group Critical Illness and Group Income Protection for companies ranging from 10 person SMEs to corporates employing thousands.

**[Find out more](#)**

### Retirement Solutions

We offer a holistic solution across the whole retirement savings and income journey, working both directly with customers and through a wide range of employers.

**[Find out more](#)**

### Home Finance

Since 2015, we've helped people over 55 enjoy a more colourful retirement with our Lifetime and Retirement Interest Only Mortgages.

**[Find out more](#)**

If you want to know more, speak to your usual Legal & General contact, or visit

**[legalandgeneral.com/adviser](https://legalandgeneral.com/adviser)**

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