

## Young Brits 'Need To Be Aware Of Reality Of Money'

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In the first MoneySense Panel released by Natwest, it was revealed that the monetary expectations that Britons between the ages of 11 and 19 hold may be at odds with the reality that they may face. According to the financial services firm, such respondents expect their annual income will stand at 31,190 pounds upon reaching the age of 25. However, in actuality 22 to 29-year-olds were shown to currently earn 17,817 pounds. Meanwhile, more than half (59 per cent) of those surveyed believe they will be on the housing ladder by the time they reach the selecting a low-comidpoint of their 20s - in comparison, the average first-time buyer is shown to be 28 years of age.

The study also revealed that some 43 per cent of young people think they will be less than 10,000 pounds in debt after graduating from university. However, since the introduction of top-up fees those completing higher education are currently having to pay back a total of 12,363 pounds. In addition, 43 per cent of those questioned believe that they will have to make repayments on the loan taken out to supplement their education as soon as their course is over. In fact, paying back a student loan does not begin until around nine months after graduation and only if they are earning at least 15,000 pounds.

However, there also appears to be a general lack of awareness with regards to loans as a whole. Just over three-quarters (76 per cent) of young people were unable to identify the cheapest loan out of a list of products. Meanwhile, 61 per cent of 11 to 18-year-olds are worried about getting into debt in the future, with those from more well-off backgrounds reported to be less concerned about this than their poorer peers. Those from the AB socio-economic group believe they will owe some 23,070 pounds by the time they are 25, with consumers from the C demographic believing they will be 32,661 pounds in the red.

Due to such worries in regards to borrowing, it may be possible that significant numbers of young people develop problems in making repayments on personal loans, credit cards and other types of credit as they get older.

Commenting on the research, Stephen Moir, head of community investment for the Royal Bank of Scotland Group, claimed that a generation of young people with monetary aspirations "is not necessarily a bad thing". However, he stated that a "practical and realistic approach" is needed if such consumers are to be able to face the financial challenges that are ahead of them. "Ultimately, the more exposed young people are to financial issues and the younger they become aware of them, the more likely they are to become responsible, forward-planning adults who manage their finances confidently and effectively," Mr Moir added.

Whether looking to make a major purchase such as a house or car or fund having property repairs carried out, a personal loan could be of assistance to many consumers. Furthermore, they may find cheap loans may be of help to those looking to reduce their debts. By using the loan as a means of consolidation borrowers may be able to merge numerous demands on their finances into a single

repayment. And while this type of loan may help young adults to supplement finances, it could also be helpful for their parents. A recent Scottish Widows study indicated that the typical mum and dad have given some 12,610 pounds to their grown-up children. Just over a fifth of households were shown to have done this, leading to a “savings sap” of 67 billion pounds.

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