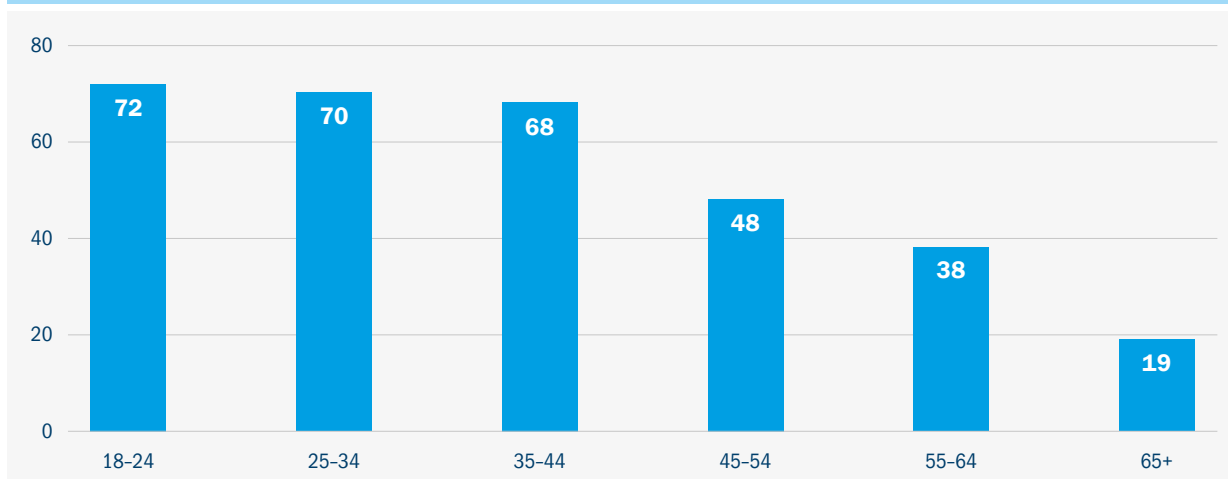


MONEY REGRETS – WHAT CAN WE LEARN FROM THE PANDEMIC?

Whether young or old, the risk of running out of money is a real worry. According to research by Columbia Threadneedle Investments*, people are assessing their past decisions, finding they are experiencing regret for not having made better choices. Financial difficulties caused by Covid-19 are making investors think more clearly about their money. There is an opportunity to learn from older generations. With the right advice, putting a long-term strategy in place will help plan for the necessities of old age as well as prepare for unforeseen circumstances similar to the difficulties many are facing a result of the pandemic. It may help investors make the right financial decisions now, avoid uncertainty, and sensations of regret later in life.

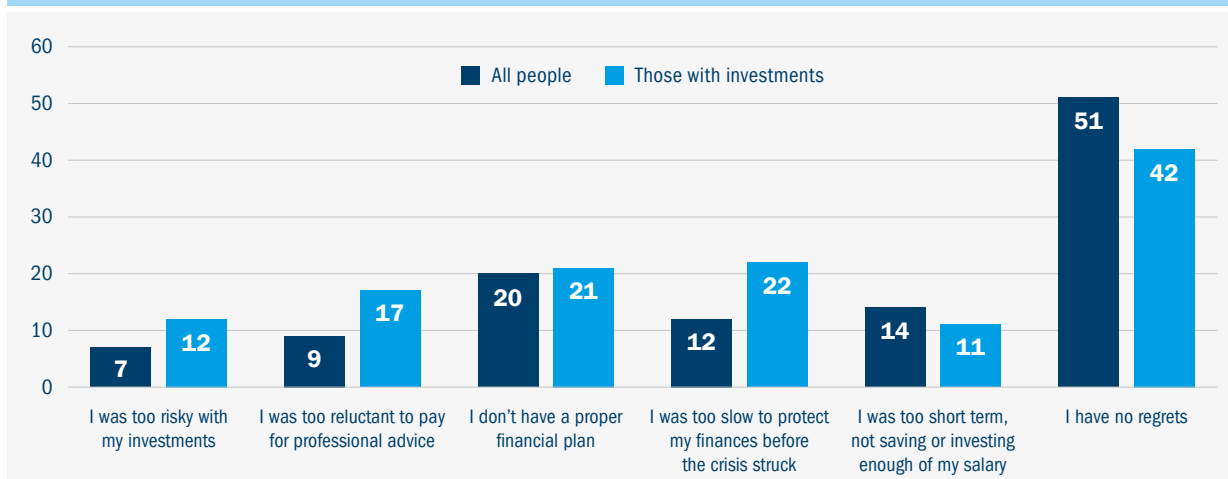
According to the research, half (49%) of people hold regrets about the way they organised their finances before the crisis. Younger people are far more likely to have regret – with as many as 72% among 18-24 year olds regretting their previous financial decisions.

% of UK adults by age with regrets about the way they had organised their finances pre-Covid-19



The top regrets included not having a financial plan (20%) and being too short term, not saving enough of their salary (14%).

% of UK adults by age with regrets in light of Covid-19



However, the percentage of those who had regrets fell as age increased, with only 19% among the 65+ group having any regrets. Does this mean they had previously made the right financial decisions and importantly, is there an opportunity for the young to learn from them?

Learning from retirees – what they got right and what they got wrong

When we asked retirees what they got right about how they planned financially for their retirement, just under half (49%) said it was to put money in a private pension. 39% said that they ensured they had a will and planned for inheritance tax. Around a fifth said what they got right was to take financial advice.

What UK retirees got right for financial retirement planning – top five	%
Put money into a private pension	49%
Created a will/IHT plan	39%
Put little faith in Social Security	34%
Ensured I had saved enough to leave an inheritance	23%
Took advice upon entering retirement	17%

Whilst retirees recognise what they got right in their financial planning, many had regrets. Almost 30% of retirees felt they failed to adequately consider long-term care costs, with many admitting they put too much faith in the social security system. One in six regretted not opening a private pension, and many regretted not taking professional advice when they were younger.

The top five regrets among retirees being:

- 29% regretted not considering long-term care costs
- 18% regretted putting too much faith in the government (social security, healthcare)
- 17% regretted not having a private pension
- 15% regretted not saving enough to leave an inheritance
- 13% regretted not taking professional advice

Young people have the opportunity to think more long-term about money

For younger people, they now have an opportunity to re-think their priorities and planning. Among non-retirees, 86% aspired to have enough money for healthcare and social care expenses when they retire. By taking action now, they could ensure a more secure financial future for themselves.

Aspirations for retirement – non retirees	%
Making sure I am fit and healthy	95%
Being able to maintain and stay in my own home	93%
Spending more time with family and friends	91%
Pursuing hobbies/new hobbies	86%
Ensuring I have enough money for healthcare expenses	86%
Ensuring I have enough money for social care expenses	86%



Ben Kelly, Senior Thematic Analyst, Responsible Investment at Columbia Threadneedle Investments and behavioural economist said, "Regret can be a really dark place for investors. Many try to avoid it by avoiding making decisions with their money altogether. But doing nothing can lead to far greater regret later in life and this is what some older generations are dealing with today. Investing for the future can be a hard sell for young people as there is little instant gratification. How do you get younger people to understand the problems they will face in later life? The Covid-19 pandemic may have led younger generations to start thinking about their financial future. This could be the right time to help them put a long-term strategy in place which in turn will help them make good financial decisions throughout their adult life."

*The report is based on the results of a nationally representative survey of 2000 UK adults, conducted in Sept 2019, supplemented with an additional nationally representative survey of 800 UK adults in May 2020.

To find out more visit columbiathreadneedle.co.uk/coursecorrection



This information is based on the results of a nationally representative survey of 800 UK adults in May 2020 carried out by Cicero / AMO on behalf of Columbia Threadneedle Investments, to capture how attitudes and behaviours of individuals have been impacted by the outbreak of Covid-19. The term 'investors' refers to those holding any investments. 263 respondents were classified as investors. Past performance is not a guide to future performance. The value of investments and any income is not guaranteed and can go down as well as up and may be affected by exchange rate fluctuations. Your capital is at risk. This means that an investor may not get back the amount invested. This material is for information only and does not constitute an offer or solicitation of an order to buy or sell any securities or other financial instruments, or to provide investment advice or services. The analysis included in this document has been produced by Columbia Threadneedle Investments for its own investment management activities, may have been acted upon prior to publication and is made available here incidentally. Any opinions expressed are made as at the date of publication but are subject to change without notice and should not be seen as investment advice. Columbia Threadneedle Investments does not give any investment advice. If you are in doubt about the suitability of any investment, you should speak to your financial adviser. Information obtained from external sources is believed to be reliable but its accuracy or completeness cannot be guaranteed. Threadneedle Asset Management Limited (TAML), registered in England and Wales, No. 573204. Registered Office: Cannon Place, 78 Cannon Street, London EC4N 6AG, United Kingdom. Authorised and regulated in the UK by the Financial Conduct Authority. TAML has a cross-border licence from the Korean Financial Services Commission for Discretionary Investment Management Business.