

UK Adult Financial Wellbeing Survey 2021 Mental Health Report

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1. Introduction

Financial wellbeing is about feeling secure and in control. It is about making the most of your money day to day, dealing with the unexpected, and being on track for a healthy financial future. In short: financially resilient, confident and empowered.

The Adult Financial Wellbeing Survey is a nationally representative survey of adults aged 18+ living in the UK. The survey was previously run in 2018 and 2015, when it was known as the Financial Capability Survey. This latest wave was conducted through online access panels and with posted invitations in order to represent both heavier and lighter users of the internet.

The questionnaire covers the building blocks of financial wellbeing:

- Current and longer-term financial wellbeing
- Day-to-day behaviours like managing credit, active saving and keeping track of spending
- Planning behaviours like pension saving and building resilience against expected and unexpected life events
- Enablers and inhibitors like confidence, sense of control, financial numeracy, and engagement with money information, advice and guidance.

The survey provides robust measures of UK Financial Wellbeing which help MaPS and other organisations working in Financial Wellbeing to design and target interventions more effectively.

For further details on the method, sampling and weighting processes, please see the survey technical report.

Reporting

The approach taken towards reporting for 2021, is to create a series of short reports, each focused on a specific topic or audience group of importance. The reports will cover the Agendas for Change and the cross-cutting themes of the UK Strategy for Financial Wellbeing and other topics of interest to MaPS.

Measuring mental health problems

In the research we asked about mental health in two different ways:

1. Something that people had **experienced problems with in the last 3 years.**

30% of people said they this applied to them.

2. **A limiting long term condition or disability** related to mental health.

17% of people said this applied to them.

Not surprisingly, there is a high degree of overlap between the two groups: almost everyone who said they had a mental health-related limiting long term health condition also said they had experienced mental health problems.

But around half of people who have had recent mental health problems did not say they had a long term mental health condition.

This report focusses on the 30% of UK adults who say they have had mental health problems in the last 3 years.

In particular, it focuses on measures which contribute to the National Goals – the primary measures of Financial Wellbeing in the UK.

Where appropriate, comparisons are made between financial behaviours and outcomes for those who experienced recent mental health problems and all UK adults.

2. Financial wellbeing and the link with mental health

2.1. Key findings

The link between money and mental health is well established. Money worries can make existing mental health problems worse or cause new ones. Mental health problems can impact a person's ability to process information and solve problems, deplete energy and increase impulsive behaviour, causing problems with money management and increasing the risk of accumulating debt. It is essential that people living with mental health problems are able to access financial wellbeing support that works for them.

Financial stress – and its knock-on effects for mental health, relationship breakdown and physical health – can have severe consequences for individuals and communities.

The financial impact of the Covid-19 pandemic has had a profound effect on people's financial and mental wellbeing – from our research many more people are now reporting a mental health problem than in 2018 before the onset of the pandemic. This is important and of real concern, as even prior to the start of the pandemic, those with a mental health problem were more likely to report concerns about their financial wellbeing than UK adults as a whole, and these gaps have now widened.

We know that the differential impact of the Covid-19 pandemic is stark, and it appears that those with a mental health problem have struggled more than most – in some cases it is likely that the pandemic and financial worry and stress may have contributed to individuals' overall mental ill health.

Almost three quarters (74%) of people living with mental health problems now say they are struggling to keep up with bills and credit commitments and over half (57%) of people who are often using credit to purchase everyday essentials have a mental health problem. These financial concerns have an impact on an individual's mental health.

Almost six in ten (57%) of those living with mental health problems report that thinking about their financial situation makes them anxious.

On almost all measures of financial wellbeing it appears that there is a link between mental health and money. Those living with mental health problems have much less confidence in managing their money, which in turn may mean that they are less likely to manage their money well day-to-day and plan for the future. This is important as people may be forced (further) into debt; resort to expensive, short-term credit; or go without something they or their families need.

The findings are clear. People with recent mental health problems are in general:

In more difficulty with **bills and credit**:

- Having more difficulty in keeping up with bills and credit commitments
- More likely to borrow to buy food or pay bills because money has run out
- More likely to struggle to pay an unexpected bill

Less confident:

- Less confident in managing their money
- Less satisfied with their financial circumstances

Less financially resilient due to lower savings:

- Less likely to save regularly
- less financially resilient to significant life events such as illness or loss of employment due to lower levels of personal savings

Mental health problems are also linked to lower likelihood of financial planning for retirement or understanding enough to make decisions about retirement. But these differences are generally smaller than the others noted previously.

2.2. Mental health problems in the UK

Three in ten (30%) of the UK adult population say they have had problems with their mental health in the last three years.

What is the impact of the pandemic?

The effects of the pandemic have impacted significantly on the mental health of many, and worsened existing problems for some.

From our research, approximately three in ten (30%) of the UK adult population reported having a mental health problem over the past 3 years, an increase since 2018 before the start of the pandemic when 21% reported a mental health problem.

Who is more likely to experience problems?

Recent mental health problems are more common among some sections of the population.

They are much more common among the **working age** population:

- 38% of 18-65s report recent problems, but only 5% of the 66+ population.

They are especially common among **younger adults**:

- two thirds of 18-24s (64%), half of 25-34s (50%) and 40% of 35-44s report recent mental health problems

Parenthood and **especially single parenthood** appear to be factors:

- Half of single parents (51%) and over a third of couple parents (38%) report recent mental health problems.

Disability/long term health conditions are linked to worse mental health

- 58% of people with a long term health condition or disability have experienced a recent mental health problem.
- Only 16% of people without a disability reported recent mental health problems.

People on the **lowest incomes** are twice as likely to have experienced recent mental health problems:

- 47% with household incomes of less than £13.5k report recent mental health problems versus only 23% with incomes of £13.5k-£35k, and 20% of people with household incomes of £35k or above.

Renters more than owner occupiers

- 41% of private renters and 42% of renters have had recent mental health problems, versus only 30% of those buying on a mortgage.

More common among the **ethnic minority** population, especially people of Mixed and Black/Black British ethnicity:

- 54% of people of Mixed ethnicity reported mental health problems in the last 3 years, 43% of Black/Black British people, and 39% of the whole ethnic minority population. This compares to 29% of the White population.

There are **no notable differences by gender or social class**.

Within the working age population, there is **little difference for different working statuses**:

- Recent mental health problems are common amongst the employed (37%), self-employed (36%) and unemployed (44%).

3. Key measures of financial wellbeing and mental health

This section covers paying bills and credit commitments, borrowing for the everyday and being able to pay an unexpected £300 bill.

For all of these financial wellbeing measures, people with recent mental health problems score noticeably worse than the UK average.

3.1. Paying the bills

“How well are you keeping up with bills and credit commitments at the moment?”

74% (50% all UK adults)

Proportion of adults with a mental health problem who struggle to keep up, are falling behind or have fallen behind with their commitments¹

Whilst keeping up with bills and credit commitments is real a struggle for many households in the UK, it is a particular and growing concern for those who have experienced a mental health problem in the last three years.

Three quarters (74%) of those living with a mental health problem say they are struggling to keep up with bills and credit commitments compared to half (50%) of the UK adult population.

This again has widened pre-existing gaps. Since 2018 the number with mental health problems reporting they struggle to keep up with bills has increased (from 60% to 74%).

¹ Source: J1. How well are you/you and your partner/spouse keeping up with bills and credit commitments at the moment?

Base: All Adults (% Keeping up is a struggle from time to time/ constant struggle/ falling behind/ fallen behind)

This constant struggle to keep up with bills and credit commitments can increase the stress on an individual’s mental health and cause considerable financial worry. Almost six in ten (57%) of those with a recent mental health problem say that thinking about their financial situation makes them anxious. By contrast, only 36% of UK adults say the same.

“How often do you use a credit card, overdraft or borrow money to buy food or pay bills because you have run short of money?”

A significant number of adults living with mental health problems do not have sufficient income each month to cover food or bills and therefore borrow very/fairly often for the everyday (32%) – a slight increase since 2018. This is almost double the UK average figure (17%).

32% (17% all UK adults)

Proportion of adults with a mental health problem who very/fairly often use a credit card, overdraft or borrow money to buy food or pay bills because they have run out of money²

² Source: NORB1. How often do you use a credit card, overdraft or borrow money to buy food or pay bills because you have run short of money?

Base: All Adults (% who do this very/fairly often)

“What is the biggest bill you could pay, either from money you already have, or money you could easily borrow in a way that you consider affordable?”

A significant number of people living in the UK would have insufficient savings or income to pay for an unexpected bill of £300. These people are at risk: they may need to go (further) into debt; resort to expensive, short-term credit; or go without something they need.

36% (24% all UK adults)

Proportion of adults with a mental health problem who couldn't pay an unexpected bill of £300 without borrowing³

One quarter (24%) of adults in the UK say they would be unable to pay an unexpected bill of £300 from spare money or affordable borrowing, and it is an issue that disproportionately affects those living with mental health problems. Over a third (36%) reported that they would be unable to pay an unexpected bill of £300 without borrowing.

³ Source: I10. How would you pay unexpected bill of £300?

Base: All Adults (% who would have to borrow or could not pay when faced with an unexpected £300 bill)

3.2. Saving and financial resilience

This section covers saving regularly and the amount people have in savings.

For all these financial wellbeing measures, people with recent mental health problems score worse than the UK average. But the difference is not as large as for the credit and borrowing issues discussed in the previous section.

“Which of these best describes how often you save money?”

Whilst 61% of adults in the UK say they save money every/most months, this leaves a significant proportion of two in five adults who are not saving this regularly. The proportion of adults living with mental health problems regularly saving is (55%) slightly lower than the UK average (61%).

55% (61% all UK adults)

Proportion of adults with mental health problem in last three years **who save every/most months⁴**

“Approximately how much, if anything, do you personally have in savings and investments?”

Many people living in the UK have low levels of savings, with very little money set-aside to pay for unexpected expenses, or cope with a loss of their main source of income and this is a particular issue for many living with mental health problems.

Around one in ten (11%) of all UK adults have no personal savings and investments, and the situation is worse for those with a mental health problem (14%). For many though, the amount held in savings is low. Over four in ten (43%) of the UK adult population have less than £1,000 in personal savings, and this increases to almost six in ten (57%) for those living with a mental health problem.

In total just a third (36%) of UK adults had personal savings of £10,000 and above, with less than one in five (17%) of those living with a mental health problem having that amount.

57% (43% all UK adults)

Proportion of adults with mental health problem in last three years **who have less than £1,000 in personal savings⁵**

Whilst the low level of personal savings is likely to be due in part to life stage, as many who have mental health problems are younger, and have children, this does mean that they are less financially resilient to significant life events such as illness that prevents work or loss of employment.

⁴ Source: G3 - Which of these best describes how often you save money?

Base: All Adults (% who do this every/most months)

⁵ Source: G5a - Approximately how much, if anything, do you personally have in savings and investments?

Base: All Adults (% who have less than £1000+)

3.3. Confidence and satisfaction

This section covers how people feel. Specifically, how confident they are managing money day to day, and how satisfied they are with their overall financial circumstances.

Recent mental health problems are linked to feeling less confident managing money well day to day and being less satisfied with your financial circumstances.

“How confident do you feel managing your money?”

There appears to be a strong link with those suffering from mental health problems and a lack of confidence in managing money.

63% (45% all UK adults)

Proportion of adults with a recent mental health problem who do not feel confident managing their money⁶

More than six in ten (63%) of adults with a mental health problem in the last three years are not confident managing their money, This is significantly higher than the figure for all UK adults (45%).

This is of concern and may have been influenced by experiences during the Covid-19 pandemic. Whilst the link between mental health problems and confidence in managing money was clear in 2018 prior to the onset of the pandemic, it does appear that this gap has widened – in 2018 slightly fewer (57%) of those with a mental health problem reported that they lacked sufficient confidence in managing their money.

⁶ Source: B3 - How confident do you feel managing your money?

Base: All Adults (% rating 0-7)

Providing sufficient support to those living with mental health problems to gain confidence in managing their money will be important as the financial impact of the Covid-19 pandemic continues in the coming years.

“How satisfied are you with your overall financial circumstances?”

It appears that there is a link between mental health problems and satisfaction with personal circumstances. A high proportion of those living with mental health problems are not satisfied with their financial circumstances. Almost 8 in 10 (78%) reported that they not satisfied with their financial circumstances.

78% (66% all UK adults)

Proportion of adults with a recent mental health problem who are not satisfied with their overall financial circumstances⁷

For those living with mental health problems the Covid-19 pandemic has had a significant impact on their personal finances (as well as their mental wellbeing).⁸

Although those with a mental health problem did also report lower levels of satisfaction with their financial circumstances in 2018 – prior to the start of the pandemic.

One half (50%) of those with a mental health problem reported that their household income had fallen since the pandemic had started.

⁷ Source: B2 - How satisfied are you with your overall financial circumstances?

Base: All Adults (% 0-7/10)

⁸ [Income in Crisis.pdf \(moneyandmentalhealth.org\)](#)

For many, over a year later, their household income had not returned to its pre-pandemic level.⁹

People with recent mental health problems were also more likely to report that their job and working hours had been affected because of the pandemic.

For 15% of those living with mental health problems their employer had cut hours or pay, 15% had been placed on furlough under the governments job retention scheme, and one in ten (10%) had lost their job during the pandemic.

⁹ At the time of the survey (just over a year since the first lockdown in March 2020), 27% of those who had experienced a recent

mental health problem said their household income had fallen and remained below the pre-pandemic level.

3.4. Retirement planning

Recent mental health problems are linked to slightly worse scores for the two retirement planning questions examined in this section.

But the differences are smaller than for managing bills and credit, saving, or confidence and satisfaction.

“How much have you done to ... plan your finances for retirement?”

Not being well prepared for retirement can cause real issues in later life, especially as individuals approach the age of retirement.

Despite some small improvements since 2018 this remains a concern as the majority of UK adults aged 18-65 do not have a plan for their retirement, and even more of those living with mental health problems do not.

57% (52% all UK adults)

Proportion of working age adults living with a mental health problem who do not have a plan for their finances in retirement¹⁰

This lack of planning for retirement also means that understanding and engagement with pensions is in general still poor. Amongst those of working age many are not actively engaging with their pensions, for example by reading their annual statements or logging in online to review their pension.

Only around half (56%) of working age adults in the UK have undertaken an activity in the last 12 months to review or discuss their pension. This is slightly higher amongst those with a recent mental health problem (60%).

¹⁰ Source: D7C - How much have you done to ... plan your finances for retirement?

Base: All Adults (% saying Not very much/Nothing at all)

An important aspect of financial planning for retirement is understanding enough to make decisions about saving for retirement.

“I feel I understand enough about pensions to make decisions about saving for retirement”

44% (47% all UK adults)

Proportion of working age adults living with a mental health problem who understand enough to make decisions about retirement¹¹

Amongst those of working age (aged 18-65), many do not feel that they understand enough to make decisions about their retirement.

Those living with a mental health problem are slightly less likely (44%) to say they understand enough. Improving confidence with managing money and continuing to provide access to suitable guidance and advice for people living with mental health problems will be important to improve the level of understanding, and enable them to make decisions about their retirement with confidence.

¹¹ Source: WASOU - Understand enough to make decisions about retirement

Base: All Adults of working age (% saying Agree)

Money & Pensions Service
Holborn Centre,
120 Holborn,
London, EC1N 2TD
01159 659570
moneyandpensionservice.org.uk



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