

Financial Resilience Report 2022

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PART OF THE SERVE AND PROTECT FAMILY

POLICE//CU **PRISON//CU** **MILITARY//CU** **FIRE//CU** **HEALTH//CU**

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About this Report

Serve and Protect Credit Union is proud to serve over 38,000 members throughout the Police, Prison, Military, Fire and Health Services.

In October we launched our annual Financial Resilience Survey which provides insight into the overall financial resilience of our members, the financial challenges they face and the impact this can have on their well-being.

This year we captured the views of 4,080 respondents, across the various markets we serve. The report breaks down the answers provided by those who completed the survey question by question.

Participants have been categorised by their employment status:

- Police & Law Enforcement (Police)
- Prison & Probation Service (Prison)
- Armed Forces (Military)
- Health & Social Care (Health)

Due to the small sample size for employees working in the Fire & Rescue Service, their answers have not been highlighted in this year’s report.



Views from

4,080

of our members

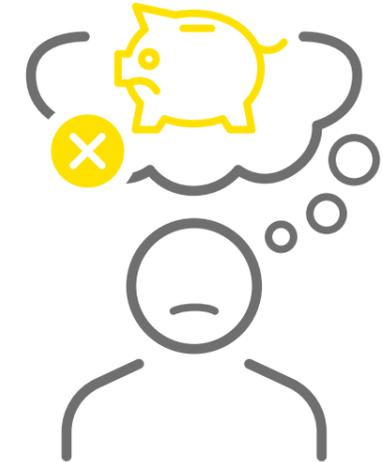
As statistics in this report indicate, financial resilience plays an important part in the lives of our members. We hope that this report will be useful for our stakeholders, to better understand the challenges faced by the Serve and Protect family.

Citations of this survey report should read “Serve and Protect CU’s Financial Resilience Report, 2022.”

At Serve and Protect Credit Union, our mission is to improve the financial resilience of those who serve and protect our nation.

Understanding Financial Resilience

Financial resilience is the ability of an individual or household **to withstand life events** that may impact their income and/or assets.



Events such as **job loss**, **unexpected illness** and **divorce** can have a significant impact on our finances.

It is important to understand how **financially resilient you are**, and ways you can prepare to withstand future events that may impact your personal finances.



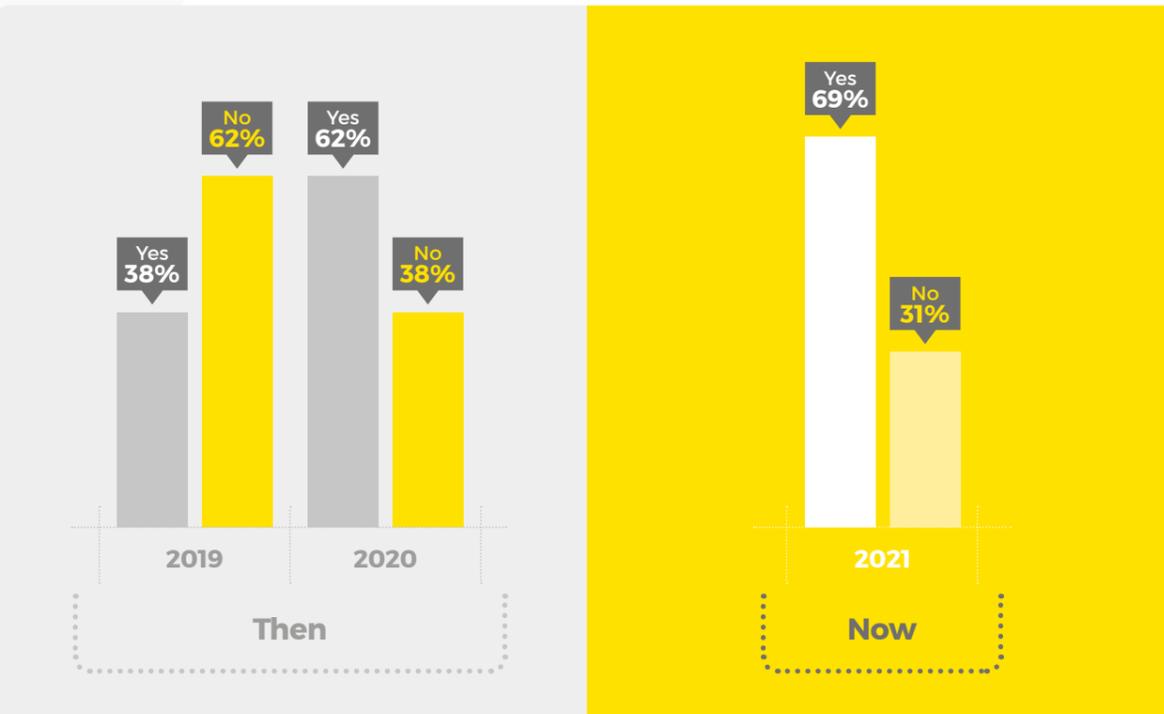
Then and Now

We first surveyed our members in October 2019, asking questions to better understand their financial resilience. This helped shape our strategy to work alongside our stakeholders to find solutions to help improve the financial resilience of their employees.

Since our first report, one question has remained constant: "Could you cope financially with a change in circumstances, such as relationship breakdown, unemployment, or sickness?"

Here's how our members answered then, and what they say now.

Figure 1: Could you cope financially with a change in circumstances, such as relationship breakdown, unemployment, or sickness?



Members who have been saving with us for less than 12 months were 11% less likely to be able to cope with a change in circumstances.

¹Serve and Protect CU's 1st annual Financial Resilience Report, 2020.
²Serve and Protect CU's 2nd annual Financial Resilience Report, 2021.

Withstanding Life Events

The level of an individual's financial resilience does vary depending on their employer group. There were significantly lower levels of financial resilience from respondents employed within the Police and Military. With over 50% of respondents from the Prison Service indicating that they would not be able to cope financially with a change of circumstances.

Although employment within the markets we serve may be deemed more secure than most - as a credit union we often find the loss of a partner's income has the greatest impact on an individual's financial resilience. 31% of respondents said they would not be able to cope at all or would have difficulty coping financially if their partner lost their job.

Figure 2: Could you cope financially with a change in circumstances, such as relationship breakdown, unemployment, or sickness?

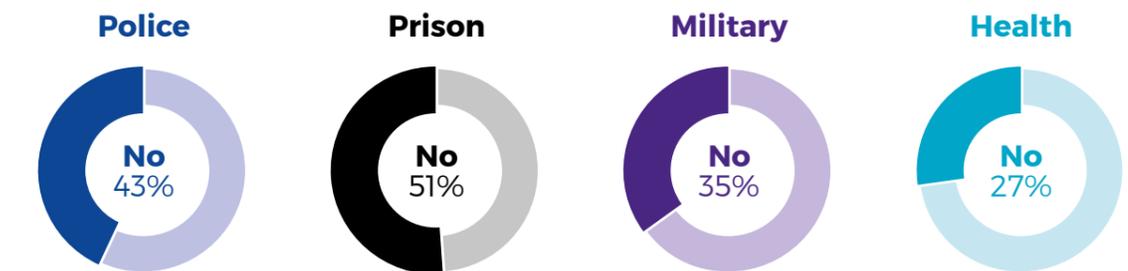
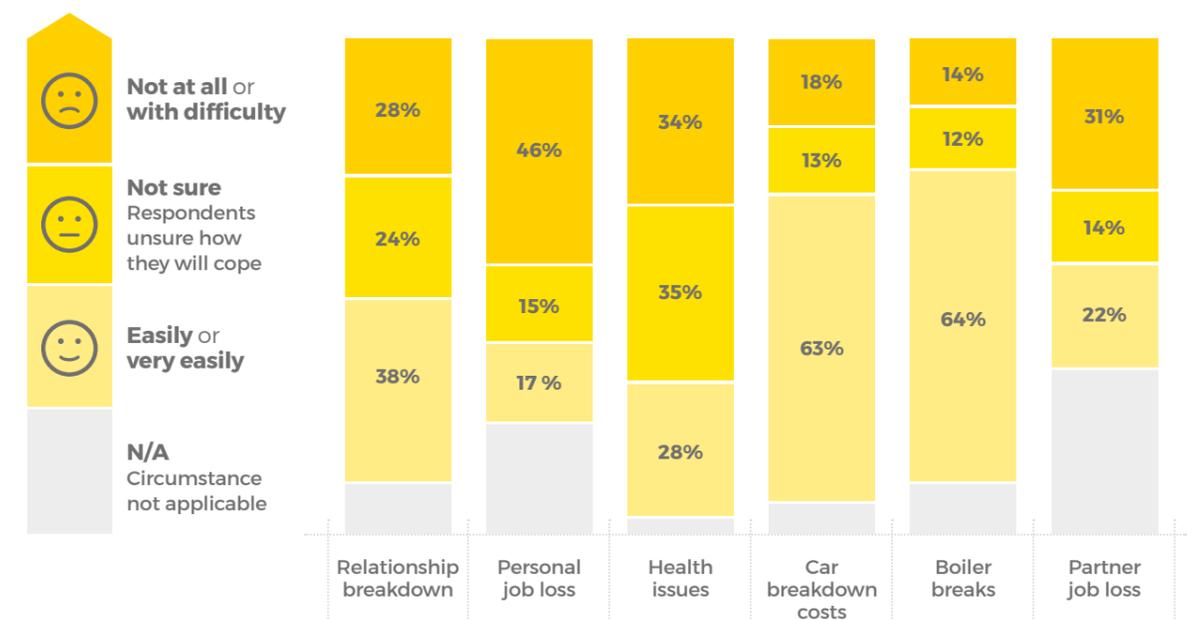


Figure 3: To what extent could you cope financially with the following circumstances?



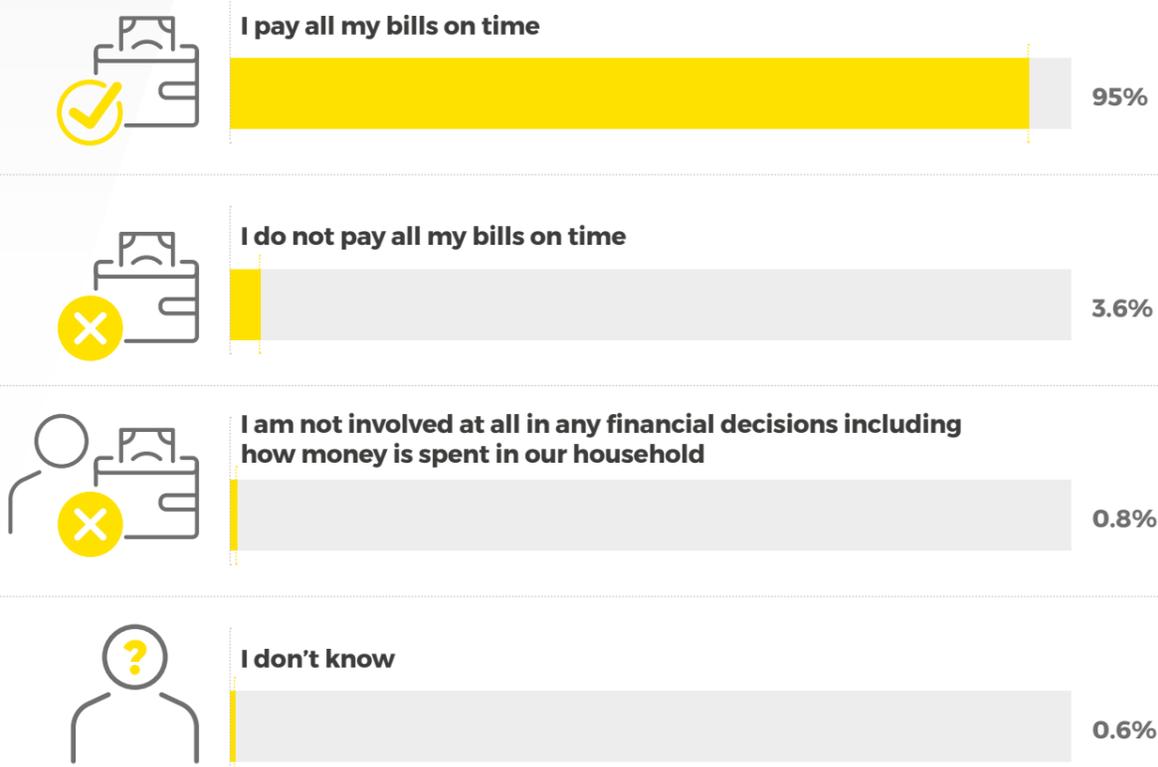
Money Management

Taking the time to manage and understand your financial commitments is a very simple way to improve your financial resilience.

Completing a budget, setting savings goals, and ensuring you pay your bills on time can all help ensure you start to build a savings habit and improve potential access to affordable credit, if required in an emergency.

Our survey found that on average 3.6% of respondents do not pay their bills on time. This figure was 6.8% for respondents within the Prison Service.

Figure 4: Which of the following best describes your financial situation?



3.7% of Police respondents do not pay all their bills on time.



6.8% of Prison respondents do not pay all their bills on time.



5.8% of Military respondents do not pay all their bills on time.



5.9% of Health respondents do not pay all their bills on time.



Timely Repayments

If you don't pay your bills on time, you could damage your credit score for years to come. However, there are strategies to help you pay your bills promptly.



- 1 Make a list of every bill you have
- 2 Find out when each payment is due
- 3 Add your payments to a calendar on your phone
- 4 Set up automated payments whenever possible
- 5 Be open and honest if you are struggling
If you are struggling to meet your repayment, get in touch with the company as they may be able to help you.

Financial Stress

When asked which factor causes the most stress, 40% of respondents ranked 'Money' as having the biggest impact. This was consistent for the majority of the markets we serve, other than those employed within the Police who found work to be slightly more stressful.

Almost 1 in 10 respondents experienced financial related stress daily, and 21% either on a daily or weekly basis.

Figure 5: Which of the following factors cause you the most stress? *

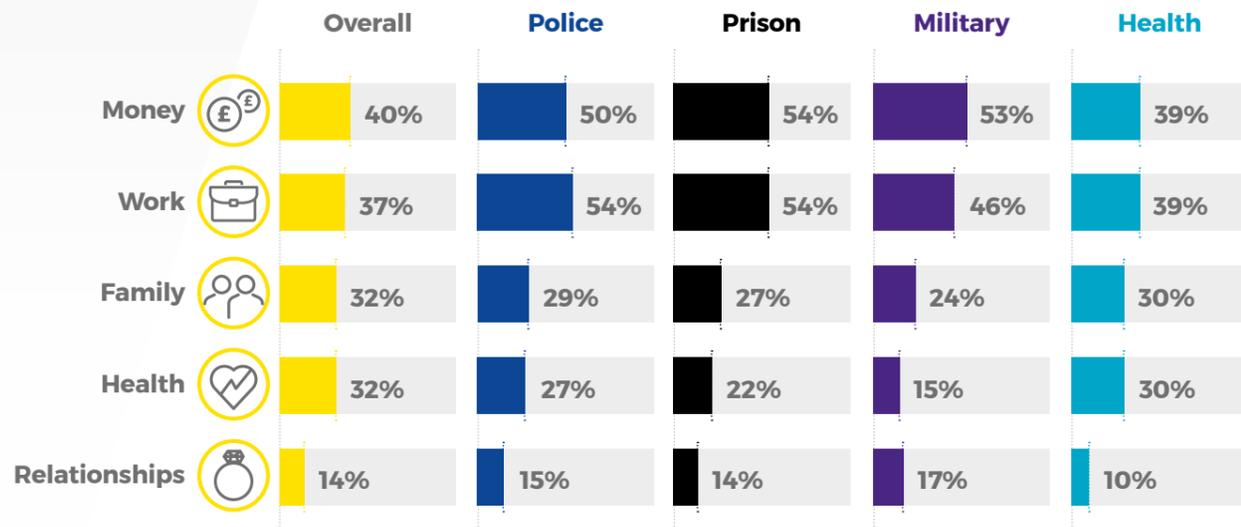
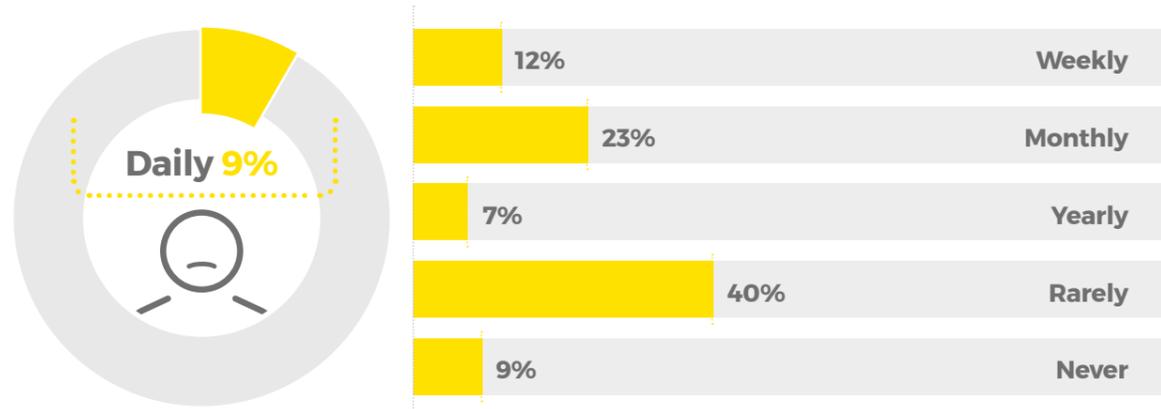


Figure 6: How often do you feel stressed about your finances?



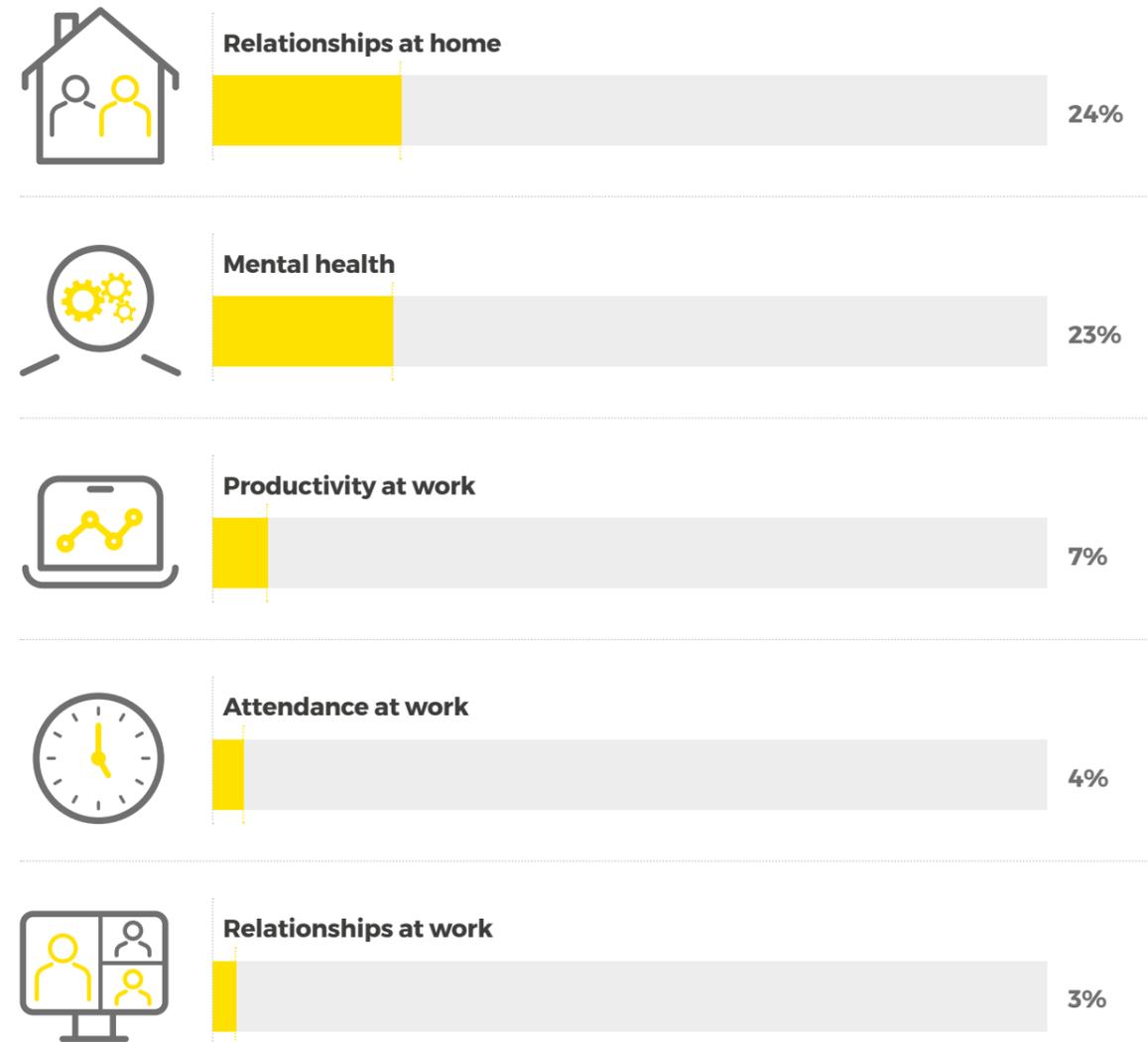
* Respondents could choose as many answers as they wished to this question.

What's the Impact?

We asked our members which areas of their life has been impacted by financial worries. Whilst responses remained consistent, there was a slight variance by employer. For example, the impact of financial worries on overall productivity for respondents within the Military was higher than other markets at 12%, followed by 8% in the Police and Prison, and 5% in the Health Service.

Alarmingly, 35% of Prison and 29% of Police respondents admitted that financial worries had impacted their mental health.

Figure 7: Have any of the following areas of your life been impacted by financial worries? *



* Respondents could choose as many answers as they wished to this question.

Tackling Financial Stress

In Figure 8, our members share insights into which methods they would use to tackle financial stress. We hope the responses below help provide guidance as to what can be done to help your fellow colleagues.

Figure 8: Which of the following methods would you use to tackle financial stress? *



* Respondents could choose as many answers as they wished to this question.



Don't Suffer in Silence

When you are facing money troubles, it can often feel overwhelming, but its important to not suffer in silence. Make sure to seek help if you are ever struggling financially.



Support Available

StepChange Debt Charity provide free, expert debt advice and solutions.

Get free debt advice at www.stepchange.org or by calling 0800 138 1111

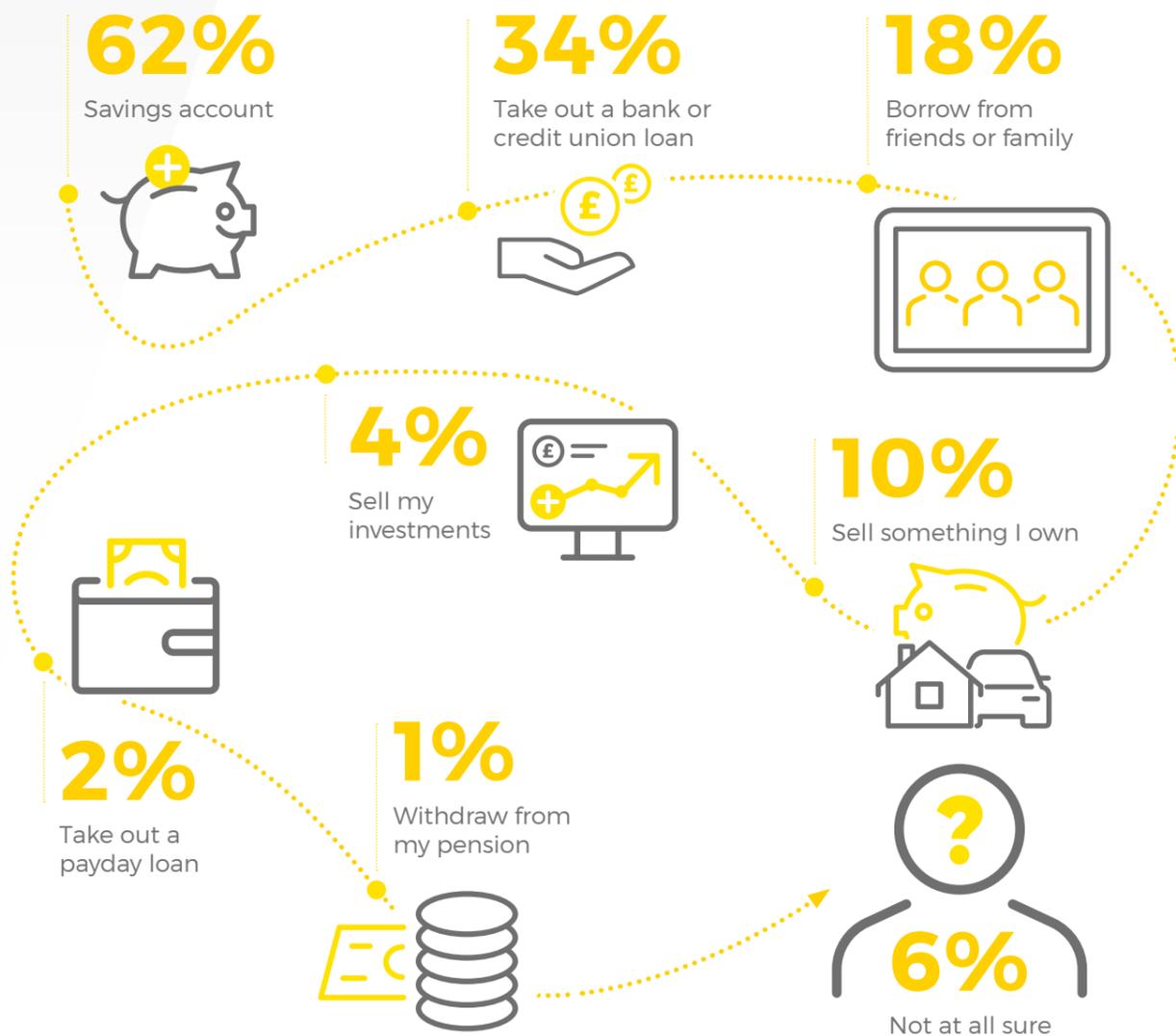


Where to Turn?

We know that not everyone has the disposable income to save regularly – so it is important your colleagues know where they can turn in the event of a financial emergency.

Here are some of the options that respondents said they would turn to for financial support in an emergency.

Figure 9: **If you needed £2,000 for an emergency, how would you get the money? ***



* Respondents could choose as many answers as they wished to this question.



Rainy Day Fund

So, where would you turn when you're faced with a financial emergency. One simple way to cope with such life events is by building a rainy-day fund. A rainyday fund is money you've saved to cover unexpected financial emergencies.



A good rule of thumb to give yourself a solid financial cushion is to have **three months' essential outgoings** available in an instant or easy access savings account.

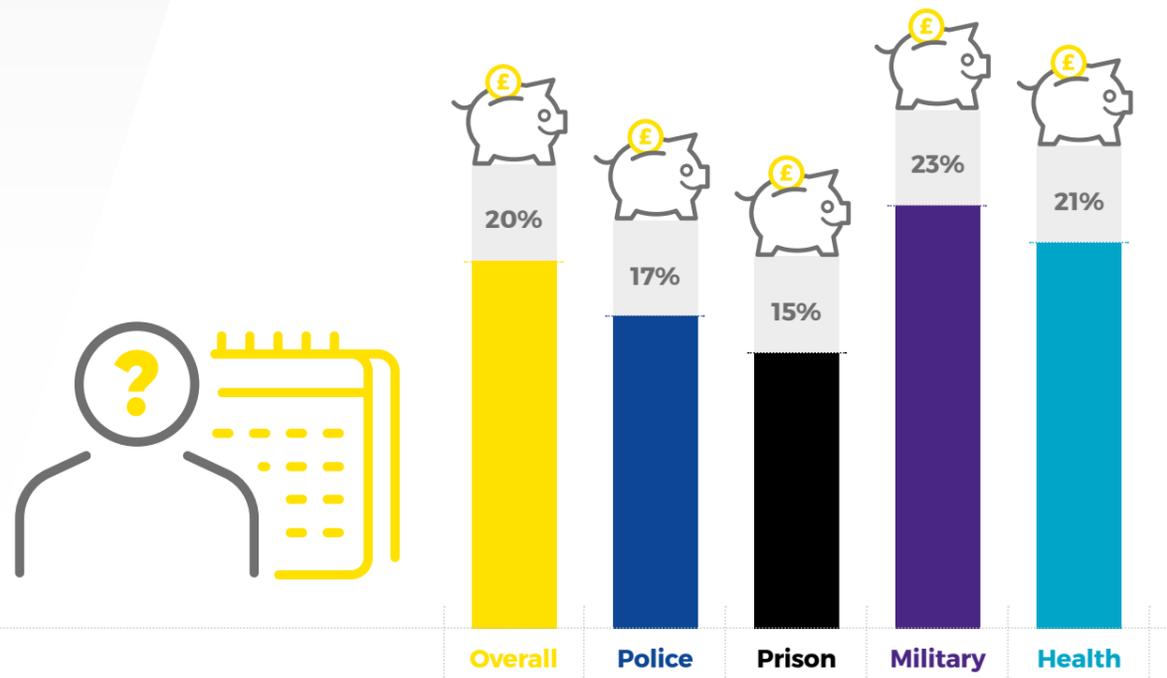
Saving Regularly

One of the biggest challenges to saving money, is actually taking the initial step to start a regular savings account. Once you have taken this step, no matter how much you save - you can then start to build a savings pot for the future.

We asked our members how much of their income they saved each month. The Military saved the highest percentage of their income at 23%.

This could be attributed to the housing and food allowances that Service Personnel can benefit from, which no doubt helps make saving easier.

Figure 10: **What percentage of your income do you save each month?**



Top Tip

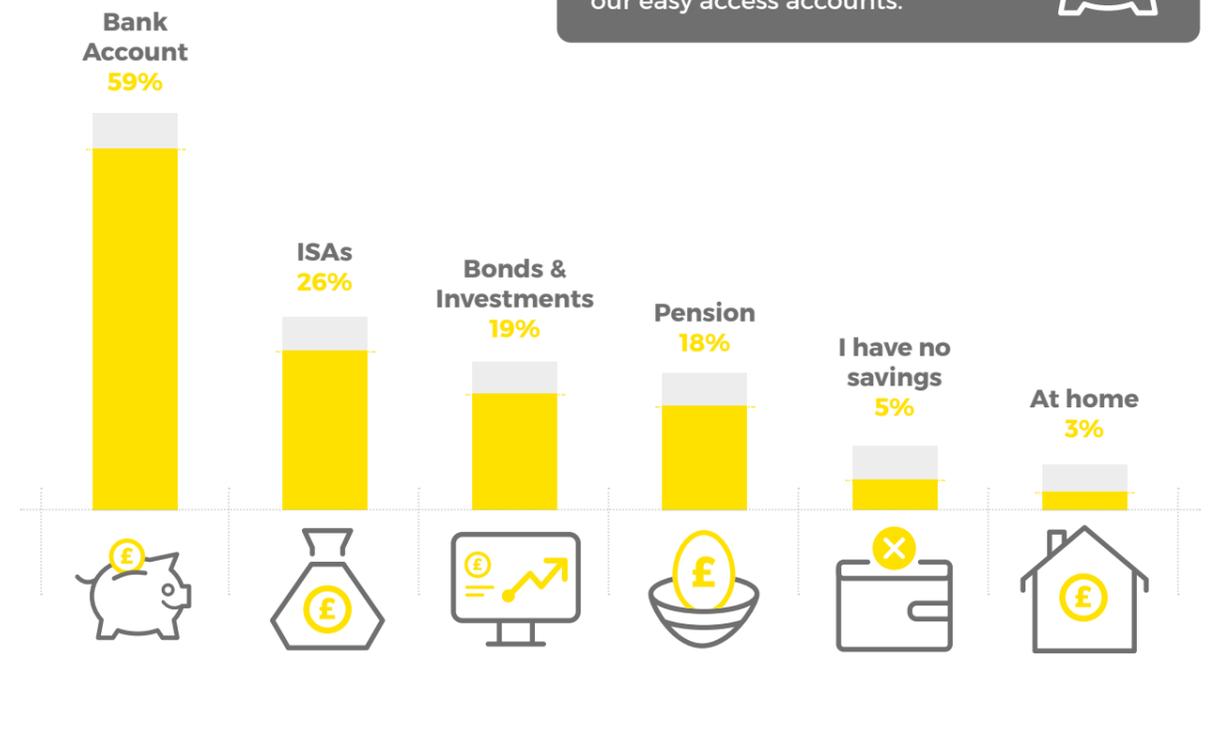
As a general rule of thumb, **you should save at least 20% of your income.**

Where to Save?

We understand that there are many places to save, with some methods offering better returns, and others posing less risk. We asked respondents where they save and invest their money, aside from the credit union.

Figure 11: **Where do you save or invest your money? ***

At Serve and Protect Credit Union, we require all members to save a minimum of £10 per month into our easy access accounts.



91%

of our members say that we have helped to improve their financial resilience



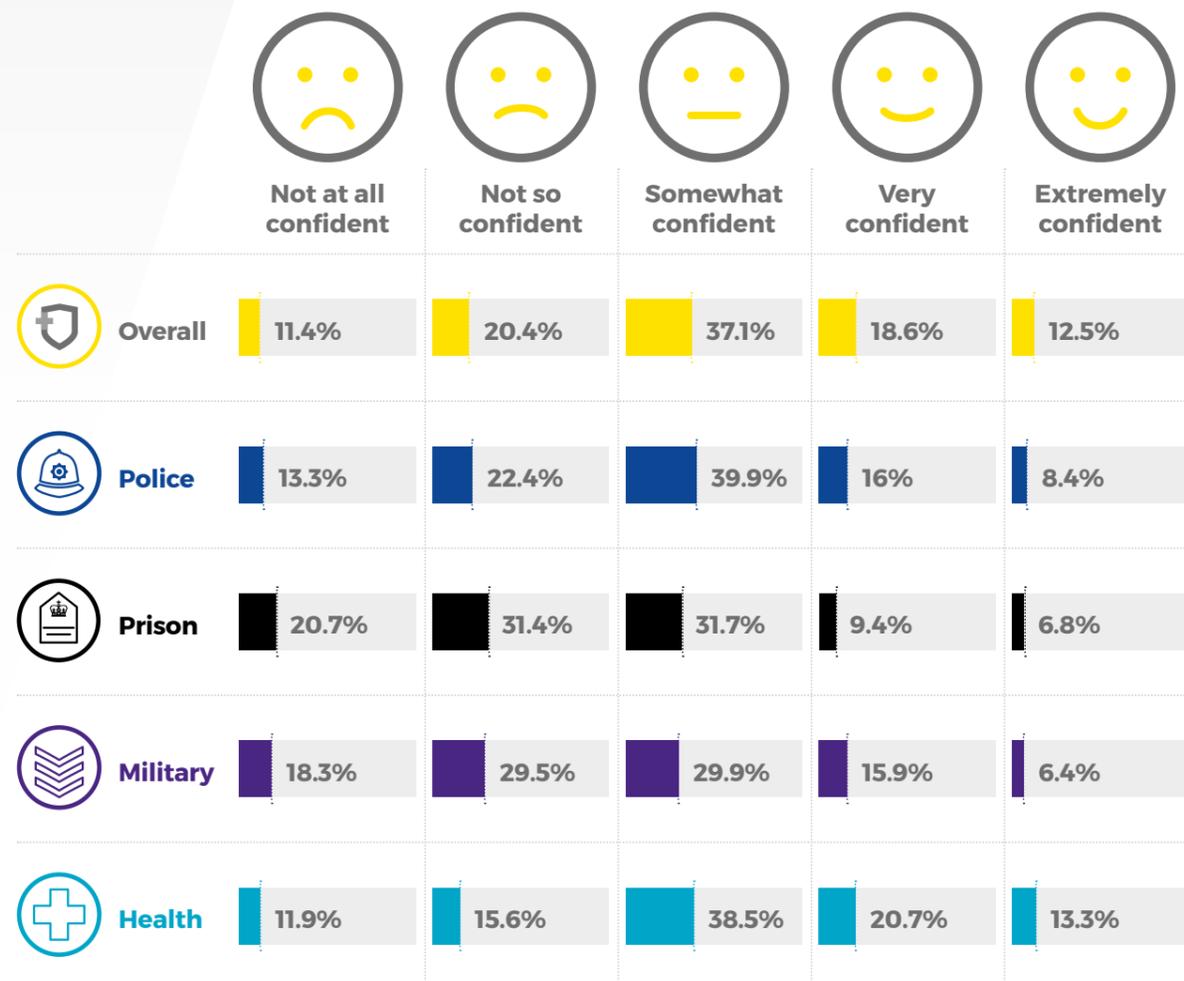
* Respondents could choose as many answers as they wished to this question.

Planning for Retirement

We encourage our members to start planning for their retirement as soon as they start their service career. We want them to have a plan in place, so they can retire on their terms and have confidence that they have enough income and savings to achieve their desired lifestyle.

Almost 1 in 3 respondents said they are 'not so confident' or 'not confident at all' that they are saving enough for their retirement.

Figure 12: **How confident are you that you are saving or have saved enough for retirement?**



Top Tip

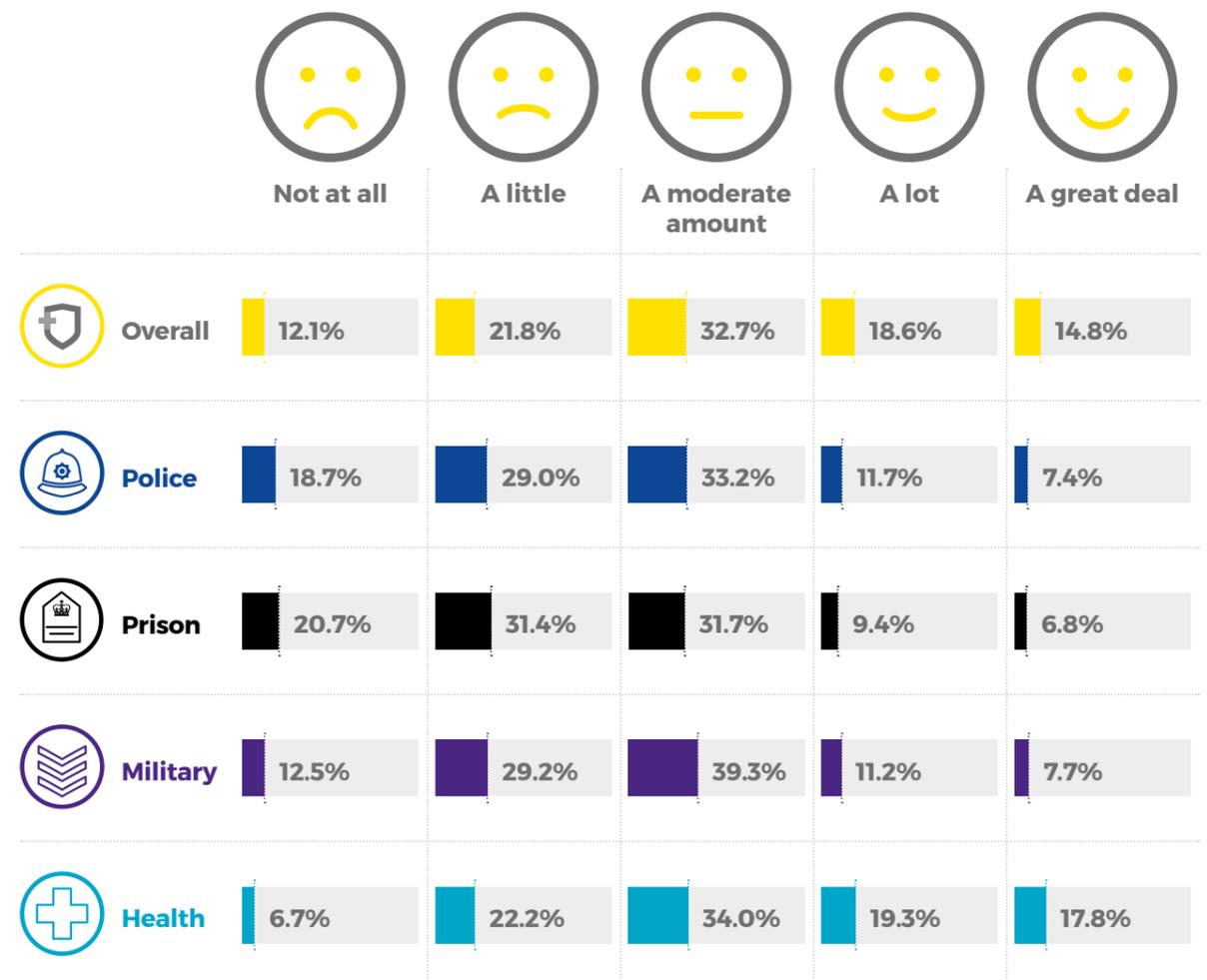
You can **use online calculators to predict your retirement nest egg** and whether you're contributing enough, taking into account the type of lifestyle you want to live e.g., do you want to go on holiday every year?

Understanding of Pensions

Having confidence in your retirement plan can rely on the level of knowledge you have about your pension. We thought that many of our members may be struggling to understand their pension - but wanted to get a better understanding of just how many.

Figure 13 represents the extent to which respondents understood their pension.

Figure 13: **To what extent do you understand your pension?**



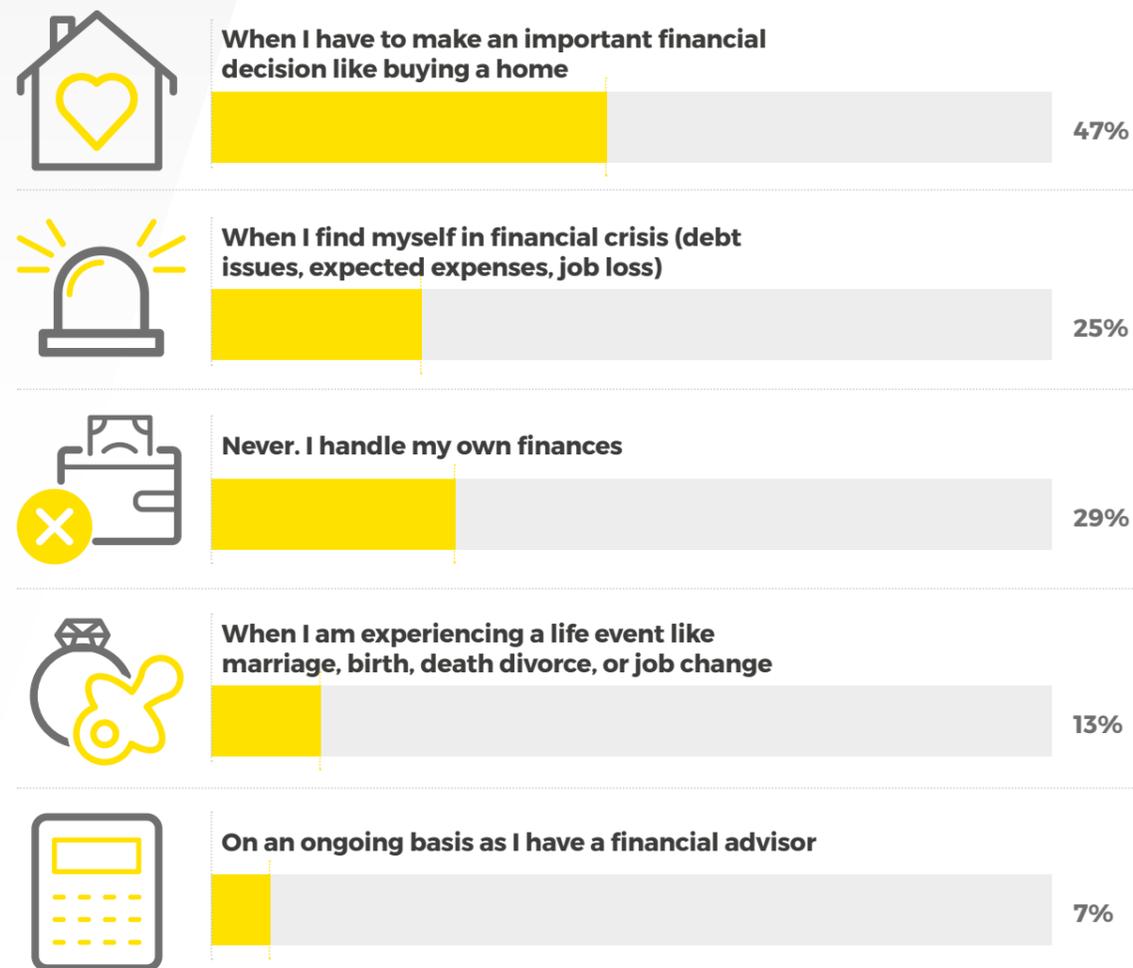
Top Tip

Get in touch with your pension provider to learn how to make the most of it, and what your options are once you approach retirement e.g., will you be able to take a lump sum pre-retirement? If so, how much?

Seeking Financial Help

Whether it be seeking professional financial advice or asking a friend or family member, sometimes in life we all need a helping hand. Respondents selected a range of answers as to when they would be most likely to seek financial help or guidance.

Figure 14: When are you most likely to seek financial help or guidance? *



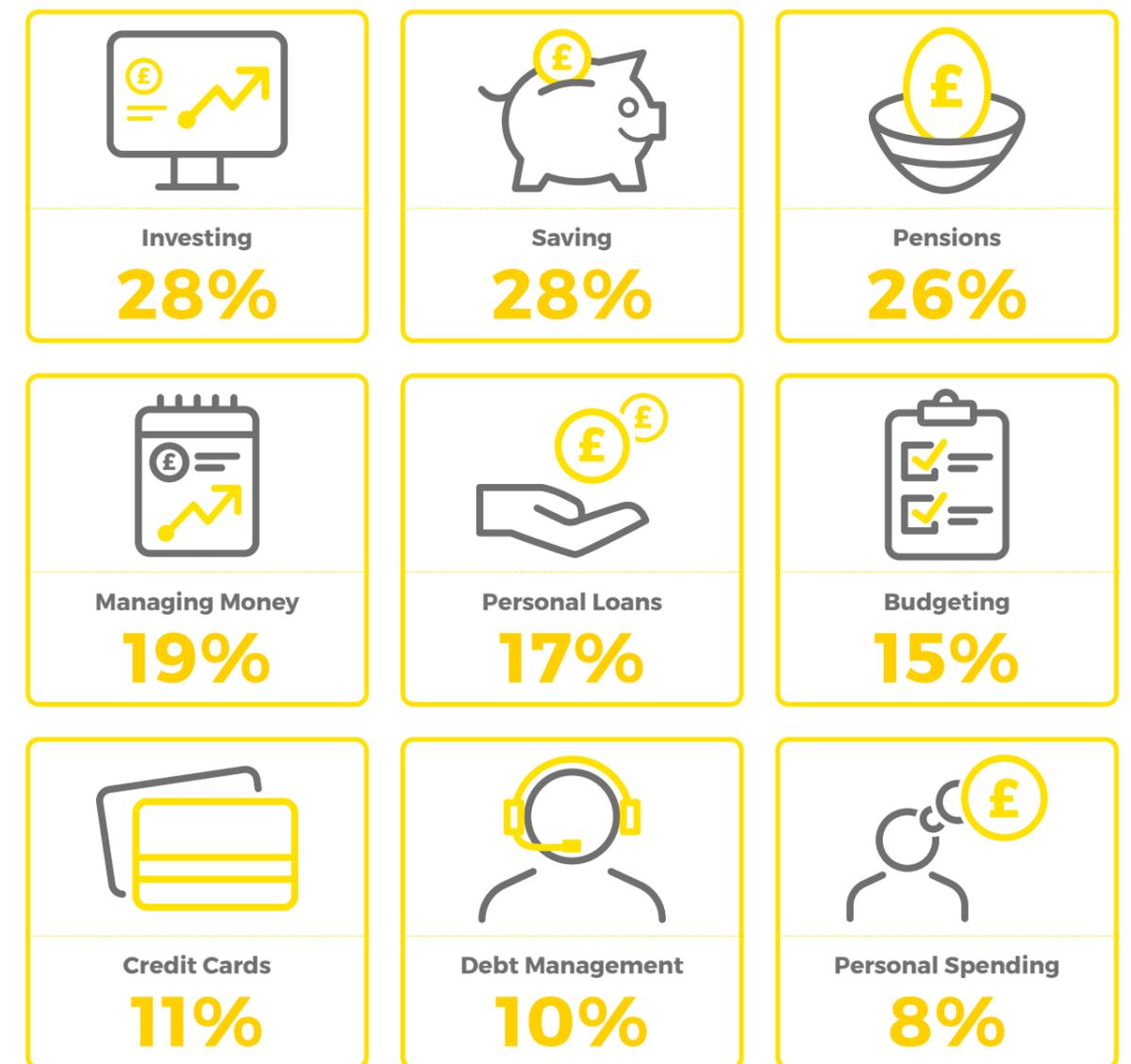
* Respondents could choose as many answers as they wished to this question.

Financial Education

As statistics in this report highlight, your financial resilience can have an impact on a range of issues, whether linked to your personal life or employment.

We encourage our stakeholders to take a proactive role in financial education and have asked our members what more can be done by their employers to improve their financial resilience.

Figure 15: What financial topics would you be interested in learning about? *



* Respondents could choose as many answers as they wished to this question.

Financial Resilience Programme

We have worked closely with our stakeholders to develop a financial resilience programme to help support their colleagues and prepare them for the financial challenges they may face throughout their career.

To learn more about our financial resilience programme, email businessdev@serveandprotectcu.co.uk

01. Assess

The first step to improving the financial resilience of your colleagues is to understand and identify the current challenges they face.

Identify Needs

- › We will produce a free financial resilience survey to help you understand the challenges faced by your colleagues

Review Findings

- › We then analyse the findings and summarise them into a simple report

Next Steps

- › Finally, we'll take time to help you understand the key findings and discuss next steps to help improve your colleague financial resilience

02. Educate

We have developed a series of inputs tailored to the needs of your colleagues. Whether online or face-to-face, these sessions aim to improve education and awareness.

Financial Briefs

- › New Recruit: Breakfast Sessions
- › Mid-Service: Pensions made simple
- › Pre-Retirement: Transition to civilian life

Wellbeing Events & Conferences

- › Wellbeing events
- › Support webinars

03. Communicate

To make sure your employees are in the loop and are getting most from their credit union, we'll be there to support you with comms.

Content Calendar

- › Our team will create a calendar of financial content you can expect to receive from us throughout the year

Share Content

- › The content will be prepared by our team, ready for you to share with colleagues

Request Literature

- › Whether it be pens, leaflets or some other freebies, contact our team and we'll send it straight to your workplace

Tailored Promotions

- › Do you have something you need help promoting, such as checking credit scores or gambling, we're here to help

04. Report

We'll measure the effectiveness of your financial resilience strategy and feedback any trends we're seeing.

Management Awareness

- › Educational inputs to help raise awareness to the financial challenges faced by your colleagues

Reports and Trends

- › Our team is on hand to send you tailored reports about saving and borrowing stats related to your sector

Open Banking Research

- › We can provide you with unique insights into the level of gambling and high interest credit usage amongst your colleagues

“Working alongside Serve and Protect Credit Union has helped us to gain valuable insight into the financial challenges faced by our colleagues.

They play a really important role in helping to improve the financial resilience of both our Police Officers and Staff.”



Garry Smith,
Secretary of Hampshire
Police Federation

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