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Are you one of the 48% who haven't moved their savings or investments for at least two years?

Survey reveals that the Police family are doing their savings and investments an injustice. Despite recommendations to 'move your money to get a better return' in the Personal Finance sections of virtually every newspaper and website, 48% admit that they have not moved their savings or investments in the past two years. 28% have never moved their money to get a better rate or return; 11% have not moved their money in the last year; and 12% confess they can't remember.

We asked Professor Richard Crisp, Director of the Behavioural Science Laboratory at Aston University, to take a look at these results and see if any of the survey findings could be understood with reference to the latest research in behavioural science.

Crisp said, "These findings are fascinating - research on everyday human behaviours has identified what's known as a 'status quo bias'. This is a tendency, all other things being equal, to prefer things the way they are rather than entertain the idea of change. This data suggests the status quo bias may also be at work when people are making financial decisions about their future."

What is your attitude to risk?

In an effort to really access the psyche of the Police family with regard to financial risk, the Police family were asked if they would prefer '£10,000 paid to you 10 years from now or £1,000 paid to you today'. While 58% opted for £10,000 in 10 years, a sizeable 42% wanted the £1,000 today for the following reasons:

£1,000 today:

- I have immediate needs for the money and might get run over by a bus in the meantime
- Because I'm skint!!!!
- Aged 65, I might not be alive in 10 years!

£10,000 in 10 years:

- Under today's savings/investment rates I can't see £1,000 turning into £10,000 in 10 years
- Due to retire in 10 years, have sufficient income to manage day-to-day for now
- £10k is more than £1k!

Crisp goes on to say: "The status quo bias can be explained by a core characteristic of the human mind, and in particular how we make decisions about the future. In essence, how things currently are is already ingrained in our consciousness, so everything about it is familiar and comforting. In contrast, the future is unknown and so thinking about it is more difficult and lacking in detail. This naturally makes us feel less confident. It is this key difference between how thinking about the present versus the future *feels* that can explain why so many people would rather have a smaller pay out now, than wait to receive a larger pay out in the future."

Break your apathy

The first step in making the most of your savings and investments is admitting to yourself that you are not following the best practice of shopping around and moving your money accordingly.

Next, you need to figure out what your 'barriers' to taking this step are, so that you can break them. To the 39% who say that they 'don't think there is anything significantly better out there', and the 1 in 5 for whom 'it's on my to-do-list, but I never get around to it', we say that just like regular exercise and physical wellbeing, regular rate checks could significantly improve your financial wellbeing.

Crisp comments, "So thinking about changing something is difficult because we are so unfamiliar with thinking about it. In turn, this makes us feel less confident about making a change, even a positive change. This can explain why people find it hard to achieve goals in many different areas of life, such as wanting to eat more healthily, do more exercise, recycle or save more for the future. But in all of these areas change *can* be achieved with some simple cognitive tricks – such as imagining the small steps needed to reach the goal, rather than thinking of the overall change that we are making. By imagining small steps, regularly, and in detail, we build a clear and detailed 'cognitive plan of action'. This can not only give us confidence about making the change, but also provide a detailed roadmap for what needs to be done to achieve our goal. Applying this process to financial decisions can help us consider all the options, and then give us the confidence, and ability, to follow through on our plans."

The majority of the Police family has savings, but 19% don't save regularly

94% of those surveyed have savings or investments compared to 65% of the total UK population¹, suggesting that the Police family invest more in their future than the general population. 39% have more than £10,000 saved or invested, however a surprisingly high 19% say that they are not currently saving every month.

This reflects the fact that saving, other than for specific events such as a holiday, wedding or house deposit seems to have gone out of fashion compared to a few generations ago when it was an ingrained habit. Everyone should be saving regularly too, for financial security and the financial independence to make life choices that are not solely dependent on earning a monthly pay cheque.

Call Police Mutual on 0800 652 8986 for more information on Police Mutual's Options ISA or see <http://www.policemutual.co.uk/savings-and-investments>.

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About this research

In August 2016, 237 members of the Police family completed a survey questionnaire issued by Police Mutual via email. The full results are available on request by emailing marketing@pmas.co.uk

About Police Mutual Group:

Police Mutual Group includes Police Mutual and Forces Mutual.

Police Mutual has offices in Lichfield, Liverpool, Birmingham, Ipswich and Hook.

For over 150 years, Police Mutual has been helping Officers, Staff and their families with their finances. With no shareholders, Police Mutual is run commercially, yet not for profit, for the benefit of its members and the Police Service, delivering the things that are most important to them.

Police Mutual offers a great range of products and services exclusively for the Police family and is continually developing them to ensure they meet their needs. The range includes savings and investment products with built-in guarantees, value-for-money insurance, first-class healthcare and advice on finding a mortgage. And today, over 210,000 members trust Police Mutual with their finances.

In 2011 Police Mutual launched the Police Mutual Foundation to support the wellbeing of Police Officers, Staff, Specials and the wider Police Family. See www.foundation.policemutual.co.uk for more information.

On 19 April 2016 Police Mutual Group acquired Abacus and combined it with its Forces Financial business to create Forces Mutual which now has over 100,000 policies in the military.

¹ <http://themoneycharity.org.uk/money-statistics/>

About Richard Crisp

Richard Crisp is 50th Anniversary Chair in Behavioural Science and Director of the Behavioural Science Laboratory at the Aston Business School, Aston University. He is the author of several books including *Social Psychology: A Very Short Introduction* and *The Social Brain: How Diversity Made the Modern Mind*.