

The Pinch That Stole Christmas: A third of UK adults have seen disposable incomes shrink leaving festive funds stretched

- One in three (35%) UK adults have experienced decreasing disposable income over the last six months while one in seven (14%) worry they won't be able to cover the costs of the Christmas they had expected
- Generation X are the most likely to have seen purse strings tightened, with 42% experiencing a decrease in their disposable income
- Increases in essential costs are pushing people into financial difficulty; from food and drink (16%) to transport (19%) and record energy costs (30%)

One in three people (35%) have seen their disposable income shrink, prompting fears of a leaner Christmas for people across the UK, according to new research from [Legal & General Retirement Solutions](#). Mid-lifers are those most likely to experience the 'Christmas Crunch', with 42% of 41 to 56-year-olds (Generation X) feeling the pinch¹.

As the cost of living soars, significant hikes in the price of energy bills (30%), transport (19%) and food and drink (16%) are pushing many people across the country into financial difficulty. One in seven UK adults (14%) now worry they won't be able to afford the Christmas they had expected, as a result. A third of UK adults are cutting back on non-essential treats, such as gifts or boozy nights out and one in five (19%) have had to dip into their savings and investments just to meet their essential bills.

This has prompted concerns that those in midlife, who have been hardest hit, might see an impact on their retirement as they use long-term savings to boost their disposable income. A third of Gen X (33%) have already decreased their savings contributions in the last six months and with costs soaring their incomes are likely to be put under increasing pressure, even before factoring in the cost of Christmas. Separate research² by Legal & General found that the average over 50s workers had already lost more than £3,000 from their retirement savings pot due to pandemic cutbacks.

“While some are understandably worried about rising Covid cases cancelling Christmas this year, the increased cost of living already poses a threat to the festive season. Families across the UK are having to cut back on non-essentials and dip into savings just to cover their bills, so the cost of Christmas is likely to be an extra worry. This is particularly true for people in midlife, who have seen their disposable incomes hardest hit.

“For people nearing retirement, a temporary pause on contributions can have long-term implications on their later life savings. Although the current climate is challenging, we would urge people to maintain their contributions, as even a small amount can make a big difference to your standard of retirement. We offer

a [range of resources](#) to support those in midlife and to help them get them back on track with their finances.”

Emma Byron, Managing Director, Legal & General Retirement Solutions

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¹Opinium survey of 4,000 UK adults in the UK was conducted between the 31st October and 3rd November 2021

²Opinium survey of 2160 UK Over 50's in the UK who have not retired between the 9th and 13th August 2021, 224 of which are saving less towards retirement, compared to before the pandemic.

Notes to editors

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** at 30 June 2021*

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