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£17.5m today is equivalent to £1m in 1958

- Someone would need £17.5 million today to enjoy the equivalent lifestyle of a person with £1 million half a century ago
- There are an estimated 376,000 millionaires in the UK*
- The value of £1 million will be cut by nearly two-thirds over the next 50 years if retail prices rise in line with the government's inflation target of 2% a year
- When today's 50 year old reaches the age of 60 in 2018, £1 million will be worth £820,348 in today's terms, based on inflation of 2% a year. This compares to today's 20 year old whose £1 million will be worth £452,890 when they are 60 years old in 2048

Martin Ellis, chief economist at Halifax Financial Services, commented:

"£1 million is still a lot of money, even though inflation has substantially eroded its purchasing power over the past half a century. Although £1 million cannot fund the lavish lifestyle it once could, it can still go a long way with careful financial planning."

KEY FINDINGS

£17.5 million today would be required to enjoy the equivalent lifestyle of a person with £1 million half a century ago.

A 17.5 fold increase in retail prices during the past half century means that someone would need £17.5 million today to enjoy the equivalent lifestyle of a person with £1 million in 1958, according to new research from the Halifax Financial Services.

Alternatively, £57,143 in 1958 would have had the equivalent spending power to £1 million today.

Today's equivalent to £1m in the past

1958	£17.500m
1968	£12.991m
1978	£4.297m
1988	£2.009m
1998	£1.318m
2008	£1.000m

* According to estimates by the economic consultancy, cebr (The cebr Forecasting Eye, 14th August 2006). Figure relates to 2006.

Inflation will significantly erode the value of £1 million over the next 50 years even at 2% per year. Looking forward, even low rates of inflation would still greatly diminish the spending power of £1 million over the coming years. The value of £1 million will be cut by nearly two-thirds over the next 50 years if retail prices rise in line with the government's inflation target of 2% a year. In this event, someone would need £2.7 million in 2058 to fund the same lifestyle as an individual with £1 million today.

£1m is worth more to someone aged 50 today compared to a 20 year old. The impact of inflation on spending power means that a lump sum of £1 million is worth more to a 50 year old than a 20 year old. When today's 50 year old reaches the age of 60 in 2018, £1 million will be worth £820,348 in today's terms. This is in sharp contrast to today's 20 year old whose £1 million will be worth £452,890 when they are 60 years old in 2048. (Calculations are based on annual inflation of 2% a year.) Successful investment, however, can change this conclusion with a younger person having the opportunity to accumulate interest at a rate above inflation for longer.

£1m still remains a considerable sum. Whilst £1m no longer finances the lavish lifestyle that it did half a century ago, it remains a substantial amount of money. For example, placing £1 million in a high interest savings account paying 5% would yield gross interest of £50,000 per year, or £38,889 after tax (assuming no other income).

Editors' Notes

The calculations in this release are based on ONS inflation figures. Source: Long term indicator of prices of consumer goods and services (code:CDKO)

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