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MILLENNIALS PUT BUYING PROPERTY BEFORE THEIR PENSIONS

- Over a third (35 per cent) of under-35s prioritise saving for a house deposit over their pension
- Nearly a fifth (19 per cent) say saving for a home is the main reason for not increasing retirement saving
- But one in five under-35s expect the Bank of Mum and Dad to help with buying a house

Millennials are chasing the home ownership dream at the potential cost of a lower income in retirement, new research from Prudential¹ shows.

Over a third (35 per cent) of millennials say they prioritise saving for a deposit on a home instead of their retirement. Nearly a fifth (19 per cent) say buying a house is the main reason they don't save more into their pension while 10 per cent say student debt stops them saving into a pension. One in 11 (nine per cent) admits that frequently changing jobs affects their ability to make regular pension contributions.

They are willing to make sacrifices for home ownership with one in ten (10 per cent) living with parents instead of renting to help save more money for a home. The study found men are almost twice as likely (20 per cent) to be heading home compared to women (11 per cent).

Despite worries about graduate debt and the squeeze on wages, on average nearly a third (31 per cent) expect to buy their first property by the age of 30 with men (39 per cent) more confident than women (26 per cent) they'll achieve their ambition.

However, the research shows they won't all have to save hard - an optimistic 20 per cent expect to receive financial aid from the Bank of Mum and Dad.

Industry data² shows millennials are right to be hopeful about home ownership – around 365,600 first-time buyers completed mortgages in the year to July borrowing a total of £59.9 billion. The average age of the first-time buyer during the year was 30, borrowing an average £145,000 on a gross household income of £42,000.

But pensions are feeling the strain, Prudential's research found. Around 21 per cent say they have not started saving for retirement yet while 15 per cent say pension saving does not motivate them and 12 per cent believe pensions are irrelevant to millennials.

Kirsty Anderson, retirement income expert at Prudential, said: "Juggling buying a house with saving for retirement is challenging and it is inevitable that something gets dropped which unfortunately appears to be retirement saving.

"Retirement can seem daunting for millennials and is of course a long way off when you are contending with student debts and high rents.

"However, it is crucial to start saving for your pension as early on as possible, putting away as much as you can each time. It is easier if you start doing this as soon as you start working so you get used to the money going straight into your pension pot. Many will at least be saving through the workplace, which is a good start, and contributions should be regularly reviewed to ensure a significant fund can be built up."

Not all millennials are focused on home ownership. About 17 per cent of under-35s say buying a house is not a realistic option currently while 11 per cent say saving for a house deposit is not a financial priority.

And it is not just millennials, the research shows that one in seven 35-54-year olds have given up on the hope of ever owning a home.

- **Ends** -

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Notes to editors

¹ Consumer Intelligence conducted an independent online survey for Prudential between 20th – 21st June 2018 among 1,178 UK adults

² <https://www.ukfinance.org.uk/house-purchase-activity-slows-in-june-but-remortgaging-activity-remains-high/>