SERVE PROTECT

Financial Resilience Report 2021

www.serveandprotectcu.co.uk

PART OF THE SERVE AND PROTECT FAMILY

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

ARMED FORCES COVENANT



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

Considering the ongoing pandemic, for our second annual financial resilience survey, we take a look at the potential impact of the coronavirus pandemic on the financial resilience of those who serve and protect our nation.

As a credit union, we place a huge importance on improving financial resilience. We recognise the important role our members play within society and the day-to-day challenges they face. As statistics in this report indicate, financial resilience plays an important part in the lives of individuals employed by the Police, Prison, Military, Fire, and Health services.[1]

We hope that this report will be useful to employers of the individuals within our field of membership, as well as to current and future members of the Serve and Protect Family. It is intended to provide insights into what it means to be financially resilient, and to illuminate the very real and detrimental effects that a lack of financial resilience can have on individuals and workforces alike.

Ultimately, the report can provide suggestions to organisations on how to better support their employees. From budgeting services, to financial webinars, there are various actions an organisation can take to help build the financial resilience of its employees throughout their career, with some highlighted in this report.

[1]Serve and Protect serves existing and former employees of the Police, Prison, Military, Fire, and Health services. Former employees must be in receipt of a pension from the relevant employer. Serve and Protect also offers membership to family who live at the same address as an existing member.

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What does it mean to be Financially Resilient?

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

Events such as job loss, unexpected illness, and divorce to name a few all have a significant impact on our finances.

It is important to be aware of what financial resilience is, and how financially resilient we are, in order to withstand situations that may put a strain on our monetary resources.

How was this report produced?

A mailshot survey was sent to all existing members of Serve and Protect Credit Union.

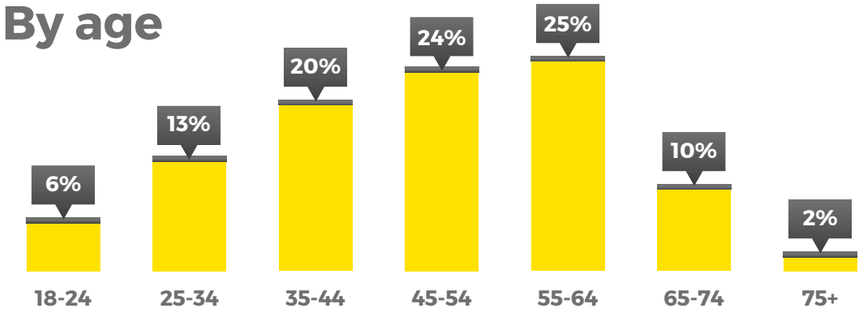


A total of 5235 responses were gathered from across the UK.

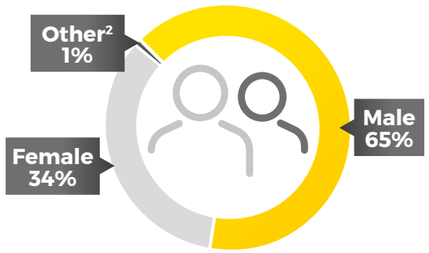
The demographic data collected includes gender, age of respondents split into bands, and the employer and job role of respondents. Responses were collected between October 21st, 2020 and November 14th, 2020.

Breakdown of the responses:

By age



By gender[2]



[2]Respondents were given the option of 'male', 'female', 'prefer not to say' or 'other' for this question. Only 0.53% chose the options of 'prefer not to say' or other'.

By employer

- Police – 40%
- Prison – 10%
- Military – 14%
- Health – 1%
- Retired – 28%
- Other – 7%

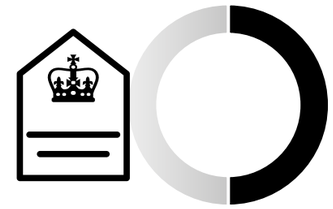


Key Findings



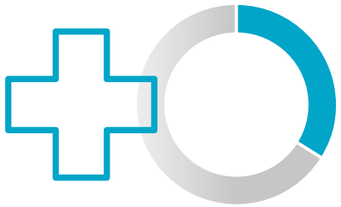
38% of respondents

Following a change in circumstances such as relationship breakdown, unemployment, or sickness 38% of respondents said they would not be able to cope financially.



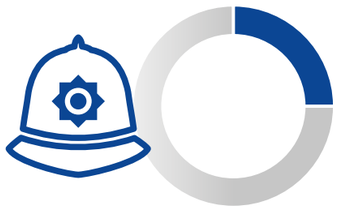
1 in 2

Should an emergency arise – over half of respondents from the Prison & Probation Service have less than £500 saved into an instant or easy access account to respond.



34% of respondents

34% of respondents working in Health & Social Care revealed that the coronavirus pandemic has had a negative impact on their household income.



1 in 4

Of those currently employed by a Police Force, one in four respondents admitted that they are worried about their current financial situation.



35% of respondents

35% of respondents currently employed by the Military feel that the state of their personal finances has an impact on their ability to do their job effectively.

In a little more detail...

The next section breaks down the answers provided by those who completed the survey question by question.

There is comparison between the answers provided by respondents working across the Police, Prison, Military, and Health services, and where relevant across different age bands and gender. Due to a limited number of responses, answers from employees working in the Fire service and other organisations have been grouped into 'Other'.



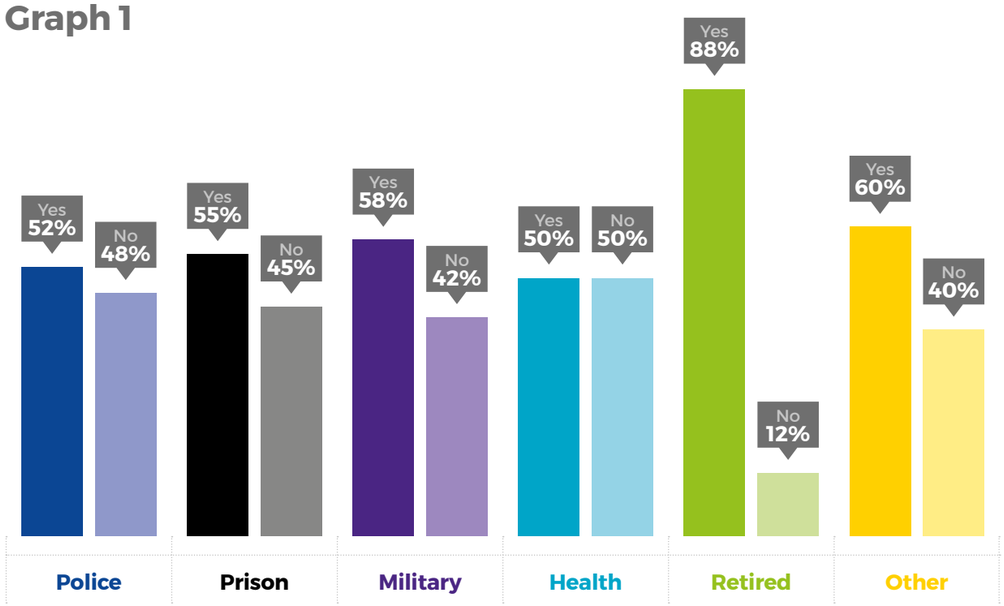
Question 1

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

38% of all respondents answered that they would not be able to cope financially if they faced a change in circumstances. Whilst this remains a high proportion or respondents, it is a considerable difference from our 2020 Financial Resilience Report, where we asked the same question, and 62% of all respondents felt that they were not able to cope.[3]

Interestingly, there was a slight disparity found between male and female respondents, with 44% of females admitting that they would not be able to cope, in comparison to 35% of males. This could be the result of several factors, though a key point many will look to is the wage gap within the public sector. According to analysis from The Guardian in 2019, women are paid an average of 86p for every pound paid to men in the public sector.[4]

Graph 1



Graph 1 compares the proportions of respondents who can and cannot cope financially with a change in circumstances by employer.

[3]https://serveandprotectcu.co.uk/wp-content/uploads/2020/03/SP_Financial_Resilience_Report_2020.pdf
[4]https://www.theguardian.com/world/2019/mar/31/gender-pay-gap-widens-public-sector-women-men

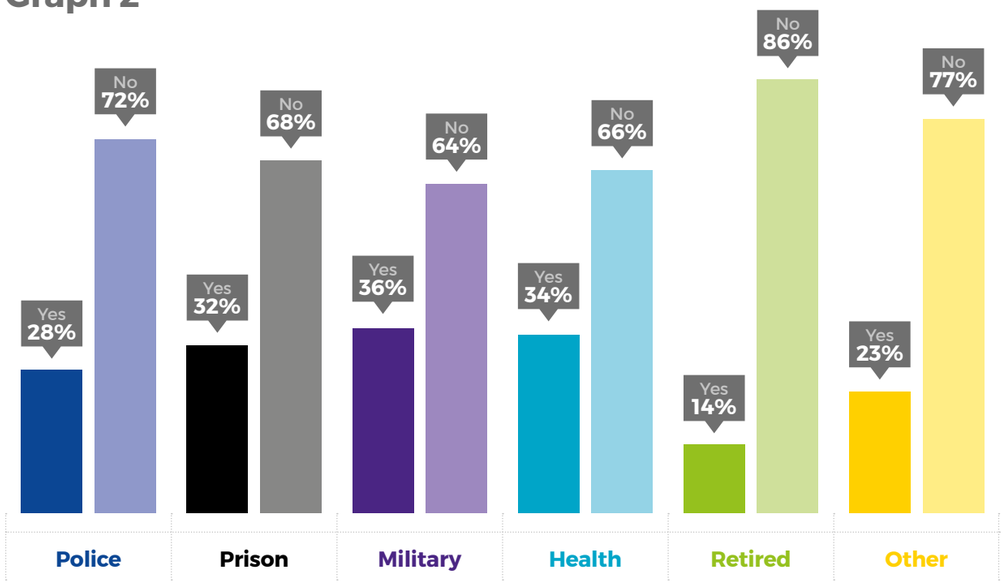
Question 2

Are you worried about your current financial situation?

As the financial impact of coronavirus pandemic continues to loom, it is unsurprising that many have become worried about their finances. We asked survey respondents whether they were worried about their current financial situation, and of those who responded, a total of 25% answered yes to indicate they are worried about their current financial situation. Comparably, in a Pay and Morale Survey conducted by the Police Federation, 65% of respondents reported that the pandemic has had a negative impact on their morale.[5]

Overall, financial worries were most prominent in individuals within the 18 – 24 age band, with 37% admitting to being worried about their current financial situation. However, financial worries between age bands did differ slightly for some employers, namely the Police and Prison service, where the most concerned individuals were 35 – 44-year olds. Although the 18-24 age band remained the most worried in the Military and Health services – highlighting the lack of financial resilience in younger recruits belonging to the Military and Health services.

Graph 2



Graph 2 displays the proportion of respondents who are worried about their current financial situation by employer.

[5]https://www.polfed.org/our-work-2/pay-and-morale/

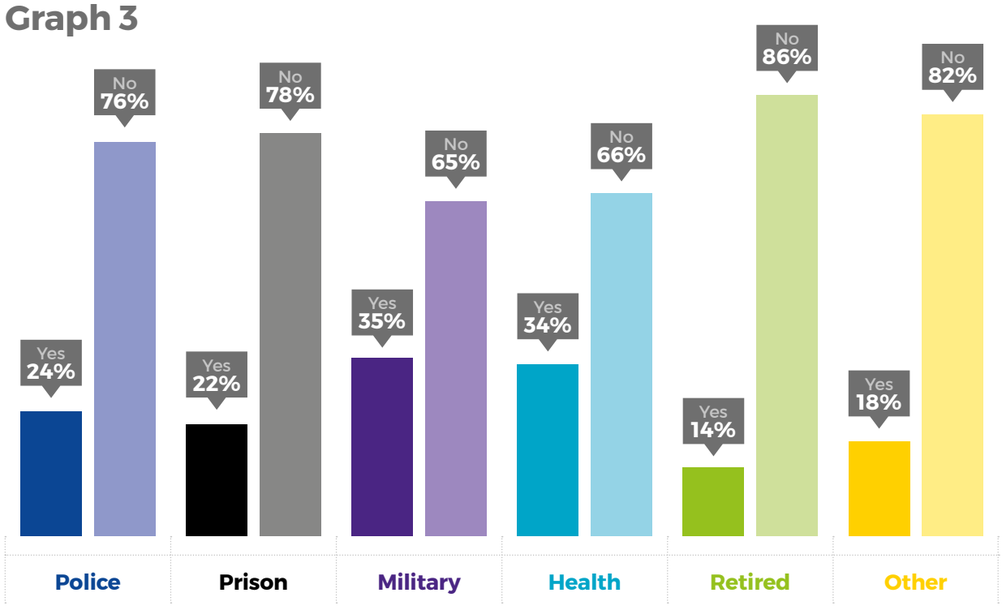
Question 3

Do you feel your personal finances have an impact on your ability to do your job effectively?

Almost 1 in 4 respondents agreed that their personal finances impact their ability to carry out their job effectively. When taking into consideration the high-pressure occupations of the respondents, this is a shocking statistic. Though, this is a significant change from our 2020 Financial Resilience Report, where just over half of respondents answered yes to the same question.[6] As more organisations start to explore financial matters as part of their employee wellbeing strategy, we expect this stat to continue to reduce.

However, the findings from this report remain concerning, particularly for certain groups. Of those who responded, males were far more likely to have their personal finances impact their ability to complete their job effectively, at 27%, in comparison to females at 16%. The proportion of respondents that would be impacted also vastly increases for individuals aged between 18 and 24 years old, as 34% of respondents felt that their ability to carry out their job effectively depended on their personal financial situation.

Graph 3



Graph 3 presents the percentage of survey respondents, by employer, that felt their personal finances have an impact on their ability to complete their job effectively.

[6]https://serveandprotectcu.co.uk/wp-content/uploads/2020/03/SP_Financial_Resilience_Report_2020.pdf

Question 4

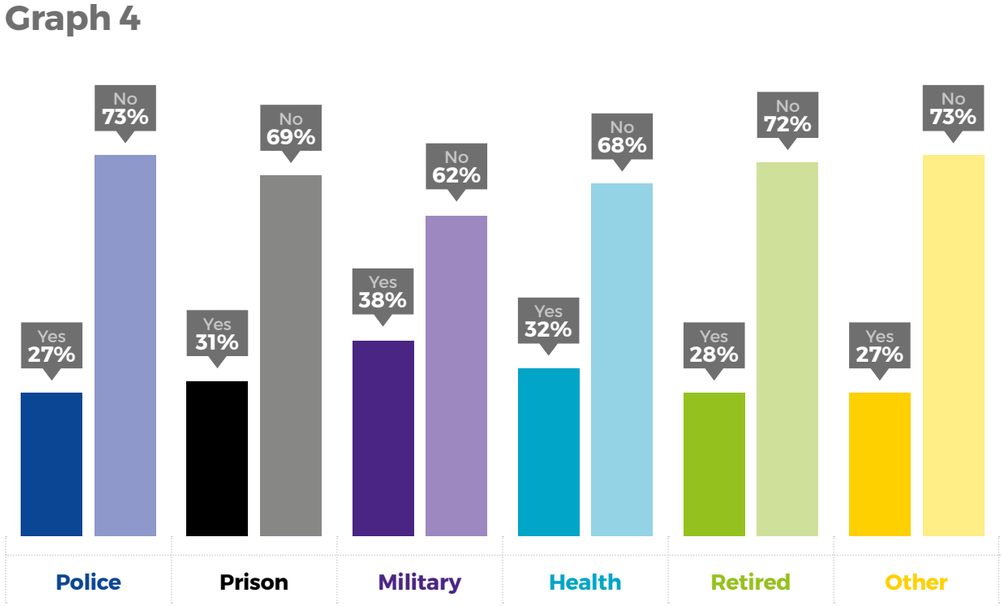
Has the coronavirus pandemic had a negative impact on your household income?

The coronavirus pandemic has had a substantial impact on households throughout the UK – not just in terms of a loss of income, but also a reduction in spending. Although individuals who were furloughed and self-employed were most likely to have been impacted, the household income of people working in public services – a job often deemed secure – were also affected. In our survey, 29% of respondents answered that the coronavirus pandemic has had a negative impact on their household income. In line with most of our findings, the most impacted age band were individuals between 18 and 24 years old. Though, all age bands up to 45-54 years old shared a proportion of at least 30% or more.

These finding are corroborated by the 2020 NHG survey – a biannual household survey commissioned by the Bank of England – which found that one in five respondents were experiencing financial difficulty due to the pandemic. That said, some households whose incomes had not been impacted, would have seen their financial position improve, due to reduced spending, and a rise in savings.[7]

Between 1 April 2020 and 30 November 2020, we saw our member's saving deposits rise 25%, compared to a 1% rise in the same period in 2019.[8]

Graph 4



Graph 4 shows the number of respondents by employer that answered yes to indicate that the coronavirus pandemic has had a negative impact on their household income.

[7]https://www.bankofengland.co.uk/bank-overground/2020/how-has-covid-19-affected-the-finances-of-uk-households
[8]When comparing savings deposits made by members of Serve and Protect Credit Union in the same period in 2018 and 2019, deposits only rose by 1%.

Question 5

How much do you have saved in an instant or easy access account – should an emergency arise?

As many people would have learnt through the coronavirus pandemic, we all need a safety net to weather any financial shocks that we may face throughout our lives. In fact, the Money Advice Service say that a good rule of thumb is to have three month's essential outgoings in an instant access savings account.[9] We asked survey respondents how much they had saved into an instant or easy access savings account. Alarmingly, 35% admitted to having less than £500. What's more concerning is that 12% said they had no savings available in an instant or easy access account at all. For respondents aged between 18 and 24 years old, 69% said they had less than £500 and 38% had less than £100 saved.

By employer, there were some differing results. For respondents employed in the Military, a shocking 62% had less than £500 saved. This was followed by the Prison service, where 51% had less than £500, and the Health service at 46%. Meanwhile, 37% of Police force respondents had less than £500 available in an instant or easy access account.

12%
No savings



11%
£500 – £999



7%
Less than £100



17%
£1,000 – £2,999



16%
£100 – £499



37%
Over £3,000



[9]https://www.moneyadviceservice.org.uk/en/articles/emergency-savings-how-much-is-enough

Question 6

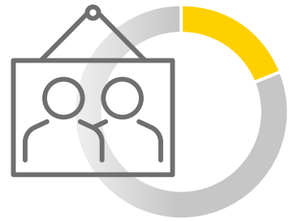
How do you plan to cover the cost of any unexpected expenses over the next 12 months?[10]

Money can become particularly important when faced with an unexpected life event. Whether it be your boiler breaking down, or suddenly having to plan for a loved one's funeral arrangements, we often must deal with unexpected expenses throughout our lives. But where would you turn? We asked survey respondents where they would turn in the case of an emergency, and 66% answered that they would access their savings. A further 25% would use a credit card, whilst 19% would turn to family or friends. This was followed by a personal loan at 14%, and the use of insurance of warranties at 6%. Though, of those survey respondents who earlier admitted to having no savings at all, the top two options for them were taking out a personal loan and using a credit card.

66%
Access my savings



19%
Turn to family or friends



6%
Use insurance or warranties



14%
Take out a personal loan



25%
Use my credit card



[10]Respondents were allowed to select as many options as they wanted.

Question 7

Select the actions you would like to see your employer take to improve your financial resilience? [11]





Information on Investments

One of the most selected actions for employers to take was to provide more information on investments. In fact, respondents aged between 18 and 24 selected this action above all.





Access to Financial Advisor

40% of respondents selected that they would like their employer to provide access to a financial advisor, and believed that in doing so, it would improve their financial resilience.





Financial Webinars/Seminars

18% of respondents felt that that it would be beneficial to their financial resilience if their employers organised financial webinars and/or seminars. At Serve and Protect Credit Union, we provide seminars and webinars to employers throughout the UK.





Money Helpline

16% of respondents want their organisation to make a money helpline available to employees. An example of this being put into place has been seen within NHS England, who partnered with the Money Advice Service, to provide NHS staff with free and impartial money advice.[12]



Budgeting Services

One in four respondents want their employer to provide access to budgeting services. To achieve this, organisations can look to introduce tools and schemes that help employees manage their finances. Which is why many organisations are now working with credit unions, to offer salary deducted savings and loans for their employees.

[11] Survey respondents were able to select as many options as they wished.
[12] https://www.nhsemployers.org/covid19/health-safety-and-wellbeing/supporting-staff-wellbeing/financial-wellbeing

How Serve and Protect Credit Union can help

At Serve and Protect Credit Union, we are proud to offer savings and loan products that meet the needs and requirements of those who qualify for our membership.

Individuals currently or formerly employed in the Police, Prison, Military, Fire, or Health services can gain a range of benefits as a member of the credit union, including payroll deduction, an annual dividend, life cover, and so much more.



Payroll Deduction

Preparing for your financial future can be difficult but payroll deduction can make it that bit easier. We asked our member whether being able to save and borrow with repayments straight from salary has helped to improve their financial resilience, and 91% agreed that it did.

To learn how to become a payroll partner, get in touch at **partnerships@serveandprotectcu.co.uk**



Educational Briefs

In addition to our membership benefits, Serve and Protect Credit Union deliver educational financial resilience briefs across the UK to help employees in the Police, Prison, Military, Fire, and Health services to understand what it means to be financially resilient.

To book an educational brief about the importance of financial resilience, email **partnerships@serveandprotectcu.co.uk**



Tailored Survey

Are you interested in learning about the financial resilience of your organisation's employees? We have already worked with several organisations to help them plan and develop a financial resilience survey focused on their employees alone.

To arrange a financial resilience survey for your employees, contact **partnerships@serveandprotectcu.co.uk**

w: **serveandprotectcu.co.uk**
t: **0121 700 1222**
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