

Midlifers set to be impacted twice by the cost of living

Financial planning essential to help balance priorities

As the cost of living crisis continues to rise, midlifers are set to be impacted particularly hard. This is because many midlifers are still paying off mortgages and other debts, while also trying to support their families. This means that they often have less disposable income than younger people.

In addition, midlifers are more likely to face redundancy or early retirement, which can make it even harder to make ends meet. And, with life expectancy increasing, midlifers are also likely to need to pay for more health care and other costs in their later years.

FINANCIAL RESPONSIBILITY COULD RISE

According to new analysis, the financial responsibility of people in midlife (40 to 60 years old) could rise significantly in 2022^[1]. Midlifers who provide financial support to adult loved ones (17%) could be impacted twice by the cost of living crisis, due to increases in their own household bills and those of the adult loved ones they support.

Households are likely to see their income affected by a minimum of £1,200 this year due to tax rises and soaring energy bills^[2], which could see midlifer households' essential bills increase by at least 10%

(from £12,457 a year to £13,657^[3]). This is on top of the £3,577 that midlifers already provide in financial support to their adult loved ones.

STEEPEST LEVELS OF SUPPORT

The effect could be a particular problem for people aged 40 to 44 years old, who face the steepest levels of support. Despite the fact that their household income is at its highest point (£38,956 on average), their outgoings (£13,491) and non-mortgage debt (£19,149) combined with their financial support for loved ones (£4,195) are the highest of any other group in midlife.

People in midlife who provide financial support for their loved ones are often called upon to help with the cost of monthly essentials, so are likely to suffer from the rising cost of living twice. As the data shows, this is particularly true for people in their early forties, who have high outgoings and tend to provide a greater degree of financial support. ■

IT'S GOOD TO TALK

The cost of living crisis is putting a significant strain on many household budgets, and is leaving some midlifers struggling to make ends meet. All of this means that you need to be especially careful about how you manage your finances. To discuss your situation or to find out more, please contact us.

Source data:

[1] Opinium survey of 4,009 UK adults aged between 40 and 60 years old in the UK was conducted between 28 December and 6 January 2021.

[2] Year of the Squeeze, Resolution Foundation.

[3] Average essential outgoings for midlifers were £12,457; an increase of £1,200 as predicted by the Resolution Foundation could see them increase by 10% to £13,657.