

14 October, 2011

Standard Life's Financial Confidence Index hits new all-time low

In Standard Life's most recent quarterly survey of more than 1,000 adults, the overall index sank to a four year all-time low of 50.5%. This is a full 3 percentage point drop over the quarter and compares with its' all time high of 66.7 in March 2008.

- The least financially confident respondents are 45 to 54 year olds, scoring 44.2% out of a possible 100%
- The second least confident group were 35 to 44 year olds, scoring 47.5%, followed by 18 to 24 year olds who scored 48.4%
- Women are again less confident than men, scoring 48.1% compared with 53%

"It's probably not surprising that 45 to 54 year olds are the least confident with their incomes under pressure (typically with hefty mortgages and school/college fees) and likely to be worried about the forthcoming December Budget," said Brendan Barr, head of marketing at Standard Life.

"Speculation about significant job losses plus general unease about Greece and the euro during the survey period wouldn't have helped," said Barr.

Dubliners and 65+ year olds remain the most financially secure

On a regional basis Dubliners (54.1%) are the most financially secure whilst those in Munster are the least secure (49.6%).

Those aged 65+ remain the most financially secure group of all with a score of 58.8% followed by those aged 55 to 64 who scored 54.3%.

Investment appetite up on previous quarter

On a positive note, perhaps surprisingly, respondents' appetite for investments has increased in all categories from the previous quarter. Remarkably, Irish Buy-to-let showed the biggest jump up 8% to 36%, (albeit from a relatively low level),

Pension plans continue to remain relatively unpopular with investors. Only 30% of respondents think it's a good time to buy a pension, compared to an all-time high approval rating for pensions of 80% in June 2007.

"The market uncertainty as well as the stream of disincentives* by the Government for pension savers in recent years has done serious damage," said Barr.

“Income tax relief on pension contributions must be kept at 41% in this year’s Budget. We sincerely hope the government maintains the delicate balance between meeting the troika’s savings requirements and not killing the incentive for people to save for their long term future,” he said.

Ends

Notes for Editors

These results are based on an independent online survey conducted by Research Plus Ltd on behalf of Standard Life of 1,001 adults aged 18+, in the Republic of Ireland between 23rd September – 3rd October 2011.

Standard Life Financial Confidence Index*	Sep 2011	Jun 2011	3mth Change	Oct 2010	12mth Change
Republic of Ireland Adults 18+	50.5	53.5	-3.0	51.1	-0.6
Male	53.0	56.0	-3.0	54.3	-1.3
Female	48.1	50.9	-2.8	47.9	0.2
18-24	48.4	50.6	-2.2	49.6	-1.2
25-34	52.1	49.6	2.5	46.3	5.8
35-44	47.5	48.8	-1.3	48.6	-1.1
45-54	44.2	52.1	-7.9	49.9	-5.7
55-64	54.3	59.8	-5.5	54.9	-0.6
65+	58.8	64.7	-5.9	61.6	-2.8
Dublin	54.1	56.6	-2.5	52.3	1.8
Rest of Leinster	47.8	52.0	-4.2	50.2	-2.4
Munster	49.6	51.7	-2.1	51.1	-1.5
Connaught/Ulster	50.1	53.3	-3.2	50.7	-0.6

*The Standard Life Financial Confidence Index is a measure of how financially secure people feel on a scale of 1 to 10. The results are averaged and then converted to give a total score on a percentile basis.

Notes for Editors

- Dublin refers to Dublin city and county. Rest of Leinster refers to Leinster excluding Dublin. Connaught/Ulster refers to Connaught plus Donegal, Cavan and Monaghan.

Good or Very Good time to invest in:	Sep 2011	Jun 2011	3mth Change	Oct 2010	12mth Change
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Commodities	53%	49%	4%	52%	1%
Regular Savings Investment account	51%	46%	5%	49%	2%
Deposit account	39%	36%	3%	38%	1%
Alternative investments	39%	35%	4%	37%	2%
Irish buy-to-let property	36%	28%	8%	26%	10%
A holiday home	33%	27%	6%	31%	2%
Capital guaranteed/tracker products	31%	28%	3%	30%	1%
Pension plan	30%	28%	2%	35%	-5%
AVCs or pension top-ups	27%	24%	3%	31%	-4%

Recent Government Disincentives for Pensions:

*Imposition of 0.6% levy on funded pension schemes. Removal of PRSI relief on pension contributions. Reduction of employer PRSI relief on employee pension contributions by 50%. Reduced annual income ceiling from €150,000 to €115,000. Maximum allowable pension fund reduced from €5.4mio to €2.3mio. Tax free lump sum limited to €200,000. Approved retirement funds imputed distribution tax increased from 3% to 5%.

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