

Young Adults and Money Management: behaviours, attitudes and useful rules of thumb

Foreword

Young adults leaving school, college or university and entering the workplace face many changes and challenges. Money is an important part of how young adults feel about their lives. Having money is seen to be an essential part of achieving their hopes and dreams – whether it is having enough money to get on the property ladder, as part of progressing their career, or even as a mark of responsibility and independence. One of the key insights of this report, drawn out in the quotes and survey responses, is the seriousness that young adults give to managing their money well and making the right financial decisions.

We know that making financial decisions – be it accessing credit, planning for short-term savings or saving for a deposit to rent or buy a property – is important for improving the financial resilience and capability of young adults as they transition to independent living. Yet getting them to access and act on guidance that aids in financial decision making remains a challenge.

The insights in this report give us a richer understanding of how young adults engage with their finances. There is a tension between living in the moment and not wanting to miss out versus thinking about the future and trying to be good. Young adults think about managing their money as making the most of what they have and by exercising self-control. However, social pressures and maintaining social relationships can mean that these techniques are unsuccessful. At the same time, most young adults wish that they were taught more about money management while they were in education. They feel like their lives would be better as a result. It struck me when reading this report that many do the best that they can with the strategies that they know about, but there is room for improvement.

This has important implications for how we ensure that financial help and support reaches young adults when they need it most. Rules of Thumb are useful short-cuts that help people of all ages and in different contexts make financial decisions. The Rules of Thumb

and Nudges that resulted from the Financial Advice Market Review, and which the Money Advice Service is taking forward, is a useful starting point. This research is one of a number of elements of this important work, taking a more detailed look at the financial priorities of young adults entering the workforce. It then delves into practical and applicable money guidance (i.e. rules of thumb) that are likely to have the most reach and resonance with this age group.

Most young adults would welcome tips and guidance to help them manage their money. In particular, young adults want to know more about using credit and making investment choices. Money tips can reinforce what they already know or move their understanding forward. These also make sense for others. The money tip that most stood out for me is if you wouldn't pay cash for it, don't buy it on credit. This demonstrates that the insights in this report can translate across life stages and I encourage readers to consider how these tips may apply in their own lives.

Following this report, we look forward to working with all those who can reach and influence the financial capability of young adults, in particular employers, at key transition points in their lives.

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Founded in 2010, BritainThinks is one of the UK's leading insight and strategy consultancies, working with a wide array of clients from the public, private and third sectors. We provide our clients with the insight they need to make better decisions, based on the views that matter to them most.

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Executive Summary

Thinking about money

- Young adults' lives are changing fast and money is central to this. Managing money well is important to young adults – ranking above having a job they enjoy, keeping healthy and buying a home as a priority. However, managing money well is not seen as more important than having social relationships.
- Managing money is seen as part of growing up, and young adults are both excited and daunted by this. One in five young adults (22%) say that they are not confident in managing their money.
- Talking about money is seen as “taboo” by some: they feel it is a sensitive or uncomfortable topic to discuss with friends or family. One in five (19%) say that they would feel embarrassed talking to friends or family about money. For those at the upper end of this age range, one potential barrier to talking about money is the risk of appearing unsuccessful.
- Many young adults say they feel social pressures around money – for example, feeling that they must keep up with the spending habits of their peers or those they follow on social media. It is also considered boring to talk about issues such as budgeting.

Managing money

- Most young adults manage their money to at least some extent, but for the majority the approaches used are ad hoc and short-term.
- Young adults mostly manage their money by budgeting or planning short-term savings. They often think ahead only until their next pay cheque, and very few think further ahead than 12 months.
- Having strong willpower and resisting temptation are seen as critical attributes for good money management. Three quarters of young adults (72%) agree that self-control is more important than knowledge when it comes to managing money.
- Young adults have little faith in their ability to manage their spending. Strategies of money management which put barriers between young adults and their money – e.g. starting a savings account with a notice period for withdrawals – are seen as effective as they remove the temptation to spend altogether.
- As a result of the social pressures that they feel, it is relatively rare for young adults to seek guidance or advice of any kind about money management – indeed, two in five (41%) say that they do not usually seek guidance when making financial decisions.





What does good money management look like?

- Most young adults think that learning to live with whatever money they do have is the key element of effective money management. Once their initial financial commitments are met, self-control is key to managing what they have left.
- Being organised and planning what they will spend money on are seen as important aspects of managing money well, but are often undesirable to young adults as they feel planning in advance inhibits their social life.

Useful tips and guidance

- When young adults discussed the money guidance (rules of thumb) presented to them, they tended to use “advice” and “guidance” to describe these.
- Young adults found the concept of money “tips” more appealing and was well-understood over “rules of thumb”.
- Many young adults can’t recall receiving any tips or guidance about managing their money – this was true of around half of workshop participants.
- A large majority of young adults (85%) wish that they had been taught more about money management while they were at school or university, and feel their life would be better as a result.
- In particular, young adults wish they had been taught more about credit, investments and budgeting – credit is often viewed with considerable fear and from a position of low knowledge.

Overall principles for designing money management tips

- We wanted to understand what practical tips would help young adults to manage their money better. These were derived from the Rules of Thumb and Nudges that were published by a sub-group of the Financial Advice Working Group and evidence review published by the Money Advice Service.
- Our research identified five key principles for communicating tips to young adults. These are:
 1. **Make it feel achievable** – young adults want tips which they can immediately start working towards.
 2. **Include a call to action** – explaining how to go about doing something, as well as the overarching principle, is popular.
 3. **Empower, don't reprimand** – young adults want to do the right thing in managing their money, they just need the tools and support to do this.
 4. **Shorter is not always better** – tips which over-simplify or trivialise a complex issue are rejected out of hand.
 5. **Add more detail for university leavers** – they tend to be thinking in greater depth and in the longer term, and want more sophisticated advice.

Top tips for managing money

- Below we have outlined money management tips that are particularly well received by young adults in each of the six areas that we tested.
- These six areas are listed below from the area young adults most wanted to know more about, to the area they wanted to know more about least.
- Use of credit
 - If you wouldn't pay cash for it, don't buy it on credit
 - Always check the charges
- Making investment choices
 - Start low-risk, invest in cash ISAs
 - Don't invest in the unknown
 - Pay close attention to investment fees and charges that will eat into your returns
- Pension savings
 - Think about your pension as soon as you start working
 - However small, save something for your retirement
- Budgeting
 - Divide spending into what you need and what you want
 - Spend less than you earn
 - Use the 50/30/20 rule – spend 50% on necessities, 30% on savings, 20% on luxuries
- Making large purchases
 - If you can't comfortably afford it, think again about buying it
 - Plan before you spend – think about how you will pay for it
 - Don't compare yourself to others – buy what you can comfortably afford
- Short-term savings
 - Save 3 months' income for a rainy day
 - Pay for things you need before paying for things you want.

Methodology

1. Overview

BritainThinks conducted qualitative workshops and an online quantitative survey with young adults aged 16-25 living in the UK.

2. Workshops

Four workshops were held across two locations, as outlined in the table below.

DATE	LOCATION	GROUP 1	GROUP 2
16/10/17	Manchester	School-leavers 9 participants	University-leavers 7 participants
18/10/17	London	School-leavers 7 participants	University-leavers 7 participants

All workshop participants were aged 16-25. Throughout this report “young adults” refers to those falling within this age range. All workshop participants had recently left education, and most (but not all) were employed.

“School-leavers” were defined as those who had left school or sixth form college within the past 12 months. “University-leavers” were defined as those who had left university within the past 12 months. These terms are used throughout this report.

During the workshops, open discussion and structured activities were used to understand: how young adults think about their money in the context of their lives, what strategies they use to manage their money, and what they would like to know to be able to manage their money better.



Suggested tips (i.e. rules of thumb) to help with money management were also presented to workshop participants, grouped within the following six broad areas of money management:

- Use of credit
- Making investment choices
- Pension savings
- Budgeting
- Making large purchases
- Short-term savings

3. Online survey

In addition to the workshops, a quantitative survey of 470 young adults aged 16-25 was conducted online between 30th October and 4th November 2017¹. Data were weighted by age, gender and region to be representative of all UK 16-25 year olds.

During the survey, young adults were asked a range of questions to ascertain their attitudes and behaviours around managing their money. Survey participants were also presented with a range of money management tips across the six broad areas and were asked to rank how useful they found them. The same tips as presented in the workshops were also presented in the online survey, however some further tips, which had emerged from young adults’ discussion in the workshops, were also included.

All quantitative comparisons between audience sub-groups (e.g. by gender and age) which are drawn out in the analysis below are statistically significant at the 95% confidence interval.

¹ 28% of respondents were school leavers aged 16 and 17 year olds.

Chapter 1: Young adults' approaches to managing their money

Chapter Summary

- Managing money well is important to young adults – ranking above having a job they enjoy, keeping healthy and buying a home as a priority. Yet having a social life is regarded as more important than managing money.
- Managing money well and promoting short-term happiness are often seen in direct conflict – when this conflict occurs, short-term happiness usually wins.
- Talking about money is seen as “taboo” by some. They feel it is a sensitive or uncomfortable topic to discuss with friends or family.
- There are social pressures to managing money – for example, young adults feel that they must keep up with the spending habits of their peers or those they follow on social media.
- Most young adults manage their money to some extent, but for the majority the approaches used are ad hoc and short-term.
- Having strong willpower and resisting temptation are seen as critical attributes for good money management.
- Being organised and planning what to spend money on are seen as important aspects of managing money well, but are often undesirable to young adults as they feel planning in advance inhibits their social life.
- Almost all young adults wish they had learnt more about managing their money at school.
- Many young adults can't recall receiving any tips or guidance about managing their money, but would welcome more information and help with this.

1. Thinking about money

The young adults we spoke to came from a wide range of backgrounds – all had left university or school recently but had varied backgrounds and experiences of work. In the workshops, we found that all had an interest in how to manage their money well.

Young adults' lives are changing fast – money is an exciting and daunting part of this

Most young adults referenced that moving out of education marked a significant period of change for them and they had lots of different thoughts, hopes and concerns on their mind. When asked to list their hopes and concerns for the future in the qualitative workshops, money-related issues featured highly in both lists. Having enough money to get on the property ladder and earning more as they progressed through jobs were experiences young adults were excited about. However, money featured highly in their lists of concerns too. In particular, many were worried about earning enough money to pay for rent and bills, while university-leavers often worried about paying off student loans.

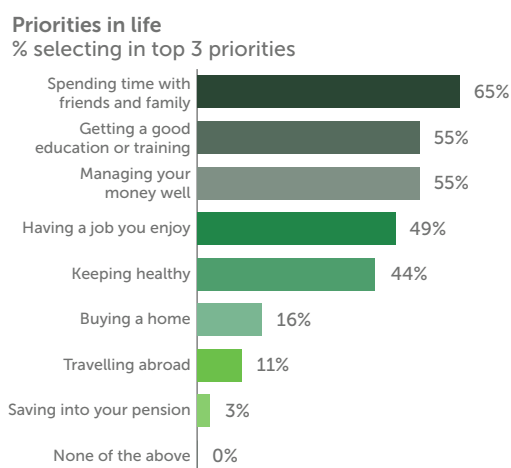
"I am excited about earning money in the future, but I am scared about leaving home. Being independent scares me a bit; and paying bills as well."

School-leaver, male, London

That money is also a source of concern was clear in the quantitative survey. One in five young adults overall (22%) said they are not confident in managing their money, rising to one quarter (27%) among 16-18 year olds.

For a small minority, thinking about money was not a priority, particularly if it was seen as a barrier to enjoying themselves. This view was most often held by younger school-leavers who saw enjoying themselves as more important than managing their finances. They often saw money as something they would think about more in the future as they got older.

These findings were reflected in the quantitative research. Around half of young adults surveyed (55%) ranked managing money within their top three priorities in life at the moment. More young adults ranked managing their money well in their top 3 priorities than having a job they enjoy (49%), keeping healthy (44%) or travelling abroad (11%). However, more young adults ranked spending time with friends and family in their top 3 priorities (65%) than managing their money well, reinforcing that money is important, but not more so than social relationships.



Q1. Thinking about your priorities in life at the moment, how important are the following for you? Base: All respondents (n=470)

Managing money is seen as part of growing up

Young adults saw thinking about money and taking a more active role in managing it as a key part of becoming an adult.

"[Growing up means] being more financially responsible and sensible."

School-leaver, female, London

“Money is seen as a measure of success. To say to somebody ‘I’m having trouble with money’ is to admit – not just to them but to yourself – that you’re unsuccessful.”

School-leaver, male, Manchester

The transition from education to work was particularly seen to throw a spotlight on this issue for many young adults. Most saw managing their money in two lights: on the one hand a burden, on the other a mark of responsibility and independence. The increased importance of learning to manage their money was often linked to external pressures or responsibilities which young adults had to meet, such as having a job, a mortgage or rent to pay. Most young adults feel they have more to learn about managing their money, and are open to doing so.

“Five years ago, we were all completely different people worrying about GCSEs... But now we’re growing up and being thrown into making important decisions.”

School-leaver, female, London

Although most young adults we spoke to had started thinking more about managing their money lately, this only extended to some types of money management strategies. Young adults felt that budgeting and short-term savings were things that they should be – and often were – thinking about at their age. Thinking about pensions, investing money and using credit tended to be seen as more distant issues which most participants were content to put off thinking about for the time being.

Money is a “taboo” subject

A majority of young adults in the quantitative survey reported that they have spoken to friends or family about money management. However, in the qualitative workshops there was a strong opinion that money is a “taboo” subject. Few felt comfortable speaking with friends or family about how they were doing financially, feeling they had to give the perception that everything is okay. Some explicitly stated that they would avoid the topic of money if asked, and would rather pretend that they are doing well financially and uphold that image than speak about any worries they have.

“If my grandparents asked, ‘how are you doing money-wise?’ I would say ‘yeah, I’m alright’. You don’t want to get into the details of it [so you just say] ‘yeah, I’ll be fine’.”

University-leaver, female, Manchester

In the quantitative survey, one in five (19%) said that they would feel embarrassed talking to friends or family about money. The qualitative findings suggest that this is more likely to be the case among young adults at the upper end of this age range and those who had been to university.

One workshop participant spoke about how he felt that friends and family expected him to be good at managing his money because he was university-educated and had a job. This expectation prevented him speaking to friends and family about money, as he wanted to uphold their view of him as having it under control, even if he thought it would be beneficial to have their guidance.

Young adults feel social pressures around their money management

In addition to feeling pressure to show that they are managing their money well, young adults also feel pressure to keep up with spending habits of friends and those they see on social media. They feel that if they cannot, they will be seen as boring, or not well-liked among their friends.

“You don’t want to be that friend who always says ‘I can’t do that. I can’t afford to do that’.”

University-leaver, female, Manchester

“With social media, you idolise people and see what they are spending their money on. You start doing it [too] and then you make yourself skint. You are spending your money on all these nice things but you can’t afford a bus pass.”

University-leaver, male, Manchester

More broadly, there was a tendency among young adults to think that if they were to manage their money well, they would have to become more organised and less spontaneous. While young adults did want to become better at managing their money, they did not want to take on the attributes they believed would be necessary to do this. This also filtered through into how they talked – or didn’t talk – about money with friends. Very few would admit to keeping a strict budget or using money management strategies as they felt friends would see them as boring for doing so.

Money is valued for what it can deliver

Across this age group, young adults primarily see money in terms of the products and experiences that they can buy with it. For example, workshop participants often equated sums of money to a night out or a deposit on a house. Very few participants saw saving for the future or having money as a valuable pursuit in and of itself. This emphasises their short-term thinking in regard to money over preparedness and resilience in the future.

This way of conceptualising money has important implications for the way young adults considered managing their money. For example, young adults tended to think about how many nights out they would need to sacrifice to buy a new watch. More often than not, managing money was linked to purchasing a specific product or experience as a goal. Translating money into what it could deliver was a consistent feature of young adults’ conversations throughout the workshops. Adopting this approach when speaking to young adults about money management could help communications cut through and feel meaningful.

But money can’t buy happiness

Happiness often seemed to be a key motivator for young adults when making decisions about managing their money. Three clear themes emerged throughout the research showing how young adults linked money and happiness:

- Most young adults in the qualitative workshops felt that happiness was more important to them than the amount of money they have or how well they manage it – a finding consistent with previous research in this area.
- Young adults often thought of managing their money and their short-term happiness as being in direct competition. A number of workshop participants thought that managing their money well would require sacrifice, for example turning down social occasions if they had an associated cost in order to save money.
- For the main part, young adults thought about their happiness on a relatively short-term basis of a few months. They made trade-offs between money and happiness such as thinking whether they would spend money to go to a concert this weekend, but rarely thought about how managing money well now could facilitate happiness further off in the future.

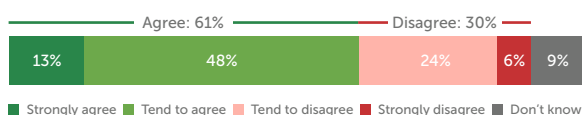
“It [managing your money] can affect your quality of life as well because when you don’t socialise, you get really stressed thinking ‘I should save here, I should save there’.”

School-leaver, female, London

A few young adults did see a longer-term relationship between managing their money and their happiness. When thinking further into the future, managing money well was understood by some to promote, rather than conflict with, happiness. For example, some young adults spoke about saving for a mortgage as something that would bring them longer-term happiness, even if it required them to refrain from spending money on shorter-term sources of happiness such as socialising.

That there is a broader appreciation of how money management can lead to happiness was also reflected in the quantitative data. Three in five of those surveyed (61%) agreed that their life would improve if they could manage their money better, making this link between managing their money well and this having a positive impact on their life.

My life would improve if I could manage my money better



Q5. To what extent do you agree with each of the following statements?
Base: All respondents (n=470)

Given the importance of happiness as a key motivator to young people, developing this longer-term perspective that managing money can facilitate happiness will be important to motivate young adults to manage their money well.

2. Managing money

While many young adults keep an eye on their money at least occasionally, few manage their money with structured approaches, or on a regular basis.

Money management actions taken in the last 12 months



Q4. Which of the following actions, if any, have you taken in the last 12 months?
Base: All respondents (n=470)

Most young adults use some short-term approaches but these are often ad hoc or short-lived

The most common money management strategies young adults reported using tend to be focused on planning and monitoring their saving and spending on a short-term basis. In the quantitative research, at least four in five young adults reported checking their bank statements (80%) or their current account balance (83%). Similarly, in the qualitative workshops, reflecting on their recent spending and adapting their future spending was the most common way that young adults reported managing their money. Most kept track of this in their head, and relied on intuition rather than any more rigorous budgeting or planning.

“We thought that [budgeting] was the same as short-term savings, because we only budget in the short-term.”

University-leaver, female, London

A few workshop participants took their short-term planning further, making monthly or weekly budgets and the quantitative survey suggested this behaviour is quite prevalent: two in five young adults (44%) reported having made a budget to manage their spending in the last 12 months. Women were more likely to report doing so than men (49% vs. 39% respectively). Another strategy which emerged in the workshops – often as a step in creating a budget – was ensuring to pay all bills and finances first before spending money on products or experiences that they would enjoy. A number of young adults mentioned how they often deploy these strategies when they are short of money – for example, right before payday – but do not continue to implement them once they feel better off.

“If it is getting close to payday and you are absolutely skint you say ‘right, the next one [payday] I am going to save. And then you get your money and you think ‘Okay, what am I going to spend it on?’”

School-leaver, male, Manchester

This potentially compounds the idea that managing money requires sacrifice. When thinking about managing their money, many young adults may think about times they have had to budget very strictly to make it to their next pay cheque, or reduce spending drastically for a short time period.

A few young adults did have more structured approaches to managing their money, for example setting up a direct debit from their current account to a savings account so that they save a certain sum every month. These individuals tended to be older, with more stable jobs, and receiving monthly salaries.

Fewer have long-term strategies, but those who do view them positively

It was clear in the qualitative workshops that most young adults thought about managing their money for a maximum of 12 months in advance. Partly this was linked to the amount of change that is going on in their lives. Many young adults – particularly those who were younger – mentioned uncertainty about where they will be living or working in 12 months’ time. Without clear goals for this, they found it difficult to plan or motivate themselves with regards to managing their money on a longer-term basis such as saving into a pension or seeking financial advice.

One fifth (20%) of survey respondents reported having saved into a company or private pension plan in the last 12 months. The likelihood of doing so was highly dependent on age: 40% of 22-25 year olds reported having saved into a company or private pension plan, compared to 7% of 19-21 year olds, and just 1% of 16-18 year olds. This likely reflects employment status. It was clear from the qualitative workshops that those who were saving into pension plans tended to be older and in relatively stable, full-time employment. Of those workshop participants who did save into a pension, they found it a very effective method for long-term saving and felt that employer schemes are generous. However, the majority of young adults did not see their pension as a priority, consistent with the Money Advice Service *Young Adults’ Financial Capability* report.

“Pension savings are too out of reach and we don’t need to know about it yet.”

School-leaver, female, London

Very few participants had sought advice from independent financial advisers or from their bank about managing their money, but those that had were very positive about how useful this had been. In particular, young adults who had sought this advice reflected that it had “demystified” topics which young adults often find complex.

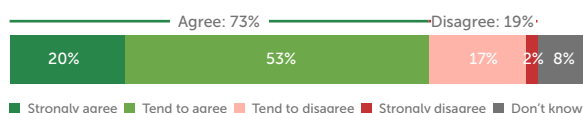
“What was most helpful is going into bank branches...I sat down with a personal banker and they recommended some things to me... I have just taken their advice on board mainly.”

School-leaver, male, Manchester

Removing demands on willpower is a key strategy for young adults

Removing the ability to spend their money was the strategy young adults thought was most effective for managing their money in the qualitative workshops. There was a strong perception that managing money requires a significant amount of willpower. This is backed up by the quantitative survey findings. Approaching three quarters of young adults surveyed (73%) agreed that self-control is more important than knowledge when it comes to managing their money.

Self control is more important than knowledge when it comes to managing your money



Q2. To what extent do you agree with each of the following statements?
Base: All respondents (n=470)

This view was also notably more prevalent among men than women. 78% of men agreed that self-control is more important than knowledge when it comes to managing their money, compared to 67% of women.

Young adults often gave examples of impulsive purchases or decisions, which they feel they would need to stop in order to manage their money better. This exercise of willpower was seen to require significant effort, and young adults often thought it would remove temptation altogether if they did not have access to their money. Creating self-imposed barriers between themselves and their money was a highly valued approach.

The main strategies young adults used to do this included:

1. Setting up a direct debit from their current account to a savings account, so that every month a sum was transferred, usually straight after pay-day;
2. Sending money to a trusted family member immediately after pay day for them to look after;
3. Opening a savings account which has a notice period to withdraw money.

“I have a separate savings account and a direct debit so money is going into it. Even if it's £10 every two weeks, even the smallest amount, you don't really recognise that it's going out, something at least is adding up gradually. That's what I try and do.”

University-leaver, male, Manchester

“I'm having words with myself in the mirror and everything. 'Don't you dare touch that savings account'.”

University-leaver, male, Manchester

For many young adults, these were seen as the safest options for saving money. If they did have access to their money, they didn't trust themselves not to spend it.

Cash-in-hand and weekly wages are seen to prevent good money management

Young adults who were paid in weekly wages or received cash-in-hand felt these methods of payment were an added temptation to overcome when managing their money. Those who received cash-in-hand felt that if they had the money in their wallet it was just too tempting to spend it, and required additional effort to deposit it in a bank account. Some who received cash-in-hand liked the sound of strategies such as setting up an immediate direct debit to transfer money to a savings account, but felt that this was not available to them given how they were paid.

"They [bad money-managers] get paid cash-in-hand so they don't have any chance to save any money."

University-leaver, male, London

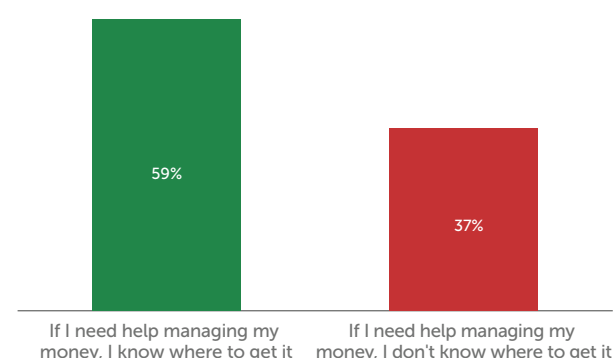
Those who received weekly payment (whether cash-in-hand or via bank transfer) often found this reinforced a short-term approach to money management. As their next payment was within sight, they didn't feel the need to think beyond this to budget or manage their spending.

Many do not seek guidance around managing their money

Two in five young adults surveyed (41%) said that they do not usually seek guidance when making financial decisions. This view was even more prevalent in the qualitative workshops where very few participants said they speak to others – either formally or informally – when considering how they manage their money. Therefore, a large proportion of young adults rely solely on their own thoughts and judgement when it comes to managing their money.

In addition, more than a third of young adults (37%) said that if they need help in managing their money, they do not know where to get it. Women (42%) were particularly likely to say this compared to men (32%).

Pro-actively publicising and signposting guidance for young adults continues to be important to ensure that they are aware of where to get help. Given young adults prefer not to talk about money with friends and family, it is unlikely that this information will be shared in peer networks.



Q3. For each of the following pairs of statements, which comes closest to your opinion? Base: All respondents (n=470)

3. What does good money management look like?

All young adults who participated in the workshops had examples of people they thought managed money well – such as friends, family or other relatives – and they drew upon these examples to describe what good money management looks like to them.



"Living within your means" is the golden rule

Young adults in this research were clear that money management is about how you spend what you have, rather than how much you have to start with. This reflects the finding that young adults think self-control is key. A few who had been to university drew on their experiences of living on a student loan, explaining that they may not have had much money, but they had to learn how to manage what they did have well.

"It is how well you manage with that set amount. Even if it is a small amount, you can still be really good at managing it."

University-leaver, female, Manchester

On the other hand, a number of participants mentioned that there is a certain baseline required to be able to engage in more long-term money management strategies, such as saving into their pension. Having enough money to pay their rent, bills and basic necessities was seen as a pre-requisite to engaging in more sophisticated strategies of money management. This likely explains the split in opinion in the quantitative research – two in five respondents (44%) agreed that it is easier to manage money well if you have lots of it, while half (50%) disagreed.

It's easier to manage your money well if you have lots of it



■ Strongly agree ■ Tend to agree ■ Tend to disagree ■ Strongly disagree ■ Don't know

Q2. To what extent do you agree with each of the following statements?
Base: All respondents (n=470)

For many young adults, meeting their initial financial commitments was a significant concern. However, once this basic need was met, young adults felt that learning how to live on whatever money they had available was the critical part of the puzzle to managing their money effectively.

"People who are good with money do things that they can afford to do and learn how to say no to things they can't."

University-leaver, male, Manchester

Being organised and planning ahead are also seen to be key

Young adults sensed that there are two critical components to managing their money well:

1. Categorising their spending
2. Planning ahead

Categorising their spending into separate areas was also seen as a valuable – and achievable – strategy. For example, young adults thought setting aside money for their “needs” (rent, bills, food) before they spend money on their “wants” (social activities, holidays, new clothes) was a sign of being good at managing money. Some thought that creating a budget by drawing up a spreadsheet or writing their spending down would be a good way to formalise this.

A few young adults felt strongly that in order to manage their money, they would have to compromise on being spontaneous and only spend money on things they had already planned. Again, they often see this as requiring substantial willpower as it may mean turning down spontaneous opportunities.

Managing money gets in the way of having a good time

While being a good money manager is an attractive prospect, no participants in this research thought it was worth sacrificing their social life for. As previously reported, money management was perceived to require sacrifice, structure and rigidity. In contrast, young adults often spoke about wanting to have a thriving social life as a key contributor to their short-term happiness. This was often seen as creating a sense of conflict, presenting a choice between managing their money well and enjoying life in the short-term. Where this conflict arose, young adults tended to prioritise their short-term happiness over long-term saving.

“Everything about their [good money manager] life seems in categories, so compartmentalised and in order and they only have fun at the weekend... It seems so structured and rigid and boring.”

School-leaver, female, London

Good money management therefore has something of an image problem. Young adults imagined that the lifestyle of someone who manages their money well could be boring.

“At the weekend, they [someone who is good at managing their money] are probably more likely to stay in and watch TV, or they cook something like spaghetti, something mid-range and not too adventurous. It is probably not the most exciting person.”

School-leaver, female, London

Overcoming this perception will be vital to enthuse and engage young adults with managing their money well. Showing how money management can contribute towards, rather than detract from, a thriving social life will help in this regard.

4. Useful tips and guidance

Many young adults can't recall receiving any tips or guidance

When asked about tips or pieces of guidance that they had previously received about managing their money, around half of workshop participants could not recall any. Although some mentioned they had picked up methods of managing their money from friends or family, very few could articulate these immediately or had any phrases in mind which they fell back on. This reflects the finding that young adults think they have more to learn in this area.

Among the few workshop participants who did have tips or guidance they drew upon, these tended to be quite concise and simple. For example:

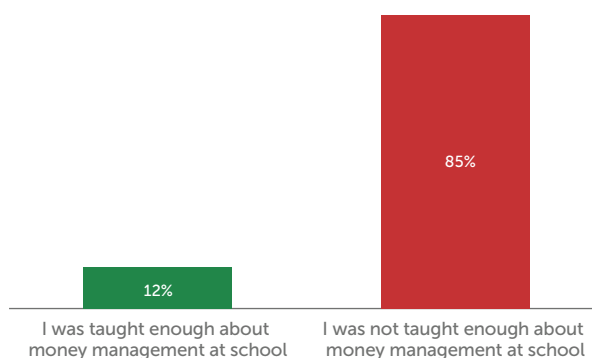
"I got told a quote once: 'don't buy something if you can't buy it twice'."

School-leaver, female, Manchester

A number of young adults said that while they may know some things about money management, they feel that they've only scratched the surface of what is out there and would like to know more.

Almost all wish they'd been taught more about money management at school

Both university- and school-leavers we spoke to wished they had been taught more about how to manage their money at a younger age. More than four in five respondents (85%) in the quantitative survey felt they were not taught enough about money management while they were at school.



Q3. For each of the following pairs of statements, which comes closest to your opinion? Base: All respondents (n=470)

Similarly, most workshop participants said it would have been helpful to have lessons on money management while they were at school, and wish this had been a higher priority within the curriculum. Some university-leavers also wished there had been more help and resources provided by their university to help them learn about money management while they were studying. Even those young adults who felt they managed their money quite well thought that education about money management at a young age would be beneficial.

Short-term savings and budgeting are the areas young adults feel they know most about

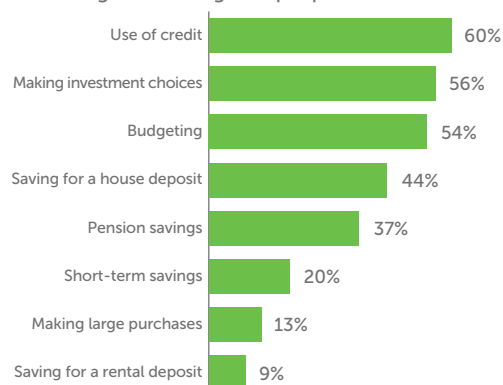
The information which most young adults had come across, or sought information on, regarded short-term money management strategies such as budgeting. In contrast, using credit, managing investments and saving into pensions were areas which young adults had heard little about in terms of tips or guidance. Generally, this reflected what young adults thought was the order in which they needed to learn about money management – short-term savings were seen as a more relevant issue to them than pension savings for example.

But they wish they had been taught more about credit and investments

From the quantitative research, it was clear that young adults wish they had learnt more about using credit, making investment decisions and budgeting.

Topics young adults wish they had learnt more about at school

Showing % selecting in top 3 priorities



Q5. When you think about money, which of the following topics, if any, do you wish you had learnt more about at school? Base: All respondents (n=470)

While young adults felt that they picked up some knowledge about short-term approaches from friends or family, topics such as credit and investments were seen as more complex. Young adults often found the information provided around these issues to be inaccessible or confusing. This likely explains their desire to learn more about them in a structured way.

“We hear the words such as ‘having shares’ and ‘you get dividends’ but we don’t really know what it means.”

University-leaver, female, Manchester

These areas may also be priorities for young adults because they feel there is a greater risk involved to these methods of managing their money. For example, a number of young adults in the workshops mentioned people they knew who had gotten into financial difficulties after using credit, or their own experiences with this.

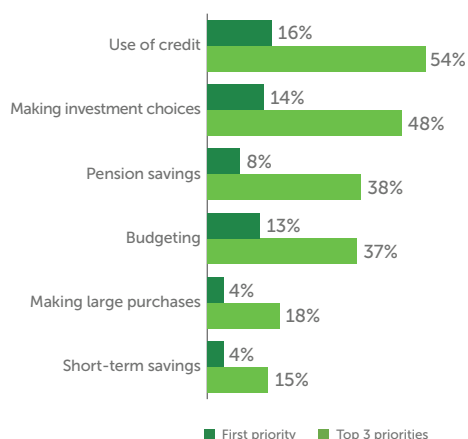
“I got a contract phone as soon as I was old enough but I missed my direct debit on like the third month. I just thought, ‘it’s no big deal, I’ll wait until next week’. Then it became a bit of a cycle where I was getting bank charges which were making me overdrawn which caused another bank charge. Then I got a really bad credit rating. I’ve gone past it now but at the time, I thought ‘why didn’t I know about any of this stuff?’”

University-leaver, male, Manchester

In the short-term, they would like to know more about using credit in particular

Young adults tended to express a preference to know more about the areas they perceive as most complex or most risky. Using credit ticks both of these boxes.

Priority areas to know more about over the next five years



Q6. Thinking about the next five years, which of the following topics, if any, would it be most useful for you to know more about? Base: All respondents (n=470)

Most workshop participants did not have a credit card, and had not knowingly used any other forms of credit. They therefore had a low level of initial knowledge about the forms of credit available, how it works in practice, and how they would go about using it. On top of this starting point, young adults feel there is an awful lot to know about using credit. It is also perceived to be a risky area. Almost all young adults in the workshops had been advised against using it at all costs by friends or family, building a sense of scepticism and mis-trust around it. Many had heard scare stories suggesting it is very easy to get into financial difficulties from using credit – some had their own personal experiences of this. This led to a widespread perception that using credit was not worth the risk, given it could have such significant repercussions.

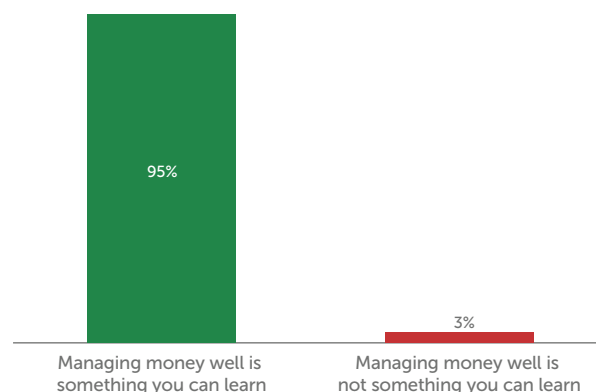
"I think they should make credit cards less attractive, like the pictures on smoking packets. Just show a really stressed out person, a homeless guy with lots of credit cards."

University-leaver, male, Manchester

Despite this, most young adults expected that they would use credit, most likely in the form of a credit card, in future. For some, having a credit card was seen as a part of becoming an adult. While they didn't have one yet, they did not question that they would in future. For others, they wanted to use credit in order to build a good credit history. This tended to be older individuals, or those who were considering saving for a house deposit in the near future. They had heard from friends or family that a credit rating was necessary for a mortgage and were actively looking to use credit in order to do this.

Most believe money management can be learnt, but parental influences give a headstart

Most young adults felt that they could take steps to improve their money management and bring them closer to becoming "good" at managing their own money. This was clear in the quantitative research, where 95% of young adults said that managing money well is something which you can learn.



Q3. For each of the following pairs of statements, which comes closest to your opinion? Base: All respondents (n=470)

However, the qualitative workshops revealed a much more nuanced perspective on this issue. Here, there was a strong sense among many participants that managing your money well is something you're either good at or you're not.

“I don't think you can learn to save. I think it is your mindset and if you are going to put it away and save it you are; but if you are that type of person that is not, it is just not going to happen.”

School-leaver, female, Manchester

When pushed further on this view, it stemmed from a perspective that parents' attitudes to money are heavily influential and that attitudes and behaviours around managing money are learnt very early on. This reinforces the perception among this age group that education on money management at school could help them to be more confident and able to improve their skills in this area.

Chapter 2: Money management tips for young adults

Chapter Summary

- Most young people would welcome tips and guidance to help them manage their money. In particular, young adults wish they had been taught more about credit, making investment decisions, and budgeting.
- We tested a range of tips suggested as part of the Financial Advice Working Group, as well as tips young people suggested themselves. Across these, five general principles applied to make sure the tips and guidance feel relevant to young people.

Make it feel achievable – young adults want tips which they can immediately start working towards.

Include a call to action – explaining how to go about doing something, as well as the overarching principle, is popular.

Empower, don't reprimand – young adults want to do the right thing in managing their money, they just need the tools and support to do this.

Shorter is not always better – tips which over-simplify or trivialise a complex issue are rejected out of hand.

Add more detail for university leavers – they tend to be thinking in greater depth and in the longer term, and want more sophisticated advice.

1. Testing different money management tips

We wanted to understand what practical tips would help young adults to manage their money better. Therefore, we tested certain tips in both qualitative workshops and the quantitative survey to understand how relevant and useful these were perceived to be. The tips covered six key areas of money management:

- Use of credit
- Making investment choices
- Pension savings
- Budgeting
- Making large purchases
- Short term savings

Most of these tips were derived from the *Rules of Thumb and Nudges: Improving the financial well-being of UK consumers* report published by a sub-group of the Financial Advice Working Group and the *Financial Rules of Thumb: a review of the evidence and its implications* report published by the Money Advice Service. In addition to the tips derived from this work, workshop participants made some additional suggestions themselves, which were then tested in the quantitative survey.

In the qualitative workshops, participants were asked for their views on these tips, as well as what they thought could be changed to make the tips most useful and relevant to them. In the quantitative survey, young adults were asked to rank which tips would be most useful to them, within each of the six areas tested. Both qualitative and quantitative results are analysed in the section below, grouped under each of the six areas.



When young adults discussed the money guidance (rules of thumb) presented to them, and those they had heard before, they tended to use “advice” and “guidance” to describe these. “Tips” was understood but used by few participants spontaneously. No young adults used the phrase “rules of thumb”. Young adults found the concept of money “tips” more appealing and was well-understood over “rules of thumb”.

2. Overall principles

Throughout young adults’ feedback it was clear that there are some key features which make tips and guidance around money management most useful and relevant to young adults.

Make it feel achievable

Young adults wanted tips which felt achievable, that they could immediately get started on working towards. For some, having a clear target helped with this, as it focused their attention on a goal, although this must be pitched in a range which feels possible. The more a tip felt achievable to young adults, the more they found it useful and were likely to act upon it.

“I think everyone is different but what qualifies as good advice is how achievable it is.”

University-leaver, female, London

Include a call to action

Particularly among university-leavers, there was a preference for tips which explained how to go about doing something, as well as the overarching principle. A lot of young adults said they knew they should be saving into their pension, but wanted specific guidance about how to do this. Wherever possible, tips should be clearly directed at an action or behaviour that young adults can adopt or develop.

“I have no idea how I could be saving for a pension now. Would it just be a regular bank account? Is it a specific pension account? I don’t know. I need more detailed information about what to invest it in.”

University-leaver, male, London

Empower, don’t reprimand

Traditional financial tips, although well recognised, need to balance against how those receiving the tip react to it. Young adults want to do the right thing in managing their money, they just need the tools and support to do this. Therefore, tips should seek to empower them in their money management decisions, rather than patronise.

“Some of these [tips] come across quite shouty [such as] “spend less than you earn”. They come across like orders, not even like advice.”

University-leaver, female, Manchester

Shorter is not always better

There is a trade-off to be made between keeping tips short and concise, and providing enough information to be genuinely useful to young adults. While tips such as “spend less than you earn” were very concise, they were regarded to be of little use. Overall, the length of most tips felt about right to young adults – long enough to give useful information, short enough to be held in mind.

Add more detail for university-leavers

University-leavers were consistently more likely to ask for longer, more detailed, tips than school-leavers. University-leavers tended to be thinking in more depth and slightly longer-term when it comes to their money management strategies, and they often wanted more sophisticated advice to match this.

“This is all great, ground-breaking advice to them [school-leavers], but to us it’s stuff that we know. We need something more specific. How do I put something away every month?”

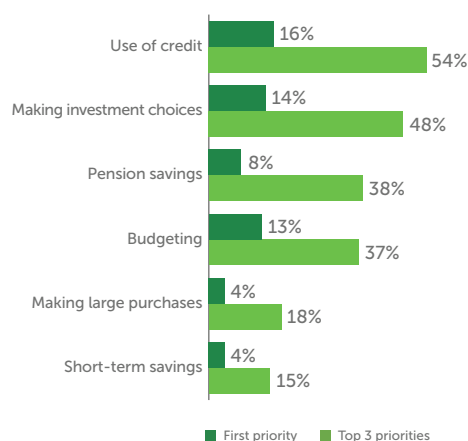
University-leaver, male, Manchester

3. Relative areas of priority

Of the six areas tested, young adults wanted to know more about using credit and making investment choices. From the qualitative workshops, this appeared to be driven by three main reasons:

- Young adults did not tend to use these forms of money management. They therefore had less knowledge and experience about how they work in practice.
- These topics seemed highly complex to young adults. Not only do they feel that they know little, they perceive that there is an awful lot more to understand.
- Young adults thought that using credit and making investments are risky. This is often based on stories from friends, family and the media. They thought it was important to know more about them before using these approaches, otherwise they risk getting into financial difficulties.

Priority areas to know more about over the next five years



Q6. Thinking about the next five years, which of the following topics, if any, would it be most useful for you to know more about? Base: All respondents (n=470)

More than one third (38%) of young adults said that pension savings is one of the areas they would most like to hear more about over the next five years. This tended to be a greater priority for older respondents – 42% of 22-25 year olds ranked this in their top three areas to know more about, compared to 27% of 19-21 year olds.

Through the workshops and survey findings, it emerged that budgeting and short-term savings are strategies which young adults commonly use in managing their money (see page 9). This is likely to be the reason that young adults were less likely to want to hear more about these areas. Despite this, it is notable that 37% of young adults did include budgeting in the top three topics they would want to know more about. Budgeting was often perceived to be a catch-all strategy, which would also help young adults manage their short-term savings or in making large purchases (e.g. by setting aside a certain amount in their weekly budget to put into savings or put towards a larger purchase). This is likely to explain the relatively high proportion of young adults wishing to know more about budgeting, despite already being familiar with it as a strategy.

The tips we tested for each of the six areas are analysed in more detail in the following pages. The six areas are presented in the order which young adults wish to know more about:

- Use of credit
- Making investment choices
- Pension savings
- Budgeting
- Making large purchases
- Short term savings



4. Detailed feedback on tips

Use of credit

Using credit is one of the areas which young adults seemed least confident in. Three in five (60%) say they wished they had learnt more about using credit while they were at school, and 54% said this is one of their top three priorities to learn more about in the next five years.

"I was always quite scared of credit cards and I just heard that you'd get like massive charges and stuff should you not pay off in time."

University-leaver, male, London

Many young adults had heard tips from friends or family warning them off using credit. Most had been told to avoid getting a credit card, or make sure they could pay off anything they borrowed immediately. Preferred tips for this topic tended to be those that reinforced messages they already heard. Young adults perceived that using credit could have significant financial repercussions if done poorly, and are therefore highly receptive to advice on how to get this right.

MONEY TIP	QUANTITATIVE RANKING	ANALYSIS
If you wouldn't pay cash for it, don't buy it on credit	1	- This tip was ranked by almost half of young adults (45%) as one of their top 3 tips for using credit - This closely reflects how young adults consider credit – most avoid it, because they have been told similar tips from friends or family about only borrowing what they can immediately pay back
Always check the charges	2	Young adults are quite wary about credit, and are worried about unforeseen costs and charges to using it. This tip is likely to help remind them of that concern.
Shop around to find the cheapest way of borrowing money	3	Although helpful, young adults are likely to want more guidance about how or where to do this.
Pay off more than the minimum each month	4	Those who do use and understand credit may find this helpful, but for those who don't it is unlikely to be understood.
Manage your credit use, don't let it manage you	5	- Some young adults suggested this as a tip in the qualitative workshops. However, it tended to emerge once they had spent some time considering the different types of credit available and how it could be useful to them. - It is therefore unlikely to be seen as a useful tip immediately, and requires more consideration in order to make sense of it.
Don't pay credit with credit	6	This confirmed a view many already held, but wasn't seen to enhance understanding.
Consider the total cost of your borrowing	7	As few young adults used credit, of any sort, the idea of a "total" cost across different forms of credit or across different credit cards had little cut-through.
Use tools/apps (e.g. Money Saving Expert Credit Club) to find the cheapest credit cards	8	Many young adults already used apps or knew they were available. This tip is unlikely to provide them with new insights.

Making investment choices

Around half of young adults (56%) said they wish they had learned more about making investment choices while they were at school, and approaching half (48%) said they would like to learn more about it over the next five years. This reflects the perception among young adults that investing is a complex topic which they feel they know little about – therefore they would actively welcome more guidance around this area.

There were no stand-out tips for this area. The first six tips ranked below received at least three in ten young adults ranking them in their top 3. This is likely a reflection of the fact that few young adults know enough about this area to have particularly strong opinions on the matter.

The most popular tips for this area spoke to young adults' perception that investments can be risky. The most-preferred tips either help alleviate worries around investing by presenting low-risk options, or warn them about charges to look out for.

Young adults found the idea of investing for long-term goals difficult to conceptualise, as their financial horizons tend to be focused on the next 12 months.

"I can tell you what I want in six months' time money wise. My current goal is like travelling. I wouldn't be able to say how much I'd need or want to save, or have any sort of plan, for a three year thing."

University-leaver, female, London

MONEY TIP	QUANTITATIVE RANKING	ANALYSIS
Start low-risk, invest in cash ISAs	1	This tip speaks to young adults' primary concern about investments – that they are risky – and provides a low-risk starting point they could immediately pursue before becoming more sophisticated investors.
Don't invest in the unknown	2	This tip also reinforces young adults' beliefs that investing can be risky.
Pay close attention to investment fees and charges that will eat into your returns	2	Concerns around unforeseen charges were common, with many young adults frustrated that these aren't made clearer. This tip provides the warning that they were often looking for.
Make an investment plan first or get help to make one	4	Young adults wanted to know it is okay to ask for help. This tip is likely to be relatively popular because it reassures them in this regard.
Invest for long-term goals	5	Many young adults do not have long-term goals, so this tip may not be useful or motivating.
Always check the charges	6	Likely to be seen as a more simplistic version of "Pay close attention to..."
Drip-feed small amounts of money into your investments to reduce your risks	7	Most young adults had little understanding of how investments work in practice. They found it difficult to conceptualise what "drip-feeding" would look like, and why this would reduce the risk of investing.
A mortgage is not an investment, it's a loan	8	Few young adults in this research were considering mortgages in the immediate future, so this tip felt less relevant to them.

Pension savings

From the qualitative workshops, it was apparent that those young adults who were already working felt that pension savings were highly relevant to them. However, those who had not yet entered employment, or were paid weekly or cash-in-hand, felt that it was a concern for the future, not for now.

Young adults had often heard that they should save into their pension as soon as they could, but most thought they would start to save when:

- They had a job they could see themselves staying in for a few years;
- They had enough money to cover all of their basic living costs;
- They were receiving a steady monthly income.

Differences between those in stable employment, and those not, were evident in young adults' responses to the money tips tested. For example, the tip referencing "employer contributions" was difficult to understand for those not in employment. Yet those who were contributing to an employer pension scheme thought this was really important and a useful tip to emphasise.

Bearing in mind the need to appeal to a whole range of young adults – different ages, different employment statuses, different education levels – it may be necessary to include references which are not understood by all, in order to communicate the most useful guidance to some.

"I think that [maximise any employer contributions] is quite a good tip because I have just started at work and whatever I pay in, he gives 10% or whatever it is. I know some places have better deals so it is worth asking them what their pension deal is because you could get more."

University-leaver, male, Manchester

MONEY TIP	QUANTITATIVE RANKING	ANALYSIS
Think about your pension as soon as you start working	1	• Almost all had heard from family that they should save into their pension from an early age and trusted this advice. • Young adults thought that having a stable job with a monthly income was the point at which pension-saving became applicable to them.
However small, save something for your retirement	2	• This was seen to be achievable as it removes any preconception that they have to have a certain amount of money in order to get started. • It also encourages young adults to familiarise themselves with the process, as many had no idea how to go about setting up pension savings. This tip encourages them to invest the effort in setting one up, regardless of how much they can invest to start with.
Maximise any employer contributions	3	• Those who contributed to an employer pension scheme were highly positive towards this rule. • A larger proportion found this statement hard to understand – they were unfamiliar with employer contributions and what this referred to.
Target total savings of 20x your income	4	• Most young adults found it difficult to conceptualise how much 20x their income would be, and whether this meant 20x their current income, or the income at the end of their career. • Many stated they would prefer a fixed monetary figure rather than a percentage.

Budgeting

At least half of young adults (54%) said that budgeting was one of the top three areas of money management that they wish they had learnt more about at school. However, just 37% said it is one of the top three areas they would like to know more about, thinking about the next five years. This suggests young adults want information on budgeting early, as they progress through school and into higher or further education.

“Budgeting is making the most of what money you have and making it stretch.”

School-leaver, male, London

Tips that moved young adults' understanding forward beyond their base knowledge of budgeting were preferred. These tips usually explained more about how to go about budgeting, or provided targets to aim.

“[Our ideas for budgeting tips were] keep a spreadsheet of what you're spending and what you're spending it on. Next to each category quantify the amount that you actually want to spend that month.”

University-leaver, female, London

MONEY TIP	QUANTITATIVE RANKING	ANALYSIS
Divide spending into what you need and what you want	1	This needs/wants distinction was regarded as a key way to meet financial commitments and avoid “getting into trouble”.
Spend less than you earn	2	- School-leavers tended to find this tip helpful, providing a clear piece of guidance they could live by. - University-leavers felt this was too simplistic and patronising. For most, it gave them no new information and seemed obvious.
Use the 50/30/20 rule – spend 50% on necessities, 30% on savings, 20% on luxuries	3	- Having clear targets to aim for helped young adults to better conceptualise their spending and know if they were on track. - This tip provides the extra level of detail which university-leavers were often looking for. - However, when applying this practically to their own spending, young adults are sceptical of their ability to meet these proportions, often feeling that much of their income is used on necessities such as bills and rent.
It's normal to need help – use a budget planner, an app, or seek free independent advice	4	- Knowing it's okay to seek help in managing their money was a key message which young adults wanted to hear. - This tip speaks to that need, as well as providing additional detail about where to go.
Categorise your spending into different pots of money	5	Although regarded as useful by some, many young adults wanted further detail to explain how to go about doing this.
Use different bank accounts as pots of money for different needs	6	Young adults were keen to avoid money management strategies which were too demanding on their time. This tip is likely to be off-putting, potentially seeming too involved.
Only spend a fixed amount of money every day	7	This was regarded to be too simplistic as a piece of advice, and potentially difficult to implement as young adults believed that most people's spending fluctuates greatly on a day-to-day basis.

Making large purchases

This does not appear to be a priority area for young adults. Just 13% ranked making large purchases within the top three areas they wished they had learnt more about at school, and 18% say it is one of the top three areas they would like to know more about in the future. This sentiment was also evident in the qualitative workshops. Young adults often thought good money management for making large purchases would require budgeting and short-term saving, rather than an additional set of skills.

Nevertheless, some of the tips discussed with reference to this topic were regarded as useful. These tended to be tips which reminded young adults to think twice about their spending. These tips were likely perceived to act as a check on young adults' impulses, potentially mobilizing the willpower they feel is necessary to manage their money well.

"We all agreed that we had people that we look up to financially or socially and seeing a lot of social media as well brings that pressure – you feel like you're always playing catch-up with some other people. Maybe just focus on yourself a bit more and do what you've got to do."

University-leaver, male, London

MONEY TIP	QUANTITATIVE RANKING	ANALYSIS
If you can't comfortably afford it, think again about buying it	1	Initially suggested as a useful tip in the qualitative workshops, this tip speaks to young adults feeling they need to make extra efforts to control their spending.
Plan before you spend – think about how you will pay for it	2	Planning spending was seen as a crucial part of managing money well – this tip reinforces that perception.
Don't compare yourself to others – buy what you can comfortably afford	3	- This tip was seen as particularly relevant as keeping up with friends' spending or the habits of those they follow on social media was a key concern of young adults. - In contrast, this tip was seen to take the pressure off and refocus their minds on their own goals.
Think about how you will repay before you borrow	4	As few young adults were using credit, this was seen to be less relevant.
When buying a house or car, save a 20% deposit before you buy	5	Having a clear target of 20% was seen as very useful, however this tip didn't feel relevant to all young adults because most were not intending to buy a car or house in the near future.
Make plans to spread the cost of making large payments	6	Explaining how young adults might spread the costs of large payments (e.g. through creating a spreadsheet budget) would likely improve perceived usefulness of this tip.
Don't pay interest for something that will lose value over time	7	Young adults tended to think short-term about their money, so are unlikely to engage in future valuations.

Short-term savings

Short-term savings were often the area young adults felt they knew most about. Just one fifth of survey respondents (20%) said they wish they had learnt more about this at school, suggesting that most participants felt that they are fairly well-versed in this area and did not desire to know more. This likely reflects the qualitative findings that short-term savings is one of the money management strategies young adults are most likely to use.

That most young adults feel they have a good grounding in this area is reflected in the tips they preferred. Generally, young adults preferred phrases that provided a more structured approach to thinking about their short-term savings.

Although it ranked second in the quantitative survey, "Pay for things you need before paying for things you want" was a phrase that many young adults used spontaneously in the workshops. This suggests young adults find that a needs/wants distinction is a useful approach to categorising their spending.

"Paying your bills and clearing your debts before you start splashing out on things you don't really need. [Pay for] what you need and not what you want."

School-leaver, male, Manchester

MONEY TIP	QUANTITATIVE RANKING	ANALYSIS
Save 3 months' income for a rainy day	1	- Young adults liked having a clear target to aim for which this tip provides. 3 months' income is a sum that feels achievable to young adults, increasing its perceived usefulness.
Pay for things you need before paying for things you want	2	- This tip draws on language that many young adults used unprompted in the qualitative workshops. - The idea of "needs" and "wants" to categorise spending was popular and felt intuitive to young adults.
Pay yourself first	3	- Some young adults found this tip difficult to explain in the qualitative workshops. - When they could elaborate, it was perceived to mean the same as "pay for things you need before paying for things you want" suggesting that is the clearer and more useful tip.
Put away money each month for unexpected bills	4	Although regarded as a sensible strategy, young adults found it hard to prioritise saving for unknown eventualities. Without a clear target, its usefulness is reduced.
Put some money into a savings account as soon as you get paid	5	- This was popular in the qualitative workshops. It was practised by some participants who felt it successfully removed the temptation of spending money. - Those who were paid in weekly wages or cash-in-hand thought it would be difficult to do.
Build up an emergency fund	6	- Without a clear goal to save for, this was a less popular tip. - It was difficult for young adults to conceptualise when this might be useful, as they weren't clear what sort of "emergency" this would be.

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