

NEWS RELEASE:

PLANNING FOR CHILDRENS' FINANCIAL FUTURES TAKE BACKSEAT FOR UK HOUSEHOLDS AS FINANCIAL CRISIS BITES

- **Foresters Friendly Society Calls Upon Parents To Save Now To Stave Off Financial Black Hole for the Noughties Generation**
- **Parents In The North Least Concerned By Children's Financial Future**

10 December 2008; Household financial planning priorities are changing drastically as the financial crisis continues to bite hard, leading more and more parents to inadvertently place their children's financial futures at risk, according to research commissioned by Foresters Friendly Society.

The heightened level of economic uncertainty over the past 12 months, which has combined with factors including rising energy prices to drain consumer confidence levels, has negatively affected UK parents' attitudes towards the importance of saving for their children.

The research reveals a north-south divide, with parents in the south more likely to be concerned with their children's financial future. Parents in London (17 per cent) are the **most likely** in the UK to consider saving for their children to be more than a priority than they did twelve months ago. Whereas, saving for children is likely to be a lower priority for families in the North West and Yorkshire in particular where 7 per cent of parents considering this **less of a priority** now than this time last year - the highest across the UK.

Recent reports¹ have also indicated that 37 per cent of UK consumers are saving less money, in general, now than they were six months ago.

Commenting on the findings, Neil Armitage of the Foresters Friendly Society urged parents to take positive action by saving now for their children's' futures and to hit back at the prospect of an ever-widening gap in the amount of money set aside by the nation to support the next generation.

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This call comes despite claims from Liberal Democrat Treasury Spokesperson, Vince Cable MP that families would be better to pay off debts than invest in Child Trust Funds.

Neil Armitage said: "Investment funds of all kinds have been hit hard by the impact of plummeting stock markets amidst the economic crisis. However, our research suggests that there is a significant risk that the shortfall in the amount of money being set aside for the next generation of savers and investors is growing.

"Saving and investing money for today's children has to be a long term priority for families, who need to take a long-term view when it comes to assessing the potential benefits of doing so.

"Building up savings can also be an easy habit to break when times are hard but one which is hard to return to once confidence in the economy picks up. Setting aside an affordable amount on a monthly basis now could make all the difference in the future."

Meanwhile savers, including those saving for their children, should review their long-term savings aim to take account of the impact of rising prices. Savers should review their savings on an ongoing basis and top them up as appropriate to ensure that they are inflation-proofing the nest egg created for their children.

Neil Armitage continues: "It's absolutely crucial that parents take action now to boost the amount of money invested to support today's children tomorrow. Child Trust Funds have a key role to play here.

"Now is also the time to take stock of what's happened and to focus on the future. As economic conditions become more challenging, a healthy savings balance could prove to be a financial lifeline for some families during the economic storm."

The research found that only 11 per cent of parents in the UK are now **more** concerned than they were twelve months ago with the importance of saving for their children's future.

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The research findings also reveal that:

- Nearly three quarters of adults (72 per cent) are more worried about the prospect of falling upon financial hard times than they were twelve months ago. Among this group, 52 per cent highlight the fear of an unexpectedly large gas or electricity bill dropping on the doormat as their main concern.
- UK adults are making a conscious effort to cut back on monthly expenditure across the board with eating out and takeaways the treats they're most likely to have cut back on. 53% of people have cut spend on eating out and ordering take-aways; 44% on clothing and 38% have decided to forgo a drink at the pub.
- Contrary to traditional stereotypes, women have been quicker than men to cutback their spending on clothing during the last twelve months. More than half (54 per cent) of female respondents said they had cut their cloth to measure in this respect, compared with a third (33 per cent) of their male counterparts.

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¹ Lloyds TSB Consumer Banking

Notes to Editors

- The poll canvassed the views of over 2,000 adults across the UK. Fieldwork was carried out by YouGov on behalf of Foresters Friendly Society.
- Neil Armitage is available upon request for media interviews.
- Further regional breakdowns of the research are available upon request.

About Foresters Friendly Society:

Foresters Friendly Society was founded in 1834 and offers a range of financial saving, investment, insurance and protection products, as well as educational grants and healthcare support for its members. The Society has £183 million in Group Assets Under Management at 31 December 2007 (Source: Foresters Friendly Society Annual Report 2007). All financial products come with the accompanying benefits of membership of the Society at no additional cost. There is no obligation to purchase a financial product in order to become a member. The Society currently includes over 70,000 members across 250 UK branches.

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