LifeSearch

Health, Wealth & Happiness

THE COST-OF-LIVING CRISIS

THE AUTUMN 2022 REPORT

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Intro

EMMA WALKER
CHIEF MARKETING OFFICER, LIFESEARCH

The Health, Wealth and Happiness Report is here again. We've tried to settle into a rhythm and keep our publishing consistent: the main report in spring and an update in autumn.

Rhythm and consistency, though, are in short supply right now. The volatility, to put it mildly, of events over the last six months means there is just so much territory we could explore in this report, yet for practical reasons we simply can't cover all ground.

So we have elected to focus this report on what is the most pressing concern for Britons today: money. Not just money but security, stability, making ends meet. The dire straits in cost-of-living, inflation, interest rates, fuel and energy prices, the pound and so on are causing angst and dictating the news agenda like never before.

In this edition we delve into the practical implications of the crises in our midst, reporting on the impact — the mental, the macro and the practical — on UK households in the latter part of 2022.

We can see just how deeply the crisis is impacting Britain today and how that pain is being felt, largely, pan-income. Cost-cutting is the new normal and it's striking just how many are choosing to push pause on their big-ticket life goals to buy financial headroom through yet another period of immense uncertainty.

And while there is some steely British resolve in play, any positive notes are quickly drowned out by the stark reality of the cost-of-living crisis.

For at least the last two years, I've signed off all my Health, Wealth & Happiness Report intros by saying something like ***we hope to bring better news next time***.

And repeat.

Stay safe, stay resilient,

Emma

The Headlines

Headlines

Health Wealth & Happiness

27%

of Brits say their mental health has gotten worse in last six months (rising to 33% of 35-54-year-olds and 35% of Scots).

13%

of people across Britain have delayed having a (nother) child, rising to 36% in 18-34s.

44%

of Brits think about the cost-of-living crisis daily or multiple times per day, rising to over half (51%) of UK females.

19%

of Brits have delayed buying a home, rising to 41% of 18-34-year-olds.

£342

The average Brit estimates they'll be this much worse off per month, rising to £426 among 18-34-year-olds.

63%

of Brits feel financially worse off now than they did six months ago with nearly one in four (24%) feeling "a lot worse off".

TO MITIGATE COST-OF-LIVING INCREASES THIS WINTER, BRITS WILL ...

... go into the office more to reduce their heating bills	38%
... shower at work or the gym	21%
... use food banks	19%
... freeze regular outgoings, including insurance payments	31%
... sell personal items	46%
... reduce what they give to charity	45%

Headlines
Health Wealth & Happiness

£0

12% of Brits say they've reached breaking point and can't afford any more price hikes.

9%

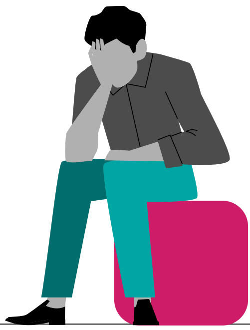
of Brits have taken on new short term debts - (average £448 p/m) and another 9% have borrowed from friends and family.

30%

say the car is the item they're most unwilling to give up. 15% say Netflix, and 17% of women say hairdresser appointments.

40%

of those whose mental health has gotten worse blame rising bills and the cost-of-living crisis.



THIS WINTER BRITS ANTICIPATE THEY WILL ...

... use all their savings	45%
... take on significantly more debt	33%
... struggle to pay energy bills	34%
... turn the heating off (when it'd normally be on)	68%
... be unable to pay for childcare	36%
... struggle to pay for things their children would need / want	60%

35%

say they're now less wasteful with food, 27% budget better, 26% are less materialistic.

20%

of Brits will spend less on Christmas presents and 21% will spend less on Christmas events.

Overview

Health, Wealth & Happiness Index

Overview

The Health Wealth & Happiness Index 2022

In 2020 LifeSearch worked with the Centre for Economic and Business Research (Cebr) to build and launch a brand new measuring instrument: the Health, Wealth & Happiness Index.

Initially compiled to chart the nation's sentiment and reality across these three domains during the Covid-19 pandemic, we perhaps didn't envision that such wild swings would continue in its aftermath.

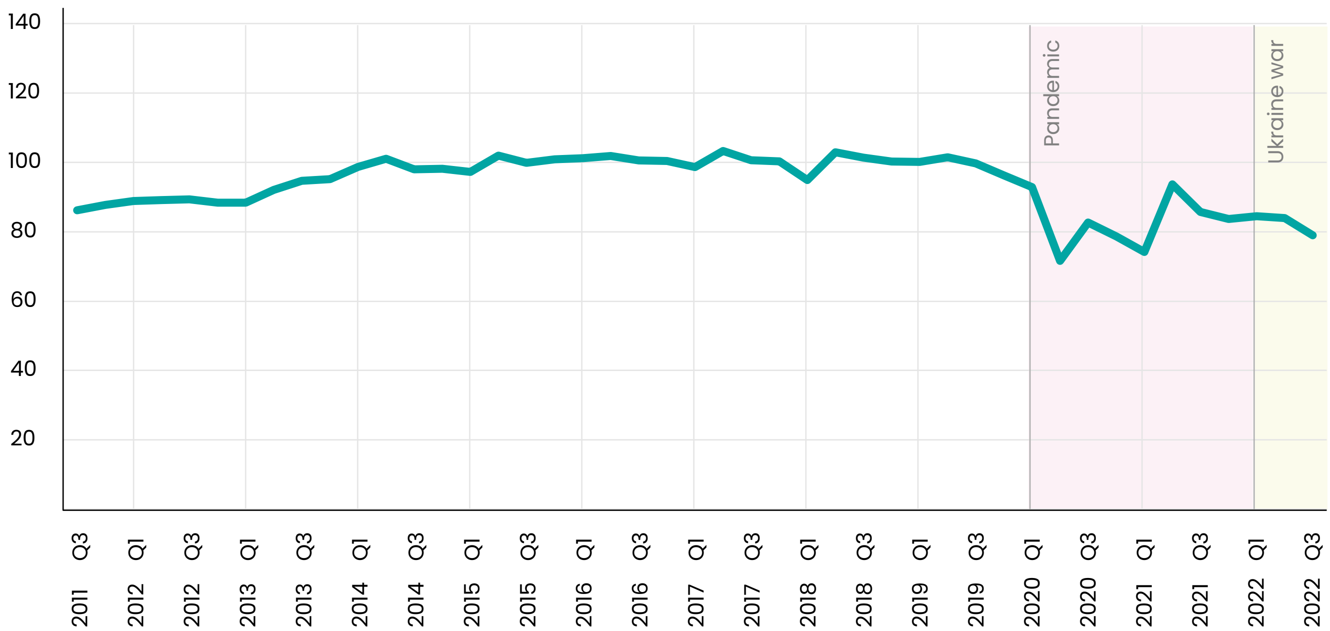
But sure enough, as we continue to wade in uncharted financial waters, we again see fluctuating lines in UK health, wealth and happiness as clear as day.

This report includes data from quarters two and three in 2022, bringing us up to the present day. Volatility, once again, is the watch-word. The Index fell in both quarters, eventually sinking to 79.0 in Q3, its lowest level since Q1 2021 and the aftermath of the first Covid Christmas.

While the Health and Wealth indices fell in parallel with the headline Index, we saw an improvement in Happiness in Q2, before it too slumped in Q3.

The main driver of this downfall is the cost-of-living crisis whose impact is particularly evident in the Wealth and Happiness indices.

HEALTH, WEALTH AND HAPPINESS INDEX (2015=100)



Source: Cebr analysis

The Health Index 2022
Heading south

The Health Index fell by 3.8 points in Q2, sinking to 81.2 from 85.0 in Q1.

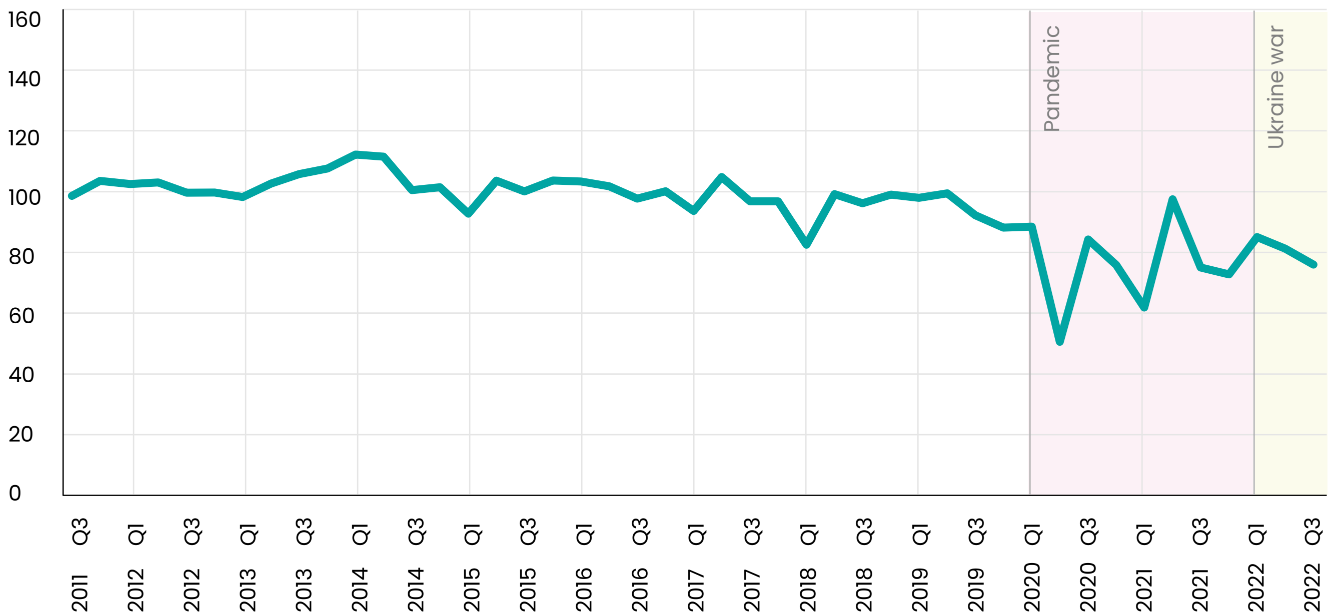
The drop was primarily due to an increased number of deaths - 139,000 by Cebr estimates. And although that figure is well down on the number of deaths registered through the pandemic, it's still significantly higher than pre-pandemic figures.

Into Q3 and the Health Index fell further to 75.9, the weakest value since the end of 2021.

This again was driven by a high number of seasonally adjusted deaths which, according to analysis from the Office for Health Improvement and Disparities, were significantly driven by cardiovascular problems and extreme heat over the summer.

Other data which informs the Health Index, such as the levels of employee sick leave / absenteeism and long-term health issues, have remained broadly consistent with the recent past.

HEALTH INDEX (2015=100)



Source: Cebr analysis

The Wealth Index 2022

Pressure set to continue

During the pandemic the nation's wealth was, in real terms, largely frozen in time as a result of Covid relief measures and a lack of spending opportunities. The prediction was always that we'd see the fuller impact of the pandemic on people's wealth once Covid support ended and the economy tried to recalibrate.

With that, and the multitude of other, global factors, the Wealth Index is in decline and registered just 83.3 in Q2 2022- its weakest reading since Q4 2020. By Q3 it slumped further to 82.1.

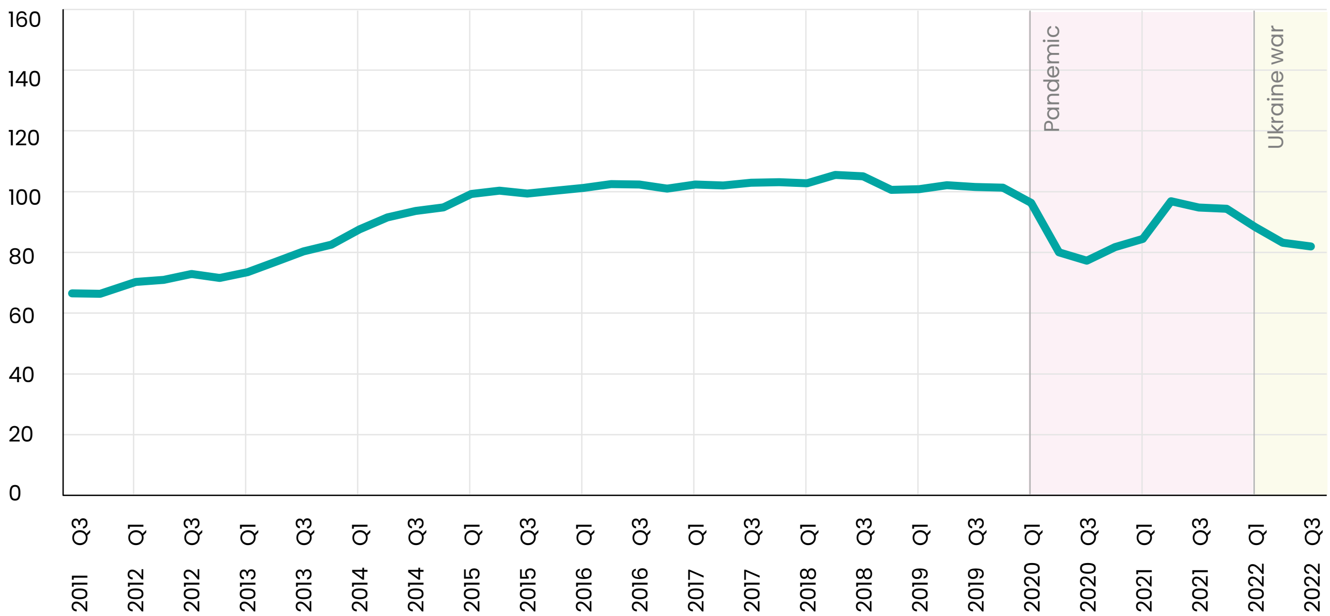
The drops through spring and summer 2022 are due to Russia's invasion of Ukraine and rising prices (energy, goods and inflation) in its wake.

Real wages fell by 2.5% annually, according to latest ONS estimates, marking the largest contraction since the 2007/8 financial crisis.

As the year has progressed, consumer confidence has dwindled and, in Q2 this year, the YouGov/Cebr Consumer Confidence Index shows record lows in households' perceptions of their finances.

Although a resilient labour market has prevented the Wealth Index from slipping further, inflation is set to peak in Q4 this year and we can expect more pressure on wages and household finances ahead of another anticipated drop in the Index.

WEALTH INDEX (2015=100)



Source: Cebr analysis

The Happiness Index 2022

Decline as winter hits

The Happiness Index improved by 7.4 points in Q2, reaching 87.4. This marks the highest level since Q2 2021's 87.8, when restrictions began to ease after the end of the third national lockdown.

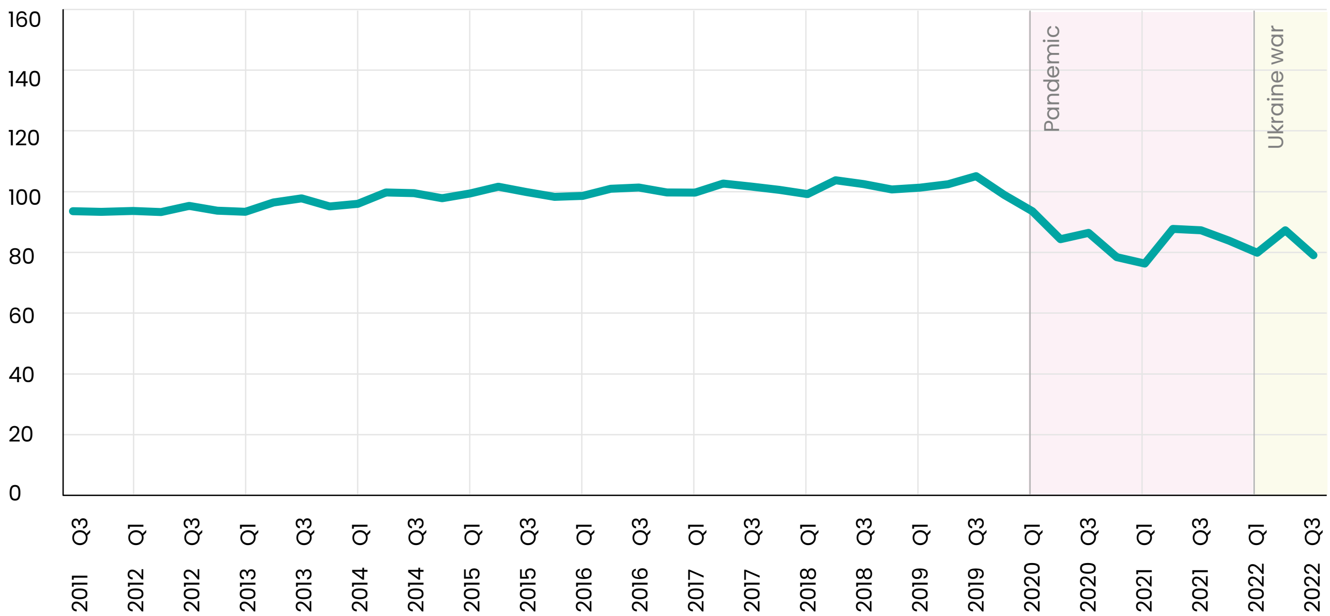
During Q2, data showed that Brits' sense of life satisfaction and happiness increased, while anxiety levels dropped off. But the optimism of Q2 quickly dropped off and Happiness in Q3 saw a sharp fall to 79.1- the largest quarter-to-quarter drop since Q2 2020 and the early onset of the pandemic.

With that, the Happiness Index currently sits at its lowest level since Q1 2021.

The cost-of-living crisis and its impacts on wealth (perceived and real) are likely seeping into other indices as our levels of life satisfaction and happiness fall once again.

It's also likely that the death of the Queen in early September knocked UK happiness into a sharper downwards trajectory.

HAPPINESS INDEX (2015=100)



Source: Cebr analysis

Mental Health ... & Money

Mental health

Better or worse?

In a change to our usual order, our nationally representative survey first asked people to state how their mental health has changed in the last six months.

Count six months back and it feels a lifetime ago. A lot has happened.

But as a reminder, the country – and the world – were still reeling from Covid and its measures; getting used to the prospect of much higher costs, and coming to terms with war in Ukraine.

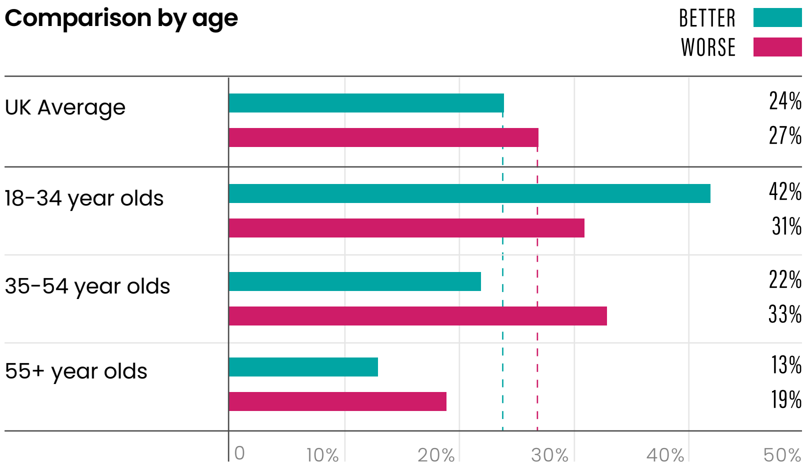
Given things haven't, in a macro sense, gotten much better, there was perhaps a surprises or two in the data in that half (50%) of people report no difference in their mental health, with roughly the same numbers reporting better (24%) as worse (27%).

That's probably more optimistic than one might have predicted. In fact, in 18-34-year-olds, 42% report better mental health now than then.

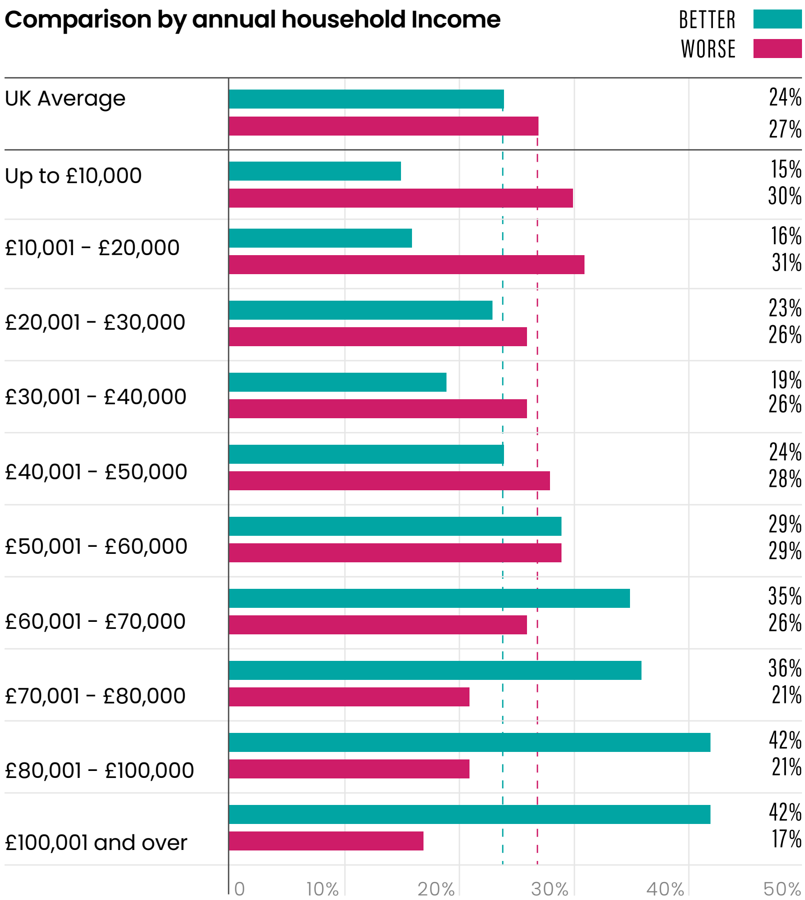
The real gulf now versus six months ago is in the 35-54 age group, where one in three (33%) say their mental health is worse.

IS YOUR MENTAL HEALTH AND WELLBEING BETTER OR WORSE THAN SIX MONTHS AGO?

Comparison by age



Comparison by annual household Income



Mental health
Better or worse?

Looking to the UK's regions, it's Scotland that's reporting the sharpest plummet, with 35% north of the border reporting a decline in mental health. Second-in-line at 31% is the West Midlands followed by the North East (30%).

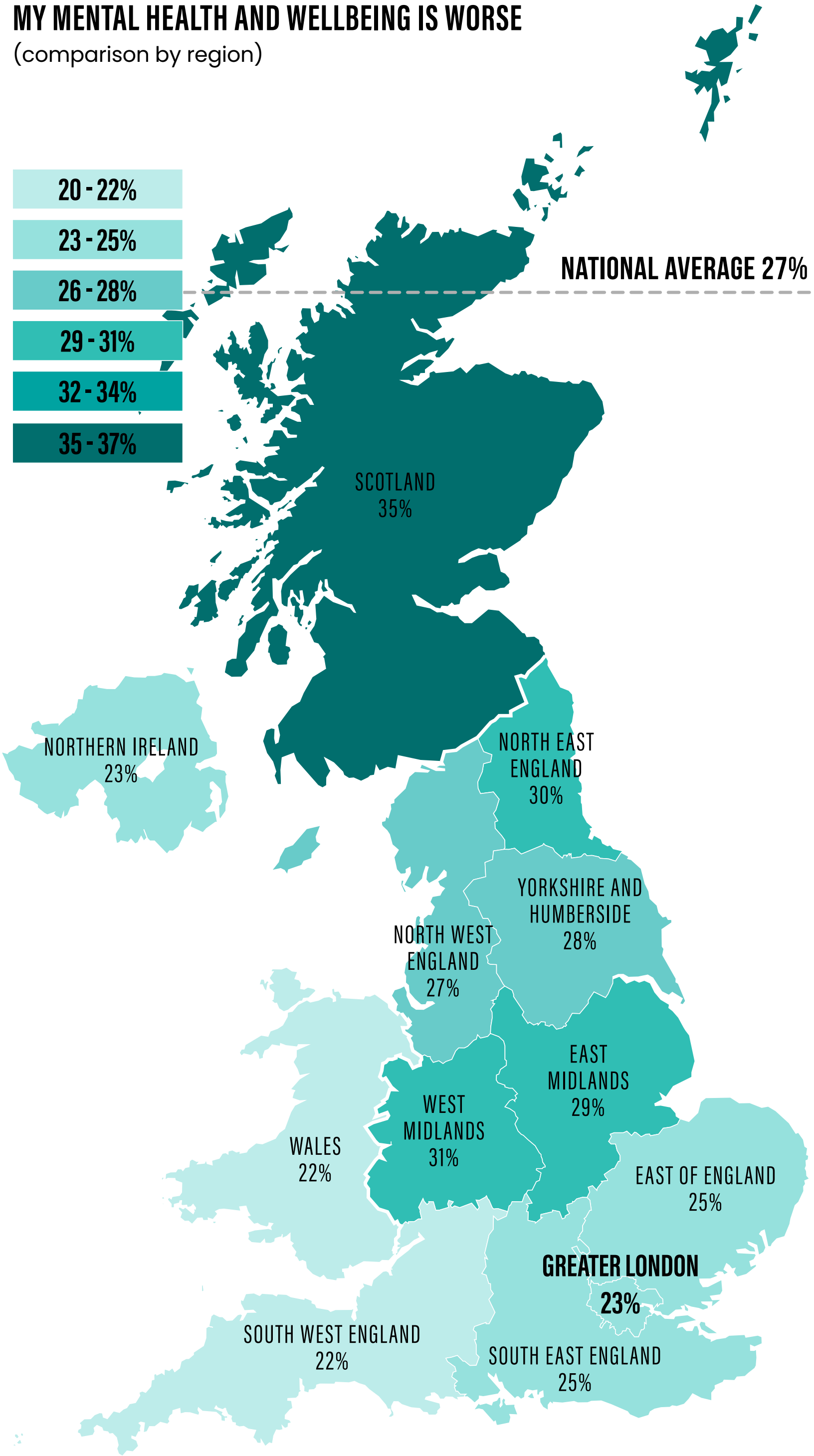
Wales and Northern Ireland are most likely to report no change and nearly four in ten (39%) Londoners actually report better mental health – versus 23% who said worse – now versus six months ago.

Interestingly, the chart on the prior page shows how the level of mental health decline is, give or take, the same in those earning under £20,000 p/a as those earning £60,000 p/a.

It seems telling that the mental health impact is less severe when one earns £60,000 p/a and above.

This almost certainly points at how the current situation is impacting far higher up the income chain than have other crises in days past.

MY MENTAL HEALTH AND WELLBEING IS WORSE
(comparison by region)



In decline
Crisis to blame

There's a sense of the obvious around this question but nonetheless we asked people to specifically pinpoint the one thing above all others that has dented their mental health this past six months.

Perhaps predictably, the various facets of the cost-of-living crisis are overwhelmingly to blame.

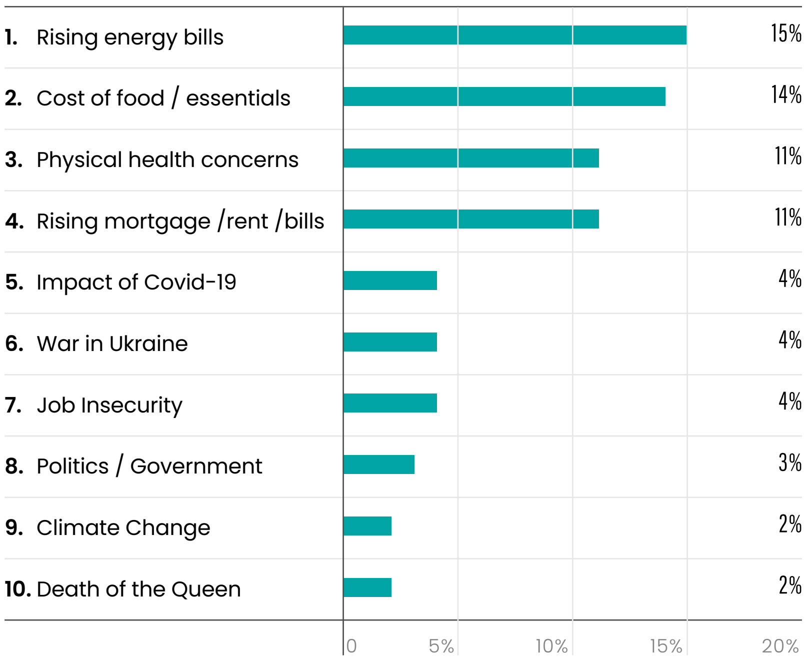
Rising energy bills (15%), the rising costs of the essentials (14%), and the rising cost of rents and mortgages (11%) came out in ranks 1, 2 and 3.

On a par with the rising cost of rents / mortgages, 11% say that physical health concerns — inclusive of having operations postponed and difficulty seeing health professionals — have been most detrimental to their mental health in the past six months.

Most other possible reasons for ailing mental health returned only single-digit-percentage responses, but it's worth calling out that 6% of 18-34s say job insecurity is grinding down their mental wellbeing.

WHAT'S TO BLAME FOR YOUR MENTAL HEALTH DECLINE?

(general population)



Cost-of-living

Dominating thought

Later in our survey we asked Brits to state how often they think about the cost-of-living crisis and its impact. Is it daily, weekly, monthly ...

It's daily. In some cases multiple times per day. Nationwide, 44% of us think about the cost-of-living crisis (and its impact) daily or multiple times per day. Over half (51%) of UK females think about it daily or multiple times per day, and 54% of 35-54-year-olds think about it daily or multiple times per day.

As if there was any doubt, the issue is dominant unlike any other. Nationwide, for those who didn't answer daily or multiple times per day, the cost-of-living crisis is still front-of-mind once or twice per week (22%), or three-to-five times per week (14%).

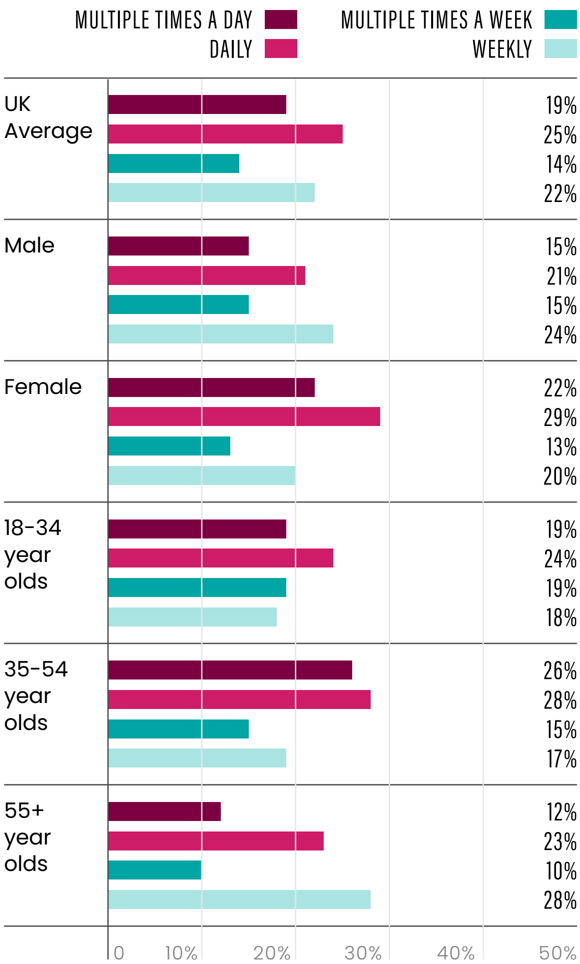
When we splice the data by household profile, it's perhaps not hugely surprising that the cost-of-living is infiltrating parents' wellbeing most of all.

The majority (58%) of single parents say they think about the cost-of-living crisis daily or multiple times per day, and half (50%) of cohabiting parents are feeling that same pressure daily or multiple times per day.

For other household profiles, cost-of-living is certainly prevalent but not as keenly felt.

HOW OFTEN DO YOU THINK ABOUT THE COST OF LIVING CRISIS?

(comparison by gender and age)



Worse-off

Females & young hit hard

As if we needed it reenforcing, the reason Brits are thinking about the cost-of-living crisis daily or multiple times per day is because it is squeezing hard.

But what's the number? How much worse off do people expect to be per month?

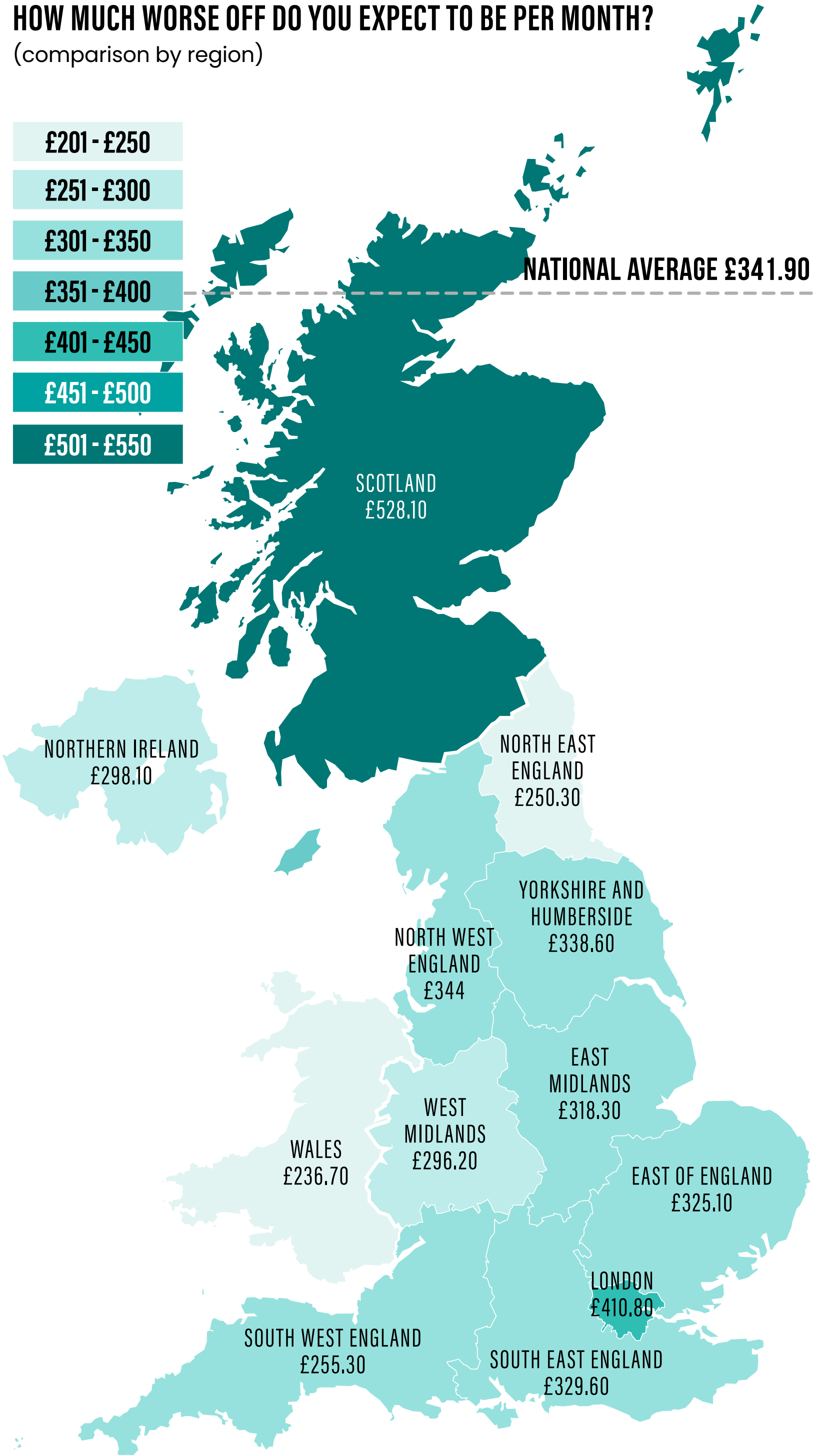
We asked and the answer came: several hundred pound per month.

The average Briton believes they will be £341.90 worse-off per month, that's £329.60 for males and £351.60 for females.

By age bracket, it's the younger generation who believe they'll be hardest-hit, with 18-34s calculating they'll be worse off by £426.50, compared to £360.20 for 35-54s. The 55-and-over figure is significantly less at £263.50.

The regional picture again throws up interesting differences, with Scots believing they'll be hardest-hit, followed by Londoners. The worse-off figures are relative to salary too: by-and-large the more one earns (thus let's assume the higher their overheads), the harder hit they believe they'll be.

HOW MUCH WORSE OFF DO YOU EXPECT TO BE PER MONTH?
(comparison by region)



The tipping point

Brits' struggle

In the previous page we reported that Brits believe they'll be down several hundred pounds per month. Obviously, not everyone can afford to be squeezed by so much so we had to ask another bleak question:

We asked our nationally representative survey about their financial tipping point: how much more do essential bills have to rise before people will struggle to pay them?

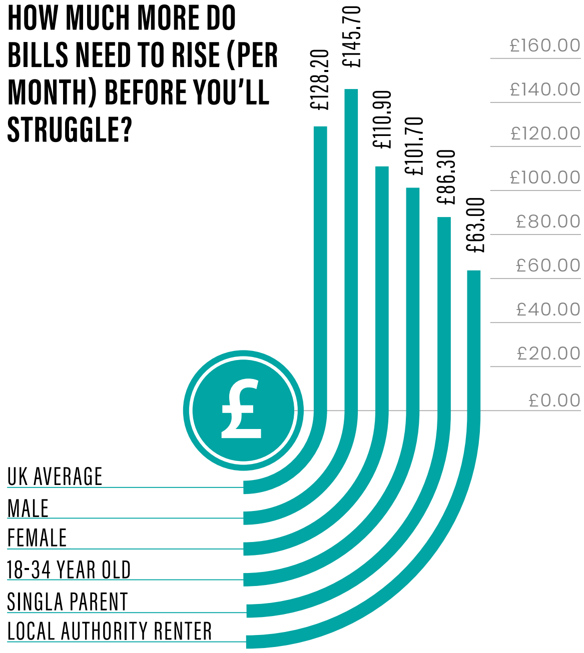
Depressingly, one in eight (12%) nationwide say they're already at that point. This rises to 15% of females and 17% of 35-54s. More than one in five people (21%) in Wales say they've already reached that level. A similar level (22%) of single parents say the same, as do more than one in four (28%) Brits who rent a property from their local authority.

In pounds and pence, the average Briton says that if essential bills go up by £128.20 they'll struggle.

For the average male the tipping point figure is £145.70, nearly £35 more / better than for the average female (£110.90). The situation is more precarious still for 18-34-year-olds who say essential bills need to rise just £101.70 before meeting them becomes a struggle.

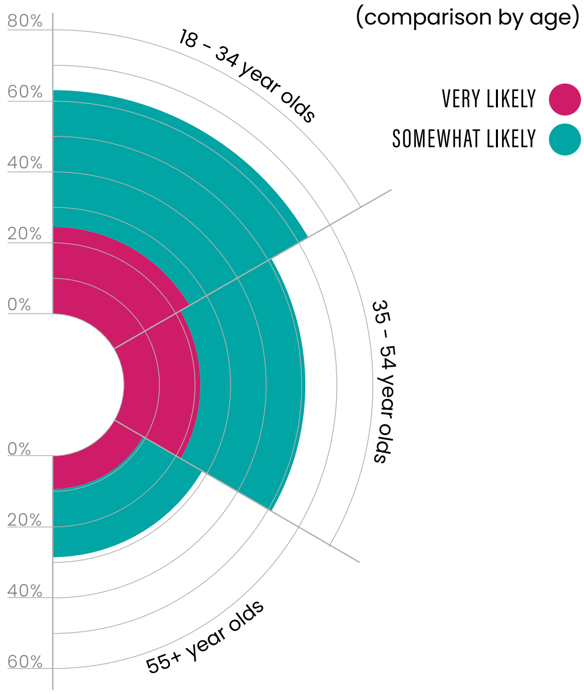
For the average single parent, a rise of £86.30 will make the difference and for the average local authority renter, the tipping point figure is just £63.

HOW MUCH MORE DO BILLS NEED TO RISE (PER MONTH) BEFORE YOU'LL STRUGGLE?



HOW LIKELY IS IT THAT YOU'LL USE UP THE MAJORITY OF YOUR SAVINGS?

(comparison by age)



Likely scenarios
Food & shelter

We asked survey respondents to plot how likely, on a sliding scale from very likely to very unlikely, certain eventualities are.

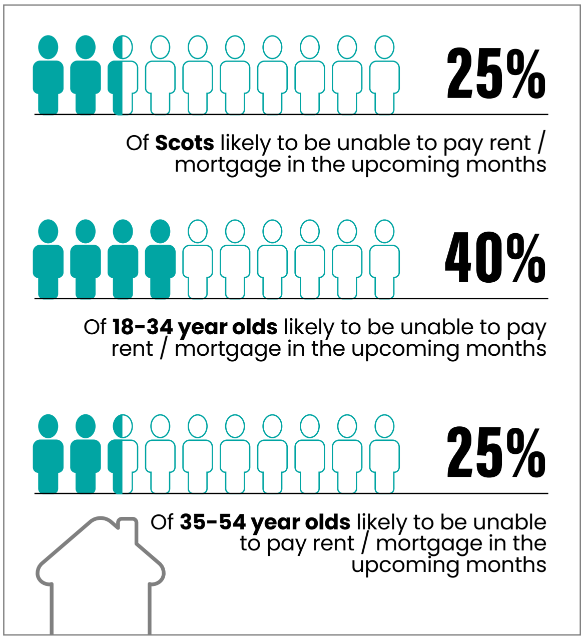
On property, we asked Brits to gauge the likelihood that they'll be unable to pay their rent or mortgage at some point this winter. And it's incredibly alarming to read that 40% of 18-34s say this is likely, as do one in four (25%) 35-54-year-olds.

As a response, an equivalent percentage (42%) of 18-34-year-old home owners say that selling their home, or releasing the equity in it, is a likely scenario, as do 17% in the 35-54 age group.

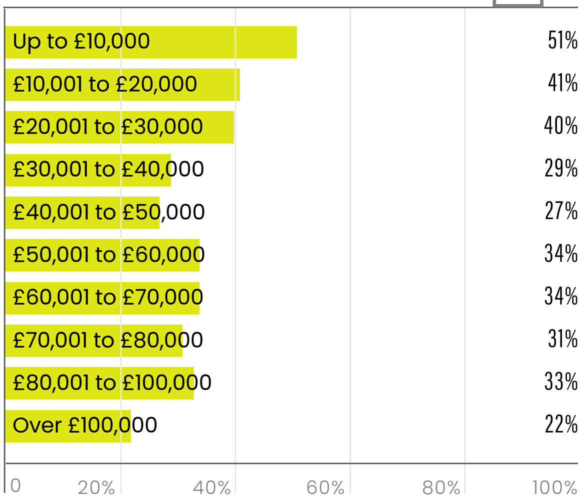
In fact, the extent to which younger folks (18-34s) are bearing a lot of the weight of the cost-of-living crisis is evident from just a glance at the numbers. Asked if it's likely they'll struggle to pay for food and 47% in this (18-34) age category say yes - 13% say it's very likely.

That's quite a gap from the national average figure, where just over one in three (34%) say it's more likely than not that buying food will become a struggle.

The likelihood of being unable to afford childcare also increases in this younger age category too: once again, approaching half (47%) say this is likely and 20% say it's very likely.



HOW LIKELY IS IT YOU'LL STRUGGLE TO PAY FOR FOOD THIS WINTER?
(comparison by annual household income)



Likely scenarios
Savings & debt

Survey data shows that over one in four (26%) 18-34s think it is very likely they'll use up the majority of their savings this winter. A further third (36%) in this age group say this is somewhat likely.

The situation improves a little for 35-54s, but not much. Almost one in four (23%) in this age group says it's very likely they'll run out of savings, while 29% say it's only somewhat likely.

The data is less troubling in the 55-and-over age group but it still leaves nearly one in ten (9%) saying it's highly likely they too will significantly degrade their savings through winter.

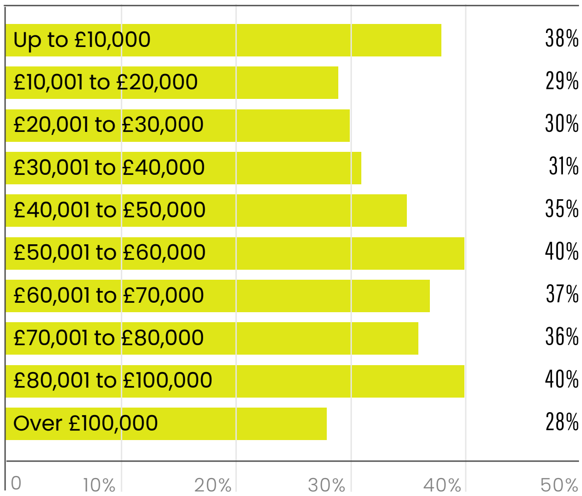
We also questioned Brits on the likelihood of their household accumulating significantly more debt through this winter. Basically, one third (33%) said they expect to get deeper into debt and two-thirds (67%) said they don't.

But relative optimism in the national picture is dealt a blow, once again, when we reach the younger age category (18-34). There, the split of those who think debt is likely versus unlikely is almost 50 / 50.

Also interesting is that the likelihood of getting deeper into debt peaks not in lower-income categories, but in higher ones. Some 29% in the £10,000-£20,000 income category say high debt is likely but many more (40%) in the £50,000+ and the £80,000+ categories say the same.

BRITS WHO SAY THEY'RE LIKELY TO TAKE ON MORE DEBT THIS WINTER.

- comparison by annual household income



Likely scenarios

Pan-income impact

The first thing to note is that one in three (31%) people nationwide think it likely they'll struggle to afford to run a car this winter. This increases significantly to nearly half (48%) in the 18-34 age category.

Another interesting one concerns childcare. When asked how likely it is that paying for childcare will become a struggle the numbers are fairly consistent across the UK ...

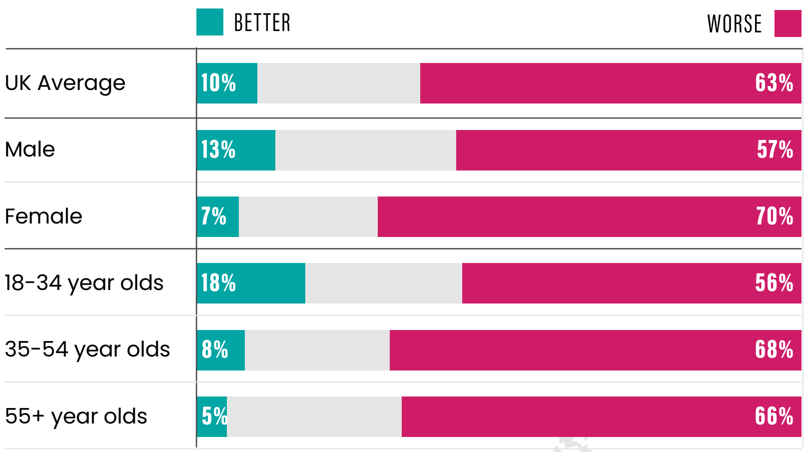
Until you get to London. There, over half (54%) of parents say it's likely that childcare costs will become a struggle.

We'll close this section on remarkable stats from the last two pages that show more than one in five (22%) top earners (£100,000+ p/a) say it's likely they will struggle to pay for food in the coming months, and more than one in four (28%) say they'll likely get into more debt.

And while overheads / household expenditure are usually relative to income, those stats -- and that two-thirds (66%) of over 55s say they feel worse off -- show how this crisis is shaking even the higher rungs of the socio-economic ladder.

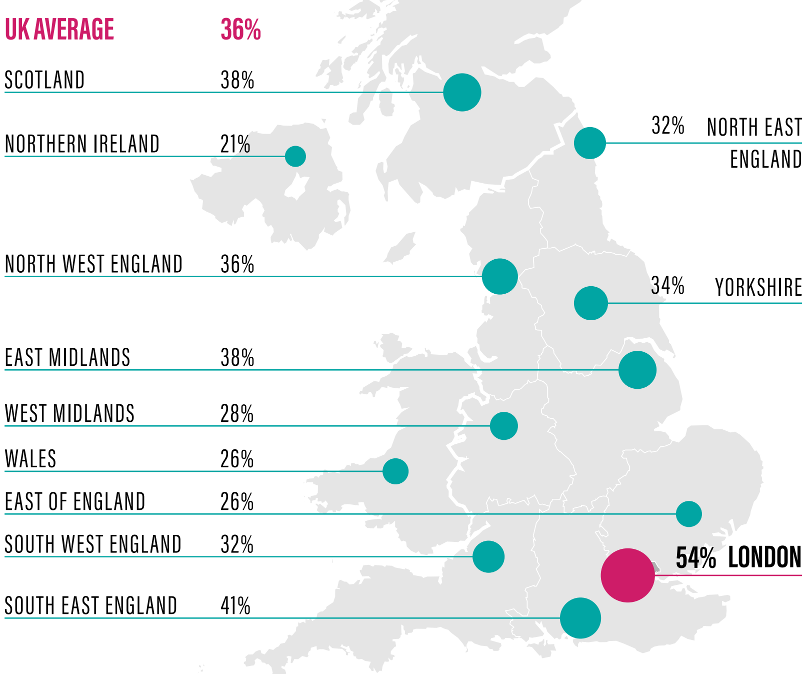
DO YOU FEEL BETTER / WORSE OFF FINANCIALLY VERSUS SIX MONTHS AGO?

(comparison by age and gender)



IT'S LIKELY I'LL STRUGGLE TO TO PAY FOR CHILDCARE THIS WINTER / EARLY 2023

(comparison by location)



Dreams Delayed & Daily Disruption

Dreams delayed

Life goals on pause

It gets pretty stark over here. We've now learned that over a third (36%) of UK 18-34-year-olds say they have delayed starting a family or having another child as a direct result of the cost-of-living crisis.

More still, three in ten (30%) 18-34-year-olds say they've kicked their hopes of starting a business into the long grass, at least for the moment.

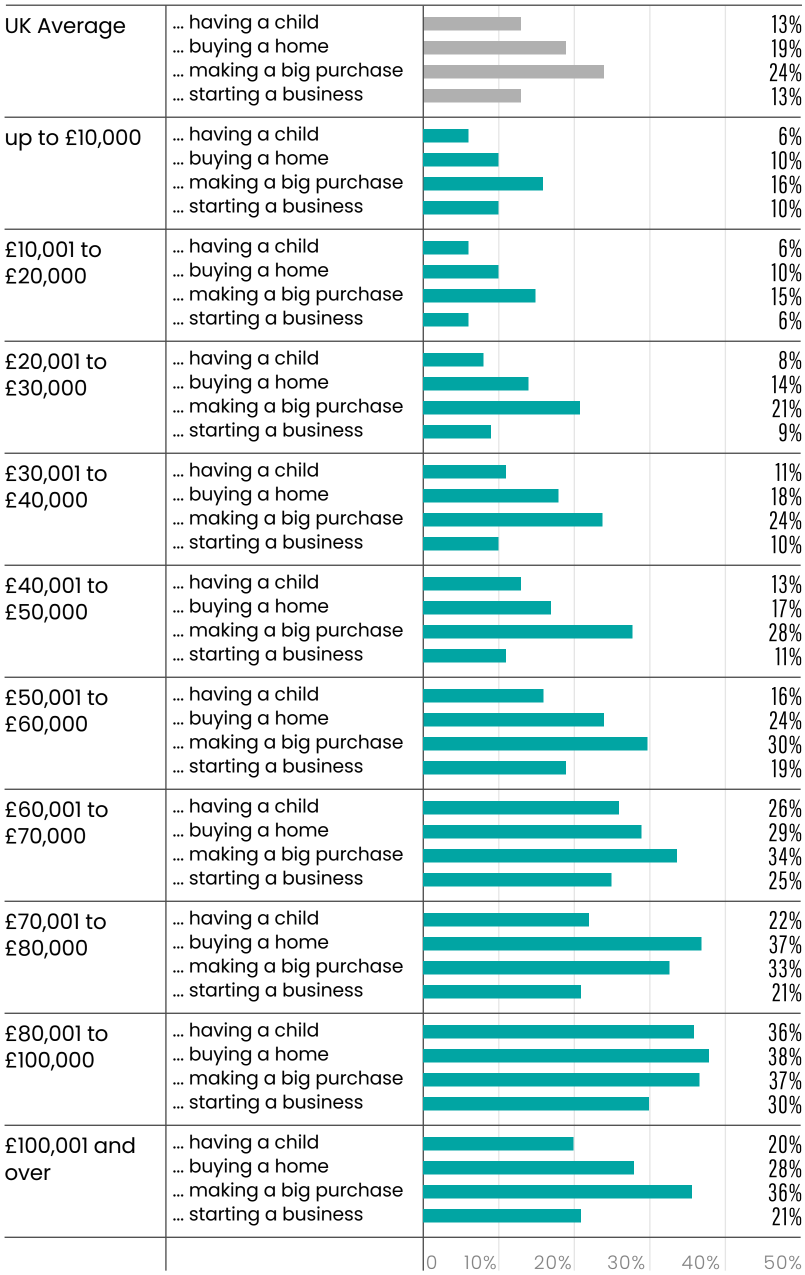
It's also worth calling out that 25% of Londoners say they have delayed having (more) children as a result of the crisis, far more than any other UK region. One in four (25%) in the capital have also elected to delay getting a pet.

Once again, when we splice this data by income, it's apparent that medium and high earners are more likely than lower-earners to be pushing pause on their big-ticket life plans.

At the risk of labouring the point, crisis 2022 is disrupting life high up on the income chain in ways that the last significant crisis (the 2008 global financial collapse) largely did not.

"DUE TO THE COST-OF-LIVING CRISIS I HAVE DELAYED ..."

(comparison by annual household income)



Cutting costs

Daily changes

Changes to the work day

Looking to the daily changes people are set to make we learn that several cost-cutting behaviours concern the work day.

Some 38% of Brits say they're likely (9% say very likely) to head into the office more often than they currently do, while nearly a third (32%) of Brits say they're likely (7% very likely) to work from shared spaces (coffee shops etc) to reduce their home energy consumption.

One in five (19%) Brits say they're likely to car-pool with friends to save on the commute and, interestingly, just over one in five (21%) say they'll shower at the gym or at work rather than at home.

Changes at home

We now know that 39% of Brits are likely (9% very likely) to improve the efficiency and / or cost of their current in-home heating system through alternative heating systems or by beefing up their insulation.

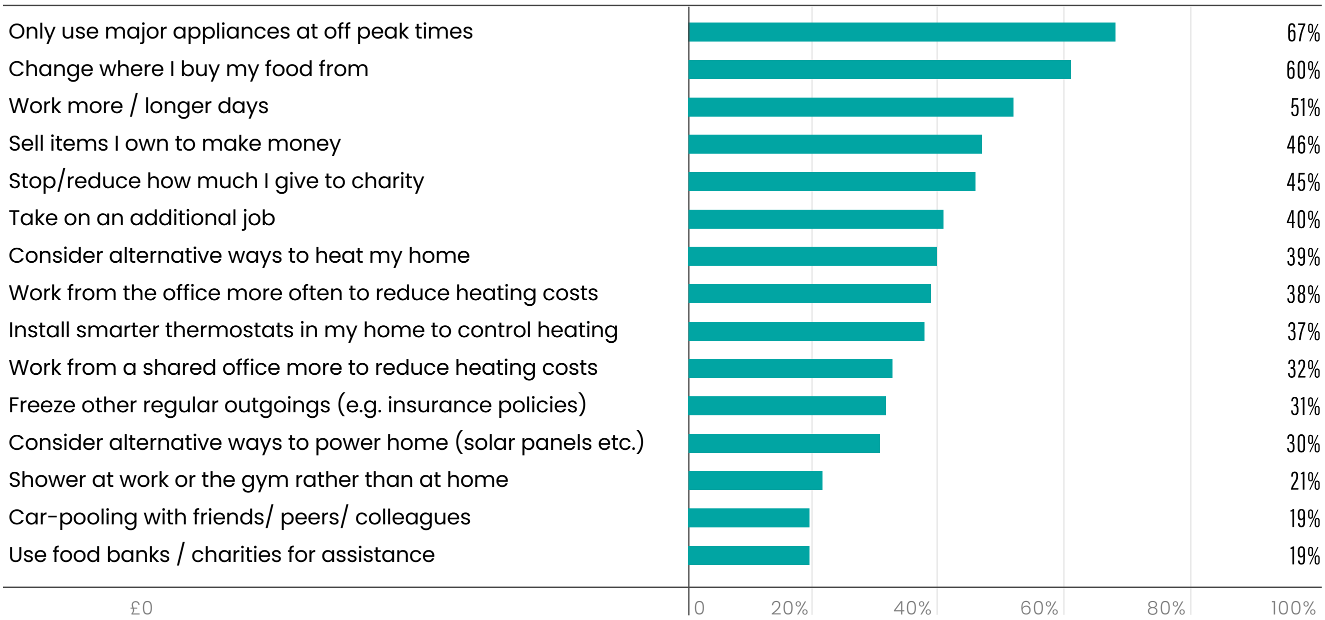
Nearly a third (30%) of Brits say they are now likely to install solar panels.

Well over a third of Brits (37%) say it's likely they'll install smart meters and over two thirds (67%) of us will scale back using high-energy appliances during peak hours.

For the UK as a whole, 13% say moving in with parents or friends to share costs is a likely scenario

LIKELY ACTIONS TO MITIGATE THE RISING COST-OF-LIVING CRISIS THIS WINTER?

(general UK population)

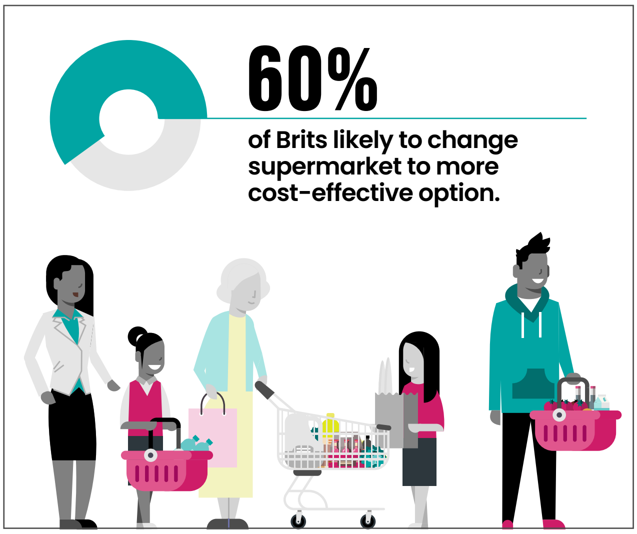


Cutting costs

Buying headroom

To create more financial headroom, we now know that nearly half (46%) of Brits say it's likely they will sell personal items (one in ten say this is extremely likely), and one in seven (13%) British households say it's likely they'll rent out a room, either long term or as a holiday let.

A hugely significant 40% of Brits say it is likely they will take on an extra job and over half (51%) of the workforce say they'll work more or longer days to buy headroom.



Expenditure

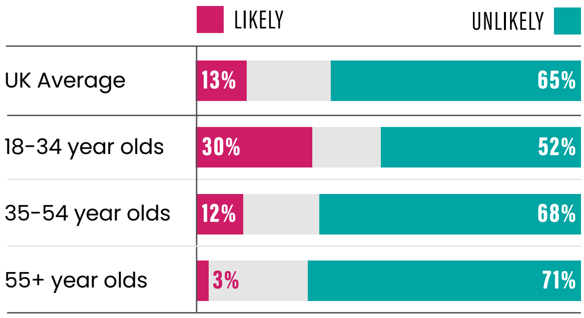
At the time of writing, inflation is into double digits and the country is wrestling with a weakened pound following major shifts in the UK budget / tax environment. So it is inevitable that, by choice or by default, many Brits are set to alter their grocery habits.

The majority (60%) say they are likely (36% extremely or very likely) to change their supermarket and swap their regular haunts for discounters, markets and other cost-effective options.

Other spend items set for the chop are charity giving, with 45% saying it's likely they'll cut back versus previous years, and 15% say it's likely they will freeze mortgage payments. Of particular note for our industry, nearly a third (31%) say they are likely to freeze monthly outgoings such as insurance payments.

As much as the above measures point solidly at crisis, this last stat is perhaps even more sobering. One in five Brits (19%) say they are likely to need food banks and/ or charity support in the coming months, with 8% (one in 12) saying this is very or extremely likely.

HOW LIKELY ARE YOU TO MOVE IN WITH FAMILY / FRIENDS TO CUT COSTS THIS WINTER?
(comparison by age)



Cutting costs
Pan-income pain

We saw it during Covid. The brunt of the major social and economic upheaval then, just as now, hit hardest in the 18-34 age group.

And then, as now, the logic makes sense: younger people are typically less advanced in their careers, less financially secure and still working towards their big-ticket life goals.

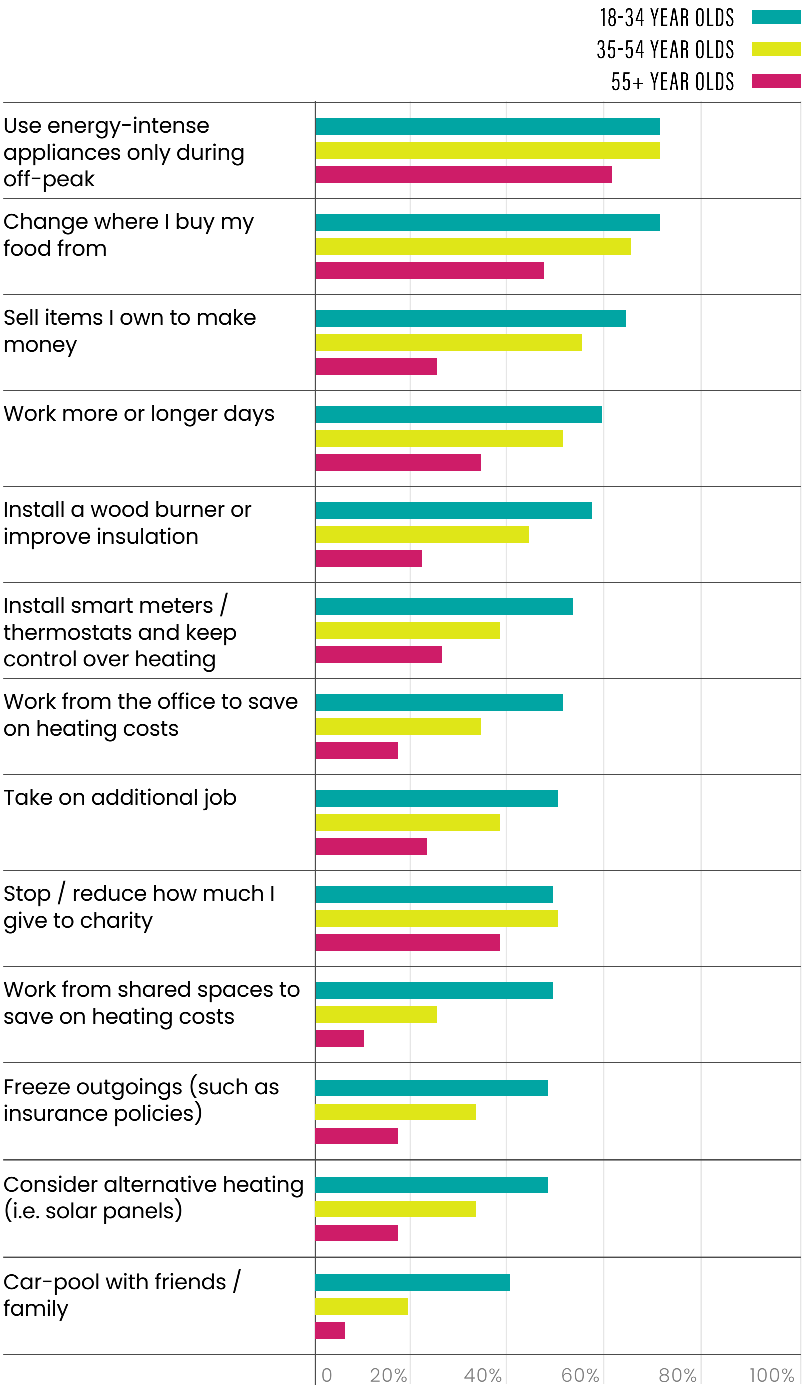
The same is true in crisis 2022- its impact is felt most sharply in the younger portion of the workforce.

But what's interesting now is how close behind the 35-54-year-olds are.

One might assume those who are further into life -- with perhaps more financial security to their names -- would be better able to manage the crisis but the data doesn't wholly bear that out.

In previous chapters we see the pan-income impact of the crisis and measures people across the salary spectrum are taking. Similarly, look to the opposite chart and it's clear 35-54-year-olds are taking several cost-cutting methods about as seriously as the younger demographic.

LIKELY COST SAVING BEHAVIOUR
(comparison by age)



Impact summary

Changing behaviours for 18-34-year-olds

To call out some of the more troubling behaviours in the 18-34 age bracket, 17% have borrowed from friends and/ or family, 5% have borrowed from an 'informal' money lender and 2% have declared themselves bankrupt.

Some 8% have downsized their home and 4% have, sadly, given up a pet for adoption. Three percent apiece have traded in their self-employment status and opted to move in with a partner sooner than planned.

"IN THE LAST SIX MONTHS I HAVE..."

... reviewed my spending	36%
... delayed having a child	36%
... spent / used some of my savings	30%
... drawn up a budget	22%
... worked more hours / overtime to earn more	20%
... borrowed from friends or family	17%
... taken on an additional job	13%
... taken out new debt on short term borrowing	12%
... asked employer for a pay rise or bonus	11%
... changed from working part time to full time	9%
... gone on / supported a strike	8%
... downsized my home	8%
... taken out new debt on long term borrowing	7%
... borrowed from an informal money lender	5%
... changed from not working to working full time	5%
... diven up a pet for adoption	4%
... missed a mortgage payment/defaulted	4%
... changed from self-employment to an employed	3%
... moved in with a partner sooner	3%
... taken mortgage payment holiday/s	2%
... declared myself bankrupt	2%

Impact summary
Changing behaviours for 35-54-year-olds

In the 35-54 age category, 42% have conducted spending reviews and 15% have turned to short term credit and borrowing.

A hefty portion (17%) say they now work more hours, and 6% have taken a second job to prop up their income.

"IN THE LAST SIX MONTHS I HAVE..."

... reviewed my spending	42%
... spent / used some of my savings	31%
... drawn up a budget	19%
... worked more hours / overtime to earn more	17%
... taken out new debt on short term borrowing	15%
... borrowed from friends or family	11%
... paid off some debts	10%
... overpaid on my mortgage	7%
... asked employer for a pay rise or bonus	7%
... taken out new debt on long term borrowing	6%
... taken on an additional job	6%
... gone on / supported a strike	6%
... considered / taken out a life insurance policy	3%
... changed from working part time to full time	3%
... borrowed from an informal money lender	2%
... considered / taken out a critical illness cover policy	2%
... considered/ taken out an income protection policy	2%
... missed a mortgage payment/defaulted	2%
... downsize my home	2%
... changed from not working to working full time	2%
... given up a pet for adoption	2%

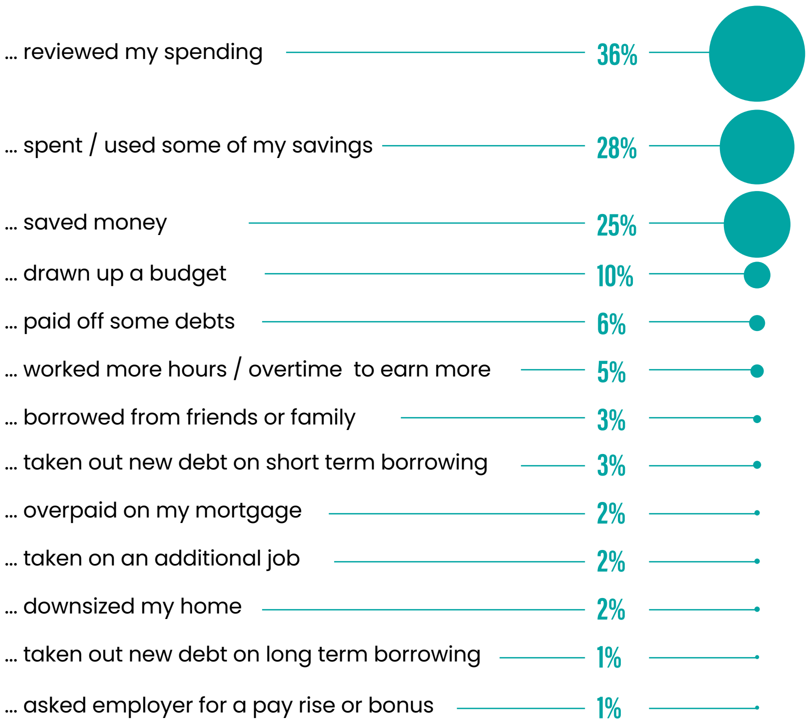
Impact summary

Changing behaviours for 55-and-overs

In the 55+ category, 28% say they've had to dig into their savings in the last six months and over a third (36%) have undertaken a spending review.

While the percentages and numbers of 55-and-overs aren't quite as drastic as younger age categories, it's still revealing that one in 20 (5%) say they're working more hours, one in 50 (2%) have taken on an additional job and one in 50 (2%) say they've elected to downsize their home.

"IN THE LAST SIX MONTHS I HAVE..."



Digging In

Not giving up ...
Britain's untouchables

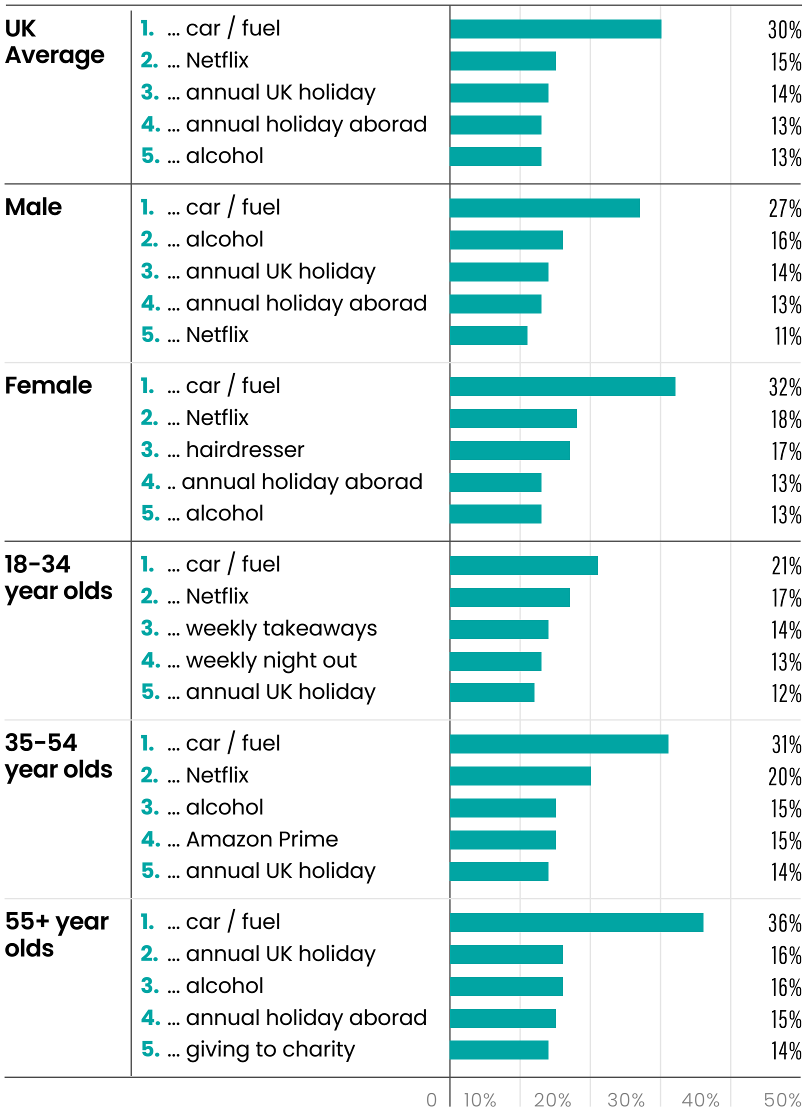
In the prior section we explored the ways in which Brits are set to roll things back and buy some financial headroom. Here we look at the spend-items Brits are unwilling to give up.

And for the whole sample, the overwhelming non-negotiable is use of the car. Three in ten (30%) Britons say that use of the car is, for them, a must-have and, interestingly, females are more emphatic about this than males (32% vs 27%).

Use of the car comes in as a clear number one but second place is more hotly contested, with Netflix, holidays and alcohol next up on Britain's non-negotiables list. A special shoutout goes to charity giving, which was cited by one in ten (10%) as something they definitely do not want to give up.

Dive into the gender data and some stereotypes seem to hold. After use of the car, females say they're most reluctant to give up Netflix (18% vs 11%) and hairdresser appointments (17% vs 4%), while males are less inclined to give up alcohol (16% vs 10%) and, further down the list, Sky Sports TV (8% vs 3%) or a sport season ticket (6% vs 1%).

MOST ATTACHED TO ... (TOP-5)
(comparison by age)



Not giving up ...

Cars, gyms & vaping?

By age, we see that younger people (18-34) aren't willing to give up their car either, but the attachment is weaker than for older age groups.

For younger folks the non-negotiables are more social and experience- based: gym memberships, nights out and, for one in twenty (5%), gambling.

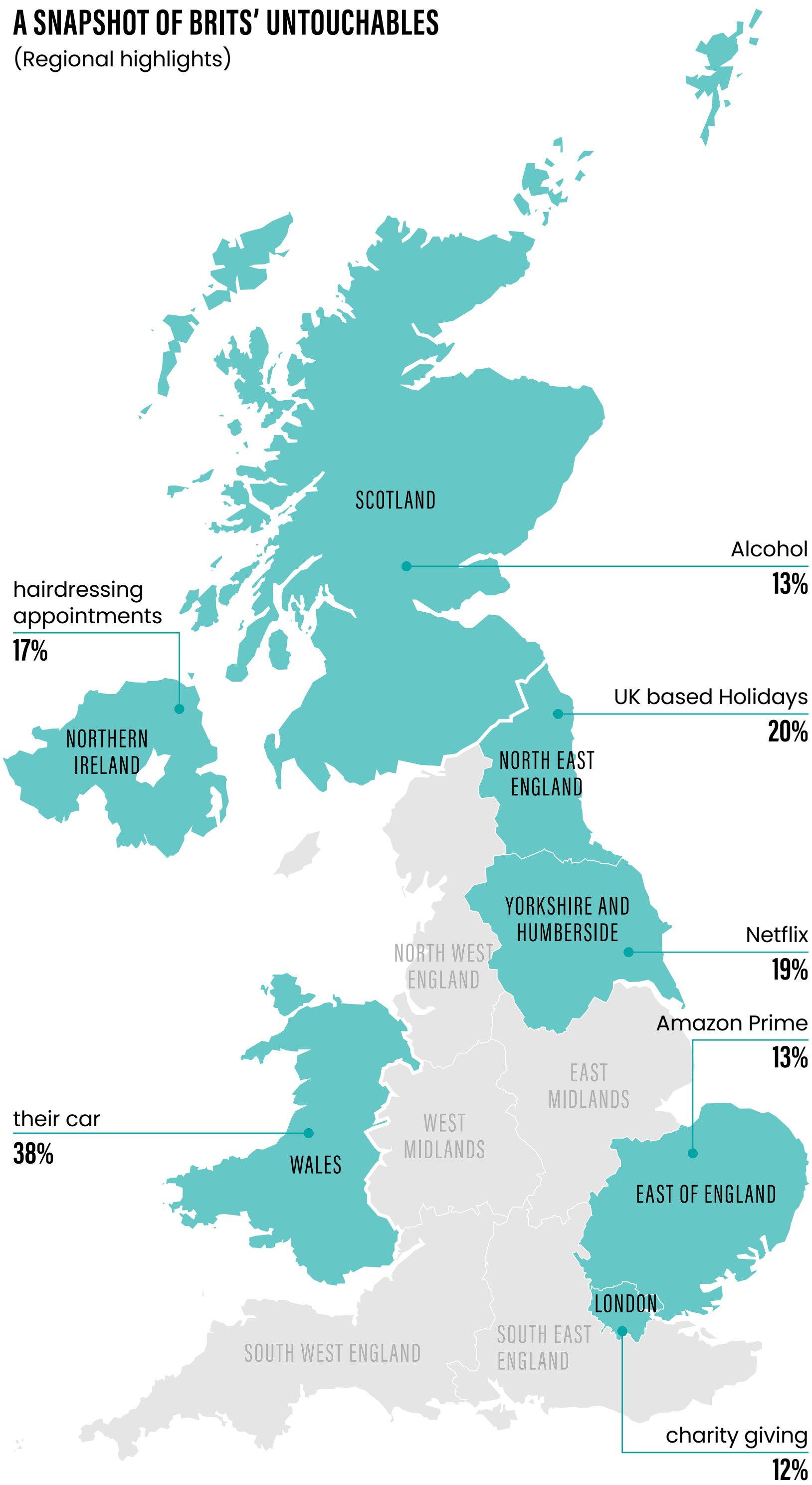
But interestingly, inclusion of nights out on younger Britons' list of non-negotiables doesn't align with alcohol spend.

As we've noted in the last several Health, Wealth & Happiness reports it's the older generations who — in this case by a significant margin — are more attached to their booze.

And staying with the questionable side of health, it's also interesting that — for all we read about vaping being a new scourge for young people — one in ten (10%) in the older 35-54 age range say they'd be most reluctant to give up their e-cigs.

A SNAPSHOT OF BRITS' UNTOUCHABLES

(Regional highlights)



CoL positives
Waste & efficiency

We do like to look for the positives. In our landmark Covid Health, Wealth & Happiness Report – published in May 2021 — there were optimistic wrinkles in the data. People renewed their appreciation for friends and family; nature and the little things.

Many loved binning the commute and found working from home a real blessing. Some became more waste-conscious or hygiene-aware, others found new hobbies to get through those lockdown days.

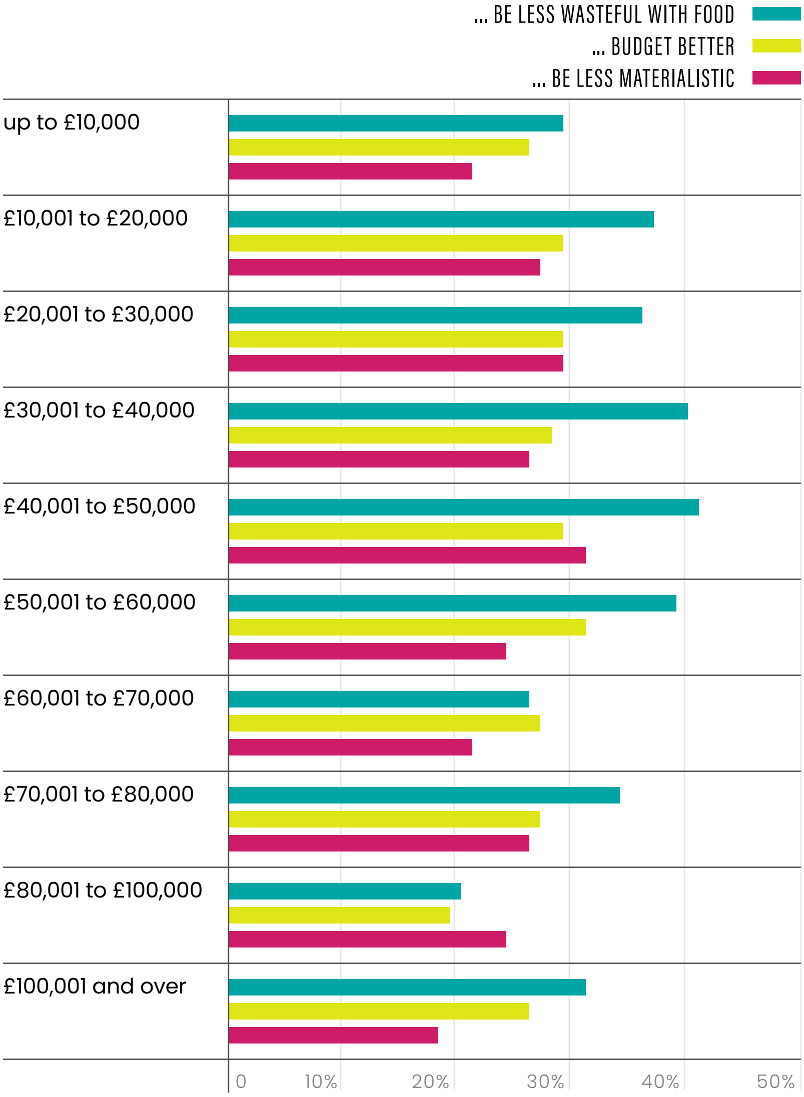
Some of that spirit of positivity is alive and well in 2022, despite the most acute economic hardship we've had in a lifetime.

Over one in three (35%) Brits say they've learnt to be less wasteful with food, and more than one in four (27%) say they've embraced budgeting.

Similarly, one in four (26%) say they've learnt to be less materialistic and to more energy-efficient (25%).

"I'VE LEARNT TO ...

(comparison by annual household income)



CoL positives

Live today & grow-your-own

More than one in five females (21%) say they've learned to cook from scratch and now rely less on takeaway food, while one in 10 (10%) say they're now growing their own food, and one in 20 (5%) say they now volunteer with charities, community organisations and food banks.

What's interesting, as you'll see from the chart on the prior page, is that these behaviour resets occur at similar levels pan-income. Those Brits with an income of less than £10,000 p/a are just as likely as those who earn £100,000+ p/a to say that they're now less wasteful with food.

Digging deeper into the data, it seems females are now less wasteful with food than males (42% vs 27%) and nearly double the number of females say they're now less materialistic (33% vs 18%) than are males.

Younger folks (18-34) are more likely to now grow their own food (14%), support food banks/ charity (9%) and *live for today* (20%) than their older peers.

The 35-54s have most embraced energy alternatives (18%) and you're more likely to find people who say they're less materialistic (28%) and more likely to recycle (23%) in the over-55 age group.

42%

of British females say they're less wasteful with food (compared to 27% of males)

POSITIVE OUTCOMES THROUGH THE COST-OF LIVING CRISIS

I use less plastic	19%
I cook more from stratch	17%
I rely les on gas / electricity	16%
Less reliant on car and walk / cycle	14%
I've become more self sufficient (e.g. grow my own food)	10%
I'm more involved in my local community	5%

Tight Christmas

Lean holidays ahead

Last page we dwelled in the positives and this continues as we look towards that special time of year.

Unlike 2021, when Christmas was still very much under the Covid cosh, Christmas 2022 has no social restrictions to speak of.

It could / should have been a return to normal but that's unlikely, now, for obvious reasons.

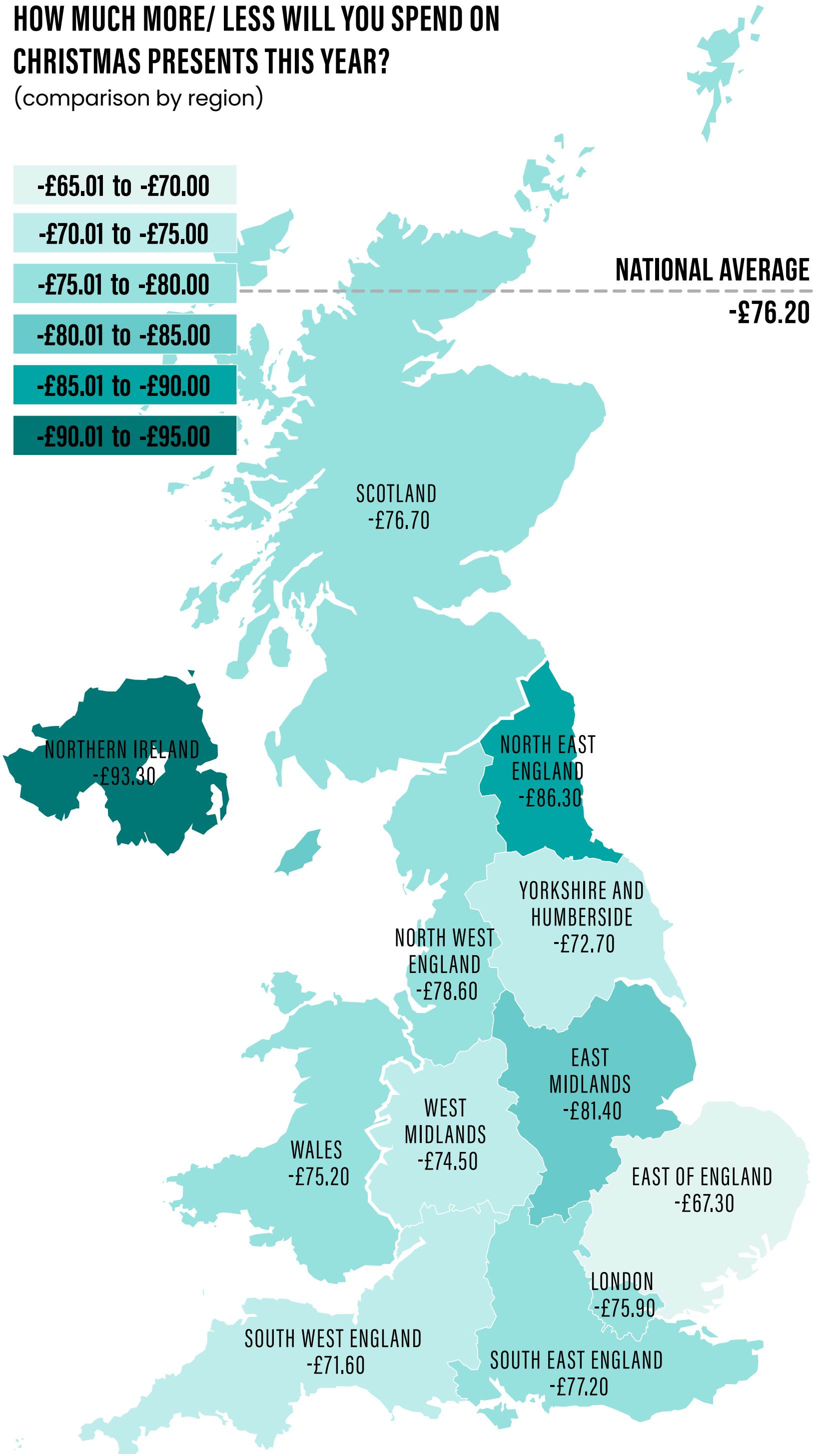
Beginning our round of Christmas questions, we asked respondents first if they'll celebrate or mark Christmas, and secondly to estimate how much more or less they'll spend on all things holiday season this year.

Tellingly, just 6% of respondents nationwide said they'd spend more on Christmas this year, leaving over half (53%) to say they'd spend less (with the remainder unsure).

The average Brit, then, says they'll spend £76.20 less on Christmas presents, £52.40 less on Christmas food and drink, £59.30 less on Christmas experiences, £41 less on decorations and £61.80 less on Christmas socialising.

Simple maths and the average Brit is set to spend over £200 less on Christmas in 2022.

HOW MUCH MORE/ LESS WILL YOU SPEND ON CHRISTMAS PRESENTS THIS YEAR?
(comparison by region)



Tight Christmas

Presents & parents

At nearly £95 less, residents in Northern Ireland are set to curb the Christmas gifting budget more than any other UK region while, in the Christmas food and drink stakes, Londoners will cut most (£67.20) off the bill.

Christmas experiences are being reined in most in the North East, while Christmas socialising will be pared back most in London and in Scotland.

Interesting as the regional data is, we once again return to splits by age to see how heavily the cost-of-living crisis is set to impact the youngest (18-34) age group.

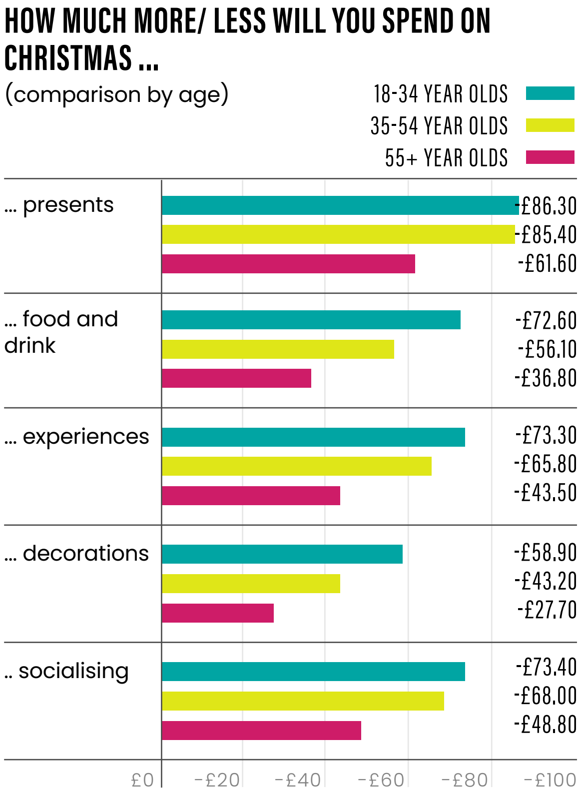
Adding up the savings people intend to make across various Christmas-line-items, the average 18-34-year-old is set to curb their spend by over £335.

Splice the data by household profile and single parent households are set to make more cuts than any other group, saving nearly £100 on Christmas presents alone and £363.90 overall. The only comparable group is cohabiting parents, where spend is slated to be £351 less.

So it is sadly clear the cost-of-living will force a different Christmas for many UK families this year.

To underline that, we asked parents if they believed it likely they will struggle to be able to afford things their children need or want, Christmas or no Christmas.

Nationwide, 60% said this was a likely scenario, rising to 70% in single-parent families



Outro

The expert’s view

NINA SKERO
CHIEF EXECUTIVE OFFICER, CEBR

The UK economy is expected to have slid into a four-quarter recession in Q3 2022, driven primarily by the cost-of-living crisis and resulting changes in consumer behaviour.

Cebr expects the slowdown in economic activity to weaken the labour market into 2023, causing an uptick in unemployment, granted from quite a low base. This dynamic will likely reduce workers’ bargaining power when it comes to wage increases. However, continuing labour shortages in a number of industries and a stubbornly low participation rate (the share of the population that is either working or actively looking for work) mean that average wages in 2023 are still set to rise at the third fastest pace in nearly two decades.

Inflation is expected to peak in late 2022 and then reduce gradually over 2023. However, even at the end of next year the inflation rate is set to stand at three times the 2% target and is not expected to return to that level until the late 2020s.

The impact of continued high prices and softer wage growth will further weaken spending power and, with that, we have to anticipate more dents in The Wealth Index, with likely knock-ons in Happiness too.

A notable area of uncertainty when it comes to the outlook for spending power and inflation is the future of government support on energy bills. The scheme which caps household energy bills is set to be cut from April 2023, as per the latest announcement from Chancellor Jeremy Hunt. Even with the scheme, households are set to pay much more than in recent years and revoking the scheme could pose another financial shock should energy prices remain high into next spring.

Outro

DEBBIE KENNEDY
CHIEF EXECUTIVE OFFICER, LIFESEARCH

This year's Health, Wealth & Happiness Report adds sharp definition around the ways in which households and families are cutting back on the essentials and stripping out some of the non-essentials.

It's no revelation to see serious downsizing in people's expectations. Slicing the budget is just reality now, including for households further up the socio-economic chain than we'd perhaps have expected.

The categorisation of household spend items into essential and non-essential is probably a little simplistic, but within that simplicity there's a message and a position our industry needs to think about:

Essential or non-essential- which are we?

Within our businesses and industry seminars we all fly the flag for protection as an essential purchase. But definitions change colour entirely at a time like this. The bar to prove our value, and how essential we are, is now higher than ever.

The cynical might — and do — view life insurance as expensive; a luxury purchase even. If a customer adopts a similar position then life insurance will, in a budget-cutting exercise, almost certainly be cast into the non-essential pile.

So as advisers, leaders and ambassadors for our industry, one of the biggest tasks we now face is how to explain, demonstrate and reassure customers that protection is not just as relevant as ever, it's an essential safety net.

It's a tough sell but it's the truth. Protection mightn't feel as basic as shelter, food or warmth, but it's the layer which can safeguard those very things. Protection might not belong next to the Maslow items, but it's the one reliable defence open to households and families to protect them.

Our value transcends context and we have to ensure our customers see it. That's our job today … and it too is essential.

LifeSearch

marketing@lifesearch.co.uk

www.lifesearch.com

401 Grafton Gate East,
Milton Keynes, MK9 1AT