

# NO MONEY, MORE PROBLEMS

## RECONSIDERING ASSET-BASED WELFARE



Briefing note for parliamentarians | April 2025

**SUMMARY:** A new [report](#) by the [Fairness Foundation](#), covered in yesterday's [Observer](#), makes the case for refocusing policymaking efforts on giving everyone the opportunity to build up financial assets, given the huge impact that this has on individual life outcomes as well as on economic growth and social cohesion.

[Browse the report online](#) | [Read the PDF version](#) | [Read the Observer article](#)

**Wealth inequality is now in the mainstream, and yet asset-building policies that would help ensure that everyone has some wealth remain on the periphery of public policy debate. As well as focusing on policies that address extreme wealth policymakers should reconsider earlier experiments in asset-based welfare and build support for these interventions alongside wealth taxes. This is especially important in the context of an increasing body of evidence showing the positive impacts of owning even modest amounts of financial assets on wages, mental and physical health, and civic participation (and the negative implications for all of these outcomes of not owning financial assets, or being in debt).**

New analysis of the ONS Wealth and Assets survey for the Fairness Foundation by Dr Ben Tippet at King's College London lays bare the scale of the problem:

- While the proportion of individuals with zero or negative financial wealth in the UK has decreased from 26% in 2008-10 to 21% in 2020-22, concerning trends persist.
- The average level of financial debt among individuals with negative wealth has grown from £5,008 in 2008-10 to £8,313 in 2020-22.
- Financial wealth varies significantly across regions and age groups. Nearly one-third of 25-to-34-year-olds have zero or negative wealth. 28% of working-age adults in Wales have zero or negative financial wealth, compared to just 18% in London and 19% in the South East. 47 of 25-to-34-year-olds in Wales have zero or negative financial wealth.

These statistics are even more worrying given what we know about the impacts on life chances and outcomes of owning even modest financial assets:

- As well as providing a buffer against economic shocks, financial assets have profound positive impacts on wages and employment prospects. For example, men with assets at age 23 earn 5% higher wages at age 33, while women at 23 with over £1,000 in assets see a wage premium of up to 11%.
- Financial assets are strongly correlated with better physical and mental health outcomes. For example, women with assets over £1,000 at age 23 are significantly more likely to report "excellent" health later in life than their peers without assets.
- Individuals with financial assets are more likely to vote, volunteer, and engage in society more broadly.

Revisiting policies like Child Trust Funds (which demonstrated the potential to reduce asset inequality early in life and improve life outcomes) or other similar progressive asset-building policies could help to democratise access to financial resources. This agenda could be connected to policy proposals that focus on restricting wealth concentration, such as a wealth tax or other taxes on wealth, with the funds raised from these taxes being used to support asset-building policies. This would ensure that everyone can benefit from the advantages of owning at least some financial assets.

### SUGGESTED PARLIAMENTARY QUESTIONS

- Given that millions in the UK have little or no financial buffer, what strategy does the government have to tackle the growing wealth divide and promote widespread access to savings and asset ownership?
- What is the government's response to evidence that a large proportion of UK adults have no financial assets, and how does it plan to mitigate the economic and social risks associated with widespread asset poverty?

For more information contact Will Snell, Chief Executive, on [will@fairnessfoundation.com](mailto:will@fairnessfoundation.com) / 07928 858882