

## **AUSSIES PUT PLANS FOR FUTURE ASIDE AS THEY FACE RISING COST OF LIVING PRESSURES**

*New research from Real Insurance uncovers the real concerns of Aussies*

**SYDNEY, May 2019** – Close to 9 in 10 (88.5%) Aussies under 55 admit they are concerned by life's daily expenses and the burden of keeping up with increasing living costs. Rising energy and fuel prices, slow wage growth, job insecurity, economic instability, and the cost of healthcare top the list as key financial-related concerns. Whilst long-term saving goals, such as owning a home, planning a family, investing in a university education or building a nest egg for retirement seem out of reach for many Aussies.

*The Real Concerns Index*, is the first annual index, commissioned by Real Insurance, that aims to uncover the real concerns and shifting beliefs of Aussies. With over 5,000 surveyed, current matters were rated out of 100 including family; financial; work and education; health; technology, climate change and environment to determine the overall Concern Index scores. Average Index scores were then determined, indicating the top areas of concerns for Aussies. The following concerns came out on top: financial constraints (51.4/100); climate change and environment (49.9/100) and work and education (46.8/100).

The financial concern index score further highlights the anxieties under 55s have with the rising costs of living and the drivers behind not being able to reach long-term saving ambitions.

Dr. Yashar Tarverdi, economist and lecturer at The School of Economics, Finance and Property at Curtin University, believes the research provides an insightful outlook into the current disposition of Australian households:

“The Real Concerns Index provides a fresh and novel perspective of existing pattern in some of the important economic indicators. It demonstrates how economics could have a multidimensional effect on households and could ultimately alter how they feel about their future.”

### ***Local Economy: More than half of surveyed Aussies under 55 are concerned about instability in the economy***

More than half (56.3%) of Aussies revealed apprehensions with the local economy, with the impact on local job opportunities, security and wage growth (66.1%) being at the crux of this concern. On top of this, poor political leadership and policies (58.6%) and the impact of global economic downturn (42.9%) are also contributing factors.

### ***Wage Growth and Job Security: Aussies under 55 see slow wage growth and poor job security impacting a rise in cost of living***

Based on the rising concerns so many Aussies have around the instability of the local economy and the impact on wage growth and job security, those under 55 have expressed angst with wage growth not keeping up with the rising cost of living. More than two-thirds (68.5%) surveyed say that wage growth is not aligning with rising living costs, ultimately leaving this group in a position of simply keeping up with daily expenses without the ability to save for future assets.

### ***Climate Change: Rising costs of resources and alternative solutions provide uncertainty for Aussies under 55***

The rising cost of resources and alternative solutions provide uncertainty for those under 55, with close to four in five (78.3%) surveyed concerned about the rising cost of energy and fuel. Unmonitored price rises are the key contributing factor for this concern (78.7%), followed by little to no certainty around renewable energy alternatives (51.6%) and the influence of environmental lobbying (24.4%).

### ***Health concerns: Aussies under 55 are faced with the expense of living a healthy lifestyle***

According to the index, those under 55 are struggling just to keep up with rising living costs, and therefore maintaining a healthy lifestyle is proving to be harder to achieve. More than half of those surveyed indicated that living healthy is becoming too expensive (64.4%). Key drivers for this concern include, cost of healthy food choices (80.5%) and private health insurance (69.3%).

### ***Home ownership, starting or growing a family, tertiary education and retirement funds: Aussies under 55 struggle to reach long-term saving goals***

The prospects of saving for long-term goals are becoming more unachievable, with Aussies just trying to keep up with the cost of living - but even saving for emergency expenses is not feasible. Close to 7 in 10 (67.6%) of those surveyed are concerned about not having enough savings in case of emergencies.

Even reaching long-term goals of home ownership are becoming unattainable with more than half of Aussies (56.1%) under 55 feeling they cannot get into the property market in its current state.

A third (32.8%) of Aussies under 55 are even prolonging starting or growing a family, of these individuals more than three in five (62.1%) admit this is due to financial constraints.

Ambitions to earn a degree even seem out of reach with more than two in five (44.8%) of those under 55 feeling uneasy with the cost of university and tertiary education fees for the next generation, fearing they will start their adult life with debt and an irrelevant qualification.

Furthermore, saving enough money to cover the whole of retirement is an increasing barrier, with close to three quarters of Aussies (70.9%) citing this as a key concern. For these individuals, the factors driving this concern include, difficulty saving enough in time (54.0%) and maintaining a standard of living while retired (53.4%). In addition, just under half (46.9%) claim they are not clear as to how much they need to save for a comfortable retirement.

Real Insurance spokesperson, Travis Hall, says the Index provides a fresh perspective into what everyday Aussies are concerned about:

“What we’ve found from the index is the concern many have in relation to managing their day to day living costs in the face of constant increases which is impacting people’s ability to adequately prepare for the future.

“This is a real risk for families across the nation and could have a significant economic impact, particularly as Aussies plan for longer-term goals including starting a family or paying for a degree.”

### **State-by-state: Highest to lowest financial concerns**

- Highest: Wide Bay (61.0) have the highest Financial Concerns Index scores, followed by Sydney – Blacktown (58.9). Adelaide – South (57.6), Moreton Bay – North (56.5), and Darling Downs – Maranoa and the Gold Coast (both 54.8) also having high Financial Concerns Index scores.
- Lowest: While Western Australia specifically in Perth – Inner City (45.4) and South West (46.1) have the lowest Financial Concerns Index Scores; followed by Sydney – City and Inner South (46.6); Brisbane Inner City (47.9) and Melbourne – North East (48.1).

For access to the full *Real Concerns Index*, national or state-based infographics or any additional supporting information please visit the Real Insurance website:

<https://realinsurance.com.au/news-views/the-real-concerns-index>

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### **About 'The Real Concerns Index'**

The Real Concerns Index is the first annual index, commissioned by Real Insurance. The research explores the concerns of Australians on a number of key financial and emotional issues and explores the key drivers behind these to determine what is worrying everyday Australia at a national, state and regional level.

The index is based on research commissioned by Real Insurance and conducted by CoreData in April 2019 and was conducted via a quantitative online survey targeting 5,029 Australians aged 18+:

- Under 55s – refer to the main sample of Australians aged 18 to 54. There were 4,779 valid complete responses from Under 55s
- Over 55s – refer to the control sample of Australians aged 55 to 64. There were 250 valid complete responses from Over 55s
- All respondents were asked to answer from 'no concern at all' to 'very strong concern' on a diverse set of questions spread across the following categories:
  - Family
  - Financial
  - Work and Education
  - Health

- Technology
- Climate Change and the Environment
- All indices are defined on a 0 to 100 scale, whereby:
  - 0 is no concern at all
  - 25 is minimal concern
  - 50 is reasonable concern
  - 75 is considerable concern
  - 100 is very strong concern
- Each category index score is a roll up of averages of the concerns sitting within the category. The Overall Index score in turn is the roll up of averages of the six categories.
- When referring to the percentages of concern, these are the sums of those who answered each 'concern' as follows: reasonable concern, considerable concern and very strong concern.
- For each 'concern' answered, a specific set of 'drivers of concern' were asked.

### **About Real Insurance**

Real Insurance is an award-winning Australian Insurer specialising in life, income protection, funeral, pet, car, home, travel and bike insurance. In the market since 2005, Real Insurance has protected the quality of life of many Australians, through the delivery of innovative and affordable products. Real Insurance has been the recipient of the Feefo Gold Trusted Service Award 2019, Readers Digest Quality Service Award in the life and funeral insurance categories 2019. Real Insurance is a trading name of Greenstone Financial Services Pty Ltd and The Hollard Insurance Company Pty Ltd.