

Together is better

A Budget Insurance report on how couples
run their household finances in 2017

#togetherisbetter



Together is better

Sorting out our household finances can be complicated – and all the more so when we become part of a couple.



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Managing money and sorting out household bills is an everyday task for couples across the UK, yet exactly how we go about it is something we still don't often share with others.

We were keen to understand how Britain's couples organise their finances today, so we've commissioned independent research, surveying 2,000 UK adults who are married or live with their partner, asking how they go about it, how much they share and who they turn to for advice when it comes to financial matters.

We've found that the UK's couples are pretty confident about sorting out their finances, taking care to shop around and looking for good deals rather than simply opting for branded products.

And encouragingly, it seems they are increasingly choosing to make household decisions together, particularly on key matters such as mortgages, loans, life insurance and pension contributions, rather than one person running the finances. This marks a shift away from our parents' generations, where it was much more likely to be one or other sorting out the bills and not both together.

Yet despite recognising the importance of making joint decisions, a worrying number of those in couples aren't protecting their loved ones' long-term future – with well over a third (41%) saying they don't have any life insurance.

The *Together is Better* report provides a detailed insight into couples' finances in 2017 – what's shared, and what's not; the decisions we find easy and the conversations we sometimes avoid. Our findings have certainly got us talking here at Budget Insurance. We hope they'll prompt some interesting and worthwhile conversations among the UK's couples, too.



Mark Townsend
Managing Director, Budget Insurance



Who controls the purse strings?

Happily, almost half of those polled (47%) say they make financial decisions together – maybe an indication of the importance we place on sorting out our household finances – or perhaps simply a reflection of the fact that men and women are both contributing to the household finances and feel they should have an equal say.

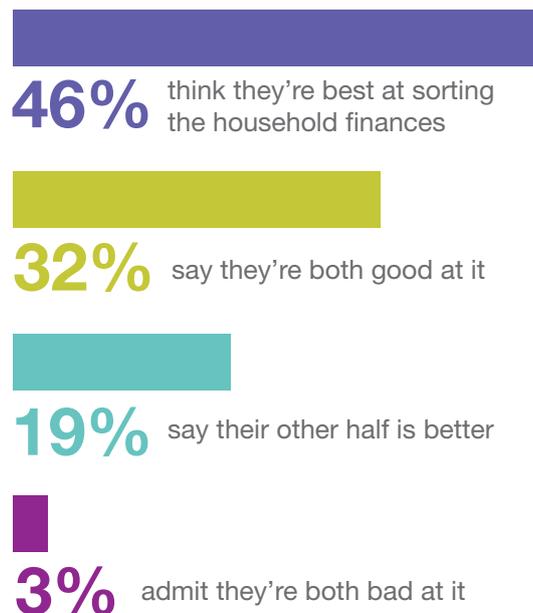
However, this united front masks a tendency to boast. When asked who is typically best at managing money, almost half (46%) of all married/cohabiting respondents claim they're better at managing their finances than their other half, with just 19% saying it's their partner who's the financial whizz. So do we all secretly think we're really the best at running the household?

Regardless of who's better at managing household money, it's men who are particularly likely to claim that they hold the purse strings, with 51% saying they make the majority of financial decisions at home, versus 33% of women. Just 41% of men say they make decisions jointly with their partner, compared with 54% of women.

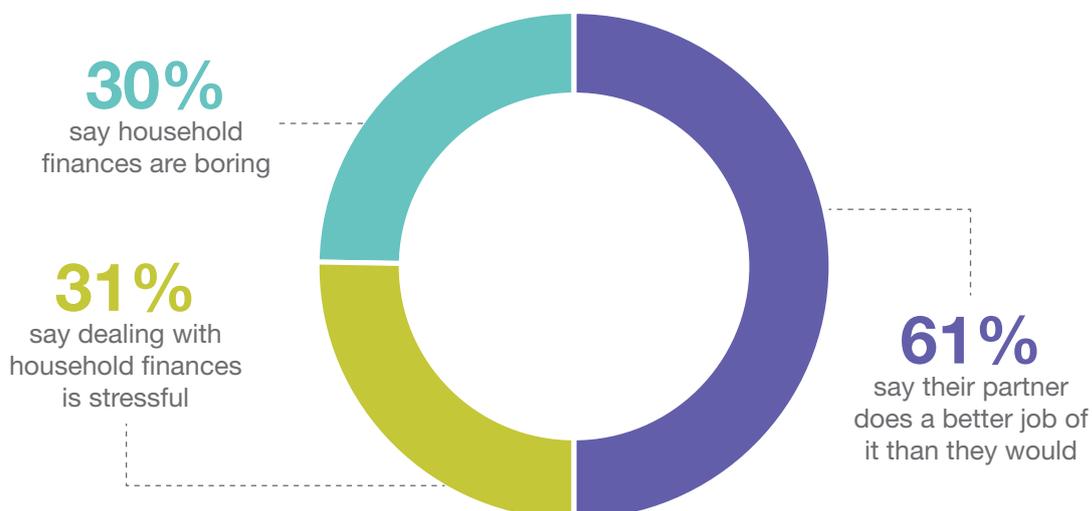
However, it's women who are more likely to feel they ought to be in charge – a third (33%) of those who say they make the majority of financial decisions say it's because they don't trust their partner to keep on top of things (vs 18% of men) while close to half (48%) claim to be the responsible one in the relationship (versus 36% of men).

Interestingly, only just over a third (35%) of same sex partners say they make financial decisions together, compared with 48% of opposite sex couples. At 57%, those in same sex couples are the most likely of any group to claim they make the decisions rather than their partner.

Of the few people overall – just 1 in 10 – who say their partner or spouse makes the majority of decisions, 61% say their partner does a better job of it than they would – while almost a third (31%) cite the stress of dealing with household finances as the reason for delegating and a similar number (30%) say they find household finances boring.



10% said their other half makes most of the decisions – why?

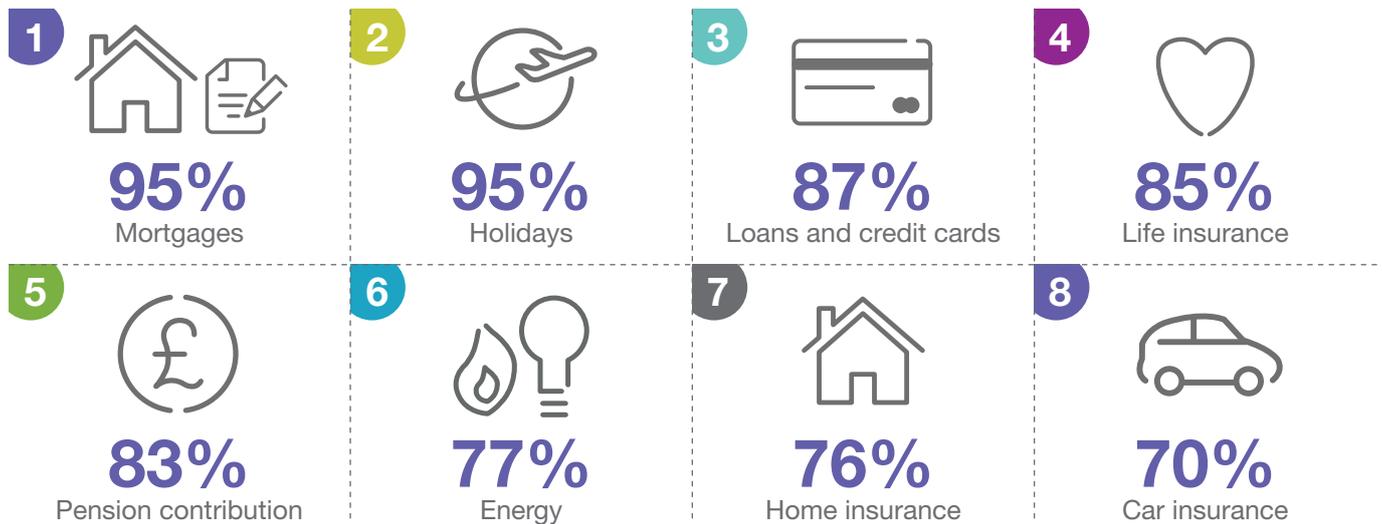


Percentages relate to the 10% who say their partner makes the majority of decisions on financial matters

Who controls the purse strings?

Different decisions call for different approaches, too. Asked which financial decisions it's important to make together, married and cohabiting people put mortgages and holidays in first place at 95% each, closely followed by loans, credit cards and life insurance, but are more inclined to feel confident they can make a solo decision about routine insurance, with home insurance at 76% and car insurance at 70%.

Which household decisions is it most important to make together?



43% say "I'm in charge when it comes to household finances" – but why?



Percentages relate to the 43% who say they make the majority of decisions on financial matters

Who do we turn to for advice?

The internet is many couples' first port of call for advice on their financial affairs, with 44% saying they consult it for help.

Yet many of us are also grateful for a bit of help from loved ones and work colleagues. Overall, one in five couples (21%) still rely on their parents for advice, while a similar number talk to friends (18%). Just under one in 10 (9%) seek advice from colleagues.

Mum and Dad are a key source of support for younger couples as they set up home together and find their feet financially – with well over half (57%) of those aged 18-24 turning to their parents for help with household decisions. Even into our 40s, many of us still appreciate their wisdom and experience, with over a third (36%) consulting parents before making key decisions.

Women are more likely to seek advice from parents and friends on household finance issues than men – perhaps indicating a greater willingness to open up about issues which were once considered private. Our research shows that same sex partners are also more inclined to consult parents, friends and colleagues for help on making financial decisions.

Overall, however, a third of respondents don't talk to family, friends, colleagues, financial advisers or even consult the internet – confident to rely on their own sound judgement on financial matters.

Who do we turn to for advice on our finances?



How do we feel about sorting out our finances?

Encouragingly, 74% of respondents say they find it easy to make financial decisions with their partner, but nearly 1 in 3 (29%) say that it leads to arguments.

Age is the key differentiator here – with only 16% of older couples likely to argue with their partners over the bills, compared with almost half of 18-24 year olds (49%) and a similar proportion among 25-34 year olds (46%). More experience seems to mean fewer arguments – one example where age trumps youth!

Same sex couples are another group who are prone to arguments about money, with 41% saying they sometimes or always argue when it comes to sorting out the finances.

But even if we're not arguing about our finances, that doesn't mean we find it fun to sort out the household bills. The majority of married and cohabiting Brits (62%) say dealing with finances is 'a necessary evil', indicating that we'd rather be doing something – anything – else than sorting out household admin.

Despite that, however, only an average of 16% of Brits polled admit to burying their heads in the sand about financial issues – though that figure rises to 27% among 18-34 year olds and drops to just 8% among the experienced over 55s.



62% Say dealing with finances is 'a necessary evil'



16% Bury their heads in the sand about household finances

1 in 3 (29%) say sorting household finances leads to arguments – but we calm down as we get older



How do we feel about sorting out our finances?

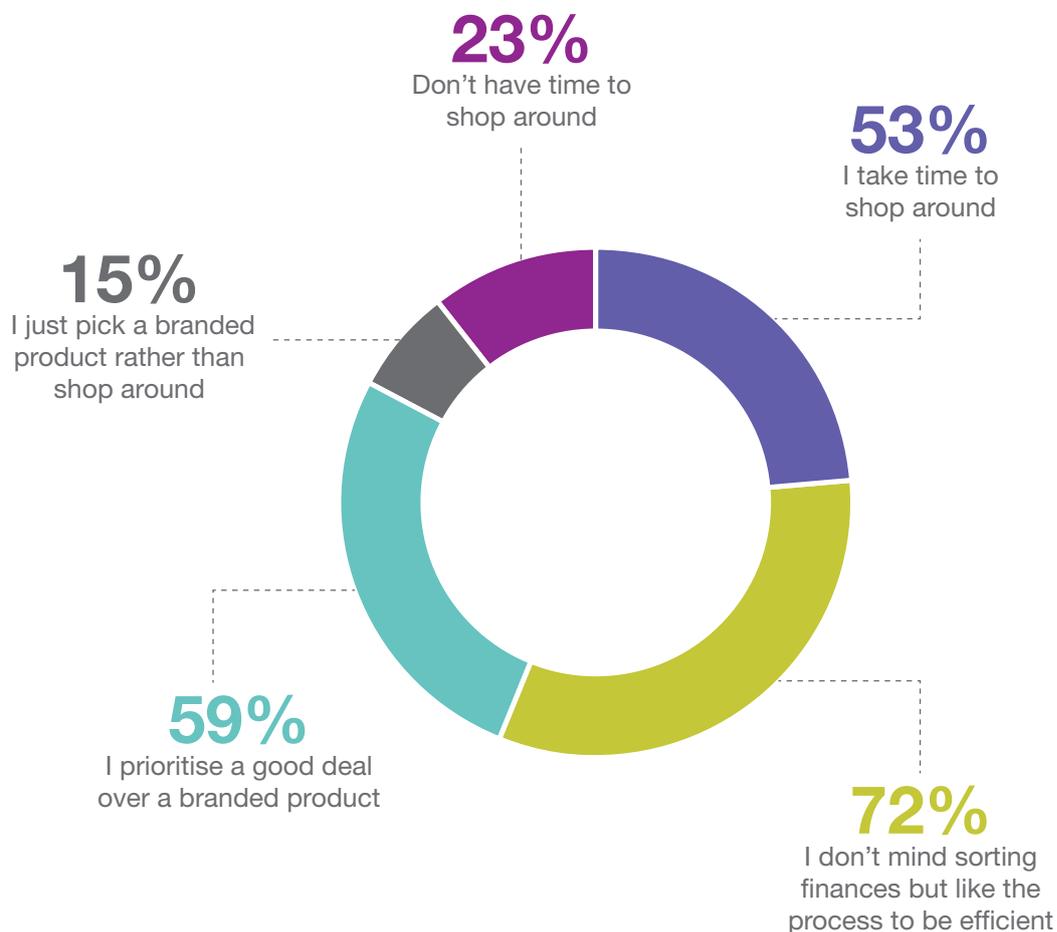
Overall the UK's couples are quite brisk and matter of fact about sorting out their finances – with almost three quarters saying they don't mind doing it as long as the process is efficient (72%).

The majority of people in couples are more concerned with getting value for money than opting for a brand they know – with 59% prioritising a good deal over well-known brands. More than one in seven (15%), however, would simply pick a branded product – perhaps confident that if they've heard of a company, its product is more likely to fit the bill. Over 55s in couples are the group least likely simply to choose a branded product, at just 8% – and at 69%, they're also most likely to prioritise a good deal over a well-known brand.

Shopping around

We're pretty good at shopping around – with only 23% of those in couples saying they don't have time to do so.

However, younger respondents and same sex couples were much less likely to find the time to check out different deals, with a third saying they just don't have time - indicating that some may be missing out on the best deals. Older people, on the other hand, have a little more time on their hands, with only 14% of over 55s saying they don't have time to shop around. There's no split between the sexes – with both just as likely to shop around as each other.



A nation of sharers

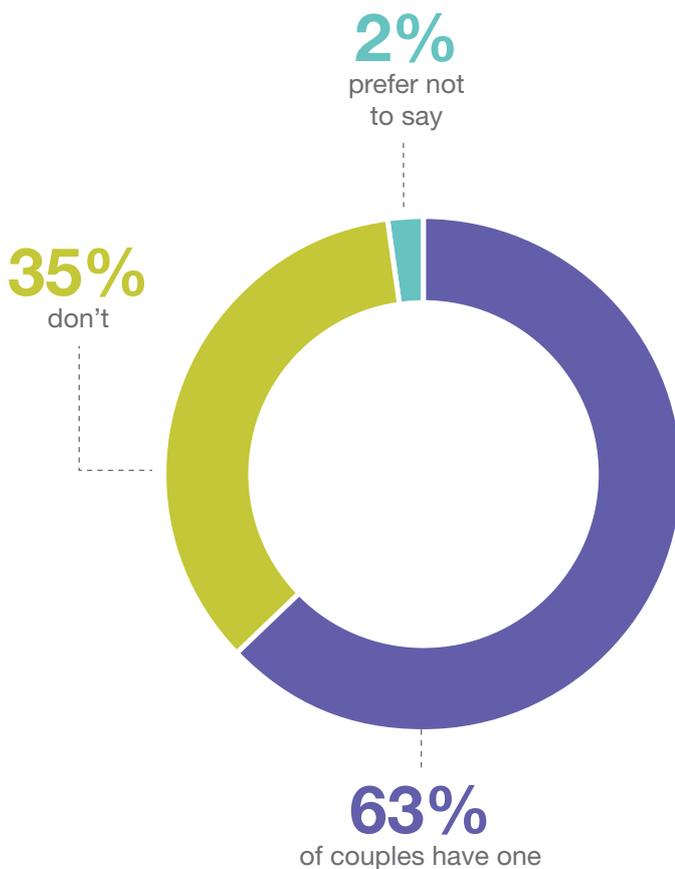
We're a nation of sharers – with 63% of the people surveyed saying they have a joint account with their partner and on average 66% of their earnings going into the shared account. Half (50%) are happy to pool almost all their resources, putting over 90% of their earnings into the joint account.

And it seems the older we are, the more likely we are to trust our partners not to run away with the mortgage money. Almost three quarters (72%) of those aged 55+ maintain a joint account, compared with just over half among 18-24-year olds. The proportion of earnings paid in also increases with age: 63% of those aged 55+ pay in the vast majority of their earnings to the joint account, compared with just a quarter (24%) of those aged 18-34.

Men, on average, pay in 10% more of their earnings than women to the joint account, at 71% compared with 61%. Interestingly, 57% of men say that almost all of their salary goes into their joint account compared to only 44% of women.

Same sex couples are just as likely as straight couples to maintain a joint account, but on average pay in just half of their earnings compared with the two thirds paid in by the average straight couple, perhaps indicating a more self-contained streak and a desire to maintain some financial independence.

Joint accounts



Couples with joint accounts pay an average of 66% of their earnings into the shared account

Not ready to share?

A third of married and cohabiting couples don't have a joint account:

Why not?



The times they are a-changin'

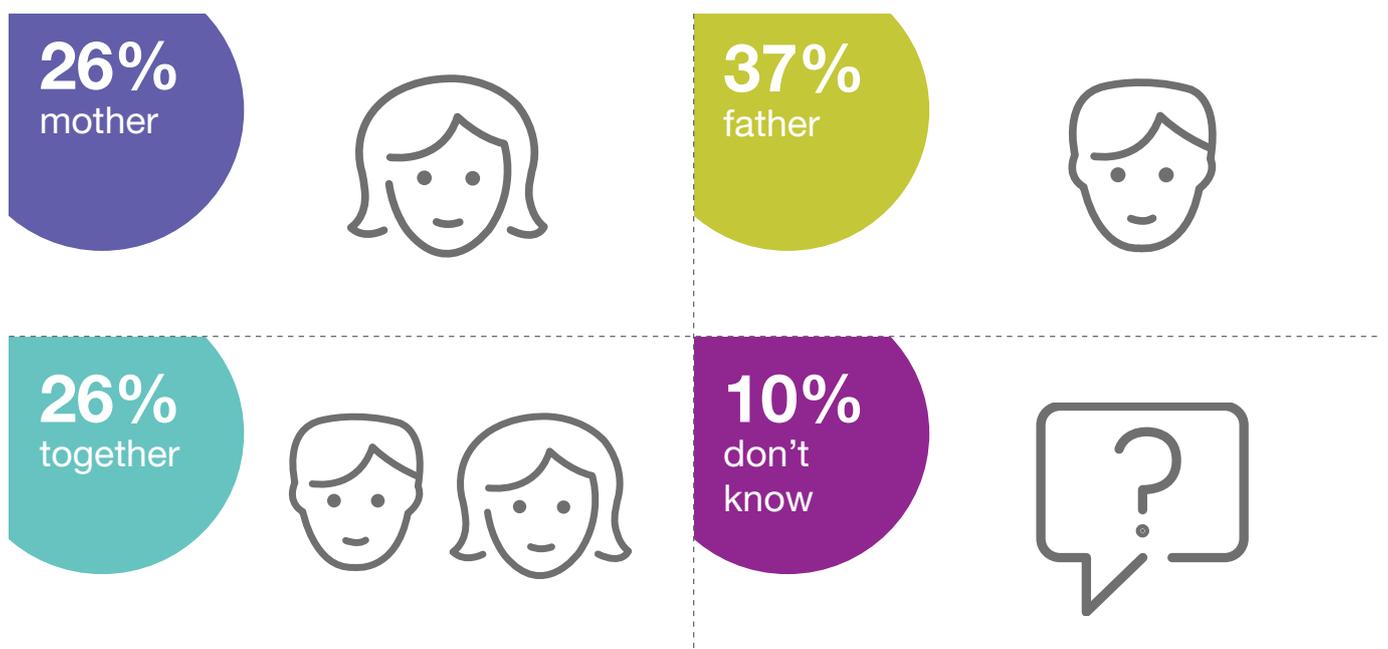
The most notable shift over time is towards couples making financial decisions together rather than relying on one or other of the pair taking charge.

Overall only a quarter (25%) of those in couples say that during their childhood their parents made joint decisions on their household finances – compared with almost half (47%) of today's couples. And there's a marked increase in this number over the generations, from fewer than one in five (19%) among over 55s to more than a third among today's 18-24 year olds.

There's also been a shift away from the man of the house holding the purse strings. 42% of over 55s said it was their father who make the decisions during their childhood, but this drops through the age groups to a low of 26% among 18-24 year olds.

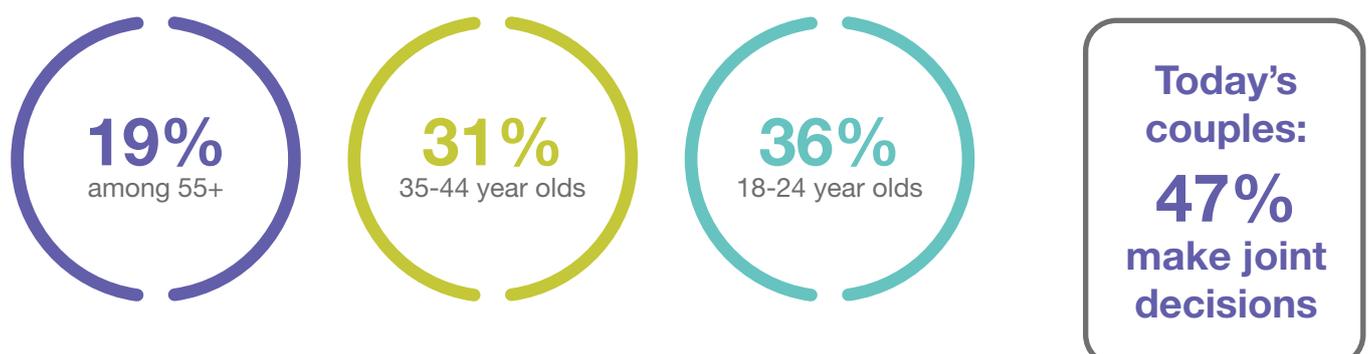
There's a growing sense that these are decisions best made together.

In childhood, who made the majority of the financial decisions?



Shifting tides

How many say their parents made the decisions together?



What if the worst happens?

Although the vast majority of couples (89%) know what life insurance is for, a whopping 41% admit to not owning a policy, leaving them exposed to the risk of serious financial worries should something happen to their partner. Alarming, over 55s are among the least likely to have a policy – with half saying they have no life cover. The only group less likely to have a life insurance policy are 18-24 year olds, of whom 53% aren't covered.

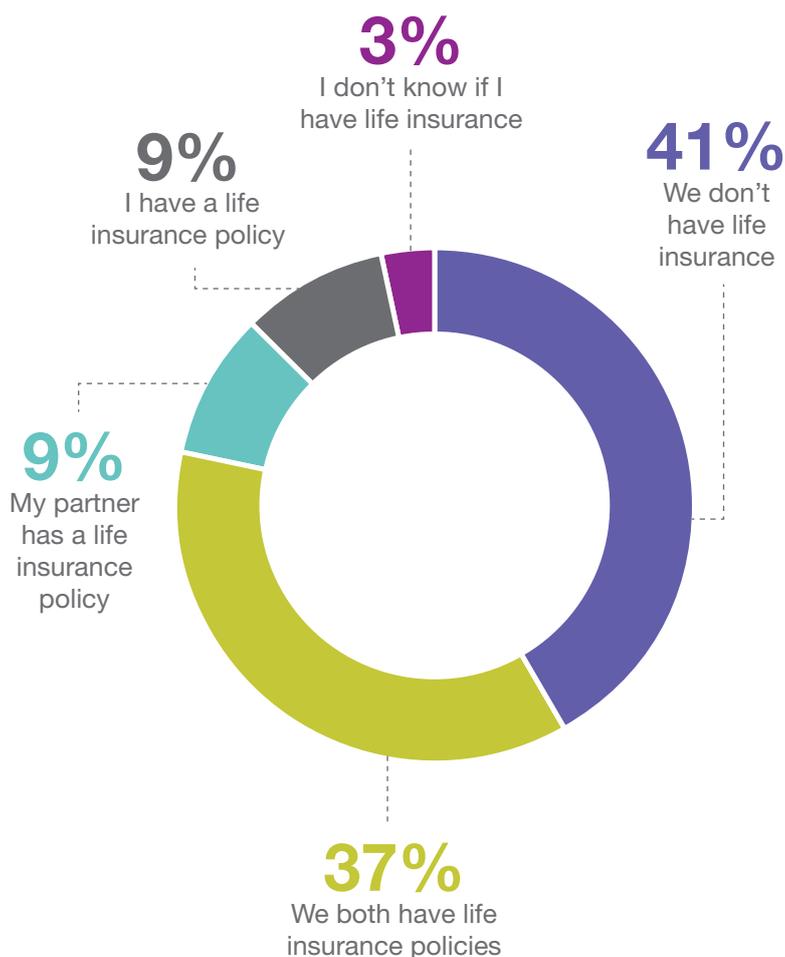
The insurance gap

Asked to estimate how much money they'd need each year to cover bills and household expenses in the event of their partner's death, the average amount cited by our respondents is almost £21,700 – suggesting that a life insurance policy would be a wise investment for the 41% of British couples who currently aren't covered.

£21,700 The average amount people in couples say they'd need every year to cover bills if their partner died

This amount soon mounts up, too. Based on the average someone whose partner died at 40 would need to find almost £600,000 to cover that lost income up to retirement age.

One in 17 Brits (6%) said they'd need over £50,000 a year to cover bills and living expenses in the event of their partner's death - leaving them with an insurance gap of at least £1,350,000 until retirement age if their partner died at 40.



The insurance gap until retirement¹



¹Calculated based on the average stated requirement of £21,700 a year to replace lost income in the event of partner's death, up to standard UK retirement age (67 for those currently aged 30, 40 and 50 and 66 for those aged 60).

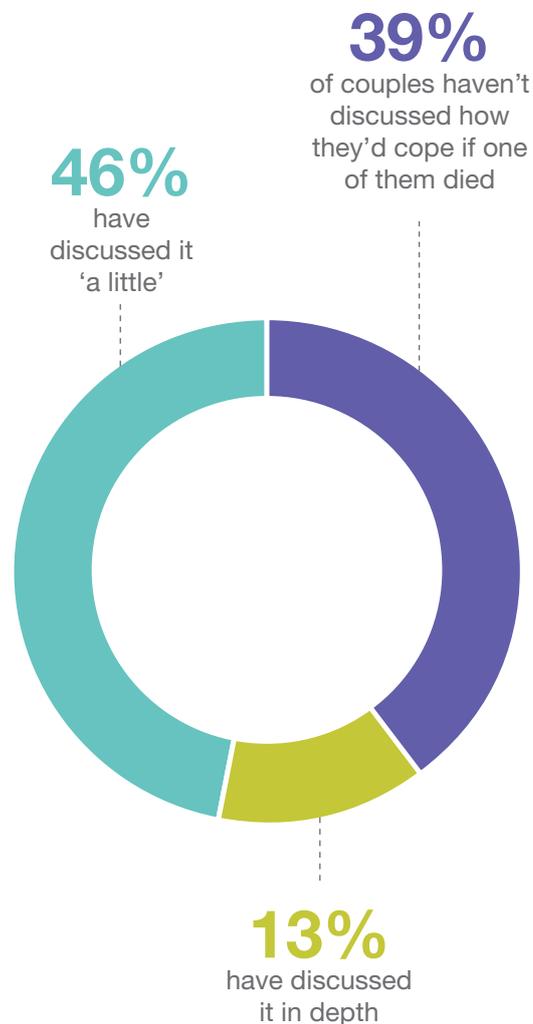
What if the worst happens?

That awkward conversation

Two in three (59%) people say they have discussed at least briefly how they would cope in the event of their partner's death. However, more than a third (39%) haven't had the conversation at all. Asked why not, reasons ranged from fear of tempting fate to simply not worrying about what the future may hold, while others say they don't see themselves staying with the same partner until they die!

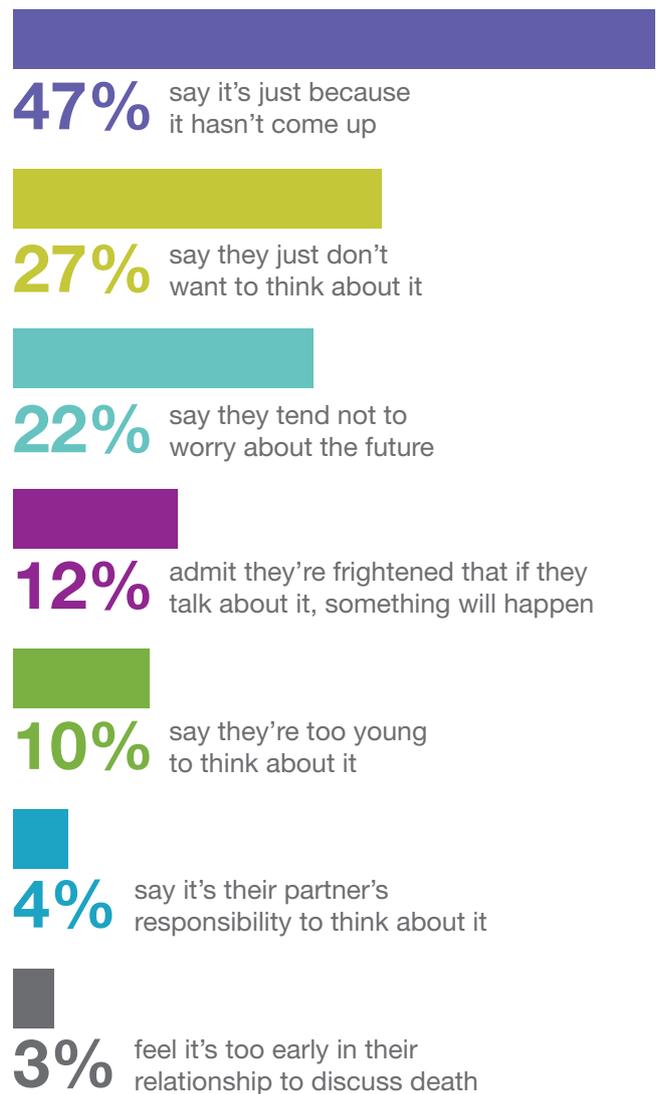
Perhaps not surprisingly, the youngest couples surveyed are least likely to have tackled this tricky subject with their partner and the most likely to say they just don't want to think about it. One in 10 also feel it's too soon in their relationship to discuss how their partner would cope in the event of their death.

The over 55s are most likely to have had a conversation to plan how they would cope in the event of their partner's death, with 71% saying they've done so – perhaps because, with more years of living under their belts, they may be more likely to have witnessed the impact an unexpected death can have on a couple or family.



36% of those in couples say they both have a life insurance policy

Why haven't more than 1 in 3 couples talked about one of them dying?



Keeping on top of household admin

As we know, since 62% of survey respondents describe it as a necessary evil, dealing with finances isn't always our favourite job.

HANDY HINTS TO HELP YOU STAY IN CONTROL



Make time to shop around

Set aside some time to make sure you are getting the best price for your utility bills, mobile phone contracts and insurance products. Whilst it may seem like a pain, in the long run you may be able to save yourself lots of money



Organise yourselves

Who's doing what? Split the tasks up depending on your strengths or knowledge. That way you won't feel overwhelmed with having to do everything



Set calendar reminders

Many deals like phone contracts and 0% credit card rates are only good value if you switch regularly, so it's worth setting a reminder on your phone so you don't accidentally roll on to a higher rate



Ask for help

If there's something you're not sure about, ask your friends, family or colleagues for help – or check out the Money Advice Service (www.moneyadviceservice.org.uk/) for free, impartial advice



Planning

Make sure you have a household budget so you know how much your bills are and when you need to pay them. The Money Advice Service has a free budget planner tool



Have that difficult conversation

Whilst nobody likes a buzz kill, you need to have a plan of action if the worst were to happen



Avoid arguments

Set aside a dedicated time to discuss financial decisions together when you won't be distracted, rather than trying to sort them out over the breakfast table or late at night when you're tired



Make a will

If you don't have a will, you're not in full control of what happens to your assets after you die, potentially leaving your partner and family at risk. Budget Life Insurance has a free will service for customers



Build a buffer

We all get hit with unexpected bills from time to time. Try to get into a regular savings habit so you have a rainy day fund

Presenting a united front

It's encouraging to see that growing numbers of couples in the UK are choosing to share the load when sorting out the family finances rather than delegating it to one or other partner. It's pleasing, too, to learn that couples recognise how important it is to make decisions together when it comes to key issues such as mortgages and life insurance.

Britain's couples are pretty confident that they're good at managing their household finances, with only a few confessing to putting their heads in the sand about money issues and the majority finding time to shop around to make sure they get the best deals.

But it's a concern to hear that 41% of the UK's couples haven't secured their other half's future financial stability by taking out a life insurance policy, and that so many people are putting off having a conversation about how they would cope in the event that something should happen to their partner.

With respondents estimating they'd need an average of £21,700 a year to plug the gap left behind if their partner should die, this is one conversation it's important to have, however awkward it may seem.

Setting up a life insurance policy is a good first step towards securing the future for our loved ones, and doesn't need to be expensive. Policies start at just a few pounds a month. And with today's online life insurance providers it doesn't need to be a lengthy process, either. It can take as little as 10 minutes to buy a policy and put cover in place.

For more information about life insurance, visit:

www.budgetinsurance.com/life-insurance/

About the research

2,000 UK adults aged 18+ who are married or live with their partners were surveyed by OnePoll for Budget Life Insurance between 10 and 16 March 2017. OnePoll are members of ESOMAR.



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