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## £2.4 BILLION IN BRITAIN'S PIGGY BANKS

*5% of savers choose to save at home*

Low interest rates and continued disillusionment with financial institutions has led 5% of Britain's savers to save in their piggy banks rather than investing money in savings accounts, according to new research from Newcastle Building Society.

Based on the average rate of saving and current population figures, this could equate to as much as £2.4 billion being saved at home, if findings are extended to the whole of the UK.\*

The research among 1,300 Britons found the percentage of people saving in their piggy banks consistently falls with age, from 8% of 18-24 year olds, to 2.3% of the over 65s, suggesting greater numbers of younger people are unsure of what to do with their money.

The most popular savings measures among the UK's savers are instant access savings accounts and cash ISAs, with 30% of respondents choosing these options. Findings from the Newcastle found that very few people look to lock their money away for the longer term, regardless of typically higher interest rates for these products (1.5% said they would save in an equity ISA and just 1% preferred stock market linked investments.) However, if all of Britain's piggy bank savers put their money into Newcastle's four year fixed rate ISA at 4.00%, they could make over £400 million in tax free interest\*\*.

Steve Urwin, Senior and Marketing Executive, Newcastle Building Society said,

“Although interest rates remain at historically low levels there are still some good deals to be had, and in particular savers should look to take advantage of their ISA allowance which allows them to receive interest tax free. It is important that any money they've earned is working as hard as it can for them. Without doubt it makes sense to invest money in a bank or building society rather than in a piggy bank at home.”

**Ends**

### **Notes to Editors**

**\*Calculation for amount of money being saved in piggybanks nationwide.**

1. 5% of UK Population above 16 = 2,462,055 based on a UK population above 16 of 49,241,100 (ONS Age Structure of the UK, Population Estimates, 2010)
2. Individual average annual UK saving = £983.28 based on 12 average monthly amounts of £81.94 (Quarterly Savings Survey, Winter 09/10, NS&I)

**Calculation (5% of UK population above 16 X Average UK Saving)**

$$(2,462,055 \times £983.28 = £2,420,889,440.40)$$

Projected figure for amount being saved in piggybanks nationwide = **£2.4bn**

**\*\* Interest calculated on £2.4 bn in Newcastle Building Society's four year ISA at 4.00%**

<http://www.newcastle.co.uk/savings/4yearisa>