REPORT | PUBLIC ATTITUDES | INCOME, SAVINGS AND DEBT

The economic insecurity trap

Financial insecurity is self-reinforcing. Setbacks mean reduced planning and saving, and increasing unemployment, income loss and housing costs. Financial vulnerability is persistent and widespread and not limited to people in poverty. Policy-makers need to tackle it.

Published on: 10 August 2026
Written by: Nuffield Politics Research Centre

Reading time: 41 minutes

Executive summary

Economic insecurity shapes the lives of millions of people in Britain. Many people, including those on higher incomes as well as those in poverty, worry about whether they could cope with rising bills, losing their job or meeting an unexpected expense. These concerns are acute and widespread given the prolonged period of rising living costs, weak economic growth and stagnating household incomes.

Yet, while the consequences of economic insecurity for well-being and political attitudes are increasingly recognised, we still know relatively little about why it persists. Policy-makers cannot find solutions without understanding its drivers: how people could feel they really have some “breathing space”, in the words of the new Prime Minister, through greater financial resilience.

This report argues that feelings of economic insecurity are not simply the result of financial hardship. It can also become a self-reinforcing process through which financial vulnerability becomes increasingly difficult to escape. Using a unique panel study that followed the same individuals through 3 large representative surveys between March 2024 and April 2025, we show how changes in people's financial circumstances shape their sense of economic security and, in turn, how economic insecurity influences subsequent financial outcomes. We describe this dynamic as the ‘**economic insecurity trap**’.

The report shows that economic insecurity both reflects and reinforces financial vulnerability. Financial setbacks — including unemployment, falling household income, declining savings, rising housing costs, reduced working hours and the need to borrow or draw on savings to meet everyday expenses — all lead to substantial increases in feelings of economic insecurity.

But the relationship also runs in the opposite direction. People experiencing greater insecurity become more focused on short-term financial survival, less willing to take financial risks and less able to build the savings and financial buffers that protect them against future economic shocks. These responses are often entirely rational given the uncertainty people face, yet they may also make future financial difficulties more likely.

Our analysis shows that economically insecure households expect their financial circumstances to deteriorate, anticipating greater risks of unemployment, lower incomes and higher housing costs. Crucially, these expectations are not simply pessimism. They prove, on average, to be accurate. Households reporting the highest levels of economic insecurity are significantly more likely to experience subsequent unemployment, declining incomes, falling savings and rising housing costs. Economic insecurity therefore captures genuine financial vulnerability rather than simply differences in outlook.

Savings provide perhaps the clearest illustration of the economic insecurity trap. Households with greater savings report greater economic security and continue to build financial resilience over time. By contrast, households experiencing economic

insecurity save less and expect to save less in the future, making them increasingly vulnerable to subsequent financial shocks. Small differences in financial resilience therefore accumulate over time, producing a virtuous cycle for some households and a vicious cycle for others.

Taken together, these findings suggest a different way of understanding the economic insecurity facing so many people in Britain today. Rather than viewing it simply as an indicator of current financial circumstances, we argue that it should be understood as part of a dynamic process that links financial shocks, expectations, behaviour and future economic experiences. This helps to explain why economic insecurity affects many households who are not in poverty as well as those who are, why relatively modest shocks can have lasting consequences, and why otherwise similar households can experience increasingly divergent financial futures.

Breaking this cycle will require policies that strengthen households' financial resilience, particularly by helping those with the weakest savings buffers build greater long-term economic security. It is essential to support households to avoid and break free from the 'economic insecurity trap'.

Panel data and studying change

Our evidence uses the JRF-Nuffield Economic Insecurity Panel Study. This is a nationally representative, in-depth questionnaire about a broad range of financial experiences in Great Britain, interviewing around 8,000 people each survey. We use 3 waves of this survey, conducted in March 2024, October 2024 and April 2025, with

respondents in the first wave followed for the next 2 waves.

As we survey people repeatedly over time, this original dataset allows us to examine the economic changes that people experience, the patterns of those changes and how these experiences affect subsequent changes in their feelings of economic insecurity. This allows us to move beyond merely showing that people with greater economic insecurity tend to have lower savings, or lower incomes, or live in rented accommodation (for example); but we can show that changes in savings, income and housing tenure are associated with changes in insecurity.

These analyses allow us to control for a person's prior level of reported economic insecurity to separate out the persistent effect of insecurity from the effect of changing economic experiences, enabling greater confidence in conclusions about what influences what.

We can also examine the cyclical nature of these relationships, revealing that those with the greatest likelihood of being economically insecure are more likely to experience **subsequent** negative economic changes. The statistical models also show that people who feel more economically secure tend to save more, and that higher levels of savings, in turn, contribute to greater economic security.

1. Introduction

Economic insecurity is a familiar experience for millions of households. It reflects people's concerns about whether they and their families have sufficient financial resources to meet current commitments and cope with future uncertainty. These concerns extend beyond income alone. They include worries about employment, savings, debt, housing costs and the ability to withstand unexpected financial shocks.

These concerns have become particularly important during a prolonged period of weak income growth, high living costs and subdued economic performance, with prolonged inflationary pressure reducing disposable incomes and savings, sluggish economic growth (House of Commons Library 2026), and widespread pessimism about the state of the national economy (Tims et al. 2026; YouGov 2026). Economic security is the important "breathing space" the new Prime Minister, Andy Burnham, referred to on the steps of Number 10 Downing Street on 20 July, the day he took office.

Against Britain's economic backdrop, even households that are not in poverty may feel financially vulnerable if they lack savings, face insecure employment or have significant financial commitments. Understanding economic insecurity therefore requires looking beyond conventional measures of poverty household income, or prices.

Feelings of economic insecurity most acutely affect adults in mid-life (between 35 and 59) (Nuffield Politics Research Centre 2025a) due to a combination of economic stressors: mortgage payments, debts, insufficient income, low savings and childcare responsibilities, even for those in full-time work. Noticeably, economic insecurity is much lower in later life. Economic insecurity also tends to be higher, on average, among women, people with illnesses and disabilities, people with lower levels of education, those who rent compared to those who own their home, and people who are single as opposed to those in couples.

These experiences are likely to affect a broad range of choices in life and are linked with poorer mental health and lower levels of well-being (Kopasker et al. 2018; Rohde et al. 2016), as well as changing political attitudes and declining confidence in government.[1] Yet relatively little is known about how economic insecurity develops over time. This report addresses that question.

Rather than asking simply **who** feels economically insecure, we ask how and why over time people become more — or less — economically secure. We examine whether changes in people's financial circumstances are followed by changes in economic insecurity, whether economically insecure households expect different futures from economically secure households, and whether those expectations are borne out.

Our analyses use the JRF–Nuffield Economic Insecurity Panel Study, a nationally representative survey that interviewed approximately 8,000 adults in Great Britain on 3 occasions between March 2024 and April 2025. Because many respondents participated in all 3 survey waves, we can examine how changes in people's

circumstances are related to changes in their reported economic insecurity. This is important: cross-sectional surveys can tell us, for example, that renters tend to feel less economically secure than homeowners, or that people with lower savings tend to report greater financial anxiety.

By following the same individuals over time, however, we can go further. We can examine whether becoming unemployed, losing savings or facing rising housing costs is followed by increased economic insecurity, while taking account of each person's earlier level of security.[2] This longitudinal perspective also allows us to examine something that has received much less attention: whether economic insecurity itself has consequences for later economic experiences. Our central argument is that it does.

Households experiencing economic insecurity are not simply responding to current financial pressures. Their insecurity shapes how they think about the future, how they manage their finances and the financial buffers they are able to build. These responses are often sensible and understandable. When resources are limited and uncertainty is high, focusing on immediate needs rather than distant opportunities may be entirely rational. Yet these same responses may also make it harder to improve future financial security.

This report presents evidence that economic insecurity can become self-reinforcing. Financial setbacks increase insecurity, while insecurity is associated with shorter planning horizons and weaker financial buffers. Those weaker buffers leave households more exposed to future setbacks, which further increase insecurity. We

refer to this process as the ‘economic insecurity trap’.

The remainder of the report examines the evidence for this argument. We begin by identifying which groups experience the highest levels of economic insecurity before examining how insecurity changes following major household economic events. We then explore the roles of expectations, financial planning and savings behaviour before bringing these strands together to demonstrate how economic insecurity can become a self-reinforcing process with important implications for public policy.

2. Who experiences economic insecurity?

We begin with a simple question: who is most likely to feel economically insecure? Figure 1 summarises how reported economic insecurity varies across different groups in the population. It compares people according to their employment status, income, savings, housing tenure, household structure, disability status, debt, ethnicity and gender.

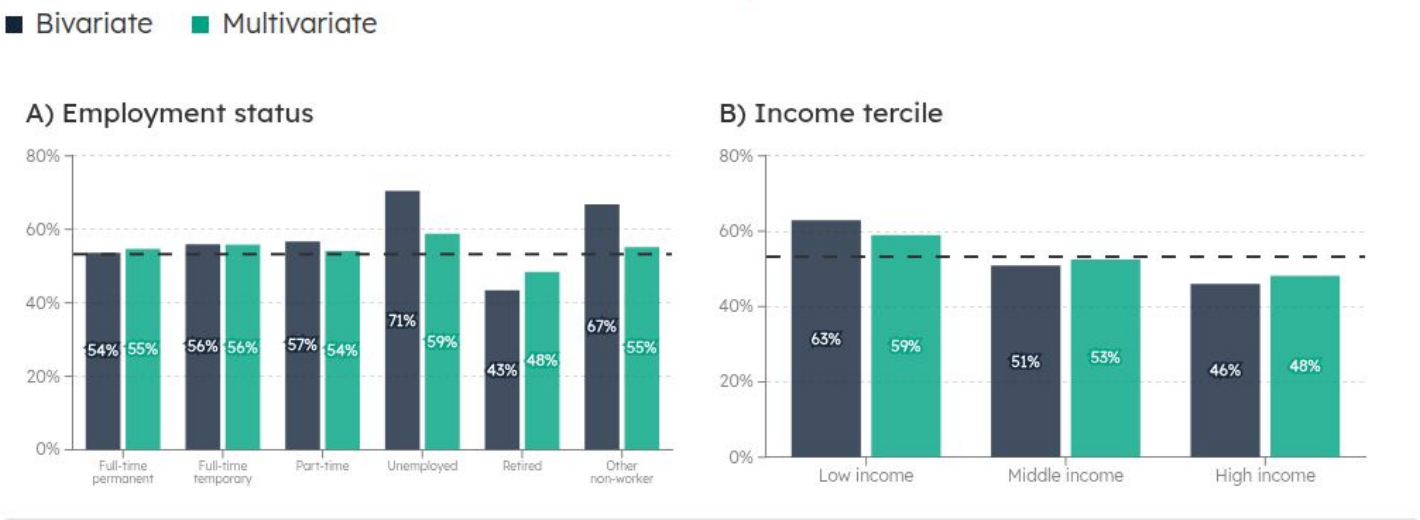
Economic insecurity is measured by asking people: 'How worried are you about your and your family's economic security?' where answers can range from 0 = 'Not at all worried' (maximum security) to 10 = 'Very worried' (maximum insecurity). To make the figures more easily interpretable, we have converted them into percentages by multiplying them by 10. This means that, for example, a score of 6.2 can be thought of as 62% insecure.[3]

Although economic insecurity is closely related to income, it is clearly about more than income alone, as we have shown before. People who are unemployed or otherwise out of work and not retired; those with the lowest incomes and low or no household savings; those in privately rented accommodation; parents (especially single parents); those with disabilities; and those with what we refer to as 'bad' debt obligations are all more likely to report economic insecurity. Insecurity is also higher on average among ethnic minorities and women.[4]

Importantly, these differences remain even after allowing for the fact that many of these characteristics overlap. For example, people with lower incomes are also less

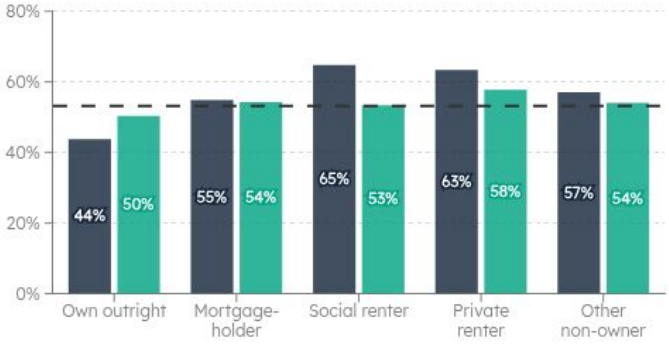
likely to own their homes and more likely to have low savings. Figure 1 therefore presents 2 sets of estimates. The first (in blue) simply compares different groups. The second (in red) adjusts for other characteristics that might also influence economic insecurity. Although the differences become smaller after these adjustments, the overall pattern changes remarkably little.

Figure 1: Predicted level of economic insecurity

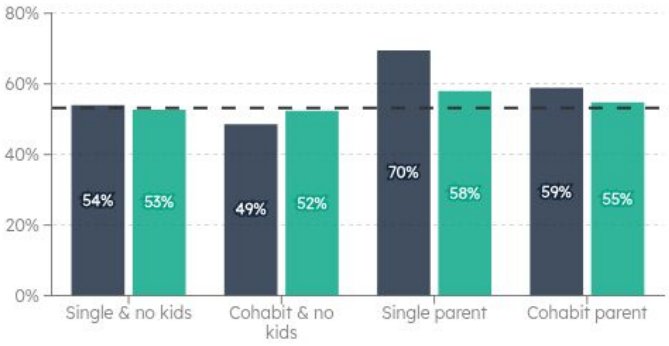


C) Savings tercile

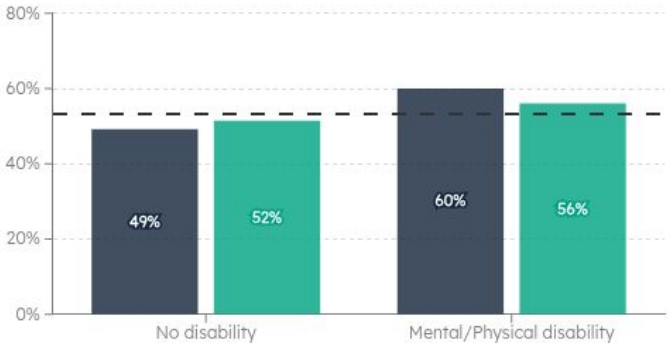
D) Housing tenure



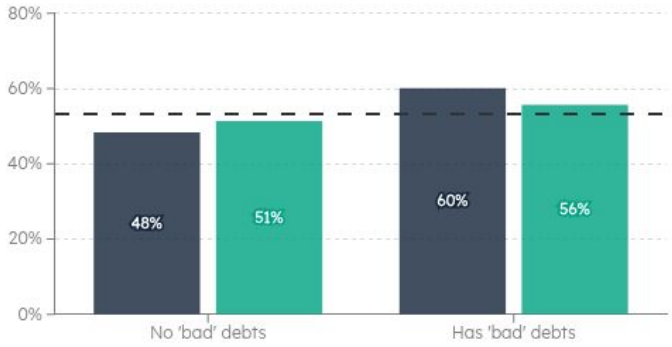
E) Housing structure



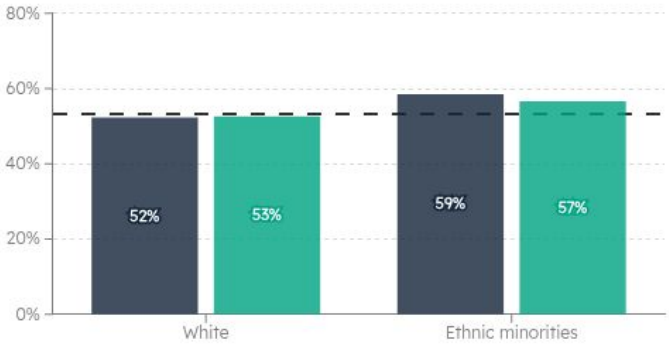
F) Disability status



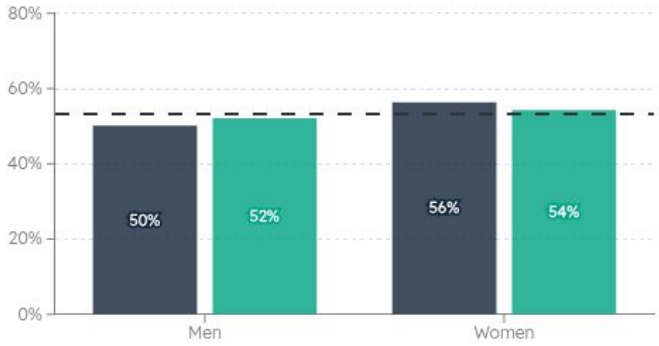
G) Debt status



H) Ethnicity



I) Gender



Source: JRF-Nuffield Economic Insecurity Survey, Waves 1–3 (pooled, cross-section). Survey weights, wave fixed effects and clustered standard errors (by respondent) applied. N for bivariate models varies, but N for the multivariate model (orange) = 14,876 observations based on 7,784 unique respondents across the 3 waves. Multivariate models include all other predictor variables that feature in the above graph, plus the controls listed below. R-Squared for multivariate model = 0.31. Income and savings are household-level, equivalised for the size and composition of the household. Ethnic minorities includes those of mixed-race. 'Bad' debts are pay-day loans, credit card borrowing, overdrafts and other unsecured debts (but not student loans or mortgages).
Note: Predicted estimates (margins) of average level of economic insecurity for different subgroups before and after adjusting for other factors. Derived from several OLS regressions. DV = Economic Insecurity ('How worried are you about your and your family's economic insecurity?', from 0 ('not at all') to 10 ('very'), here rescaled from 0–100). Horizontal dashed line indicates the average level of insecurity among our sample (53.2%). 95% confidence intervals are available on request.
Controls: age group (18–34; 35–59; 60+); education (low/school-leaver; medium; high/graduate); occupational class (managers & employers; professionals; intermediate/admin workers; working class); party identity (Con; Lab; LibDem; SNP; Plaid; Reform; Greens; other; none; don't know); region (North; Midlands; Eastern; London; South East; South West; Wales; Scotland); rural-urban (urban; town and fringe; rural; n/a); subjective general anxiety (1–5 ordinal + don't know).

One finding stands out especially clearly. Differences in savings are associated with larger differences in economic insecurity than any other characteristic we examine. People with high savings report substantially lower insecurity than those with little or no savings. Prior to adjustment for other characteristics, the predicted average insecurity score ranges from a maximum of 68% among those with low or no savings, to 39% among those with high savings.

The message from Figure 1 is straightforward. Economic insecurity reflects the combined effect of people's financial resources, financial commitments and exposure to risk. It is not confined to those on the lowest incomes, nor is it experienced by everyone on low incomes. Instead, it is concentrated among people whose financial circumstances leave them with limited room to absorb unexpected shocks.

Figure 1 identified the groups most exposed to economic insecurity. The remainder of this report asks a different question: why do people become more — or less — economically insecure over time?

3. The cycle of economic insecurity

The JRF-Nuffield Economic Insecurity Panel Study allows us to follow up on the same people every 6 months, so we can study how changes in respondents' circumstances are reflected in changes in their reported economic insecurity. We can then see whether events such as unemployment, rising housing costs or declining savings are followed by increases in economic insecurity.

It also allows us to ask a second, central question: does economic insecurity itself predict what happens next? Are people who already feel economically insecure more likely to experience financial setbacks in the near-term future? If so, economic insecurity may not simply be a consequence of financial hardship. It may be part of a wider process that reinforces disadvantage over time.

Figure 2 illustrates the basic idea behind our analysis. Imagine someone who begins the study feeling moderately worried about their financial situation. During the following 6 months, they lose part of their savings or experience a reduction in their income. When interviewed again, they report greater economic insecurity. Over the next 6 months they become more pessimistic about their financial future. They postpone longer-term financial decisions, save less than they had hoped to and remain worried about future expenses. By the third interview, they report even greater insecurity.

Figure 2: How economic insecurity can increase over time

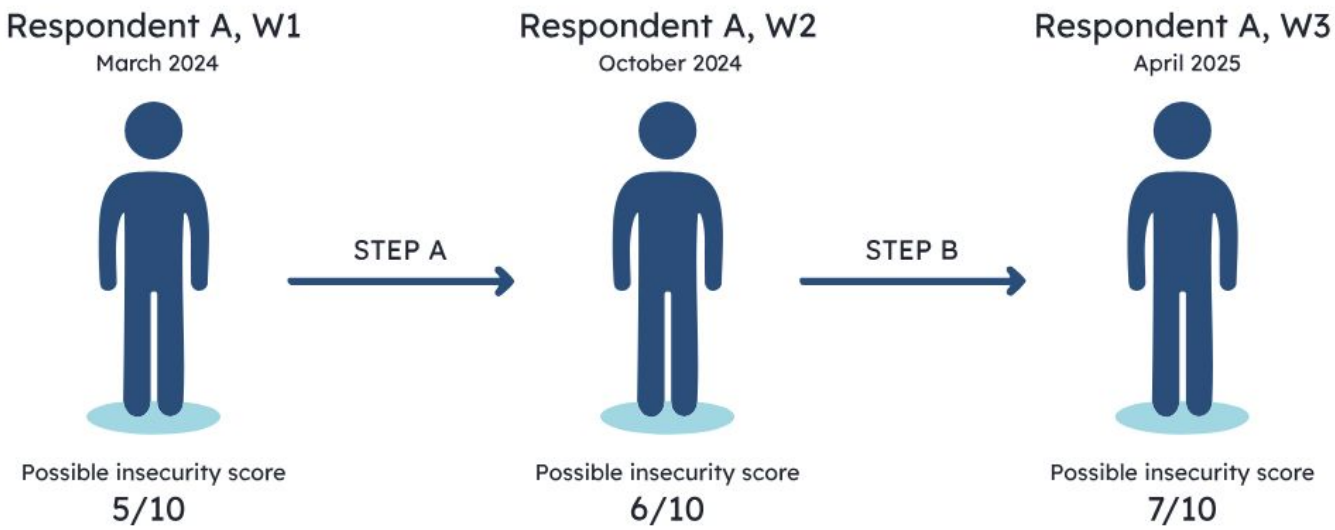


Figure 2 presents this as a simple illustration, but it raises the central question of the report: does this pattern occur repeatedly across thousands of households? Our analysis suggests that it does. Not everyone follows exactly the same path. Many households experience unexpected improvements as well as setbacks. However, the evidence suggests that people who experience insecurity are, on average, more likely to experience circumstances that further reinforce that insecurity. This creates a cycle of economic insecurity.

The idea that disadvantage can become self-reinforcing is well established in research on poverty. People with very limited financial resources often struggle to

invest in education, housing or other opportunities that would improve their prospects. Because they possess few financial buffers, unexpected setbacks such as illness, unemployment or rising living costs can have particularly severe consequences.

People who work in insecure jobs, who have more precarious incomes or who live in insecure housing situations are unable to buffer themselves from external events and are therefore at greater risk of falling into and then further into poverty (JRF 2024).[5] These processes create what researchers often describe as a 'poverty trap'. We argue that economic insecurity follows a related — but distinct — pattern.

The key difference is that economic insecurity is not simply about the amount of money people have today. It also reflects uncertainty about tomorrow. The associated concerns, as shown in Figure 1, are broader than just income. Households that feel economically insecure often face uncertain incomes, limited savings and significant financial commitments.

As a result, they are understandably more cautious in their financial decisions. This caution is often entirely rational. Someone with little savings cannot easily risk temporary income loss, invest money that may be needed for essential bills or commit to financial plans whose benefits may only emerge years later. Instead, attention naturally shifts towards managing immediate pressures. Short-term financial planning becomes more important than long-term planning, and maintaining day-to-day stability takes priority over building future financial security.

Paradoxically, however, these sensible responses may also make future insecurity harder to escape. Households unable to save regularly accumulate fewer financial buffers. Without those buffers, future shocks become harder to absorb. Greater exposure to future shocks increases economic insecurity still further. In contrast, households with stronger financial buffers enjoy the opposite dynamic. Savings make unexpected expenses easier to manage. Greater financial stability allows longer-term planning. Longer-term planning makes further saving and investment more achievable.

These households therefore become progressively more resilient to future shocks. The result is 2 contrasting trajectories. For some households, security gradually reinforces itself. For others, insecurity gradually reinforces itself. This report presents evidence that both processes are operating simultaneously.[6]

4. Why economic insecurity can become self-reinforcing

Economic insecurity is not simply a description of financial circumstances. It also influences how people make decisions. People who feel economically secure are likely more willing to think about the future. They may feel able to postpone current consumption, save regularly or make investments whose returns will only become apparent years later.

By contrast, people facing immediate financial pressures may have little choice but to focus on the present. This does not imply poor financial decision-making. When households face genuine uncertainty about paying next month's bills, concentrating on immediate needs is often the most rational response available. The question is therefore not whether these responses are sensible — they frequently are — but whether they have unintended long-term consequences that could keep a person in a state of economic insecurity. If economic insecurity encourages shorter planning horizons and weaker financial buffers, it may inadvertently contribute to future insecurity.

Households with strong financial buffers can often plan years ahead. They may feel able to save regularly, invest for the future, change jobs to improve their career prospects or undertake further education. None of these decisions is risk-free, but households with financial reserves are better placed to absorb setbacks if things do

not go to plan. For households experiencing economic insecurity, the situation is very different. When income is uncertain, savings are limited and household budgets are under pressure, attention naturally shifts to the immediate future. Decisions become dominated by the need to meet next month's bills rather than next decade's opportunities. In these circumstances, avoiding financial risks is not a sign of poor judgement — it is often the only sensible course of action.

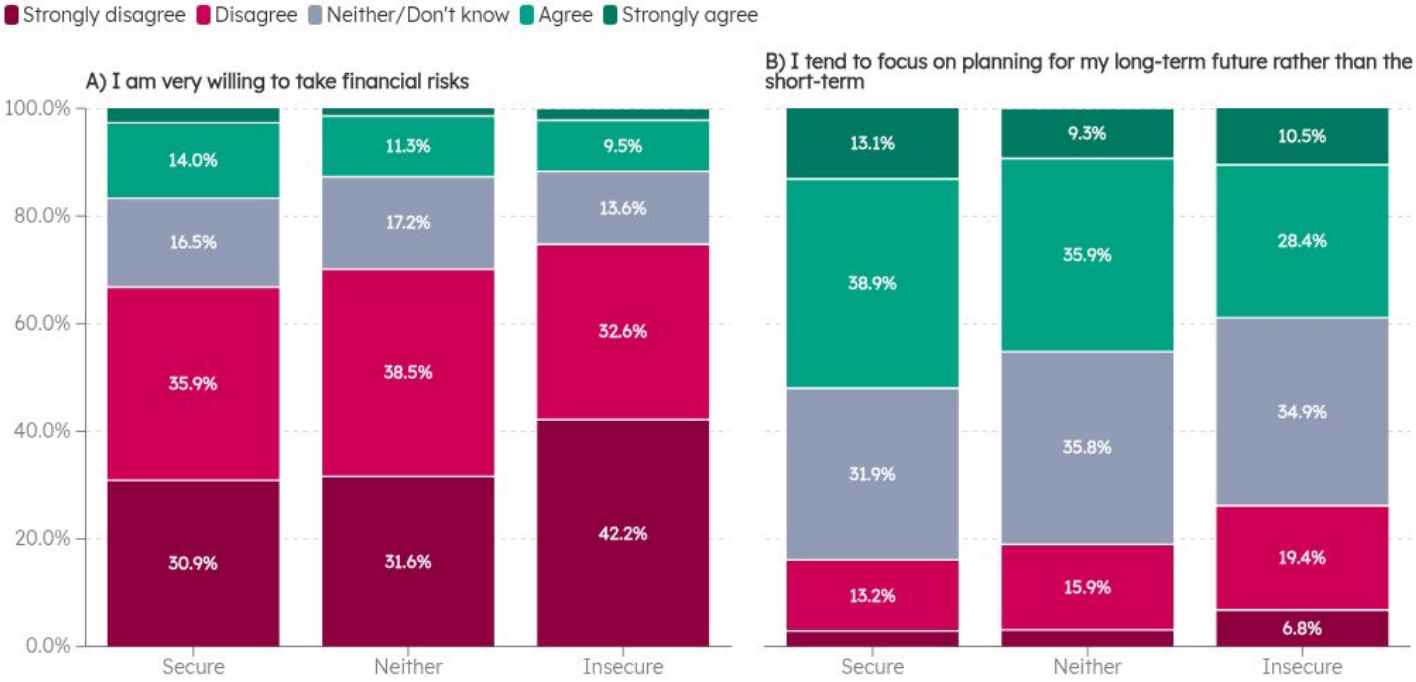
When we refer to financial risk-taking, we do **not** mean gambling or speculative investments. Rather, we mean decisions that involve some short-term uncertainty in the hope of improving long-term financial security. These might include forgoing consumption now for better savings returns later, investing through a Stocks and Shares ISA, acquiring additional qualifications, moving to take up a better job, starting a small business or making other investments whose benefits may only emerge over time. Such decisions are much easier to make when households possess savings that can cushion unexpected setbacks.

If economic insecurity encourages households to focus more heavily on short-term financial management, it may unintentionally reduce their ability to build the resources that would improve their longer-term security. Economic insecurity therefore becomes part of a self-reinforcing cycle rather than simply an outcome of financial hardship.

Figure 3 examines whether we observe the first stage of this process. It compares people who describe themselves as economically secure (a score of 7–10 on the scale) with those who report high levels of economic insecurity (0–3). It examines 2

simple questions. The first asks whether respondents consider themselves willing to take financial risks. The second asks whether they generally focus on planning for the long term rather than the short term.[7] The differences are striking. People who feel economically insecure are substantially less likely to describe themselves as willing to take financial risks. They are also much less likely to say that they generally plan for the long term.[8]

Figure 3: Approaches to financial planning by security group



Source: JRF-Nuffield Economic Insecurity Survey, Waves 1–3 (pooled, cross-section). Survey weights. N = 23,413 observations from 11,735 unique respondents. Specifically, 6,287 observations from 'secure' respondents; 8,830 observations from 'neither secure nor insecure' respondents, and 8,296 observations from 'insecure' respondents.
Note: The distribution of responses to two questions featuring in the JRF-Nuffield Economic Insecurity survey among respondents who are economically secure, insecure or neither. This is a purely descriptive chart, not one based on a particular statistical model, though responses are adjusted using survey weights. These questions asked, 'Here are a number of characteristics that may or may not describe you. Please indicate the extent to which you agree or disagree that the statement describes you accurately… A) 'I am very willing to take financial risks'; B) 'I tend to focus on planning for my long-term future rather than the short-term'. Respondents were classified as economically secure, insecure or neither using their responses to the question, 'How worried are you about your and your family's economic insecurity?', 0 ('not at all') to 10 ('very'). Those who scored between 0–3 are 'secure'; 4–6 as 'neither secure nor insecure'; 7–10 as 'insecure'.

Most people, regardless of their financial circumstances, are naturally cautious about taking financial risks. Even among economically secure households, relatively few people actively describe themselves as risk-takers. Nevertheless, there is a clear gradient across the sample. As economic insecurity increases, willingness to take

financial risks declines further. The same pattern is visible in long-term planning. Just over half of economically secure respondents say they generally focus on the long term. Among economically insecure respondents, the proportion falls markedly.

These findings are important because they suggest that economic insecurity is associated not only with fewer financial resources, but also with a different financial time horizon and attitude to financial risk-taking. People experiencing insecurity appear to devote more attention to managing immediate pressures and correspondingly less attention to longer-term financial goals. Importantly, these relationships remain even after allowing for differences in income, savings, education, housing tenure, age and a range of other characteristics. In other words, the differences shown in Figure 3 cannot simply be explained by the fact that economically insecure households have lower incomes or fewer assets.

Figure 3 therefore provides the first piece of evidence supporting the idea of an economic insecurity trap. Economic insecurity appears to be associated with financial attitudes that may also make it harder to improve future financial security.

5. A simple model of the economic insecurity trap

The diagram in Figure 4 brings together the ideas developed so far.

The model is deliberately simple. Financial setbacks — such as unemployment, falling income, declining savings or rising housing costs — increase economic insecurity. Higher economic insecurity encourages households to focus more heavily on immediate financial management and less on longer-term planning. This makes it harder to build financial buffers such as savings or other assets. Weaker financial buffers, in turn, leave households more exposed to future economic shocks. Those shocks increase economic insecurity still further. The result is a reinforcing cycle.

Figure 4: Flow diagram visualising the logic of the compounding effect

Importantly, this should not be interpreted as an inevitable process affecting every household. Many people experience temporary periods of insecurity before recovering quickly. Others experience unexpected improvements in income or employment that strengthen their financial position. Rather, the model proposes that, across the population as a whole, these relationships tend to reinforce one another. On average, households that begin in a stronger financial position become progressively more resilient, while those that begin in greater insecurity face higher risks of remaining insecure.

The remainder of this report examines whether the evidence supports each stage of this cycle. Specifically, we ask 4 questions:

1. Do financial setbacks lead to higher economic insecurity?
2. Do financially insecure households expect more difficult economic futures?
3. Are those expectations borne out by subsequent experience?
4. Does insecurity reduce households' ability to build the financial buffers that would protect them from future shocks?

Taken together, the answers to these questions allow us to fully assess whether economic insecurity genuinely behaves as a self-reinforcing process.

6. Do financial setbacks lead to higher economic insecurity?

We begin with the first link in the cycle. Do changes in people's financial circumstances actually lead to changes in their feelings of economic insecurity?

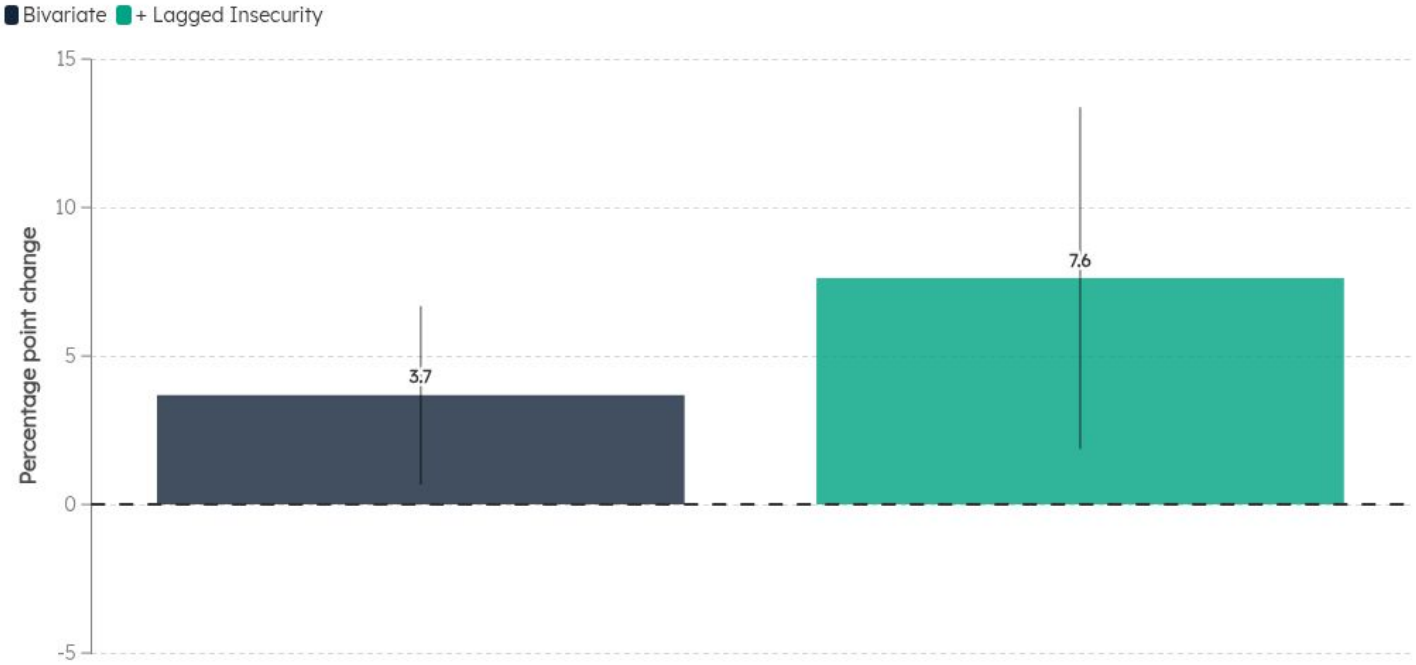
Because our survey follows the same individuals over time, we can examine the effect of these changes while taking into account levels of economic insecurity reported in a previous panel wave. We can therefore see whether changes in circumstances lead to an increase or decrease in insecurity, controlling for their level of economic insecurity in the previous wave.

Figures 5 and 6 present the 'marginal effects' of changes in several economic circumstances on corresponding changes in a person's predicted level of economic insecurity. We present 2 versions of each marginal effect, with and without controlling for a person's level of economic insecurity in the previous survey wave.

Figure 5 illustrates the approach using one of the most important economic transitions: unemployment. People who become unemployed experience a substantial increase in economic insecurity (the blue bar). This finding remains and indeed strengthens allowing for the fact that people who become unemployed may already have been more economically insecure beforehand (the red bar).

In other words, unemployment itself is associated with a further deterioration in people's feeling of economic security. This matters because it demonstrates that economic insecurity is responsive to changes in people's lives. It is not simply a stable personality characteristic or, for example, a general tendency towards pessimism. People's reported insecurity changes when their financial circumstances change.

Figure 5: Impact of a transition from employment to unemployment on changes in economic insecurity



Source: JRF-Nuffield Economic Insecurity Survey, Waves 1–3 (pooled, cross-section). Survey weights, respondent and wave fixed effects and clustered standard errors (by respondent) applied. N = 6,976 respondents for the bivariate models; for the models with the lagged dependent variables, N = 3,859.
Note: Predicted marginal effects of experiencing a transition from being employed to being unemployed on changes in one's level of economic insecurity, both before and after adjusting for one's past level of insecurity (that is, a lagged dependent variable model), alongside 95% confidence intervals. Derived from 2-way fixed effects models that contained a fixed effect for both survey wave and individual respondents. This means that the coefficients represent within-person effects and cannot be confounded by individual time-invariant characteristics (that is, class background, personality, childhood experiences and so on) as well as common time confounding (that is, events that happened during/around the time of different survey waves that are common to all respondents, for example, major political events, economic shocks, media cycles and so on). Formally, then, we are identifying how a person's insecurity changes relative to their own average insecurity when their employment status changes, relative to the average amount of change among all respondents in that wave. DV = Economic Insecurity ('How worried are you about your and your family's economic insecurity?', from 0 ('not at all') to 10 ('very'), here rescaled from 0–100).

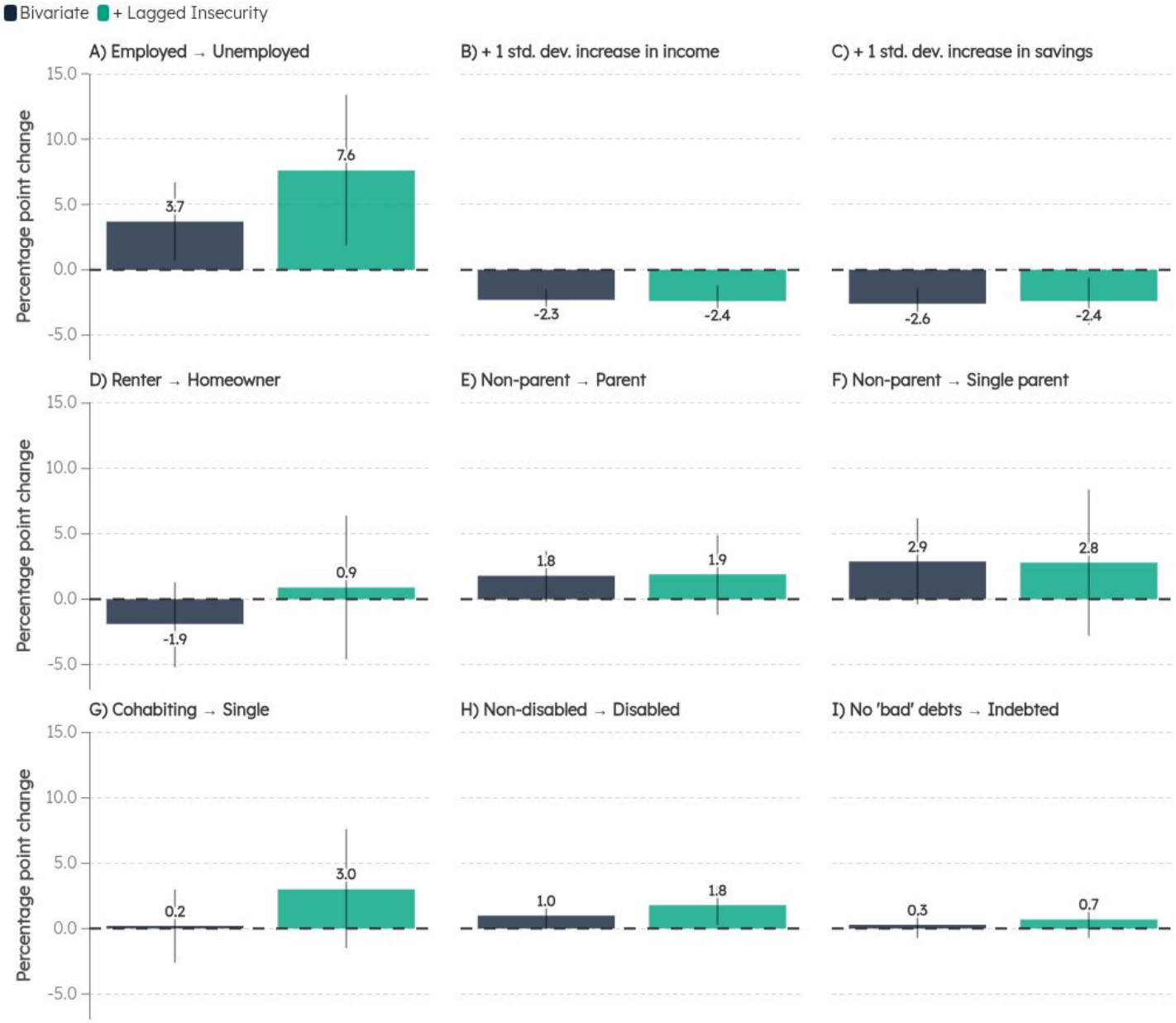
Figure 6 broadens the analysis to a much wider range of life events. Some transitions represent positive developments, such as rising income or increasing savings. Others reflect setbacks, including unemployment or the onset of disability. Figure 6 examines

how these different experiences are associated with changes in economic insecurity.

The overall picture is remarkably consistent. Negative changes generally increase economic insecurity. Positive changes generally reduce it. Among the strongest increases in insecurity are those associated with becoming unemployed and becoming disabled. Both represent substantial changes in household finances and future uncertainty, so it is perhaps unsurprising that they have particularly large effects.

Changes in household resources are equally important. People whose household income increases become less economically insecure. The same is true for those whose savings increase. Financial buffers matter independently of income alone. Parenthood is also associated with higher economic insecurity, although the estimate here is more uncertain than for unemployment or changes in income and savings. Becoming a parent often brings both greater financial commitments and greater uncertainty, so some increase in economic insecurity would be expected.

Figure 6: Impact of 9 different transitions on changes in economic insecurity



Source: JRF-Nuffield Economic Insecurity Survey, Waves 1–3 (pooled, cross-section). Survey weights, respondent and wave fixed effects and clustered standard errors (by respondent) applied. Model A is restricted to those currently in employment to distinguish the effects hours lost from unemployment. N = 6,976 (A), 11,807 (B–G) respondents for the bivariate models; for the models with the lagged dependent variables, N = 3,859 (A), 6,944 (B–G).

Note: Predicted marginal effects of recalling having experienced one of the 9 listed events in the prior 6 months on changes in one's level of economic insecurity, both before and after adjusting for one's past level of insecurity (that is, a lagged dependent variable model), alongside 95% confidence intervals. Derived from several 2-way fixed effects models, that contained a fixed effect for both survey wave and individual respondents (see above for note on interpreting these models). DV = Economic Insecurity ('How worried are you about your and your family's economic insecurity?', from 0 ('not at all') to 10 ('very'), here rescaled from 0–100). IV = 'At any time in the past 6 months, have any of the following happened to you?' A) Had your work hours reduced, not by personal choice; B) Had to borrow money for day-to-day essentials; C) Had to use savings for day-to-day essentials; D) Had the value of your investments or retirement benefits decline substantially; E) Had the cost of your mortgage or rent increase substantially; F) Had to move house, not by personal choice; G) Become divorced or separated from your partner.

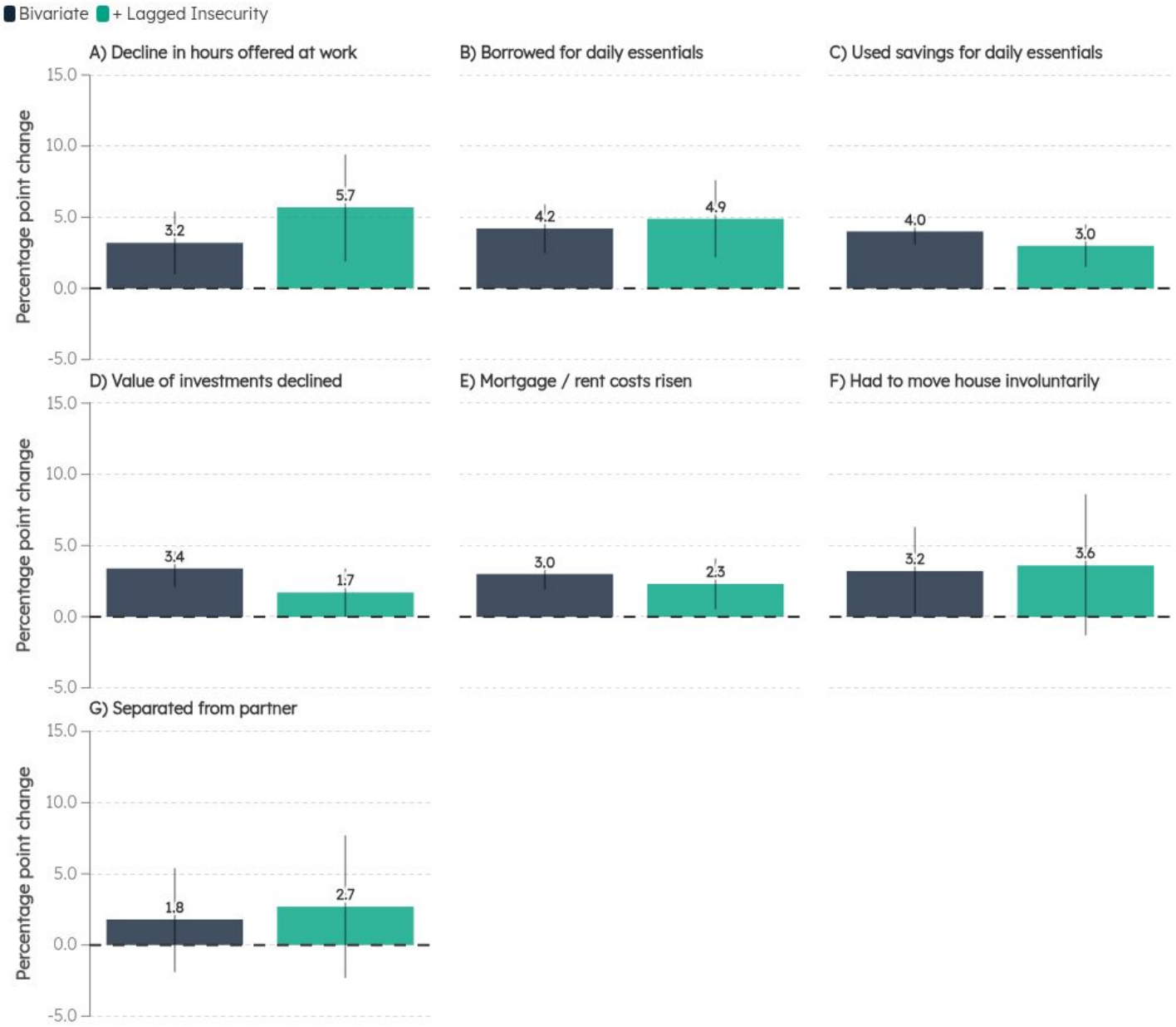
Not every transition produces measurable changes over the period covered by our study. For example, becoming a homeowner is not associated with a statistically reliable change in reported economic insecurity during the 18 months we observe. This does not necessarily imply that housing tenure is unimportant — Figure 1 showed that homeowners generally report lower insecurity — but rather that transitions into homeownership were relatively uncommon during our study period but may influence security over longer time horizons.

Taken together, Figures 5 and 6 demonstrate an important point. Economic insecurity responds systematically to changes in people's financial circumstances. This gives us confidence that our measure captures meaningful changes in people's lives rather than simply reflecting stable differences in outlook or personality.

7. Financial pressures matter even without major life events

Not every increase in economic insecurity follows a dramatic life event such as unemployment. For many households, financial pressure accumulates gradually. Working hours may be reduced. Rent or mortgage payments may rise. Savings may be used to cover everyday living costs. Borrowing may become necessary simply to meet essential household expenses. Each of these experiences represents an erosion of financial resilience. Figure 7 examines these kinds of pressures.

Figure 7: Impact of 7 different experiences on changes in economic insecurity



Source: JRF-Nuffield Economic Insecurity Survey, Waves 1–3 (pooled, cross-section). Survey weights, respondent and wave fixed effects and clustered standard errors (by respondent) applied. Model A is restricted to those currently in employment to distinguish the effects hours lost from unemployment. N = 6,976 (A), 11,807 (B–G) respondents for the bivariate models; for the models with the lagged dependent variables, N = 3,859 (A), 6,944 (B–G).
Note: Predicted marginal effects of recalling having experienced one of the 9 listed events in the prior 6 months on changes in one's level of economic insecurity, both before and after adjusting for one's past level of insecurity (i.e. a lagged dependent variable model), alongside 95% confidence intervals. Derived from several 2-way fixed effects models, that contained a fixed effect for both survey wave and individual respondents (see above for note on interpreting these models). DV = Economic Insecurity ('How worried are you about your and your family's economic insecurity?', from 0 ('not at all') to 10 ('very'), here rescaled from 0–100). IV = 'At any time in the past 6 months, have any of the following happened to you?' A) Had your work hours reduced, not by personal choice; B) Had to borrow money for day-to-day essentials; C) Had to use savings for day-to-day essentials; D) Had the value of your investments or retirement benefits decline substantially; E) Had the cost of your mortgage or rent increase substantially; F) Had to move house, not by personal choice; G) Become divorced or separated from your partner.

The pattern is again strikingly consistent. People who report reductions in working hours become more economically insecure. Those who need to borrow for everyday essentials also experience substantial increases in economic insecurity. Using savings to pay routine household bills has a similar effect. Although drawing on savings may be an appropriate response to temporary financial pressure, it also reduces the financial buffer available to a person or their household to cope with future shocks. Housing costs matter too. Households experiencing substantial increases in rent or mortgage payments report higher levels of economic insecurity even after accounting for their previous level of insecurity.

These findings reinforce an important theme running throughout the report. Economic insecurity is shaped not only by major life events but also by the gradual accumulation of financial pressures. For many households, insecurity grows because several relatively modest pressures occur at the same time. Individually, each may appear manageable. Collectively, they substantially weaken financial resilience.

The evidence presented so far points to 3 broad conclusions. First, economic insecurity changes as people's financial circumstances change. Second, the strongest increases in insecurity follow events that reduce financial resources or increase uncertainty, including unemployment, falling income, declining savings and rising housing costs. Third, even comparatively modest financial pressures — such as reduced working hours or having to draw on savings for everyday expenses — can contribute to rising economic insecurity.

The next question is whether people experiencing higher insecurity also view their future differently — and whether those expectations prove to be accurate.

8. Do financially insecure households expect more difficult futures, and do they happen?

The previous section showed that financial setbacks increase economic insecurity. The next question is equally important: do people who already feel economically insecure face greater risks of future financial hardship? If they do, economic insecurity may become self-reinforcing. Households experiencing insecurity would not simply be responding to current circumstances; they would also be living with a genuinely higher likelihood of future financial difficulties.

We examine this question in 3 stages. First, we ask whether economically insecure households expect their financial circumstances to deteriorate. Second, we examine whether those expectations are associated with subsequent changes in economic insecurity. Finally, we test whether economically insecure households are, in fact, more likely to experience the financial setbacks they anticipate. Together, these analyses provide the strongest evidence in the report for the existence of an economic insecurity trap.

Economic insecurity is inherently forward-looking. People become worried not only because of their present financial circumstances, but because of what they believe

may happen in the future:

- Will they still have a job next year?
- Will their income keep pace with rising prices?
- Will housing costs continue to increase?
- Will anyone be able to help if something goes wrong?

Figure 8 compares these expectations among economically secure and economically insecure households.

Figure 8a: Future forecasts for the next 12 months among the economically secure and insecure, positive events

Source: JRF-Nuffield Economic Insecurity Survey, Waves 1–3 (pooled, cross-section). Survey weights. N = 7,343 (A), 14,715 (B), 14,715 (C) observations per graph.
Note: The distribution of responses to 3 questions featuring in the JRF-Nuffield Economic Insecurity survey among respondents who are economically secure and insecure. This is a purely descriptive chart, not one based on a particular statistical model, though responses are adjusted using survey weights. These questions asked, 'How much do you agree or disagree with the following statements?' A) My job prospects are likely to improve in the next 12 months; B) My income has a high chance of going up in the next 12 months; C) My housing costs (mortgage, rent, bills) have a high chance of going down in the next 12 months (1 = Disagree strongly – 5 "Agree strongly", or Don't know). The questions about job prospects were only asked of those in employment.

The contrast is striking. People who feel economically insecure are consistently more pessimistic about the future. They are less likely to believe that their employment prospects will improve. They are less likely to expect their income to increase. They are more likely to anticipate higher housing costs. They are also less confident that they could find another job if necessary or rely on financial support from the welfare system, family or friends. In other words, economically insecure households perceive themselves as having fewer financial buffers and facing greater economic risks.[9]

Figure 8b: Future forecasts for the next 12 months among the economically secure and insecure, negative events

Source: JRF-Nuffield Economic Insecurity Survey, Waves 1-3 (pooled, cross-section). Survey weights. N = 7,343 (A), 14,715 (B), 14,715 (C) observations per graph.
Note: The distribution of responses to 3 questions featuring in the JRF-Nuffield Economic Insecurity survey among respondents who are economically secure and insecure. This is a purely descriptive chart, not one based on a particular statistical model, though responses are adjusted using survey weights. These questions asked, 'How much do you agree or disagree with the following statements?' A) My job prospects are likely to get worse in the next 12 months; B) My income has a high chance of going down in the next 12 months; C) My housing costs (mortgage, rent, bills) have a high chance of going up in the next 12 months (1 = Disagree strongly - 5 "Agree strongly", or Don't know). The questions about job prospects were only asked of those in employment.

While not a surprise, this matters because expectations influence behaviour. Households that anticipate difficult financial circumstances are likely to make different decisions about saving, spending and planning to households expecting greater stability.

We next ask whether these expectations are associated with subsequent changes in economic insecurity. Figure 9 shows that they are.

When people become more optimistic about their future employment prospects, their expected income or the availability of financial support if needed, they subsequently report lower levels of economic insecurity. Conversely, increasing expectations of falling income, worsening employment prospects or rising housing costs are associated with higher economic insecurity. Although these effects are generally smaller than those associated with major life events such as unemployment, they are remarkably consistent.

This highlights an important feature of economic insecurity: it is shaped not only by what has happened, but also by what people believe is likely to happen. Future expectations form part of people's current experience of financial security. But one important question remains. Are these expectations simply expressions of optimism and pessimism? Or do economically insecure households genuinely face greater future risks?

Figure 9: Impact of future forecasts on changes in economic insecurity

Source: JRF-Nuffield Economic Insecurity Survey, Waves 1–3 (pooled, cross-section). Survey weights, respondent and wave fixed effects and clustered standard errors (by respondent) applied. N = 6,421 (A), 11,507 (B), 11,423 (C), 6,407 (D), 11,379 (E), 11,407 (F), 6,349 (G), 11,236 (H), 11,641 (I) respondents for the bivariate models; for the models with the lagged dependent variables, N = 3,577 (A), 6,775 (B), 6,737 (C), 3,554 (D), 6,675 (E), 6,723 (F), 3,515 (G), 6,561 (H), 6,818 (I).

Note: Predicted marginal effects of increasing rates of agreement with the 9 listed statements about the respondents' financial prospects in the upcoming 12 months on changes in one's level of economic insecurity, both before and after adjusting for one's past level of insecurity (that is, a lagged dependent variable model), alongside 95% confidence intervals. Derived from several 2-way fixed effects models that contained a fixed effect for both survey wave and individual respondents (see above for note on interpreting these models). DV = Economic Insecurity ('How worried are you about your and your family's economic insecurity?', from 0 ('not at all') to 10 ('very'), here rescaled from 0–100). IV = 'How much do you agree or disagree with the following statements?' A) My job prospects are likely to improve in the next 12 months; B) My income has a high chance of going up in the next 12 months; C) My housing costs (mortgage, rent, bills) have a high chance of going down in the next 12 months; D) My job prospects are likely to get worse in the next 12 months; E) My income has a high chance of going down in the next 12 months; F) My housing costs (mortgage, rent, bills) have a high chance of going up in the next 12 months; G) If I lost my job, I could easily find another just as good; H) I can rely on the benefit system to provide for me in the future, if I need it; I) I can rely on family and/or friends to help me out financially, if I need it. As the IV is a 5-point scale ('Strongly disagree' to 'Strongly agree', DKs = dropped), the quoted numbers should be interpreted as the implied effect of a 1-point increase on the 5-point scale on subsequent changes in economic insecurity. The questions on employment (A, D and G) were only asked of those in current employment (whether full- or part-time).

9. Are economically insecure households more likely to have financial setbacks?

This question lies at the heart of the report. Suppose 2 otherwise similar households differ in their level of economic insecurity today. Will the more economically insecure household actually experience more financial setbacks over the next 6 months? Our evidence suggests that the answer is yes.

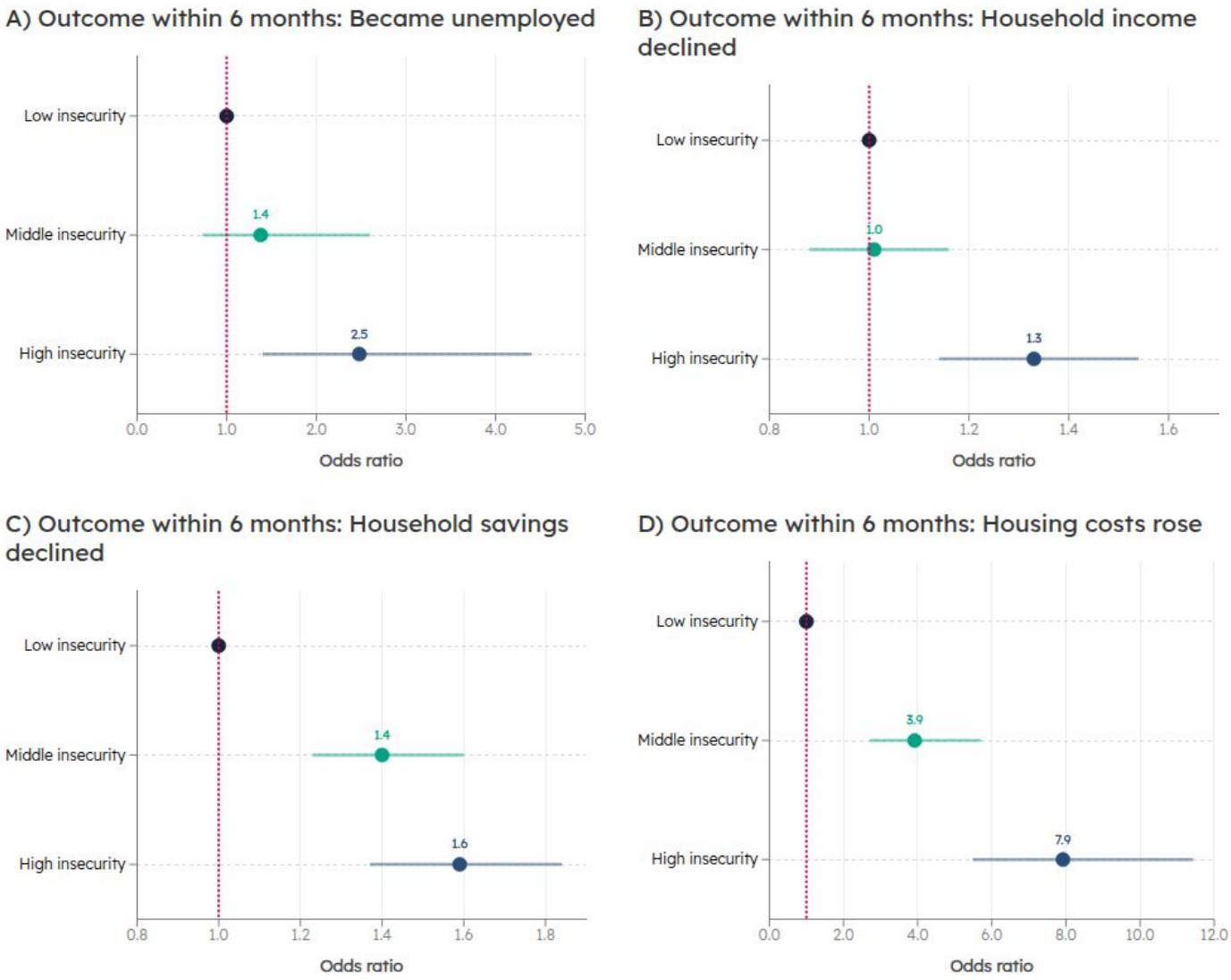
For this analysis we avoid simply using feelings of economic insecurity as a predictor of things that may happen in the future, because people may feel insecure *because* of those predictions. Instead, we use a method that estimates a person's likelihood of being economically insecure in one period (for example in Wave 2) based on their objective economic circumstances (those we know to be good predictors of economic insecurity), which we call a 'propensity score'. We then test whether this propensity score — which captures each person's likelihood of being insecure (a probability ranging from 0 to 1) — predicts negative economic outcomes in the future (for example in Wave 3). Appendix 2 explains this process in greater detail.

Figure 10 shows whether households whose circumstances make them more likely to experience economic insecurity subsequently experience higher rates of several important economic shocks. That is, we look at whether those with a given predicted level of insecurity in Wave 1 of the panel experienced one of the negative shocks listed by Wave 2 (and similarly between Wave 2 and Wave 3). The results are consistent across all 4 outcomes we examine. Households at greater risk of economic

insecurity are more likely to become unemployed. They are more likely to experience falling household income. They are more likely to lose savings, and they are substantially more likely to face increases in housing costs.

Figure 10: Modelling vulnerability to different shocks based on predicted insecurity 6 months previously

Predicted economic insecurity (6 months ago)



Source: JRF-Nuffield Economic Insecurity Survey, Waves 1–3 (pooled, cross-section). Survey weights, respondent and wave fixed effects and clustered standard errors (by respondent) applied. N = 2,844 (Model A), 4,715 (B), 3,987 (C), & 5,017 (D) unique respondents.

Note: All Logit models (odds ratios + 95% confidence intervals are presented). Standard errors clustered by respondent, and wave fixed-effects in all models though omitted for presentation purposes (figures in parentheses are p-values). Survey weights applied. Figure shows how many more times likely someone in the middle of third tercile of predicted lagged economic insecurity is to have experienced one of the 3 listed negative shocks within 6 months. That is, we look at whether those with a given predicted level of insecurity in Wave 1 of the panel experienced one of the negative shocks listed by Wave 2 (or how those with a predicted level of insecurity in Wave 2 of the panel fared by Wave 3). Model A only includes those who were previously in employment; Model B (uniquely) adds a control for lagged income, given that income losses are more likely for those who earn more (and earning more correlates negatively with insecurity, making this – lagged income – a potential negative confounding variable). Model C excludes those who had literally £0 savings in the previous wave, as this group could not possibly experience a subsequent decline in savings. See Appendix 2 for how predicted levels of insecurity were generated. The plots use figures from the second row of Appendix Table A2.2.

These findings are particularly important because they move beyond subjective perceptions and indicate that economically insecure households are not merely expecting worse outcomes — they are, on average, genuinely more exposed to them. This helps explain why economic insecurity can become so persistent. People who feel insecure are responding to real vulnerabilities rather than imagined ones. Their expectations are often well founded.

10. Why this matters

Taken together, Figures 8, 9 and 10 establish the second stage of the economic insecurity trap. Households experiencing economic insecurity expect greater financial risks. Those expectations influence their current sense of security. Crucially, many of those anticipated risks subsequently materialise. Economic insecurity therefore reflects a realistic assessment of financial vulnerability rather than simply a pessimistic outlook.

This also helps explain why insecurity may become difficult to escape. Households that repeatedly experience unemployment, declining incomes, rising housing costs or losses of savings remain exposed to the very circumstances that generated their insecurity in the first place. The cycle therefore reinforces itself. Financial setbacks create insecurity. Insecurity reflects genuine vulnerability. That vulnerability increases the likelihood of further financial setbacks.

We finally examine one particularly important example of this process: household saving. Saving provides perhaps the clearest illustration of how economic insecurity both results from — and contributes to — the accumulation of financial resilience over time. It addresses the final question we set ourselves — does insecurity reduce households' ability to build the financial buffers that would protect them from future shocks?

11. The trap in action: savings

Throughout this report, we have argued that economic insecurity is both a consequence of financial hardship and a factor that may reinforce it.

Savings allow us to observe both sides of this relationship and provide perhaps the clearest illustration of the economic insecurity trap. Households with greater financial security save more, and households that save more become more financially secure. Conversely, households experiencing economic insecurity save less, making them more vulnerable to future insecurity.

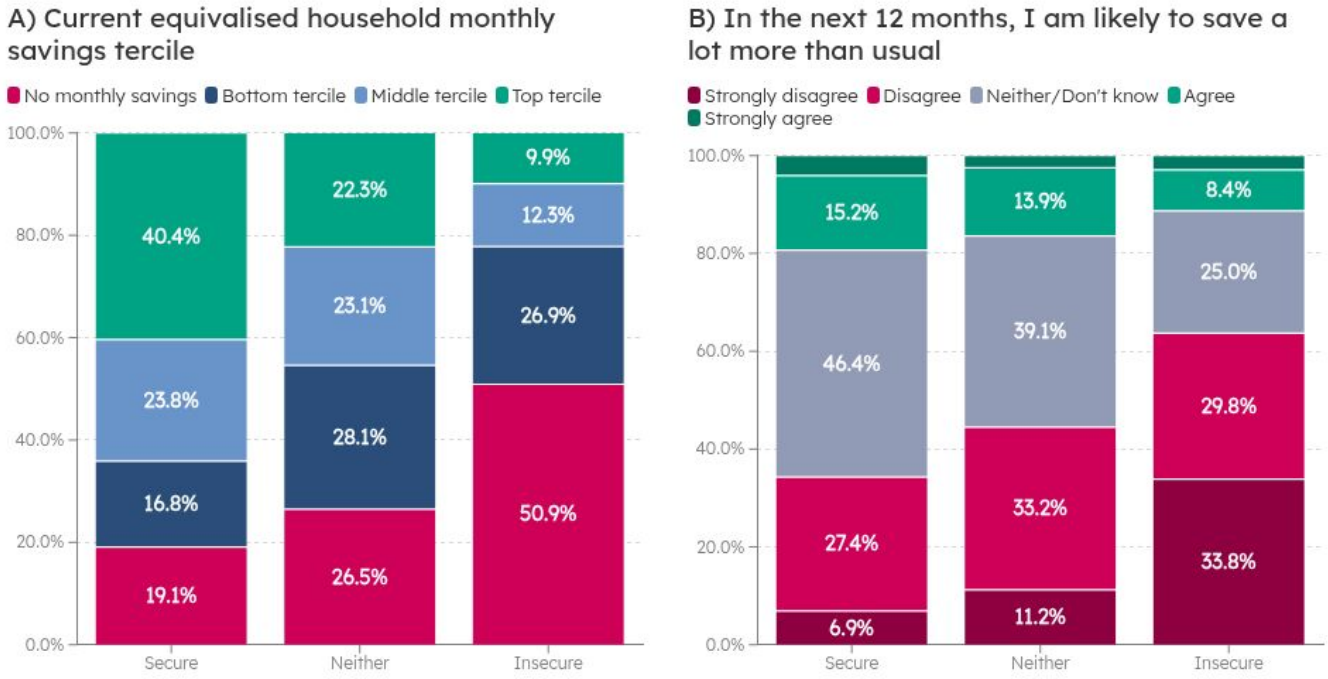
Savings provide households with a financial buffer against unexpected events. They make it easier to cope with temporary income losses, unexpected bills or rising living costs without needing to borrow or cut essential spending. Unsurprisingly, households with greater savings tend to feel more economically secure. But we suggest that the relationship also operates in the opposite direction. Households experiencing economic insecurity find it harder to save, and, as we showed earlier, take a short-term view to their financial decision-making. Immediate financial pressures take priority, leaving little scope to build reserves for the future. Even when households may wish to save more, limited disposable income and greater uncertainty likely make this impossible.

The result is a feedback process. Lower savings contribute to greater insecurity. Greater insecurity reduces future saving. This makes savings an especially useful way

of understanding how the economic insecurity trap operates in practice.

Figure 11 provides the first evidence for this relationship. It shows that insecurity is indeed strongly associated with having lower savings, measured (in Figure 11a) as the amount saved by a person and their household each month, adjusted (equivalised) according to the number and adult/child status of members of the household, and (in Figure 11b) as expectations of future savings over the coming 12 months.[10]

Figure 11: Monthly savings behaviour and intentions by security group



Source: JRF-Nuffield Economic Insecurity Survey, Waves 1–3 (pooled, cross-section). Survey weights. The sample size for Figure 11a is N = 18,224 observations from 9,580 unique respondents. Specifically, 4,587 observations from 'secure' respondents; 6,499 observations from 'neither secure nor insecure' respondents, and 6,746 observations from 'insecure' respondents. For Figure 11b is N = 23,620 observations from 11,807 unique respondents. Specifically, 6,326 observations from 'secure' respondents; 8,905 observations from 'neither secure nor insecure' respondents, and 8,389 observations from 'insecure' respondents.

Note: The distribution of responses to 2 questions featuring in the JRF-Nuffield Economic Insecurity Survey among respondents who are economically secure, insecure or neither. This is a purely descriptive chart, not one based on a particular statistical model, though responses are adjusted using survey weights. The first question – used for Figure 11a – simply asked the respondents, 'Please select the option below that contains the approximate amount that your household currently tends to SAVE each month, excluding contributions to pension schemes', followed by a list of intervals (0 = 'NA – We do not currently save anything each month'; 1 = £1£–49 each month; 2 = '£50–£99 each month'… 16 = '£2,000 each month'). We converted this into a linear scale by assigning respondents the middle value of their selected interval (so £25 for those in the £1–£49 threshold; £75 for those in the £50–£99 threshold and so on), with the bottom value being £0 and the top value £2,000. The scale was then equivalised for household size using data on the number of adults and children in the household. Accordingly, Figure 11a shows, for each 'economic security group', the proportion with £0 monthly savings, and those in the bottom, middle and top tercile among those with at least £1 monthly savings. The second question – used for Figure 11b – simply asked respondents, 'How much do you agree or disagree with the following statements?… In the next 12 months I am likely to save a lot more than I usually do', with the response options ranging from 1 ('strongly disagree') to 5 ('strongly agree'), plus don't know. Respondents were classified as economically secure, insecure or neither using their responses to the question, 'How worried are you about your and your family's economic insecurity', from 0 ('not at all') to 10 ('very'). Those who scored between 0–3 are 'secure'; 4–6 as 'neither secure nor insecure'; 7–10 as 'insecure'.

The differences between economically secure and insecure households are substantial. Around half of economically insecure households report having no monthly savings at all. Even among those that do save, the amounts are generally much smaller than among economically secure households. The contrast is equally clear when people are asked about the future. Economically secure households are considerably more likely to believe that they will increase their savings during the coming year. Economically insecure households are much less optimistic. Many believe they are unlikely to save more than they currently do.

These findings are important because they suggest that economic insecurity affects not only current financial resources but also expectations about future financial resilience. The inability to save is therefore not simply another symptom of insecurity. It is also one of the mechanisms through which insecurity persists. Importantly, these relationships are not confined to households living at or below conventional poverty thresholds. Similar patterns are observed among households at the middle-income level and above.[11] The economic insecurity trap extends beyond those in poverty.

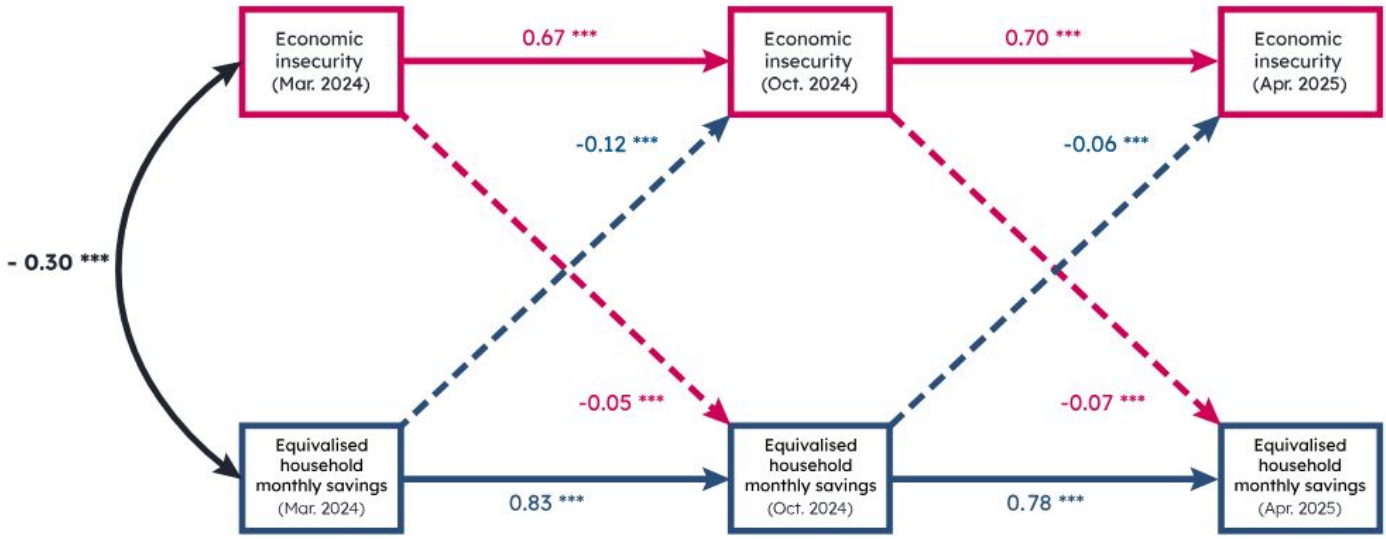
12. Which comes first?

The relationship between savings and insecurity raises an obvious question. Do people feel more secure because they have savings? Or do people accumulate savings because they already feel more secure? The evidence suggests that both processes occur simultaneously.

To investigate this, we examined how savings and economic insecurity influence one another over time. Rather than looking only at whether savings and insecurity are associated, we ask whether earlier savings predict later insecurity, and whether earlier insecurity predicts later savings.

Figure 12 summarises the results. As we have standardised both monthly household savings and economic insecurity, the size of these effects can be compared directly. For example, from Wave 1 to Wave 2, a 1 standard deviation increase in economic insecurity is associated with a 0.05 standard deviation decrease in the amount of savings that someone makes in the following wave. At the same time, a 1 standard deviation increase in monthly savings is also associated with 0.12 standard deviation decrease in one's level of insecurity in the subsequent survey wave. Past savings exert a larger effect on subsequent insecurity than vice versa when looking at Waves 1–2, but in Waves 2–3 the effect sizes are comparable.

Figure 12: Cross-lagged model of the relationship between economic insecurity and monthly savings flow



† p < 0.10; * p < 0.05; ** p < 0.01; *** p < 0.001

Note: Visualisation of the results from a cross-lagged structural equation model, showing the relationship between economic insecurity and equivalised household monthly savings (both standardised) over time.

Source: JRF-Nuffield insecurity panel, Waves 1-3. Coefficients are standardised. N = 11,944. Full information maximum likelihood for missing values. No weights.

The findings are reasonably consistent. Households with higher savings subsequently become more economically secure. At the same time, households experiencing greater economic insecurity subsequently save less. In other words, the relationship runs in both directions. Savings strengthen economic security and economic security makes saving easier. Conversely, lower savings increase insecurity, while insecurity itself reduces subsequent saving. This reciprocal relationship is exactly what we

would expect if economic insecurity operates as a self-reinforcing process: an economic insecurity trap.

The statistical relationships observed over each 6-month period are individually modest. However, they occur repeatedly. Small differences accumulating over many years can produce large differences in financial resilience. This is precisely how cumulative advantage — and cumulative disadvantage — develop.

13. From small changes to large differences

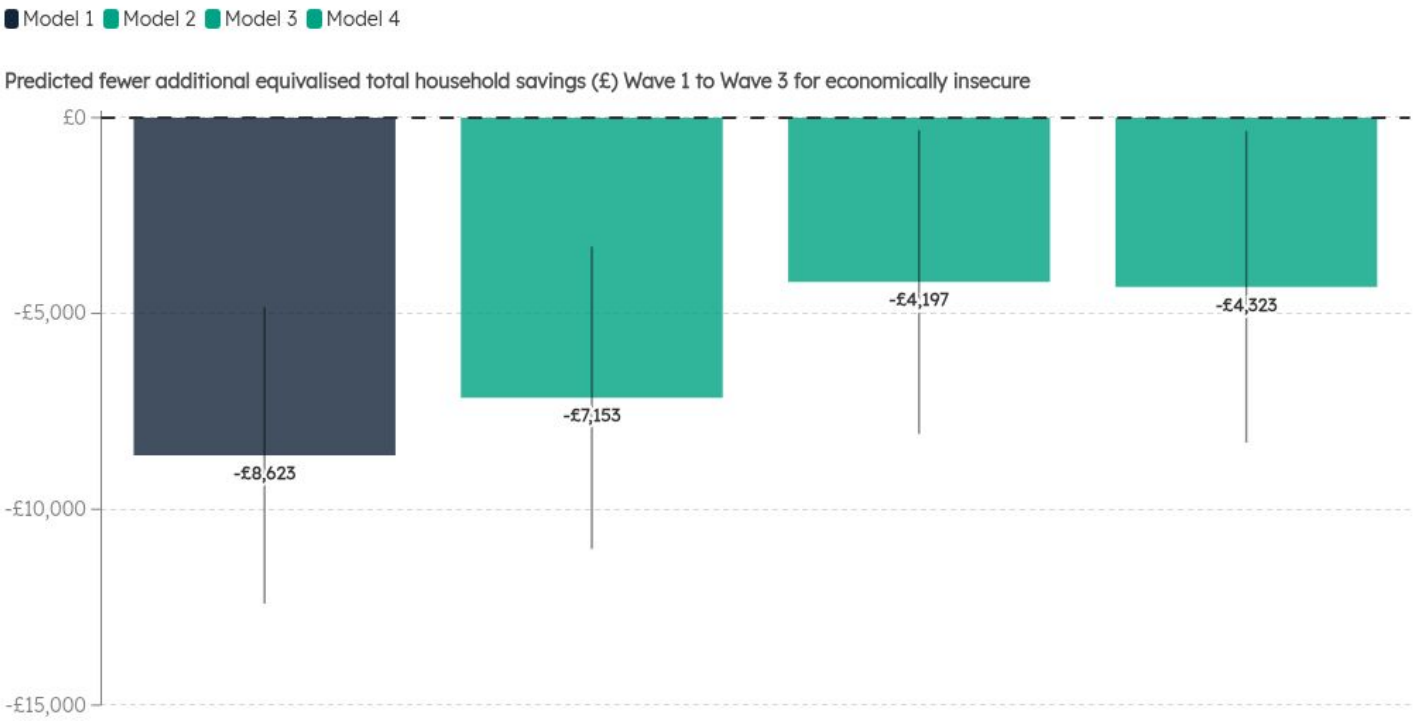
The importance of these relationships becomes clearer when considered over longer periods. Imagine 2 otherwise similar households. Both begin with comparable financial resources. One feels economically secure. The other feels economically insecure. Over the following year, the economically secure household continues to save regularly. The economically insecure household saves less. Initially, the difference may appear relatively small.

But over time those differences accumulate. Larger savings generate greater resilience to unexpected shocks and greater resilience increases economic security. Greater security makes continued saving easier. Meanwhile, the household that saves less remains more vulnerable to future setbacks, making further saving increasingly difficult.

Figure 13 illustrates the practical significance of these differences. In this analysis we take the average total equivalised household savings of someone who was economically insecure in March 2024 (Wave 1) and see by how much this average figure increased and decreased (regardless of any subsequent changes in their economic security) by April 2025 (Wave 3). We then subtract the equivalent change in savings for those who felt economically secure in Wave 1 of our survey.

The values in Figure 13 tell us, on average, how much less economically insecure respondents went on to save within a year than their economically secure counterparts. Negative numbers tell you that we predict that the insecure will have accumulated more savings than the secure between Waves 1 and 3.

Figure 13: Predicted difference in savings accumulation for insecure vs. secure (Wave 1 to Wave 3)



Source: JRF-Nuffield Economic Insecurity Survey, Waves 1–3 (pooled, cross-section). Survey weights. N = 3,269 individuals who answered the questions on total household savings in both Waves 1 (March 2024) and 3 (April 2025) of our survey, and were non-missing on all the featured control variables (not visualised). This figure is based on the savings of a subsample consisting of 1,025 'economically secure' respondents and 1,104 'insecure' respondents, however. Model 1 Controls = Total Equivalised HH Savings (Wave 1). That is, equivalent to a lagged DV model. Model 2 Controls = Model 1 Controls + Age, Gender, Education; Region; Urban-Rural; Disability Status; Ethnic Minority Status. Model 3 Controls = Model 2 Controls + Equivalised HH Income (logged); Housing Tenure, Household Structure, Bad Debts Indebtedness, Occupational Class. Model 4 Controls = Model 3 Controls + Partisan Identity & Subjective Anxiety.
Note: Predicted marginal effects of being economically insecure versus secure in Wave 1 of the JRF-Nuffield Survey (March 2024) on subsequent increase or decrease in total equivalised household savings by Wave 3 (April 2025), alongside 95% confidence intervals. That is, positive numbers tell you that we predict that the insecure will have accumulated more savings than the secure between Waves 1 and 3; negative numbers indicate that they will have accumulated less. Coefficients were derived from an OLS regression with Wave 3 survey weights used for sample representativeness. In general, the figures tell you that, on average, those who were economically insecure in March 2024 tended to accumulate between roughly £8,600 to £4,200 fewer additional new equivalised household savings on average within the next year compared to those who felt economically secure in March 2024, after adjusting for the initial amount of savings that they had (plus a variety of controls from Figure 1, entered into the model sequentially – see below). Do note that these estimates are likely to come with a degree of measurement error, given that they are based on respondents self-placement into 18 (fairly broad) household savings bands in each wave of the survey (prior to equivalisation), which may magnify the gap between respondents compared to if a more fine-grained measure was available. That said, they should still identify a statistically significant tendency for the insecure to accumulate fewer annual savings relative to their more secure counterparts (adjusting for baseline savings), even if the precise value of this differential may be somewhat smaller than the gap demonstrated here.

After accounting for households' initial financial circumstances and a wide range of demographic characteristics, people who reported high economic insecurity at the beginning of the study accumulated substantially less additional household savings over the following year than those who initially felt economically secure. The precise estimates vary depending on the statistical model used — from £8,623 to £4,197.[12] The central finding does not. Economic insecurity today predicts weaker growth in financial buffers over the long term tomorrow.

We also find that the reduced ability to save among the insecure is not limited to those at the lower end of the income distribution. In Figure A4.3 of the appendix, we re-estimate this analysis, excluding those respondents whose household income puts them below the conventional poverty rate. In this sample, the insecure continue to save less (saving between an estimated £9,104 to £4,508 less, depending on the model), further demonstrating that the insecurity trap is not simply a poverty trap.

14. Conclusions: what have we learned?

This report began with a simple question: can economic insecurity become self-reinforcing?

Economic insecurity is usually understood as the consequence of financial hardship. People become economically insecure because they lose their job, their income falls, their housing costs increase or their savings are depleted. These experiences naturally generate anxiety about the future. But our study suggests that this picture is only part of the story.

Across a wide range of analyses, using a panel survey that follows the same people over time, we find consistent evidence that economic insecurity is also part of a dynamic process through which financial vulnerability can reinforce itself. Financial setbacks increase insecurity, but insecurity is also associated with behaviours and experiences that make future financial setbacks more likely. This is what we describe as the economic insecurity trap.

No single statistical analysis demonstrates this on its own. Rather, the strength of the evidence lies in the consistency and complementarity of the findings. Different analyses, examining different outcomes and using different statistical approaches, all point in the same direction. Taken together, they describe a coherent process through which economic insecurity can become increasingly persistent over time.

As part of this overall picture, we have established several important findings.

Economic insecurity is strongly associated with financial resources, but it cannot be reduced to income alone. People with lower incomes are more likely to feel economically insecure, but so too are those with little or no savings, insecure employment, unsecured debts, rented housing and disabilities.

Similarly, poverty and economic insecurity overlap, but they are not identical. Many households above conventional poverty thresholds experience substantial financial insecurity, while some households on relatively modest incomes report comparatively high levels of economic security because they possess financial buffers or face relatively predictable financial circumstances. Economic insecurity therefore captures something broader than material deprivation.

Economic insecurity is also clearly responsive to changes in people's circumstances. Major economic events such as unemployment, declining income and falling savings are all followed by increases in economic insecurity. At the same time, smaller improvements in income or savings are also associated with increasing economic security. The gradual accumulation of financial pressures — reduced working hours, rising housing costs, drawing on savings to meet everyday expenses and borrowing for essentials — contributes to rising economic insecurity.

Economically insecure households are less likely to describe themselves as willing to take financial risks and less likely to report planning for the long term, even after taking account of income, savings and a wide range of other characteristics. When

resources are limited, preserving financial stability today may be considerably more important than pursuing uncertain gains tomorrow.

Nevertheless, these perfectly reasonable and understandable responses may in turn have unintended longer-term consequences — they reduce financial resilience. If households are unable to save regularly or invest in future opportunities because immediate financial pressures dominate everyday decision-making, economic insecurity may become more persistent over time.

Perhaps the most striking findings in the report concern people's expectations about the future. Economically insecure households consistently expect their financial circumstances to deteriorate more than economically secure households. They are more pessimistic about employment prospects, future income and housing costs, and less confident that they could rely on alternative employment opportunities or financial support if needed.

Crucially, these expectations are not simply expressions of pessimism. Households with a high likelihood of economic insecurity are also substantially more likely to experience subsequent unemployment, falling income, declining savings and rising housing costs. The economically insecure are not worrying unnecessarily. On average, they are correctly recognising that they face greater objective financial risks.

Savings provide a clear illustration of the dynamic we have described. Households with greater savings feel more economically secure. At the same time, economically secure households are substantially more likely to continue building savings over

time. Conversely, households experiencing greater economic insecurity save less and expect to save less in the future. Over time, these relationships operate in both directions. Higher savings contribute to greater economic security. Greater economic security makes future saving easier.

This reciprocal relationship illustrates how relatively small differences can accumulate over time. Households that begin with stronger financial buffers become progressively more resilient to future shocks. Households with weaker buffers remain more exposed to financial setbacks, making it harder to accumulate the savings that would improve their future security. Savings therefore provide a particularly clear example of the economic insecurity trap.

All of this does not, of course, imply that everyone experiencing financial insecurity becomes trapped. Many households recover quickly following temporary financial difficulties. Nor does it suggest that economic insecurity is the product of poor decisions. The responses observed throughout this report are often entirely reasonable given the financial circumstances households face.

Our argument is about probabilities and unintended consequences. Across the population as a whole, households experiencing greater economic insecurity are more likely to encounter further experiences that reinforce their insecurity, while households with greater security are more likely to accumulate additional financial resilience. Over time, these small differences can accumulate and become substantial.

The evidence presented tells us that economic insecurity is part of a dynamic process through which financial resources, expectations, behaviour and subsequent economic experiences interact over time. Viewing economic insecurity in this way helps explain why it can persist even when households are not living in poverty, why financial insecurity is often concentrated among those facing uncertain rather than simply low incomes, and why relatively modest financial shocks can have lasting consequences.

The concept of the economic insecurity trap provides a framework for understanding these processes. Rather than treating economic insecurity solely as an outcome of financial circumstances, it encourages us to see insecurity as both a consequence of financial vulnerability and one of the mechanisms through which vulnerability can become self-reinforcing and persist. This is the key message of this report.

Taken together, the findings presented throughout this report describe a process rather than a single event. Financial setbacks increase economic insecurity. Economic insecurity encourages greater attention to immediate financial pressures and reduces opportunities for longer-term planning. Financial buffers consequently grow more slowly. Weaker buffers leave households more exposed to subsequent financial shocks. Those shocks reinforce economic insecurity. The cycle then begins again.

In order to help households break this cycle, policy-makers should focus on the kinds of short-term buffers — on the financial resilience — that help move the cycle in the opposite direction for those who experience economic insecurity. This, we have shown, may help them feel more optimistic about the future because they may indeed be less exposed to financial risks. Feeling optimistic and secure has a wide

range of benefits to people and households, and it may also usher in greater optimism that has wider benefits in economics and politics too. A dynamic understanding of economic insecurity offers a useful insight into the kinds of outcomes that are desirable for both policy-makers and households.

Notes

1. In previous JRF reports we have shown that feelings of economic insecurity are foundational to understanding the decline in support for the Labour Government (Nuffield Politics Research Centre 2025b). Since 2024, feelings of economic insecurity have been strongly associated with people switching their vote choice away from Labour, and the same was true for Conservative losses prior to 2024 (Nuffield Politics Research Centre 2025a).
2. Technical note: Throughout this report we make use of longitudinal statistical models that examine how individuals change across survey waves, rather than simply comparing different groups of people. These models allow us to estimate how changes in circumstances are associated with changes in economic insecurity while accounting for individuals' previous reported levels of insecurity.
3. The 5% of respondents who answered 'don't know' are excluded from the analysis.
4. The small vertical lines on each bar provide a measure of statistical confidence, or the uncertainty around each estimated value: estimates for 2 groups are not significantly different from each other when they overlap.
5. Moreover, poverty can translate inter-generationally, akin to a generational poverty trap: a vicious cycle for many where people cannot exit poverty and cannot afford to provide the opportunities for their children to exit poverty too and to benefit from the increasingly rare experience in British society of social mobility (Eyles et al. 2022; Parolin et al. 2025). Both generations,

parent and child, run greater risks of poverty's extremely damaging effects, making it ever harder to break free of the precarity that keeps people in a 'poverty trap'. This is also known colloquially as the 'Matthew Effect' ('the rich get richer and the poor get poorer').

6. Our previous work has shown that retirees, often on relatively very low incomes, have, on average, some of the highest levels of economic security. This may be due to their wealth buffers and lower outgoings, but it may also be because they face greater certainty in their near-term futures; regular and reliable pension payments and relatively predictable outgoings. Alternatively, feelings of economic insecurity tend to peak in mid-life (Nuffield Politics Research Centre 2025a), between the ages of 35 and 59. This arises due to increases in outgoings associated with having children, mortgage payments and other debts, and a relatively lower level of savings buffers.
7. These questions were items where respondents could agree or disagree (from agree strongly, to disagree strongly) with the statements: 'I am very willing to take financial risks' and 'I tend to focus on planning for my long-term future rather than the short-term'.
8. Even after accounting for differences in age, gender, income, savings, housing tenure and psychological disposition towards greater anxiety, those identifying as economically insecure remain 3–4 percentage points less willing to take financial risks and 1–4 percentage points less likely to focus on long-term financial planning than those who feel economically secure (see Appendix 2).

9. As an illustration, net belief (agreement minus disagreement) with the statement ‘My job prospects are likely to improve in the next 12 months’ is –29% for insecure current workers versus +5% for secure workers. Conversely, net agreement with the opposite statement — ‘My job prospects are likely to worsen’ — is +6% for the insecure but much lower at –44% for the secure. Likewise, the insecure have lower net belief than the secure that their income has a high chance of going up (–40% versus +14%) or that their housing costs will go down (though this is marginal: –69% versus –59%), but higher net belief in the possibility that their income will go down (–15% versus –53%) or housing costs will go up (+69% versus +32%).
10. Following the UK’s Households Below Average Income (HBAI) survey use, we use a modified version of the OECD equivalence scale to adjust household incomes and savings for size and composition. Here, we divide total household income (or savings) by a weight that is equivalent to the weighted sum of the respondent (0.67), all other adults in their household (0.33 * number of adults), and each child aged 17 or under (0.2 * number of children). For instance, a 2-parent family with 2 children and an annual income (or total savings) of £40,000 would receive an equivalised annual household income of £28,571 (40,000 / (0.67 + 0.33 + 0.20 + 0.20). The same is done for the total amount of household savings. Technically, the HBAI survey distinguishes between children aged under (weighted 0.20) and over (weighted 0.33) 14; however, we lack the data to do this in our survey, so went with the more likely category (there being more children aged under-14 than 14–17).

11. Even when excluding those respondents with a household income below the conventional poverty rate (less than 60% of the median household income) we find similar results (see Figure A3.1 of the appendix).
12. In this analysis we take the average total equivalised household savings of someone who was economically insecure in March 2024 (Wave 1) and see by how much this average figure increased and decreased (regardless of any subsequent changes in their economic security) by April 2025 (Wave 3). We then subtract the equivalent change in savings for those felt economically secure in Wave 1 of our survey. The values in Figure 13 tell us, on average, how much less economically insecure respondents went on to save within a year than their economically secure counterparts. The calculation from Model 1 controls for the prior level of household savings (after all, you cannot reduce savings if you do not start with some). Models 2–4 steadily add in the additional variables that we used to predict insecurity in Figure 1. Model 2 adds basic demographics (age, gender, education, region, rural-urban, disability and ethnic minority) status. Model 3 adds in assets and outgoings that materially affect one's ability to accumulate savings. Namely equivalised household income, housing tenure, household structure (relationship and parental status), indebtedness and occupational class. Finally, Model 4 adds partisanship and subjective anxiety. We find that in Model 1 an insecure person would, on average, go on to accumulate approximately £8,623 less in additional (equivalised) household savings than their more secure counterpart within a calendar year. In Model 2, this difference remains substantively the same — the gap only shrinking to £7,153 — after we control for baseline demographics and still stands at £4,197 even

after adjustments for initial assets and outgoings in Model 3.

Appendix

Download the appendix (https://jrf-jrht-brand.frontify.com/share/2o7AgFHMamZxFXsYcuSF) (PDF)

References

Eyles, A. Major, L.E. Machin, S. (2022) Social mobility: Past, present and future (https://www.suttontrust.com/our-research/social-mobility-past-present-and-future/)

House of Commons Library (2026) GDP international comparisons: Economic indicators (https://commonslibrary.parliament.uk/research-briefings/sn02784/)

Joseph Rowntree Foundation (2024) UK poverty 2024: The essential guide to understanding poverty in the UK (https://www.jrf.org.uk/uk-poverty-2024-the-essential-guide-to-understanding-poverty-in-the-uk)

Joseph Rowntree Foundation (2026) UK Poverty 2026: The essential guide to understanding poverty in the UK (https://www.jrf.org.uk/uk-poverty-2026-the-essential-guide-to-understanding-poverty-in-the-uk)

Kearney, M.W. (2017) Cross-lagged panel analysis (https://mikewk.com/clpm.pdf)

Kopasker, D. Montagna, C. Bender, K.A. (2018) Economic insecurity: a socioeconomic determinant of mental health (https://doi.org/10.1016/j.ssmph.2018.09.006)

Mulder, J.D. (2020) Three extensions of the random intercept crossed-lagged panel model (https://doi.org/10.1080/10705511.2020.1784738)

Nuffield Politics Research Centre (2025a) Addressing key voters' economic security is vital for all parties (http://jrf.org.uk/public-attitudes/addressing-key-voters-economic-insecurity-is-vital-for-all-parties)

Nuffield Politics Research Centre (2025b) Economic security as Labour's electoral foundation (https://www.jrf.org.uk/public-attitudes/economic-security-as-labours-electoral-foundation)

Parolin, Z. Pintro-Schmitt, R. Esping-Andersen, G. et al. (2025) Intergenerational persistence of poverty in five high-income countries (https://doi.org/10.1038/s41562-024-02029-w)

Rohde, N. Tang, K.K. Osberg, L. Rao, P. (2016) The effect of economic insecurity on mental health: Recent evidence from Australian panel data (https://doi.org/10.1016/j.socscimed.2015.12.014)

Tims, S. Belfield, C. Aref-Adib, C. (2026) Weak income growth leaves people with little resilience to shocks (https://www.jrf.org.uk/income-savings-and-debt/weak-income-growth-leaves-people-with-little-resilience-to-shocks)

YouGov (2026) April 2026: Household finance measures plunge as consumer confidence falls for the second month in a row (https://yougov.com/en-gb/articles/54664-april-2026-household-finance-measures-plunge-as-consumer-confidence-falls-for-the-second-month-in-a-row)

About the authors

Jane Green is Professor of Political Science and British Politics at Nuffield College and the Department of Politics and International Relations, Nuffield College, Oxford.

Geoffrey Evans is University Professor of the Sociology of Politics and Official Fellow in Politics, Nuffield College, Oxford.

Justin Robinson is a Postdoctoral Researcher at the Nuffield Politics Research Centre, Nuffield College, Oxford.

Zack Grant is a Postdoctoral Researcher at the Nuffield Politics Research Centre, Nuffield College, Oxford.

How to cite this report

If you are using this document in your own writing, our preferred citation is:

Nuffield Politics Research Centre (2026) The economic insecurity trap. York: Joseph Rowntree Foundation.