



Aviva Times of our Lives Report

Autumn 2012

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Introduction

The Aviva Times of Our Lives Report was launched in Spring 2012 and tracks the key experiences, ambitions and concerns of people in the UK today as they journey through the ages of life. The report also looks at wealth accumulation and people's financial highs and lows, including how much extra income they wish they had to feel secure, and it provides an insight into their hopes and fears for their future and reflections on the past.

In the past six months, Britain's "squeezed middle ages" have become ever more squeezed, reflecting the continuing effects the current economic climate is having on people's lives, especially in the 35-54 age range. They have the most financial concerns and worries and are least optimistic about achieving their goals for the next two years.

The 'squeezed middle ages' are also those with the largest 'income gap' - the difference between the amount of monthly income that people currently have and what they feel they need to be comfortable. On average it has jumped 13%, indicating a considerable increase in pressure on everyone's finances. But the 35-44s feel they need an additional 32% of income to feel secure.

From income gap to insurance gap - for the first time the report looks at what people think their possessions are worth and finds that on average they are underestimating them by £10,000. This 'insurance gap' exists at all ages but is greatest for the youngest age groups.

Of all people's possessions electronics are deemed the most essential, but it is the family car and home insurance that are the least likely items to be cut - reflecting how much value we place on mobility and the cherished belongings we collect throughout our lives.

Property ownership continues to be the biggest building block of wealth and generally most people think the first home should be bought at 25 - considering that first homes are now not generally bought until the 30s, this is one goal unlikely to be achieved.

And it is interesting to see that among the 18-24 age group, determination has risen in the past six months to achieve career goals and establish a strong financial footing from an early age, a wise move as they enter adulthood with more economic constraints than ever before.

Material Wealth

Wealth: What we're Worth

Richer in retirement

A household's wealth grows steadily through life as assets and possessions are accumulated and debts paid off. Six monthly data (Q2 - Q3 2012) reveals that wealth peaks for the over 65s, when the average homeowner's net wealth is £306,147 and the average non-homeowner's is £62,258.

While both savings and investments and property assets are highest for those aged 65+, the value of home contents and personal possessions peaks for the 55-64 age group at £36,972. Typically people have two cars per household between the ages of 35 and 64, boosting the value of their car assets to £5,300. Debt is greatest for those aged 25-34.

Property is building block of wealth

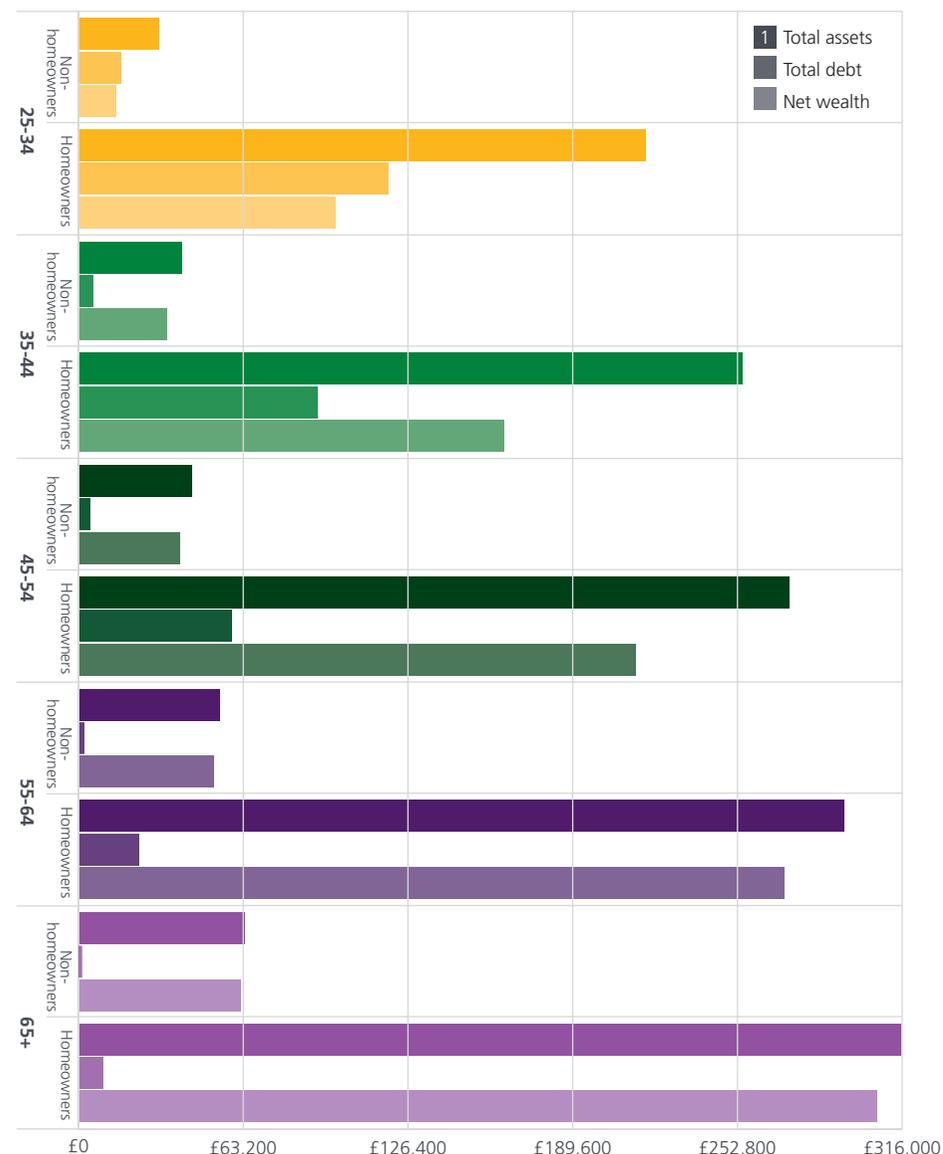
Unsurprisingly, homes make up the biggest portion of owners' assets by far – upwards of 80% – causing a large wealth gap between homeowner and non-homeowner wealth. However, this gap does decrease slightly with age as the values of other assets grow. Being a homeowner means a person is seven times as wealthy as a non-homeowner at 25-34 and five times wealthier when they are 65+. Just over half (51%) of 25-34 year olds own a home with an average value of £186,849, compared to 86% of over 65s when the average value is £251,979.

Net wealth Autumn 2012

	25 - 34	35 - 44	45 - 54	55 - 64	65+
% non homeowners	49%	31%	26%	22%	14%
% homeowners	51%	69%	74%	78%	86%
Household monthly income surplus	£1,027	£948	£962	£860	£816
Savings and investments	£1,536	£1,378	£1,713	£10,861	£25,206
Home contents and personal possessions	£25,725	£31,786	£35,358	£36,972	£34,989
Car(s)	£2,325	£5,300	£5,300	£5,300	£2,650
Total assets non-homeowners	£30,613	£39,412	£43,333	£53,993	£63,661
House value	£186,849	£215,138	£229,101	£239,804	£251,979
Total assets homeowners	£217,462	£254,550	£272,435	£293,797	£315,641
Unsecured debt	£16,355	£5,539	£4,371	£2,295	£1,403
Mortgage outstanding	£102,421	£85,987	£54,201	£20,745	£8,090
Total debt non-homeowners	£16,355	£5,539	£4,371	£2,295	£1,403
Total debt homeowners	£118,776	£91,526	£58,572	£23,040	£9,494
Net wealth non-homeowners	£14,258	£33,873	£38,962	£51,698	£62,258
Net wealth homeowners	£98,686	£163,024	£213,862	£270,757	£306,147

See notes to editors for sources and methodology

Assets, debt and net value of homeowners and non-homeowners



Contents, Cars and Homes

What we value

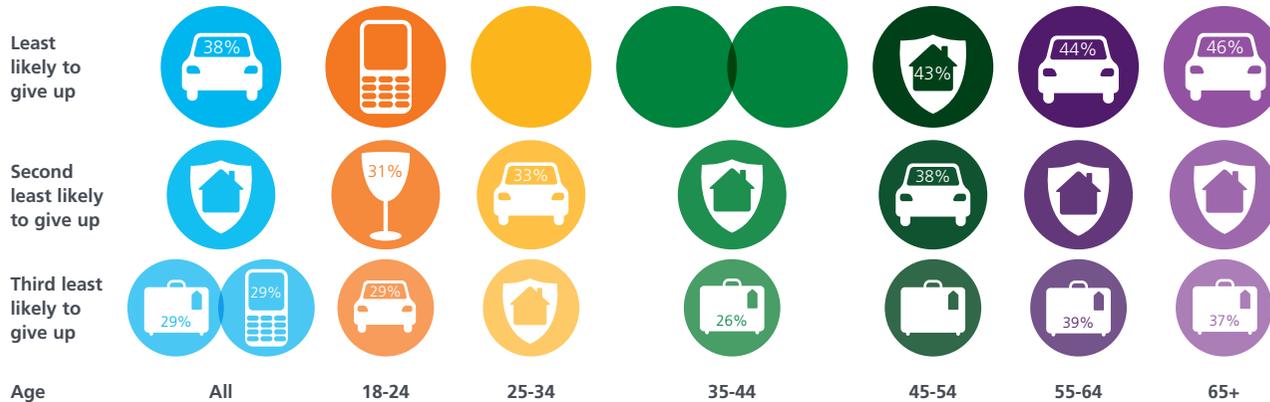
Similar to the results of Spring 2012, Brits continue to prize their cars and their homes, directing a lot of attention towards improving and protecting them, as the research highlights.

Cars won't be cut

Cars (38%), closely trailed by home insurance (36%), would be the last items to go if cutbacks to lifestyle and expenditure were necessary, showing the importance people place on these key assets. Mobile phones and holidays are joint third (29%).

There are differences across the age groups with 18-24 year olds and 25-34 year olds saying mobile phones are the most valued possession (56% and 46%). For 45-54 year olds, who have over £35,000 worth of possessions on average to protect, home insurance is top while, cars rank first for the other age groups.

The last things people would give up



Key



What Brits are driving

Most owned car	Second most owned car	Third most owned car	
VAUXHALL Corsa (2000-2006)	FORD KA (1996-2009)	RENAULT Clio (2001-2005)	18-24
FORD Focus (1998-2004)	VAUXHALL Astra (2004-2009)	VAUXHALL Corsa (2000-2006)	25-34
FORD Focus (1998-2004)	VAUXHALL Astra (2004-2009)	FORD KA (1996-2009)	35-44
FORD Focus (1998-2004)	VAUXHALL Corsa (2000-2006)	VAUXHALL Corsa (2007 onwards)	45-54
FORD Focus (1998-2004)	FORD KA (1996-2009)	VAUXHALL Astra (2004-2009)	55-64
FORD Focus (1998-2004)	FORD KA (1996-2009)	VAUXHALL Astra (2004-2009)	65+

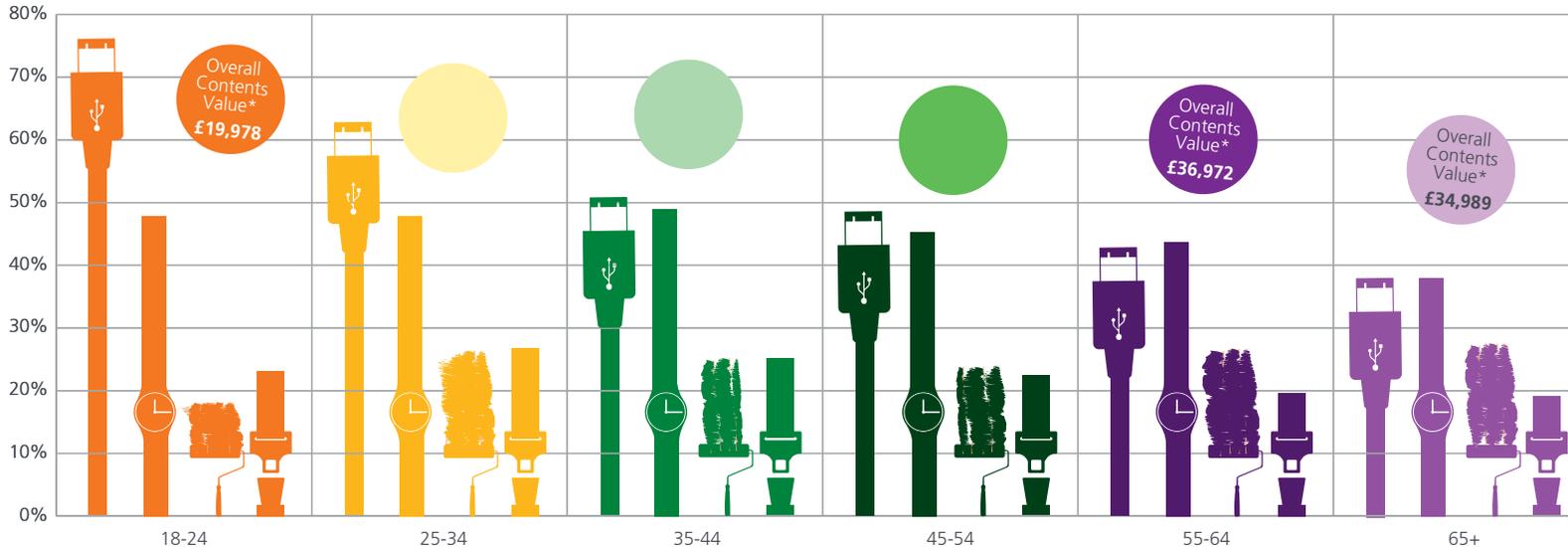
Retaining their dominance over the past six months, 'superminis' and compact cars sweep the board again for all age ranges. The Ford Focus is the most owned car for everyone except the 18-24 year olds, who prefer the Vauxhall Corsa. Ford and Vauxhall dominate the listings with just one exception of the Renault Clio, which makes an appearance as the third most owned car for 18-24 year olds.

Electronics essential

Electronic equipment (51%) remains Brits' most important possession, ranking above personal possessions such as photographs and jewellery (46%) for a second time. This reflects the key role digital devices play in our everyday lives, whether for keeping in touch with friends and family or for entertainment or work.

The youngest age group appears the most materialistic, valuing their electronic equipment (76%) and clothing (36%) more than any other age range. Only a handful (7%) state possessions aren't important, significantly less than those aged 65+ (26%). Electronic equipment is least important to the 55-64 and the 65+ (43% and 38%) age groups, with personal possessions ahead or equaling their value (44% and 38%).

Our most important possessions



Key



Decorating desires

As in Spring 2012, redecorating ranks number one for home improvement hopes over the next two years (39%), followed by landscaping the garden and fitting a new kitchen (15%).

25-34
year olds are planning the most changes to their home

37% of **25-34s** will be installing a new kitchen or bathroom

24% of **45-54s** can't afford any home refurbishment

Only **4%** plan to make energy saving improvements e.g. solar panels

Mind the Gap

The Insurance Gap

Brits unaware of belongings' true value

Focused on the value of tablets, laptops and mobiles, we sometimes forget about the basics – carpets, couches and cooking pots. Brits are underestimating their possessions by over £10,000 on average.

With the cost of clothing, carpets, curtains, white goods, and furniture likely to run into the £1000s, it's clear that people are not always considering all their possessions when estimating their value. This creates an insurance gap between what they think they have and the average insured amount, which peaks among the 35-44 age group at almost £15,000.

As a percentage of their actual possessions value however, the 18-24s have the biggest insurance gap (123%), and this steadily decreases with age as people become more aware of the value of their belongings.

For those without insurance, the cost of replacing belongings in an unexpected event may be much more than anticipated. It is also important to ensure that people have the right cover to protect all the possessions they've built up over the years.

Key

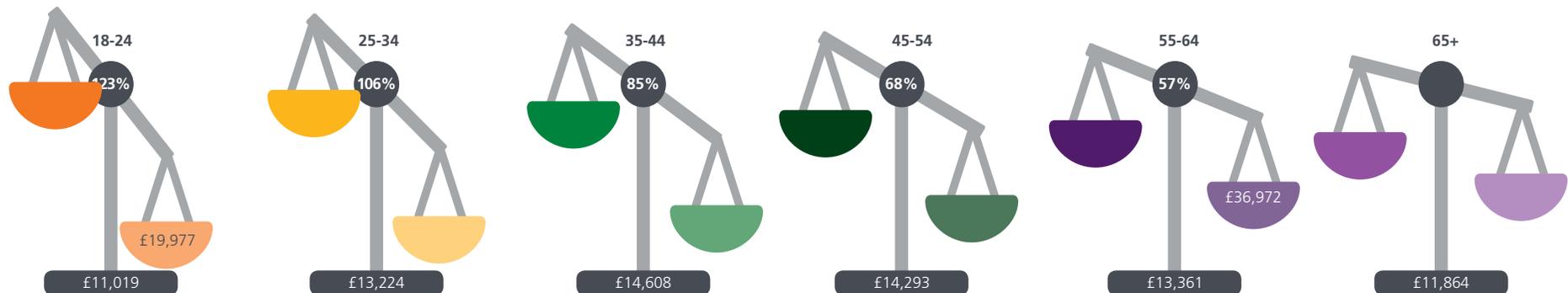
Age

Estimated possessions value

v

Actual possession amount (Aviva data)

Insurance gap



The Income Gap

13% Jump in amount of money Brits need to be comfortable

Underpinning the ability to build up assets and manage debts is a steady income. However, Brits still feel they need significantly more money than they currently receive to be comfortable. In fact the income gap is growing – £466 is the average extra each household now desires, a rise of 13% on Spring 2012 (£411). This is an extra 25% on top of their actual income.

This shows that people are feeling even more financially squeezed than they were as they strive to cope with inflation and a difficult economic climate.

£28,889

Average annual gross household income

£1,848

Actual average net monthly household income

£8,224

Average annual gross pay rise required to feel comfortable



18-24



25-34



35-44



45-54



55-64



65+



£26,524



£32,523



£29,735



£30,212



£26,630



£25,077



£1,714



£2,054



£1,896



£1,923



£1,720



£1,632



£532



£581



£612



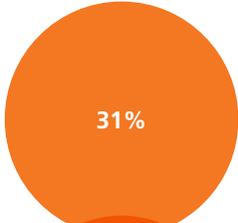
£559



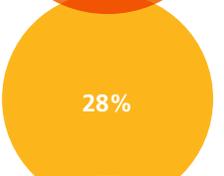
£316



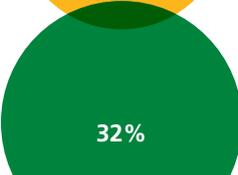
£23



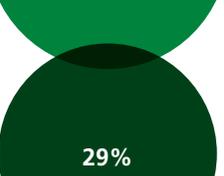
31%



28%



32%



29%



18%

• 1.40%

Actual average annual gross household income

Actual average net monthly household income

Desired extra monthly income Autumn 2012 (net)

Extra percentage of income desired (net)

In contrast to Spring 2012, when the income gap was largest in the 25-34 age group, the 'squeezed middle ages' of 35-44s is the group that reports the highest desired amount (£612) in Autumn 2012. The income gap in this age group has risen by £16, while it has fallen amongst the 25-34s by £46, perhaps because 35-44 year olds need to make up for a drop in income while still managing large outgoings and debts.

Those over 55 have a far smaller income gap than those under, with the gap for the 65 plus age group just £23 a month.

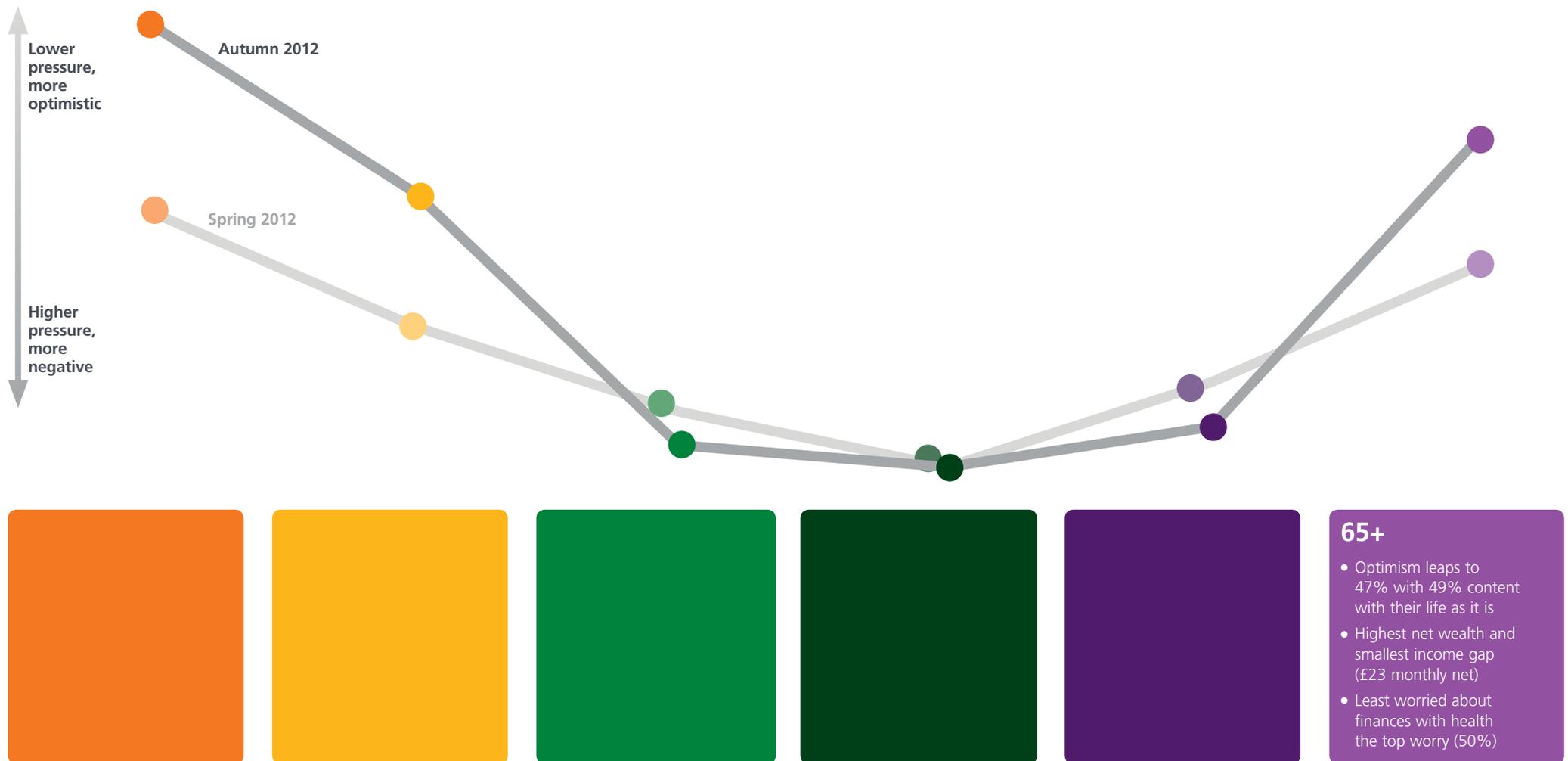
Emotional Health

The U-shaped Curve of Life Deepens

The research illustrates a U-shaped curve in which the youngest and oldest people are the most optimistic about achieving their goals and those in the 'squeezed middle ages' are the most pessimistic, although contentment actually increases with age.

This is similar but more accentuated than the curve found in Spring 2012. The 18-24s are most optimistic of any age group, with an optimism score of 56%.

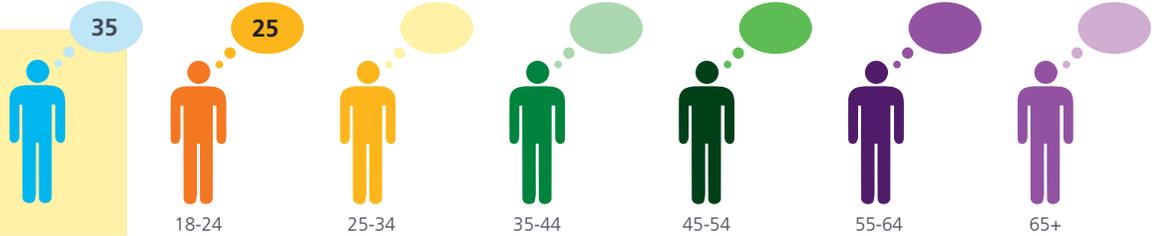
However, it is 35, the start of one of the most pessimistic age groups that is still considered the best age to be by all adults.



Age of Contentment

35 remains the golden age for Brits

As in Spring 2012, people deem 35 the best age to be - it's when they feel a person has the most self-confidence (62%) and the happiest personal life and relationships (61%) - they also expect people to have achieved most of their key life milestones by this point. However a look at current goals and worries suggests that it's also a time when a high level of responsibilities can cause a severe dent to optimism.



The chosen age of contentment rises as people get older, with those 65+ selecting 45 as their favourite age. Few are content with their current age, wanting to be older when they're younger and younger once they're older.

The younger people are, the more likely they are to value personal ambition or potential when weighing up the best age to be. In contrast, the older people become, the more likely they are to value financial security and having fewer responsibilities or worries.

Ideal Milestones

Twenties the decade to tick off the targets

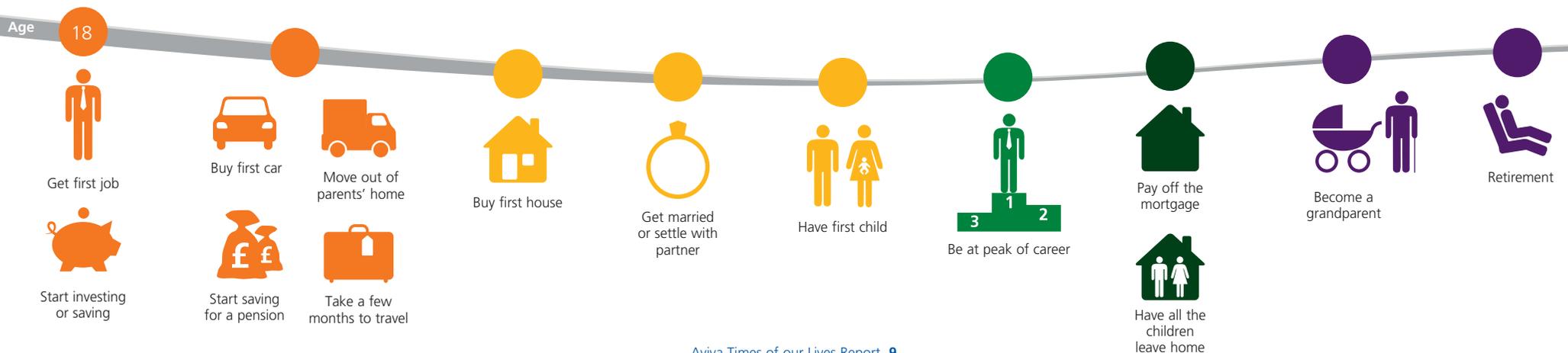
It's no wonder younger people are feeling the pressure to achieve. According to Brits' list of ideal milestones, they are expected to do everything from moving out of their parents' home to having their first child all in their twenties. As well as moving out, 21 year olds are supposed to buy a first car, start saving into a pension, and find the time to travel.

Expectations of when milestones should be achieved are ambitious, with the ideal age for buying a first home put at 25, compared to an actual national average of 31¹, and getting married put at 27, compared with an actual average of 29².

Changing times move the goal posts

Younger people tend to have a slightly more realistic view of ideal ages than older people, perhaps as it is they who are facing these milestones currently. 25-34 year olds put the age to buy a first house and get married at 28, closer to their actual average ages and three years higher than the over 65s say is the ideal age for these milestones.

Since Spring 2012, the age to start saving or investing has fallen from 20 to 18, reflecting the straitened financial circumstances and the pressure on young people to build a sizeable savings pot from a young age.



What we Want to Achieve

Family and finances in poll position

Goals over the next two years remain similar to those of Spring 2012 and cultivating a happy family life is a key goal across the age groups, usually ranking in the top three. Managing personal finances is also high up on everyone's list of things to achieve.

The priorities for the 18-24 age group include getting established in their career (44%), buying a first home (24%) and moving out of their parents' home (23%), as they look to set themselves up for adult life.

Having become more established, 25-34s plan to focus on their personal life, with a quarter aiming to get married or settle with their partner in the next two years and a fifth (22%) intending to have children. Understanding the importance of financial stability, over a quarter (26%) wants to continue to save regularly.

With responsibilities mounting for the 'squeezed middle ages', 35-54 year olds are focusing on their finances. Just under a quarter (22% of 35-44s and 23% of 45-54s) plans to reduce or pay off their mortgage and continuing to save and pay off debt also feature.

Those aged 55-64 are starting to get ready for their retirement and make time for themselves, perhaps as their debt is reducing and their children are becoming more independent. Almost a fifth (18%) has the ambition of doing some travelling, although finances are still important.

Those of typical retirement age intend to focus on their family and social life while continuing to save. Nearly half (49%) of this group is happy with their life as it is.

Two-year goals

	1st	2nd	3rd
 18-24	44% Get established in my job/career	38% Start to save regularly	34% Good relationship with partner/happy family life
 25-34	26% Continue to save regularly	25% Get married / settle with a partner	24% Start to save regularly
 35-44	25% Good relationship with partner/happy family life	23% Continue to save regularly	23% Continue to pay off my debts (e.g. credit card/ student loan)
 45-54	25% Good relationship with partner/happy family life	23% Reduce/pay off my mortgage	19% Get a new job
 55-64	25% Good relationship with partner/happy family life	18% Travel the world	17% Reduce/pay off my mortgage
 65+	21% Good relationship with partner/happy family life	14% Help my children financially (e.g. first home / student loan)	13% Travel the world

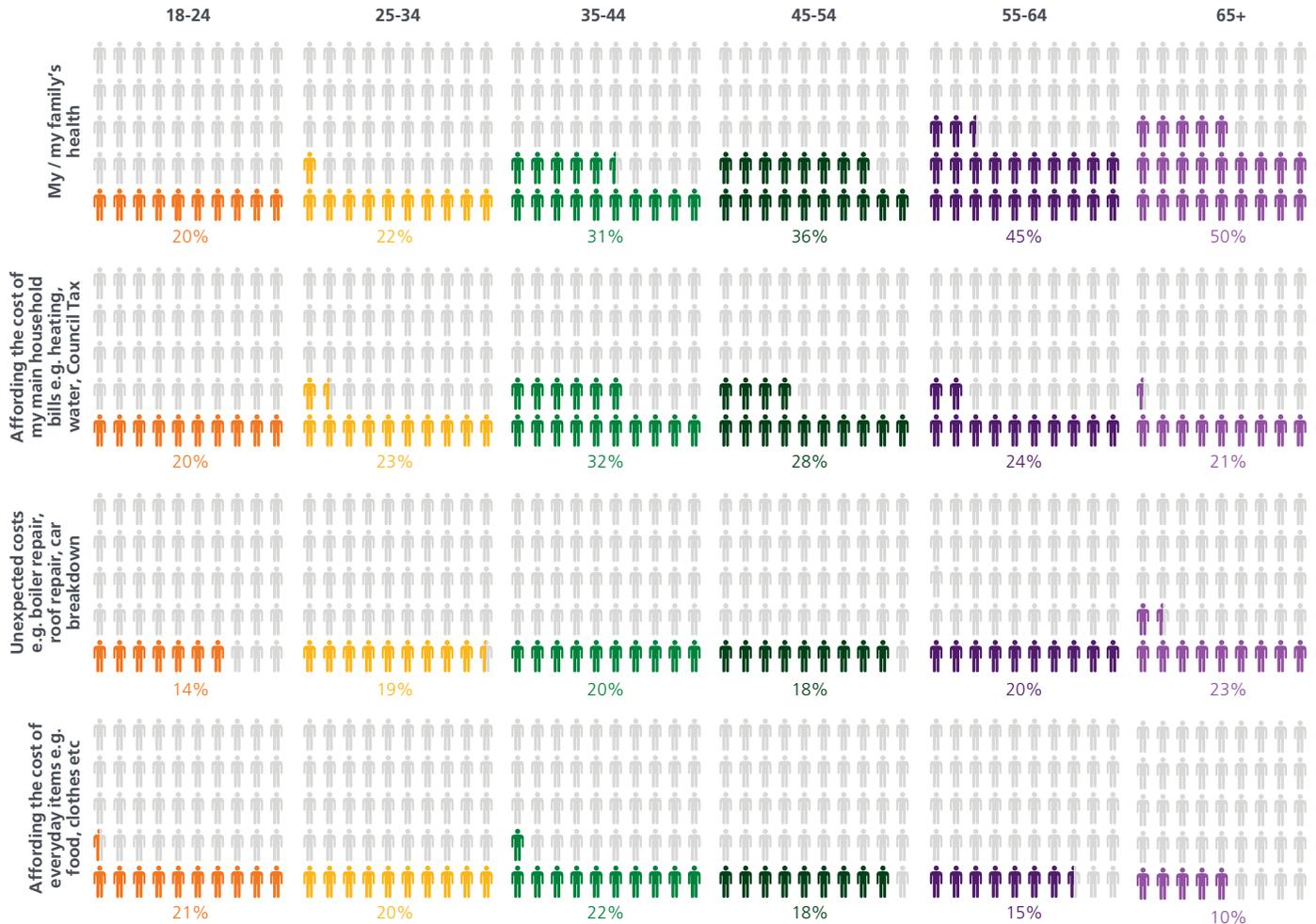
What we're Worrying About

Health and wealth cause a lifetime of worry

Personal and family health (35%) and the cost of household bills (26%) remain the main concerns across all the age groups over the next six to twelve months. These come above worries about career progress, savings and pension provision, suggesting that the immediate high cost of living is a greater worry than longer term financial stability.

Brits' concerns mirror their goals. They worry about the things that could prevent them from meeting their aspirations.

Top worries - Health and finances



Real World, Real Worries

Faced with a floundering economy, the top worries for 18-24 year olds are career progress (30%) and getting a job (27%). This is the group the most concerned about rising house prices (10%) as they hold on to the conventional dream of getting onto the property ladder, despite the financial barriers.

The 25-34 age group is concerned about household bills and career progress (23%), with family health (22%) ranking third. The cost of everyday items (20%) and unexpected expenses (19%) are also a cause for concern.

As in Spring 2012, the 'squeezed middle ages' from 35 to 54 have the most concerns, with financial issues being a key area of worry. They are the age groups the most worried about meeting the cost of household bills (32% of 35-44s and 28% of 45-54s) and those aged 35-44 are also those the most worried about affording everyday items (22%) and their mortgage or rent (13%). Health comes top for the first time for 45-54 year olds (36%) and 13% are worried about their children's progress in life.

For those approaching and in retirement, personal and family health is far and away the top concern (45% of 55-64s and 50% of 65 and overs). However, the anxiety about money lingers, with a quarter of those over 65 worried about the cost of elderly care and around a fifth concerned about paying the bills.

= 2% of the age group

Will we Achieve our Goals?

Glass half empty for 'squeezed middle ages'

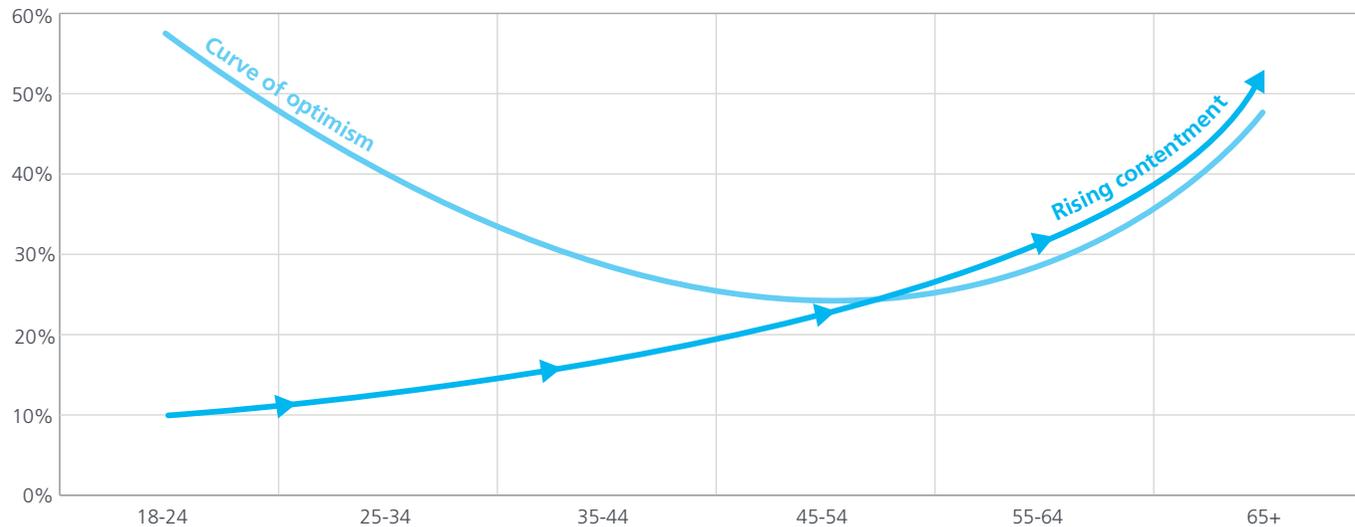
The trend for the youngest and oldest age groups to feel most optimistic about achieving their goals, and those in the middle the least optimistic, has become even more accentuated since Spring 2012.

Nearly eight in ten (78%) 18-24 year olds are optimistic that they will achieve some or all of their goals, compared to 22% who believe they will achieve few or none. This gives them a net optimism score of 56%. Optimism then drops off steeply, flattening out between the ages of 35 and 64 but hitting a low of 25% for 45-54 year olds, before recovering rapidly in the 65+ age group.

Despite this, contentment continues to increase with age – and more markedly than in Spring 2012 - with only 8% of 18-24 year olds claiming to be happy with their life as it is right now, compared to half (49%) of those 65+.

This adds weight to the theory that people change from ambition to realism in middle age and then become more content as they tick off some goals while accepting that others are simply not going to be possible.

Optimism vs Contentment



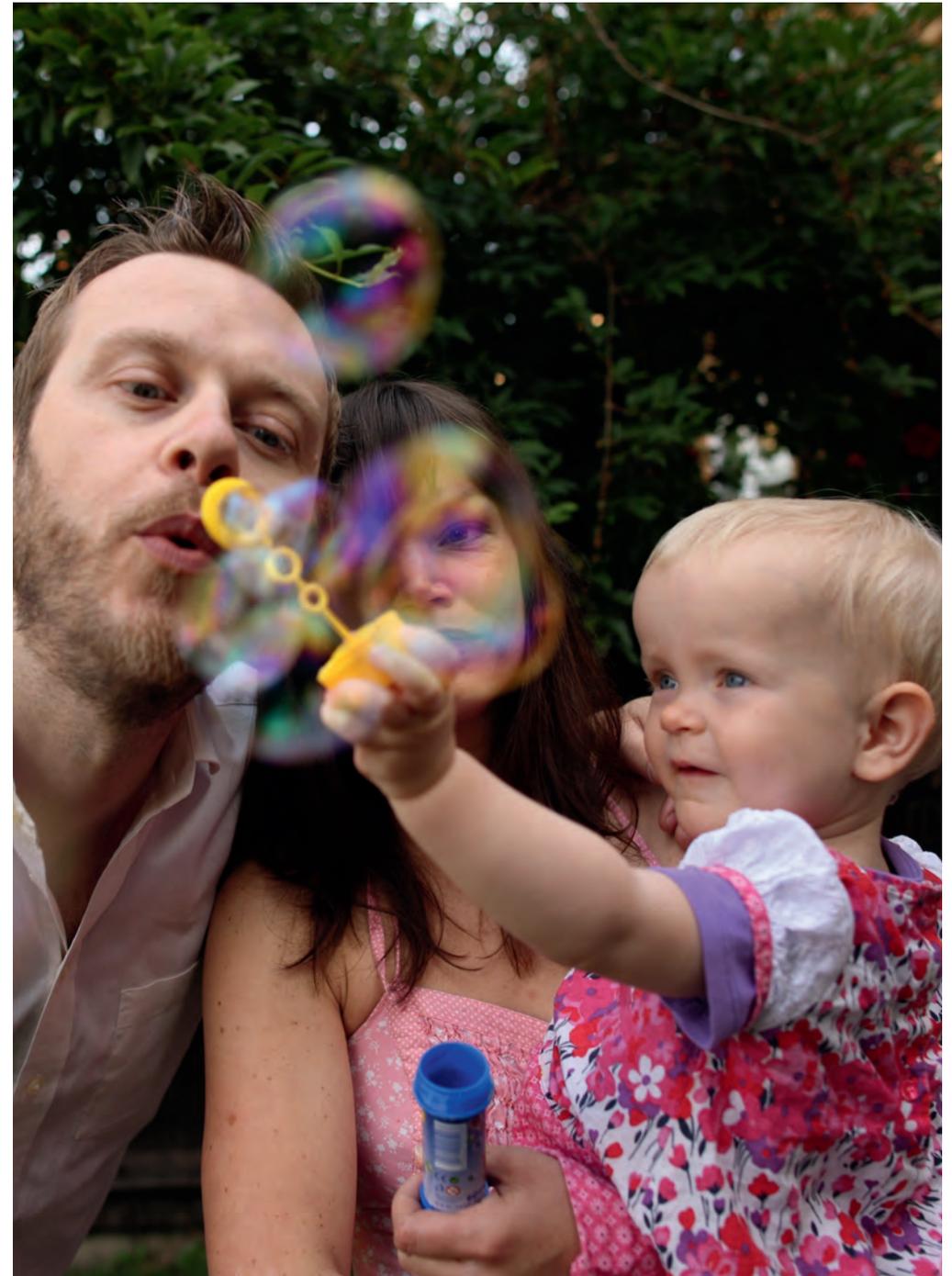
Conclusion

The second Aviva Times of Our Lives Report provides strong insight into how the current economic and social backdrop is affecting the goals, concerns and finances of Britons at all stages of life.

People in every age group have a clear picture of their ideal life, but it is apparent that the external environment is having a significant impact on their finances and optimism and potentially on their ability to achieve what they aspire to.

However despite this financial pressure and worry, the Report reveals that home is still where the heart is and maintaining a happy family life is a goal that remains constant throughout life.

And while it may be the age when financial pressure starts to peak, 35 remains the age that most people say they want to be - this is the age when people feel most self confident and believe they have the happiest personal life. However echoing our Spring 2012 findings, life appears to get better as you get older with over-65s the most content. Whether the next generation will feel so optimistic when they reach the same age is yet to be seen.



Notes to Editors

The Aviva Times of our Lives Report was produced by the Wriglesworth Consultancy.

As part of this, 2,316 adults were interviewed by Opinion Matters between 8th and 22nd August 2012.

The report also contains Aviva General Insurance data from 2012 and additional statistics from the sources detailed below for the net wealth calculations.

Wealth: What we're Worth

The net wealth of people and their possessions is the value of their total assets minus the value of their total debts. To obtain these values, desk research has combined Aviva quote data from 2012 with Opinion Matters consumer research from the Aviva Real Retirement Reports (RRR) for Q2 and Q3 2012, conducted among over 1000 UK adults above the age of 55, and Aviva Family Finances Reports (FFR) for Q2 and Q3 2012, conducted among over 2000 UK adults.

Assets	Source
1. Percentage of non/homeowners	1. Q2 and Q3 2012 Aviva RRR/FFR data
2. Monthly income surplus – average amount of income remaining after expenditure	2. 50% of net monthly household income (median value): Opinion Matters research Aug 2012
3. Savings and investments	3. Median value: Q2 and Q3 2012 Aviva RRR/FFR data
4. Contents sum insured	4. Aviva 2012 data
5. Car values	5. Glass's Guide 2012
6. House value	6. Mean value: Q2 and Q3 2012 Aviva RRR/FFR data
Debts	Source
1. Unsecured debt	1. Mean value: Q2 and Q3 2012 Aviva RRR/FFR data
2. Mortgage outstanding	2. Mean value: Q2 and Q3 2012 Aviva RRR/FFR data

1 Rightmove First Time Buyer Report July 2012

2 ONS marriage summary statistics 2010 (provisional) Average age at marriage of single men and women

Further information

For further information on the report or for comment, please contact

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