MONEY ADVICE TRUST

M&G

Life events and safety nets

SUMMARY OF FINDINGS

Building financial resilience to better manage life's setbacks

October 2026

Introduction

We've long known that unexpected life events are a leading cause of financial difficulty for the people we support (affecting a quarter of National Debtline clients). What we've understood less clearly is why some households can weather these shocks while others struggle.

This is why we commissioned the Personal Finance Research Centre (PFRC) at the University of Bristol, with funding from M&G, to help fill this gap and generate the evidence needed to inform future policy and practice. It raises important questions about whether current safety nets reflect the realities of people's lives, how support can be provided earlier to prevent financial shocks becoming financial crises, and what role government, employers and financial services should play in building a more resilient system.

We hope it provides a foundation for a wider discussion about how people can be better supported when life events occur.

Life events are all too common and can quickly undermine financial resilience

Life events are not rare occurrences affecting a small minority. Around one quarter of adults aged 25-55 experience a significant life event in a typical year, rising to more than half over a three-year period. Bereavement, income shocks, serious illness and relationship breakdown are among the most common experiences. Multiple life events are also common, affecting almost one in five adults over three years.

Unfortunately, experiencing a life event is often associated with worse financial outcomes. One in five people report financial difficulties following a life event, while repeated events significantly increase the likelihood of debt, missed payments and financial strain. Among all life events examined, loss of working hours, job loss and relationship breakdown had the strongest links to financial hardship. This research shines a light on the scale of the challenge, revealing how widespread financial vulnerability is when unexpected life events occur.

Financial outcomes depend on more than the life event itself

But the research reveals that life events alone do not lead to financial hardship and that life events do not affect everyone equally. The outcomes people experience are shaped by the event itself and their underlying situation. Five factors in particular are associated with an increased risk of financial difficulty:

- Existing debt commitments
- High housing costs
- Barriers to employment or returning to work
- Difficulties accessing social security support
- Reliance on a single household income

People's exposure to life events and financial shocks is not evenly distributed either. Lower-income households are more likely to experience events such as job loss, illness and relationship breakdown, while younger adults are more likely to face income shocks and the costs of a new child. Many of these groups are among the least able to absorb the financial impact when shocks occur.

What is clear is that resilience is shaped not only by individual choices but also by wider economic circumstances and access to support.

Around

1 in 4

adults aged 25–55 experience a significant life event in a typical year.

Safety nets matter, but many people lack adequate protection

Despite recognising the importance of financial preparedness, only 7% of adults felt fully prepared for a major life event. Preparedness was lowest among those who had already experienced multiple life events, suggesting resilience can be eroded over time.

Most workers reported access to at least one financial safety net, including savings, sick pay, support from family and friends, or another household income. However, access was uneven, with lower-income households, part-time workers and self-employed workers significantly less likely to have meaningful protection available.

Savings were a particularly effective safety net, with people holding multiple savings products consistently experiencing better outcomes after a life event. However, households already receiving benefits faced greater financial difficulties, and many safety nets proved insufficient when shocks were prolonged or occurred in quick succession.

Only

7%

Approximately 1 in 14 adults

of adults felt fully prepared for a major life event.

Building resilience requires action across the system: key recommendations

A stronger system of financial resilience will require action across government, employers, creditors and support organisations to ensure households can both weather shocks and rebuild afterwards.

1 Strengthen income protection

Improve income protection for workers by enhancing Statutory Sick Pay and extending protections for self-employed and non-standard workers.

2 Build household financial resilience

Support households to build and rebuild financial buffers through savings incentives, payroll savings schemes and greater access to income protection products.

3 Improve social security and crisis support

Strengthen the adequacy, speed and accessibility of social security and crisis support to prevent temporary financial shocks becoming long-term hardship.

4 Support people to remain in work

Encourage employers to provide flexible working, paid carers' leave, workplace adjustments and return-to-work support to help people maintain employment during periods of illness or caring responsibilities.

5 Strengthen support from creditors

Build on the principles of the FCA's Consumer Duty to ensure fair treatment for all individuals who undergo a life event and experience debt issues as a result, and strengthen support from public and private sector creditors in areas such as income maximisation.

6 Expand access to advice and support

Improve access to debt advice, guidance and joined-up support services, alongside better signposting at key life events.

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Acknowledgements

We are pleased to have worked with Sharon Collard, Sara Davies & Jamie Evans from the University of Bristol's Personal Finance Research Centre (PFRC) and have greatly appreciated all their dedicated work on the full, detailed research report:

https://www.bristol.ac.uk/geography/research/pfrc/recent-publications/

With thanks to M&G

The life events research project is kindly supported by M&G. Their support has been instrumental in enabling us to commission the in-depth research presented here, as part of our ongoing partnership focused on life events and financial resilience.

While M&G have provided support to the project, all views and opinions expressed throughout are solely those of the Money Advice Trust.

Money Advice Trust

The Money Advice Trust is a national charity working to prevent financial difficulty and remove problem debt from people's lives.

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