

New research highlights financial naivety of the younger generation

A new report from The Syndicate, a new and innovative research initiative focused on the UK life and pensions industry, has found that today's younger generation of UK adults often believe they know more than their elders about financial matters.

When asked about making potentially complex financial decisions, such as buying critical illness insurance, one of the most confident age groups were aged 18-24, with more than 40% claiming to have sound knowledge and confidence.

The extensive report, which covers a range of themes including gender, the economy, debt, savings, retirement and insurance also found that:

- 41% felt the best way to appreciate the need for protection insurance was to increase awareness of state benefit limitations
- Over 40% have never thought about buying critical illness cover or income protection
- 41% expect to retire beyond the age of 70
- Almost 1 in 5 (17%) do not know how much money they would need in retirement
- Women generally consider themselves to be more up to date with financial matters than men

Commenting on the research findings Peter Le Beau, Co-Chairman Protection Review said:

“The research tells us many things and also suggests several anomalies, one of which is that many people appear to have more protection cover than the real statistics prove. This is a regular finding in studies on the protection market and suggests there is a growing element of imaginary cover in the minds of UK adults.”

Ronnie Bowes, Head of Marketing, Hannover Life Re (UK) added: “To achieve the sales of protection products we believe there is potential for, we need to accept that consumers are not going to buy by default. Technology is vital for the industry's growth in reconnecting with consumers, improving information, access and relationships. Increasing engagement will enhance the customer experience, promoting the true value of the products and services the industry offer.”

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Notes to Editors

A telephone Omnibus was conducted by ICM in September 2011. Sample: 1,000 respondents per wave. Respondents are GB adults aged 18+. In order to achieve a nationally representative sample, data is weighted to the data found in the National Readership Survey conducted with 34,000 adults.

References

The Syndicate Report – It's all down to choice: Defining tomorrow's consumer

- 41% felt the best way to appreciate the need for protection insurance was to increase awareness of state benefit limitations (Section 4.1, p21)
- Over 40% have never thought about buying critical illness cover or income protection (Section 5.2, p28)
- 41% expect to retire beyond the age of 70 (Section 7.2, p36)
- Almost 1 in 5 (17%) do not know how much money they would need in retirement (Section 7.1, p35)
- Women generally consider themselves to be more up to date with financial matters than men (Section 2.3, p12)
- When asked about making potentially complex financial decisions, such as buying critical illness insurance, one of the most confident age groups were aged 18-24, with more than 40% of women claiming to have sound knowledge and confidence. (Section 2.3, p13)

The information contained in The Syndicate press releases is intended solely for journalists and should not be used by consumers to make financial decisions.

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About The Syndicate

The Syndicate is a new and innovative research partnership between the Protection Review and Hannover Life Re (UK), offering membership across the industry with the aim of sharing wider perceptions and ideas by monitoring consumer trends. Members of The Syndicate include Zurich, Friends Life, Exeter Family Friendly and the Finance IT Net-Work. The focus of the research programme is to gain insights into consumer thinking, attitudes and behaviour to understand the differences and complexities of today's consumer.

About Hannover Life Re (UK)

Hannover Life Re (UK) is a leading life and health reinsurer. The rating agencies Standard & Poor's and A.M. Best have awarded Hannover Life Re (UK) a rating of AA- (Very Strong) and A (Excellent), respectively. As part of the Hannover Re Group we benefit from the security of the third largest reinsurer in the world, sharing ideas and resources throughout this global network to provide the best possible services to clients.

About Protection Review

Protection Review is the definitive review of the UK's multi-billion pound health and protection insurance industry. Protection Review was established in 2003 by its then co-directors Peter Le Beau and Andy Couchman. In 2010 Kevin Carr joined as chief executive.