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Recession 'fuelled rainy day saving'

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Posted by Andy Jowett

The financial crisis and subsequent economic downturn have fuelled a surge in saving to see people through short-term emergencies, according to one expert.

Economist Jonathan Davis of Jonathan Davis Wealth Management said the credit crunch had been a wake-up call for many people, who realised the previous ten years had been "based on debt".

Although this was akin to "closing the barn door after the horse has bolted", he added it is nevertheless encouraging to see people looking to insulate themselves against unexpected shocks, such as redundancy or a pay freeze.

The expert advised savers to have the equivalent of at least six months' spending in reserve to see them through such "short-term difficulties".

However, Mr Davis argued: "The main issue is not, though, about emergencies; it's about saving for a secure and comfortable retirement - which few have done, unfortunately."

According to recent research from Mintel, some 43 per cent of Britons have made building up their "rainy day" savings a priority for this year.

This was up from 15 per cent in 2009.