

Middle Britain Lifestyle Out Of Reach For Many

Despite perceptions of belonging to the middle classes, many consumers fall way short of the amount of income necessary to truly belong in Middle Britain, Axa has suggested.

June 18, 2008 (FPRC) -- In a comprehensive study, the financial services provider has found that despite one-third of people believing that they belong in the Middle Britain socio-economic category, only one in five meet the true criteria of the classification. According to the group, households now need to bring in more than 62,000 pounds a year to meet the income requirements. Furthermore, real Middle Britons were also said to own their house outright, as well as having two or more cars.

The firm suggests that by definition, people in this category typically have household incomes that fall within the 70th and 90th percentile of all wage-earners. On average, this amounts to 62,000 pounds, a figure which is close to double the 35,000 pounds taken home by the average Briton. According to the firm, an estimated 20 per cent of people fall into the Middle Britain category, leaving it to insist that there is a discord between the reality of the financial situations of average UK residents and the Middle Britain categorisation criteria.

However, while it is unlikely that many Britons will join this group, it notes that equality of earnings has improved in recent years. While new statistics show that 20 per cent of residents belonged to this category, in 1998 just 15 per cent of people met such criteria.

Steve Folkard, spokesperson for the Axa Financial Task Force, states: "Ever since the days of New Labour and the rise of the so-called 'classless society', many people think that Middle Britain represents the majority - the middle section - of households in this country. And in fact thanks to an inflated housing market many people probably feel they belong in that category. However, our research shows that Middle Britain is in fact a smaller group of families than most people might think, though many of the same stereotypes still apply. What is also clear is that Middle Britain households have felt the effects of the rising cost of living."

He concludes by noting that the tightening in credit and loan criteria, a contraction in the housing market and rising food and fuel costs can all contribute to a reduction in overall spending power, despite an increase in average incomes.

For those who have been planning home improvements or other major purchases to further their chosen lifestyle but have been unable to commit due to financial constraints, taking out a secured loan may provide the additional equity necessary to fund such purchases as a new car or a home extension. Indeed, Axa found that the cost of home maintenance had increased considerably over the past decade, with expenses such as mortgages, council tax and utilities expenditure equaling 10,000 pounds per year for those in the Middle Britain bracket.

According to recent research conducted by Prudential, concerns over meeting major financial commitments are becoming a problem for a growing number of people in the UK. More than half (52 per cent) of respondents said money matters were their biggest area of concern.

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