



PRESS RELEASE

The return of wage squeeze Britain: more than 9.8 million workers expect to miss out on a pay rise in 2020

- *Nearly one in three of the UK's 32.8 million workers say they are not expecting a pay rise this year, Scottish Friendly's research reveals*
 - *A further 30% believe their pay will rise by less than 2%, meaning nearly two-thirds of the workforce are potentially facing a pay cut in real terms*
- *More than a third of respondents expect to be worse off financially in 2020 while four in 10 say they plan to make fewer big-ticket purchases*

More than 9.8 million [1] UK workers are expecting their wages to stagnate this year as signs of a fresh squeeze on household finances begin to emerge, new figures from Scottish Friendly reveal.

In new research looking at the cost of living in the UK, nearly one in three workers (30%) believe their employer will put a freeze on pay this year just as official data shows the UK economy slipped back in November.

A further 30% believe their pay will rise by less than 2% in 2020. With annual inflation currently running at 1.3%, it means millions of workers could experience a pay cut in real terms in 2020.

If households' fears become reality, it could result in inflation outstripping wages for the first time since February 2018, which would put a strain on their finances.

Meanwhile, Scottish Friendly's research suggests households are bracing themselves for a fresh squeeze on living standards by reining in their spending.

Four in 10 (40%) respondents say they plan to make fewer big-ticket purchases this year compared to 2019, such as buying a new car, expensive household appliances or making large-scale home improvements.

Meanwhile, a third (33%) of respondents believe their financial situation will be worse in 2020, despite the Government's recent long-term pledge to usher in a "decade of prosperity".

The news comes as figures from the Office for National Statistics show that the economy shrank by 0.3% in November.



When asked to estimate how much money they will be able to save in 2020, more than one in four (26%) respondents said they expect to save slightly or significantly less than last year.

This compares to 42% of those who said they would be able to save roughly the same as last year and the 33% of people who said they would be able to save slightly or significantly more.

Kevin Brown, savings specialist at Scottish Friendly, said: “Household sentiment is an early indicator of how the UK economy is faring, which is why the current pessimistic outlook makes for concerning reading. If households’ fears ring true, then we could be about to experience another painful squeeze on living standards.

“After nearly two years of wage growth exceeding inflation, it could be we are at a turning point just as data shows the economy has gone into reverse, which could put greater pressure on household finances.

“Understandably, then, many people might not see saving for their future as a key priority. However, just doing something, even if it’s little and often could make a big difference to your finances in the future.”

-ENDS-

Methodology

Survey of 2,111 Scottish Friendly customers conducted between 27th December 2019 and 3rd January 2020

[1] 29.98% of respondents who say they don't expect a pay rise in 2020 multiplied by 32.8 million UK workers (source: [ONS](#))

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Editors notes:

About Scottish Friendly:

Scottish Friendly is a leading UK mutual life and investments organisation. It provides investors and their families with a wide range of investment and protection solutions and provides life and investment products and services to other financial organisations.

Scottish Friendly has roots stretching back to 1862. Established as the City of Glasgow Friendly Society, its name changed in October 1992 when it took over Scottish Friendly Assurance.

Scottish Friendly's overall strategy is well-established and is based on a three-part growth plan composed of organic growth, business process outsourcing, and mergers and acquisitions.

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