

**Standard Life**  **Aberdeen**

A person is seen from behind, sitting on a dark, rocky outcrop. They are wearing a white t-shirt and dark shorts. The person is looking out over a cityscape at sunset or sunrise. The sky is a mix of orange and yellow, and the city below is silhouetted against the light. A backpack is visible on the rocks next to the person.

**Young People and Money Report**

**2018 marks the ‘Year of Young People’, a Scottish Government initiative giving young people a platform to voice issues that affect their lives and allowing us to celebrate their potential.**

At a time when The Prince’s Trust’s Macquarie Youth Index annual report found that young people’s happiness and confidence was at the lowest level since the index was created, with money worries and job prospects playing on their minds, we wanted to find out more about their financial wellbeing. In collaboration with Young Scot and The Prince’s Trust, we asked 16 – 25 year olds directly about their spending, saving, and borrowing habits and their hopes and fears for the future. We wanted to understand how different factors, such as earning the real Living Wage, affect what they do and how they feel.

This report reassesses some of the stereotypes of young people and their finances, and provides an insight into what makes a difference to their wellbeing. In order for Year of Young People to have the lasting legacy it should, we need to not only provide an opportunity to share young people’s voices, but also take the opportunity to actively listen to those voices and think about how we can take action in response to their concerns. We hope this report can prompt people to think about practical actions to support young people into well-paid employment and sustainable, meaningful opportunities to prepare for a better financial future. Young people are our future, let’s make it the best it can be.

**Standard Life Aberdeen**

At Standard Life Aberdeen, we believe in young people’s potential. We’ve been an accredited Living Wage employer since 2014 and recognise the importance of young people receiving a fair wage. We are committed to the continuous development of the Living Wage movement. We provide inclusive employment programmes and work with charity partners to develop programmes focused on building confidence and skills, and providing work experience to support better futures.



**SUPPORTING**  
 year of young people  
 bliadhna na h-òigridh  
 2018

# The Living Wage

The Living Wage movement brings together businesses, organisations and individuals who believe that a fair day's work should equal a fair day's pay. Calculated through the Minimum Income Standard, the Living Wage is designed to provide employees who receive it with the minimum income needed to afford a decent standard of living. Unlike the minimum wage and National Living Wage, the UK Living Wage is for anyone aged 18 and older.

	The minimum wage	National living wage	Real living wage
What is it?	<b>£7.38</b>	<b>£7.83</b>	<b>£8.75</b> across UK and <b>£10.20</b> in London
Is it the law?	Statutory	Statutory	Voluntary
What age group is covered?	21 and older	21 and older	18 and older
How is it set?	Negotiated settlement based on recommendations from businesses and trade unions	A % of medium earnings, currently at 55%. it aims to reach 60% of median earnings by 2020.	Calculations made according to the cost of living, based on a basket of household goods and services
Is there a London weighting?	No	No	Yes

Information correct as of 31 August 2018. New rates have been announced since the survey.



# The Princes Trust Macquarie Youth Index 2018

The Prince's Trust Macquarie Youth Index was published in 2018 for the ninth year. It is a national survey of young people aged 16 to 25 that measures their happiness and confidence across a range of areas from their health to their working life. The latest Index indicates that young people's wellbeing has fallen to its lowest level since the Index was first commissioned and that concerns about their job prospects are playing on their minds; "almost half of young people in the UK (44%) fear that the economy will provide fewer job opportunities for their generation in the next three years". It suggests that the current job market is holding young people back and highlights that one in four working young people feel trapped in a cycle of jobs they don't want. Money worries also stood out with "a third of young people (35%) worried about the current economic climate, and one in four young people (26%) saying they think they will have a worse standard of living than their parents".

In response to the issues raised in the Youth Index report, The Prince's Trust are focusing on their eligibility criteria to reflect the needs of the young people it supports. These changes will enable a greater amount of young people to access the charity's services flexibly.

The Youth Index survey heard from over 2000 young people across the UK with a range of issues, including their aspirations and how confident they are in achieving their goals. Their number one employment priority was a fair income, followed by a fulfilling job and job security. The areas of least confidence were being able to earn enough without working long hours and their ability to ever earn a high income.



Prince's Trust



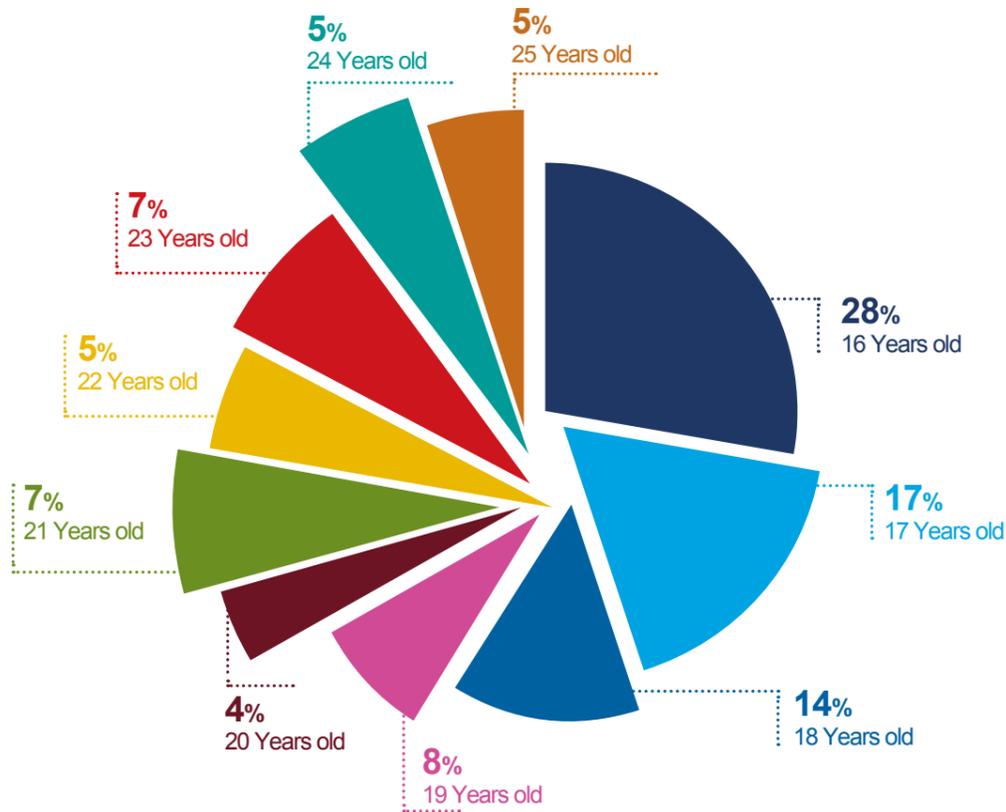
# Methodology

We commissioned Young Scot to host a survey on their national recognition programme Young Scot Rewards (<http://rewards.youngscot.org/>), enabling us to hear from a wide range of young people across Scotland.

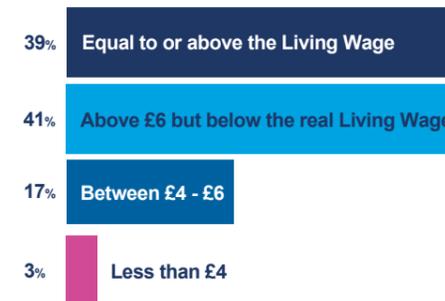
The survey ran from 22 August to 30 September 2018 and had 255 completed responses, from those aged 16-25. Survey participants were asked questions related to the Living Wage, saving, spending, borrowing and their feelings about the future.

We also asked young people working at Standard Life Aberdeen to provide their comments.

## Age of respondents:



## Hourly rate of respondents (based on 105 respondents):



## Current employment status of respondents:



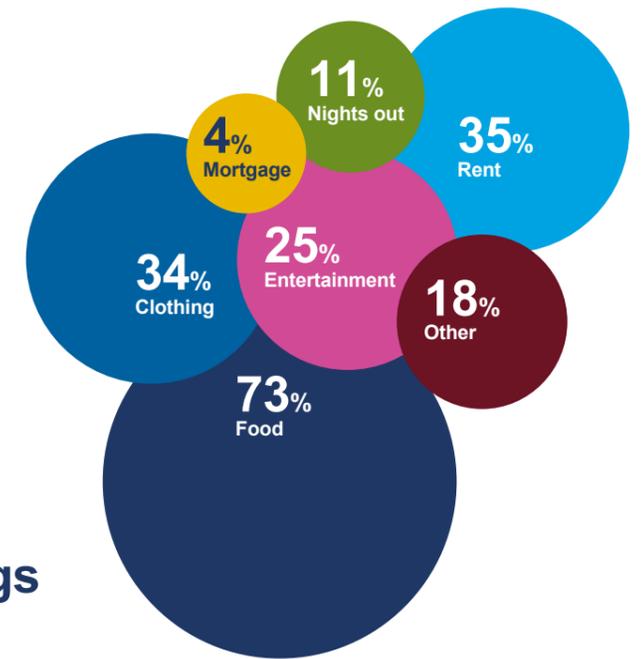


# The findings

# Spending

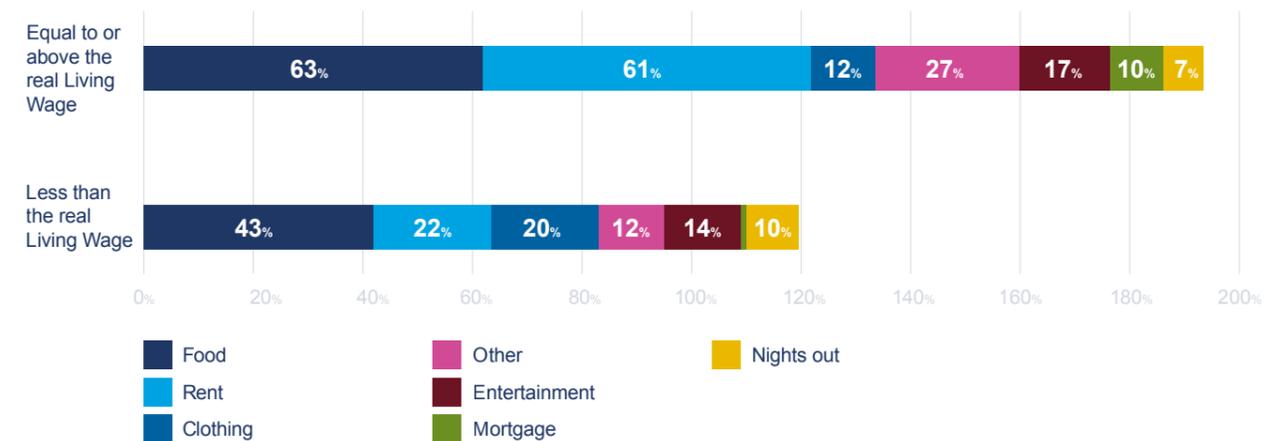
“The stereotype says that young people are immature with their spending because of a lack of responsibility. Not all young people are like this”

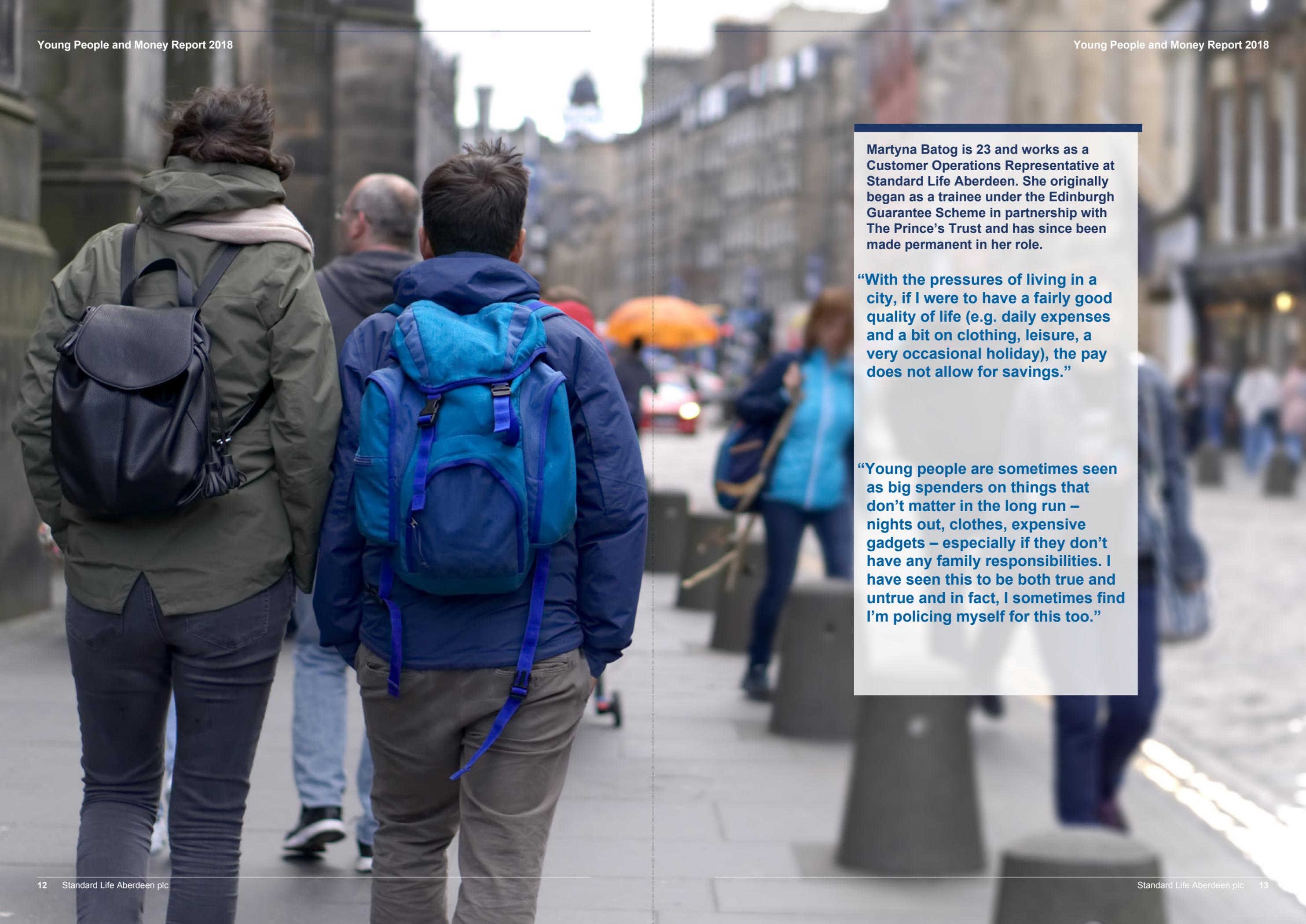
Some young people commented there is an assumption that they are more focussed on spending rather than saving for their future. We wanted to find out what the respondents are currently spending their money on.



## What are the two main things you spend your money on?

The majority of respondents indicated they spent their money on food and rent regardless of whether they earned the real Living Wage or not. These were closely followed by clothing at 34% however, this falls significantly once respondents reach age 20, dropping to under 1%. Young people earning at least the Living Wage suggested they spend more money on mortgage, entertainment and other (such as travel costs) than respondents who did not earn the real Living Wage.





Martyna Batog is 23 and works as a Customer Operations Representative at Standard Life Aberdeen. She originally began as a trainee under the Edinburgh Guarantee Scheme in partnership with The Prince's Trust and has since been made permanent in her role.

“With the pressures of living in a city, if I were to have a fairly good quality of life (e.g. daily expenses and a bit on clothing, leisure, a very occasional holiday), the pay does not allow for savings.”

“Young people are sometimes seen as big spenders on things that don't matter in the long run – nights out, clothes, expensive gadgets – especially if they don't have any family responsibilities. I have seen this to be both true and untrue and in fact, I sometimes find I'm policing myself for this too.”

# Saving

**“Things like property and cars are so expensive and it’s hard when wages are quite low for young people but they are still expected to pay adult fares for travel etc. which makes it difficult to save money”**

The majority of the young people who completed the survey said that they were currently saving, regardless of whether they receive the real Living Wage. However, there was an acknowledgement that it isn’t always easy to save, especially when you aren’t in full-time employment or earning a fair wage.

Many young people still incur the same costs and outgoings as people later on in life such as accommodation, bills and food despite commonly earning less than those older than them.

Do you currently save money?

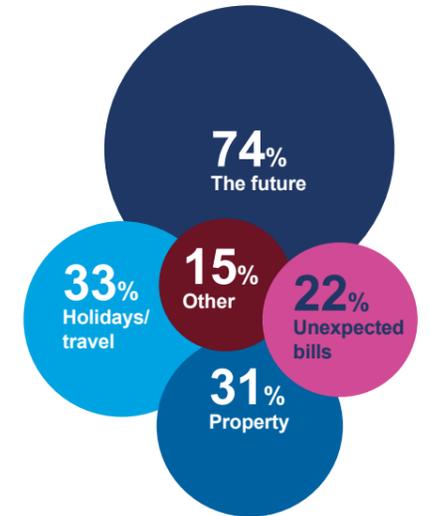


Almost three quarters of respondents (186) said they currently save money. More young people stated that they are saving money than not.

## What are you saving for?

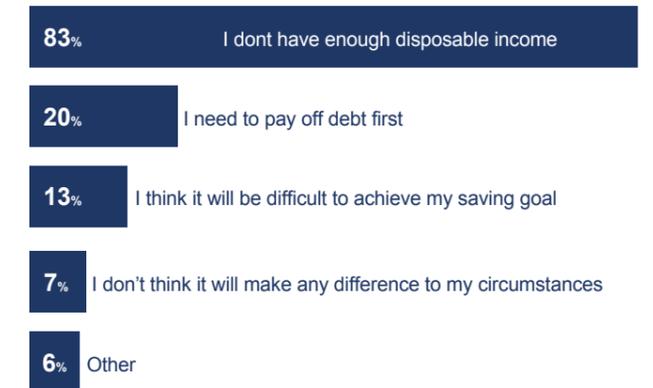
Of the 186 young people who said that they are currently saving money, nearly three quarters were saving for the future and a third for holidays/travel.

Saving for the future was consistently selected by young people of all ages. This indicates that young people are beginning to think about their future from a young age rather than focusing on one off short term purchases.



Of the respondents who aren’t currently saving (69 respondents) the majority said this was because they “don’t have enough disposable income”. After paying off core bills, young people don’t necessarily have sufficient disposable income to save even if they wanted to. This was the same result across all age ranges and employment statuses.

Are there any reasons why you are not saving at the moment?



This question was multiple choice therefore the total will not add up to 100%

# Borrowing

**“The cost of living is increasing and wages aren’t getting any higher. Even when I get a better paid job I’ll have to pay back my debt and will still be scrounging”**

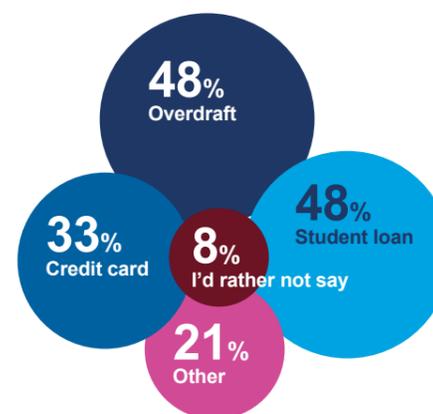
19% of the 255 respondents were currently in debt with responses varying between ages with more older respondents saying that they were in debt than younger - 47% of those over 21 were in debt.

**If you need to borrow money or access credit where would you most likely go?**

Most respondents (82%) said they would most likely go to a Parent/guardian/carer first.



## What kind of debt are you in?



**Of the young people who said that they were in debt (48 respondents), nearly half selected Student loan and Overdraft. A third of respondents selected Credit card.**

A number of responses throughout the survey referenced their family in their comments, either that they are able to rely on help from them; “Luckily my parents have steady jobs and I know they’ll look out for me” or from the other perspective; “My family doesn’t have a high income and I may be the same”. It’s not often acknowledged that when a young person struggles with money, this can also affect the wider household who may or may not necessarily have disposable income.

**Mathew Stachan is 21 and joined Standard Life Aberdeen via the Edinburgh Guarantee Scheme. After completing the programme; he secured a role within the business as an IT Apprentice. He won Young Achiever of the Year at The Prince's Trust Awards in Scotland for his personal development.**

**“I think there definitely is a stereotype around young people and how they spend money. I believe this because I myself have managed to spend money in an immature fashion because of a lack of responsibility but not all young people are like me”**

**“Because I earn the real Living Wage, I am able to save a certain amount of money each month”**

**“If I were to earn more money I would definitely save the extra I make and try to build my credit score so I can get a mortgage for my own place and also learn to drive. I think at the moment those two things are impossible for me.”**

# The future

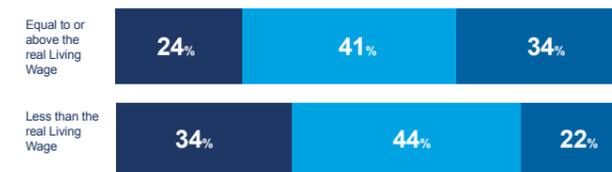
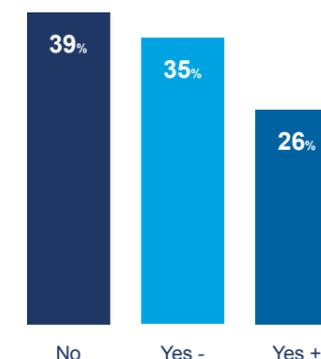
“Being a young worker and already getting paid more than the minimum wage, I believe that with some motivation and hard work I could get somewhere one day”

When asking young people about their thoughts for the future, it was clear that being paid a fair wage played a big part in how positively they felt about their financial prospects.

## Does your current financial position affect your feelings about the future?

61% of respondents stated they were affected either positively or negatively due to their current financial position.

There was a clear difference depending on whether respondents earned the Living Wage or not. 34% of respondents who earn equal to or above the Living Wage said their current financial position positively affects their feelings about the future, whereas only 22% of respondents who didn't earn the Living Wage selected this option.



“I am worried if I get the opportunity to do something I won't be able to afford it”

“The job industry I would like to go in to pays a lot of money, however I am young, unemployed and already in debt”

Respondents who earn at least the real Living Wage rated their future financial prospects more positively than those who don't. A fifth of the respondents earning the real Living Wage gave an extremely positive score.

Respondents cited a number of reasons about why they felt either positively or negatively about the future.

39 young people referenced education, some saying that working towards a qualification gives them confidence that this will lead to a well-paid job but others were concerned with the uncertainty post school/ university. Others referenced general uncertainty for the future and there were mixed responses around how young people feel about managing their money, either positively; “I'm confident in my ability to manage money” or negatively; “I don't know anything about paying bills and taxes”.

## On a scale of 1-10, where one is extremely negative and 10 is extremely positive, how do you feel about your future financial prospects?



## In summary



We are extremely proud to be co-Chairs of the Young Person's Development Network (YDPN) at Standard Life Aberdeen, especially as it is a Living Wage employer. The Network is there to support and develop our members both professionally and personally. Our members come from diverse backgrounds and whether this is their first role at the age of 16, entry on a graduate scheme, or a change in career, we want to ensure they are all offered the same opportunities.

We are very pleased that the Scottish Government chose to highlight 2018 as the 'Year of the Young Person'. This year has highlighted that this generation not only care about their finances, but about their impact on their communities, the environment and much more.

The Young People and Money report highlights the various issues currently facing the younger generation and that they are thinking towards their futures and aspirations, whether that's buying a house or learning to drive. 73% of those who completed the survey currently save, which is fantastic, and goes against the stereotype of young people as spenders. We think it's important to highlight that as soon as you turn 18 you are considered an adult and need to pay the same as someone who may have worked for a long period of time. Facing the same costs as others, but lower earnings, causes difficulties for many young people. One key thing that has been evidenced numerous times is teaching financial subjects earlier in life and how to apply for things such as mortgages can assist people in making better decisions.

The report demonstrates the need to support our younger generations, it's evident that young people know how to save but may not have enough disposable income or the knowledge or confidence to take the next steps in planning for their future. We also mustn't forget the impact on other generations - many parents, guardians and grandparents may support their children who are earning low wages. The findings also prompt a further question about young people who do not have other sources of family income or wealth to draw upon and what this means in terms of their future opportunities.

We believe that investing in and supporting future generations from all backgrounds creates a better society for all for tomorrow.

**Vikki Allan and Samantha Hutcheson**  
Young Person's Development Network, Co-Chairs



**“If we want Scotland to be the best place to grow up, then it also has to be the best place to work for young people. With almost 70% of workers aged between 18-21 paid less than the real Living Wage, there is still a long way to go. Age does not provide immunity against rising living costs and young people often have the same financial commitments as their older colleagues. The real Living Wage can make a real difference in helping with these costs.**

**Living Wage Scotland will continue to engage with employers to encourage them to pay the real Living Wage to all workers, and this report will add to the growing body of evidence that the real Living Wage should be the norm regardless of age.”**

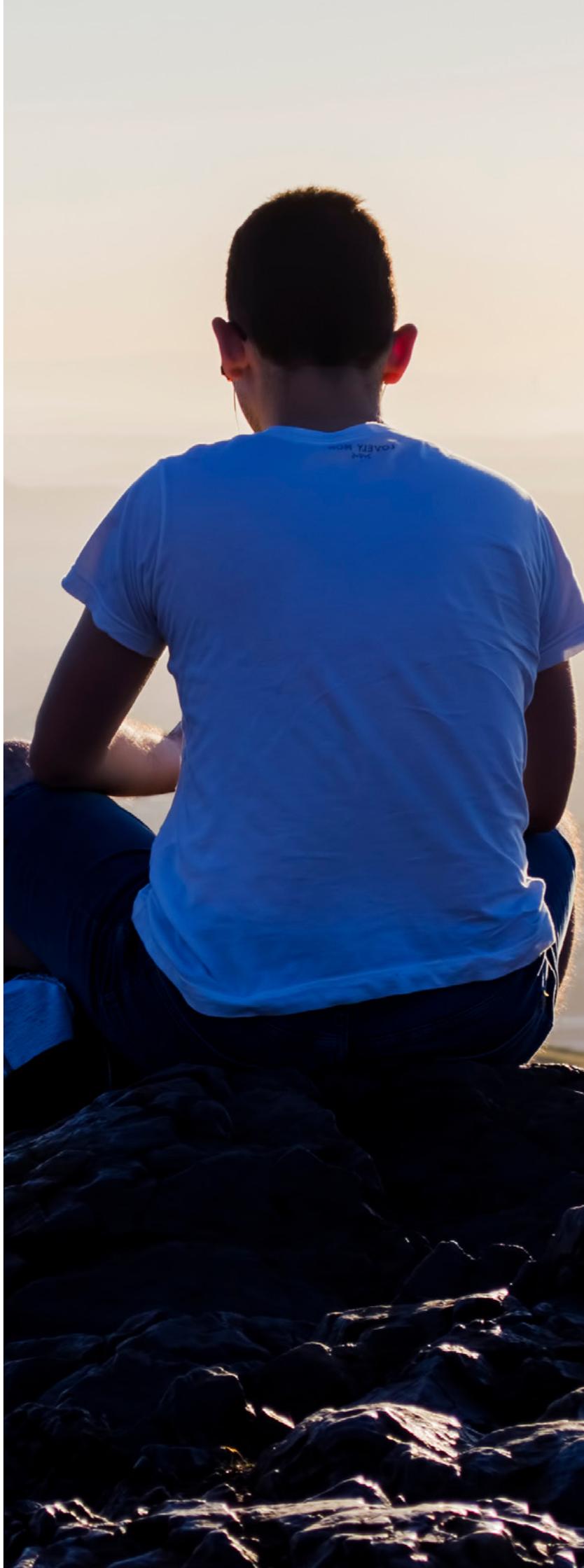
**Jack Evans**  
Living Wage Scotland Manager  
The Poverty Alliance



**“If young people enter the workforce undervalued and under paid, then this could have a negative impact on them for the rest of their careers. Young people really do need to be valued for their important contributions to the workplace.”**

**“It's good to see that so many young people across Scotland already have a healthy view on saving and looking forward to their future. By supporting young people to manage their financial priorities then we are enabling them to have a brighter and more fulfilling adulthood.”**

**Louise Macdonald OBE**  
Chief Executive  
Young Scot



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