



## A snapshot of money and life issues facing Australians in 2021



# ABOUT THE RESEARCH

This is the second edition of the Financial Planning Association of Australia's Money & Life Tracker. The latest research, the 2021 Freedom Edition, follows up the 2020 COVID Edition which tracked the initial response to the global coronavirus pandemic and the consequences for a broad cross section of the Australian community.

In August and September 2021, the FPA again surveyed 2,005 Australians to discover how the COVID-19 pandemic and consequent economic lockdowns had affected their work, income, financial habits and outlook. The research was undertaken by Pureprofile at a time when governments around the country had agreed a roadmap out of lockdowns as the primary response to the pandemic. Instead, stepped vaccine rates would restore incremental freedoms to people in most states who have been subject to strict stay at home regimes.

The research is undertaken as part of the FPA's 21st annual Financial Planning Week in Australia (4-9 October 2021), coinciding with the international World Financial Planning Day and World Investor Week urging citizens to treat their financial wellbeing with the same attitude they treat their health or professional concerns. Seek advice, set a plan, establish good habits and check in regularly to make sure you are on track.

# INTRODUCTION

Financial Planning Week is about inspiring Australians from all ages and walks of life to consider their personal finances and find out how a financial plan will give them greater peace of mind and security.

As part of Financial Planning Week, the FPA has commissioned research to provide a snapshot of how Australians view their personal finances and the steps they take to manage their affairs. This year's Money & Life Tracker: Freedom Edition was researched and written with much of the East Coast still under lockdown to combat the Delta variant of COVID-19, but with rising vaccinations providing a clear path back to those restrictions being lifted.

It reveals that around a third of Australians had their income or ability to work affected by lockdowns, and that almost a fifth of Australians did not have enough in savings to support themselves through that period.

But it also highlights that many Australians have used the pandemic to reconsider their finances – spending and saving habits, budgeting and planning – and have an appetite to make changes. The pandemic has been a sharp reminder for everyone to have a financial plan in place, not only as a road map to achieve their goals, but also as a contingency for unforeseen events.

Research findings show there has been an increase in Australians seeking professional financial advice and having a financial plan in place. Further, 6.5% of Australians are embracing digital platforms to receive advice.

It's great to see financial planners guiding thousands of everyday Australians through the financial stress created by the pandemic. The Money & Life Tracker reveals there's been increased engagement between Australians and their financial planner in the last 12 months to seek reassurance for personal finances or build a financial plan.

There is life beyond the current situation. As we head into Financial Planning Week 2021 I recommend everyone to consider how professional advice can help them take control of their finances, achieve their goals and deliver peace of mind, now and in to the future.



A handwritten signature in black ink, appearing to read 'Dante De Gori', written over a circular scribble.

**Dante De Gori CFP®**

Chief Executive Officer, Financial Planning Association of Australia

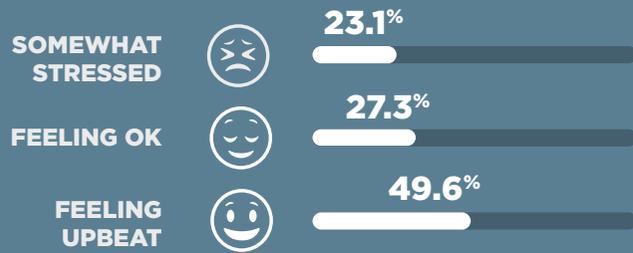
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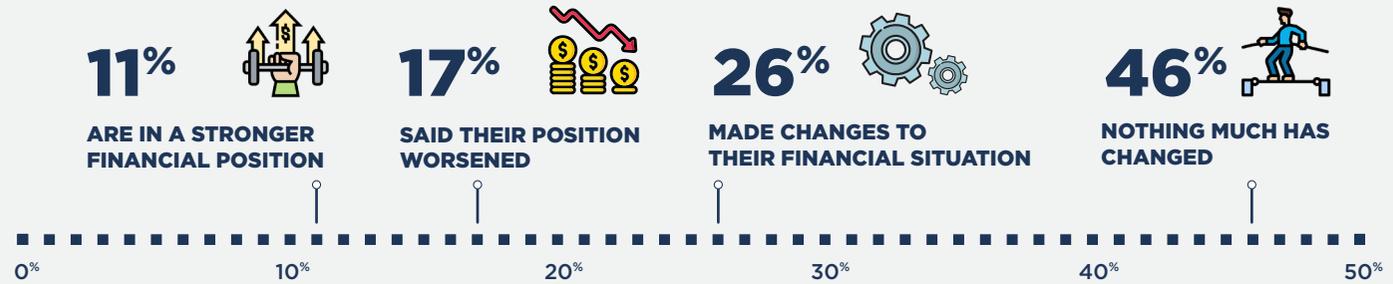


### A SNAPSHOT OF HOW 2,000 AUSTRALIANS HAVE FARED SINCE COVID-19

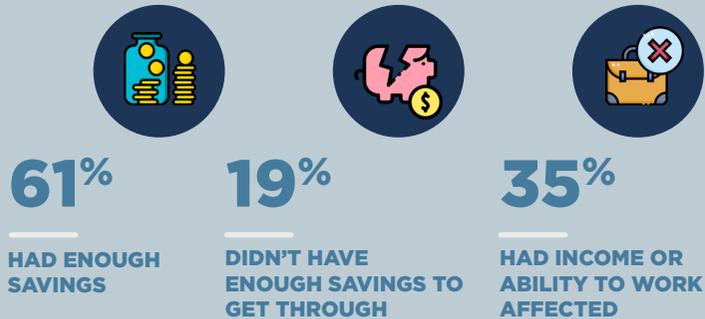
#### HOW AUSTRALIANS ARE FEELING ABOUT THEIR FINANCES IN THE SECOND YEAR OF THE PANDEMIC



#### HOW HAVE AUSTRALIANS' FINANCIAL POSITIONS CHANGED SINCE THE PANDEMIC BEGAN?



#### WHEN ASKED IF THEY HAD ENOUGH SAVINGS TO SUPPORT THEMSELVES



#### TOP FINANCIAL GOALS OVER THE NEXT 12 MONTHS



#### IN HINDSIGHT, HOW COULD YOU BE IN A BETTER FINANCIAL POSITION?



#### TOP 3 CHANGES MADE BY AUSTRALIANS TO DEAL WITH COVID-19



#### FOR AUSTRALIANS WHO SEE A FINANCIAL PLANNER



#### FPA'S TOP TIP ON BEING FINANCIALLY SAVVY

Make an appointment with an FPA member who is a qualified financial planner.

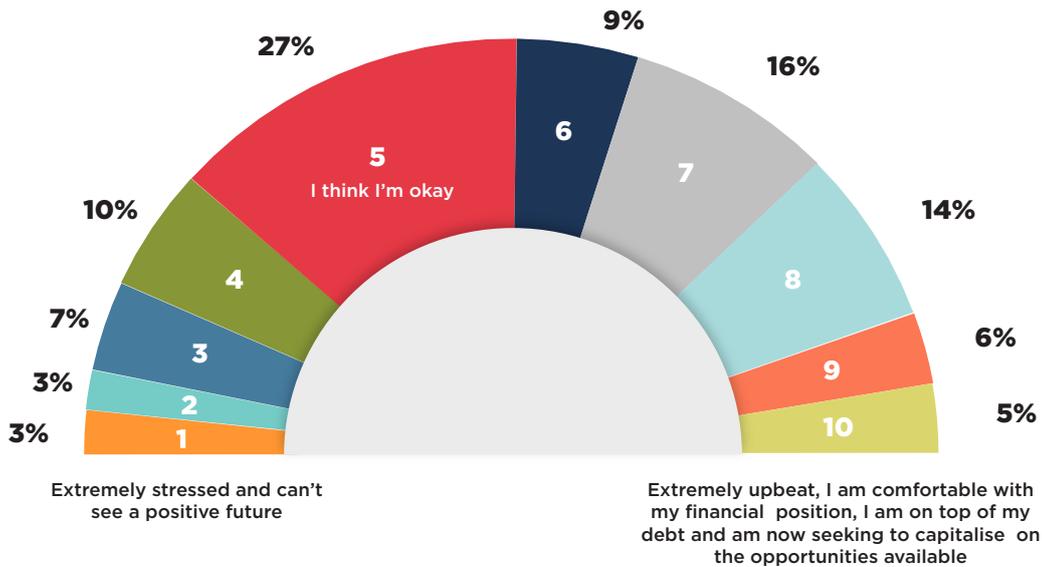
Head to FPA's **Match My Planner** to reach a CFP® professional, or search the **Find a Planner** directory

# EXECUTIVE SUMMARY

The COVID-19 pandemic has been a defining event for this generation. People’s livelihoods, social habits and outlook have been irrevocably changed by the pandemic and the response by governments around the world.

In Australia, the pandemic has served as a wake-up call to many Australians about how they manage their finances and how to prepare better for a future marked by the shadow of further outbreaks and ongoing effects on society. Nearly one in four people said they were somewhat stressed by their financial situation, and 17% said their situation had worsened in the past 12 months.

## On a scale of 1-10 how would you rate your current financial position?

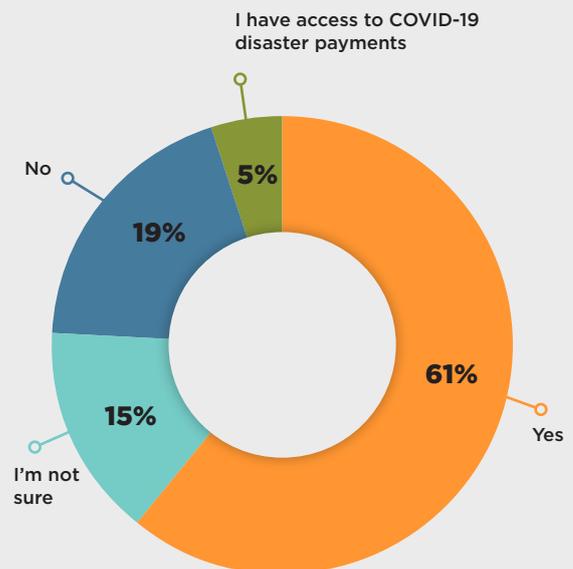


This year’s survey showed savings habits have improved, planning and budgeting are back in vogue and, as rising vaccination rates pave the way for the removal of lockdowns, Australians’ outlook for the economy is more confident than it has been previously.

Understandably, many would like to have a holiday as stay at home restrictions are lifted – ranked among the top three priorities by more than half of respondents. However hitting a savings goal trumped the urge to get away, a testament to the pandemic’s influence on financial priorities.

Lessons from the lockdowns included being more frugal – particularly noticeable among older respondents, who were less inclined to increase savings or pay down debt. Nearly a third of respondents said their income or ability to work had been affected by the pandemic, and a similar proportion said they did not have or did not know if they had enough savings to get through. In hindsight they would have created a budget, increased savings earlier, paid down debts and been more frugal with their lifestyle choices.

## Did you/do you have enough in savings to support yourself/your family through the lockdown period?



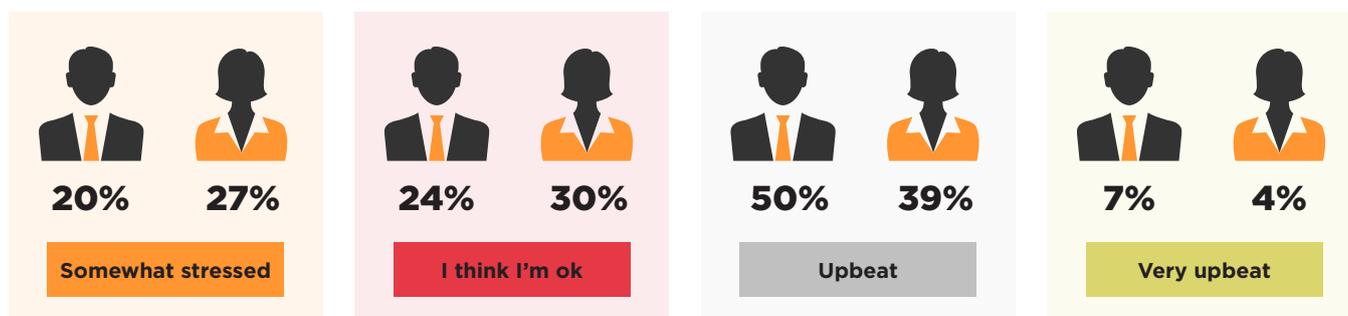
# COVID-19 IMPACT: HOW BEHAVIOUR CHANGED

The research highlights the different impact of the pandemic across society. On the spectrum of responses to the question about people's financial circumstances 23% were somewhat stressed and 27% felt OK about their circumstances.

In keeping with other research on the disproportionate impact of the pandemic on women's work and home lives, the survey revealed women were more negative than men about the financial effects (27% vs 20% somewhat stressed and 30% vs 24% feeling OK). Men were more buoyant (50% vs 43%) and this carried over to their verdicts on what had changed in 12 months: 14% of men felt they were in a much stronger position, compared to 9% of women, and 15% of men felt in a worse position against 19% of women.

Financial stress was equally felt across age groups, although a little more among 55-59 year olds. Older generations were also the most likely to say nothing had changed in their circumstances since last year – the majority of 50-65 year olds. Those aged 30-39 were the least likely to say their situation was unchanged and the most likely to say they had made some changes to their financial arrangements.

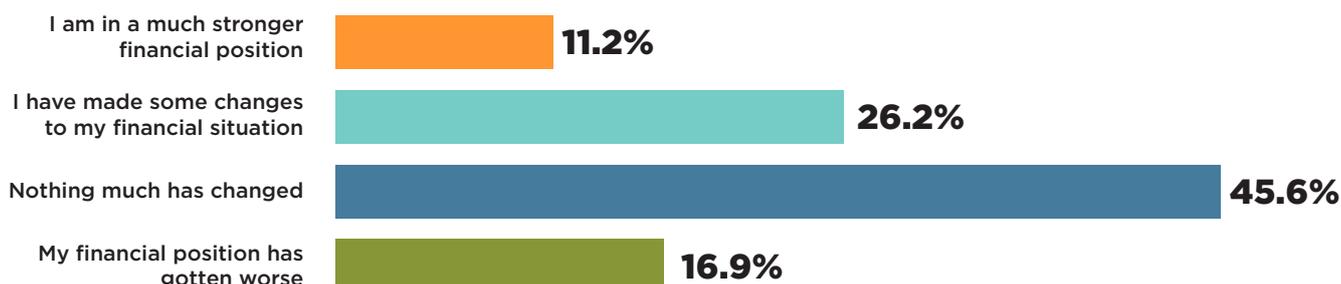
## How do men and women feel about their current financial position?



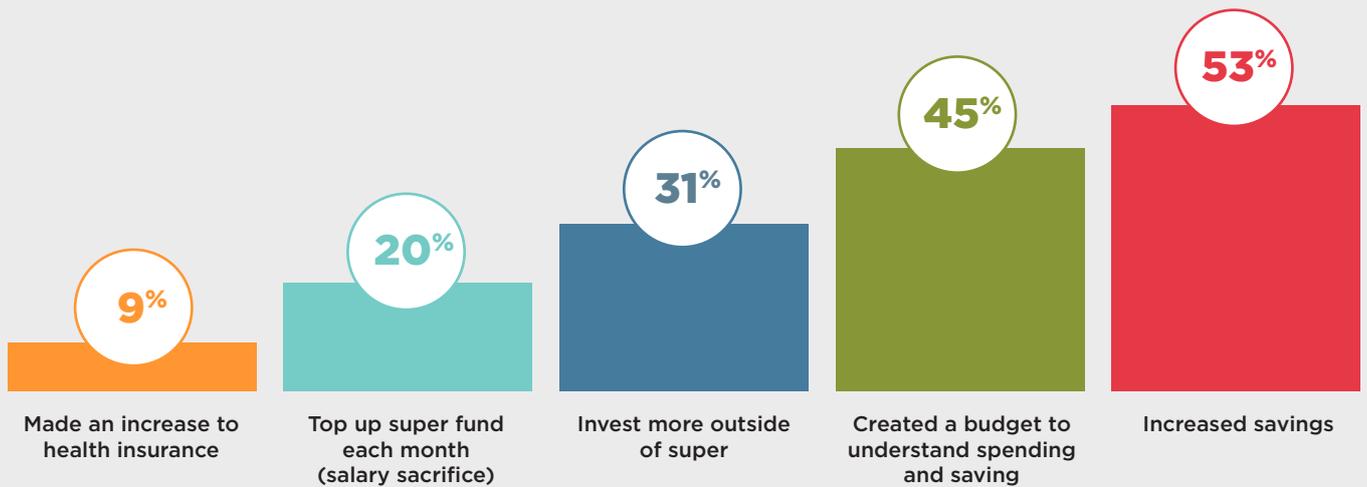
Encouragingly, Australians have stayed focused on their new financial habits 12 months on from the last survey. Behavioural changes that were revealed last year have strengthened, as people prioritise being more frugal about their lifestyle choice (44.7% in 2021 vs 30.8% in 2020); increase their savings (43.9% in 2021); focus on paying down debts – including mortgage and credit card debt – (41.3% in 2021 vs 23.3% in 2020); and creating a budget to understand what they are spending and saving (38.6% in 2021 vs 23.2% in 2020).

Again there were differences, with more women than men inclined to set a budget and reduce frivolous spending, but the gender balance reversed when it came to actions such as topping up super, increasing savings, increasing health insurance coverage and investing more outside super. Those 30-34 years old showed the highest propensity to make changes in response to the pandemic – particularly budgeting and saving – but were the least inclined to be more frugal about their lifestyle choices.

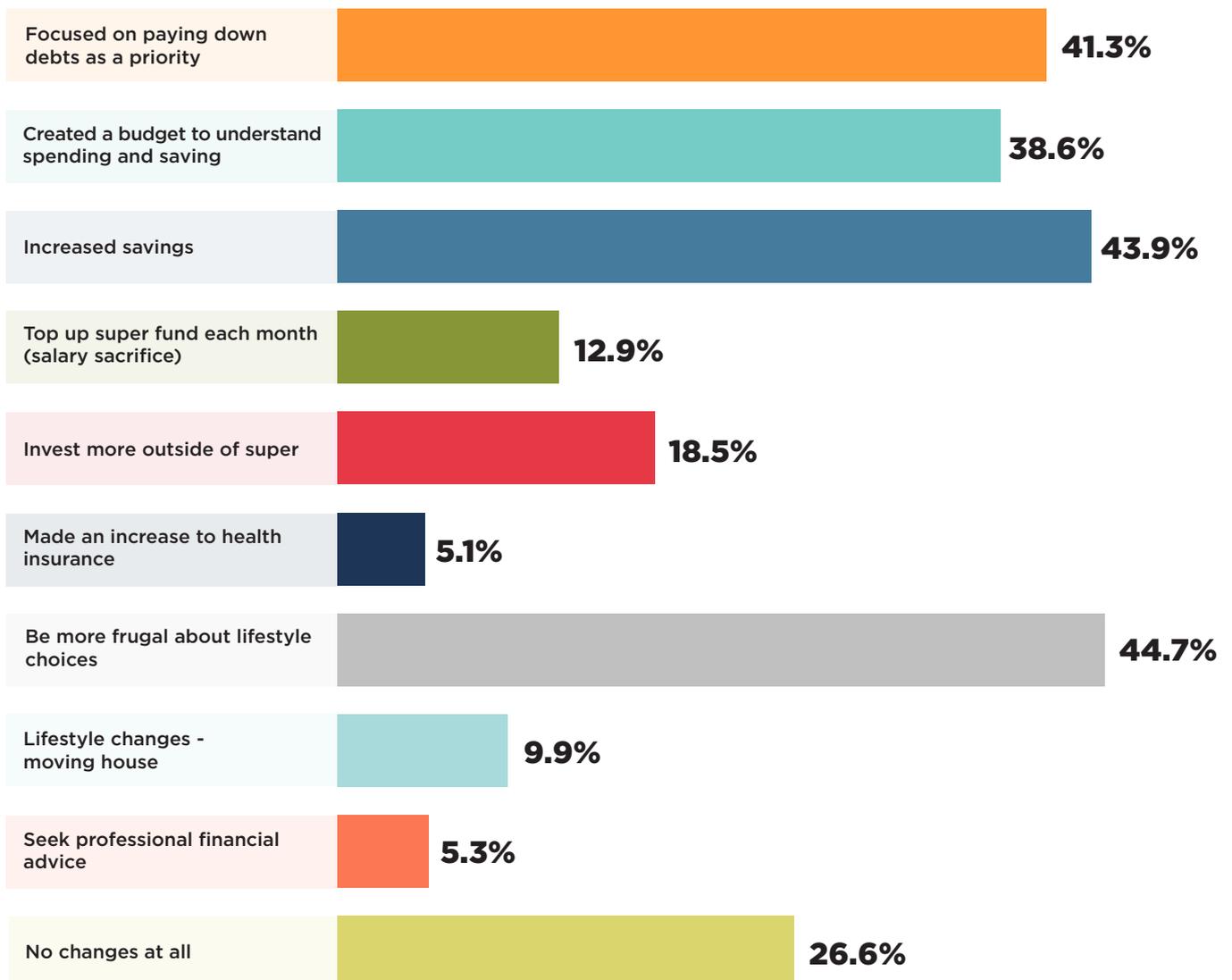
## How has this changed from October 2020?



## What are the biggest changes 30-34 year olds have made in response to the global pandemic?



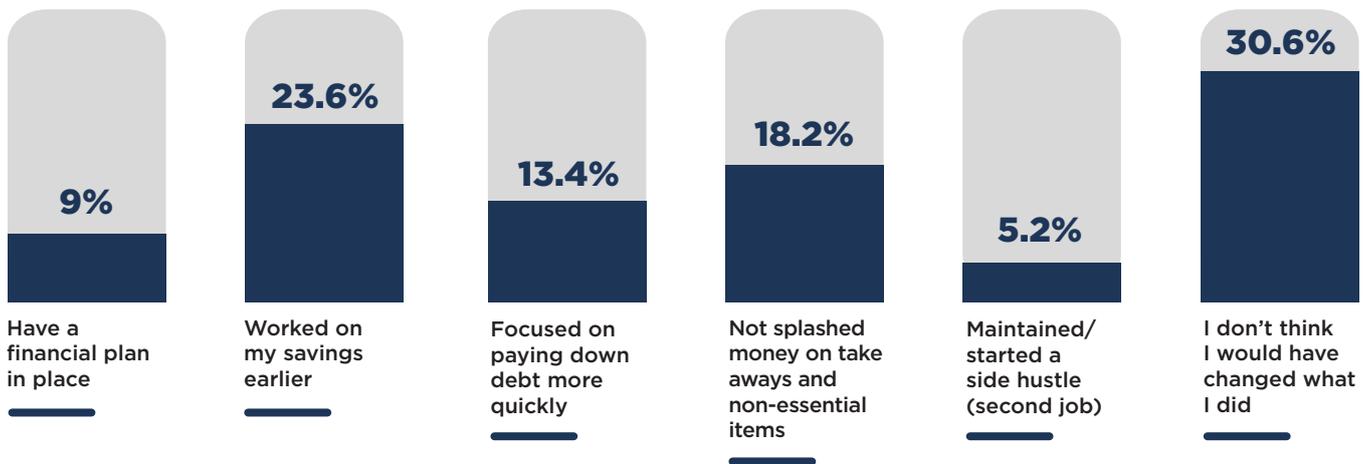
## What are the biggest changes people have made in response to the global pandemic?



# PRIORITIES: WHAT WOULD YOU DO DIFFERENTLY?

Looking back on what they could have done differently to put themselves in a better financial position, nearly one third of respondents said they would not have changed anything. But there was still 69% of respondents who said they would have made changes, headed by 24% who said they would have started working on their savings earlier. Another 18% said they would have splashed less on takeaway food and non-essential items, while 13% would have paid off debt earlier. Another 9% said having a financial plan in place would have helped while just 5% said they would have started or maintained a side hustle to grow their income.

## In hindsight, what do you think you could have done differently to be in a better financial position?

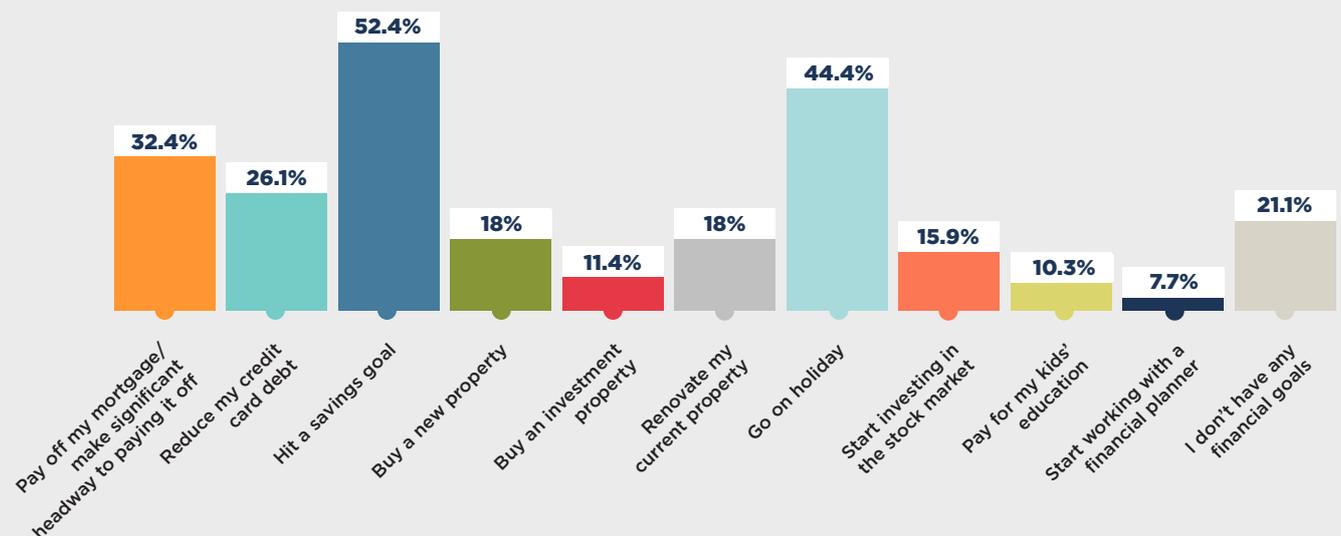


More men indicated they would have had a financial plan in place, whereas more women have indicated not splashing as much money on takeaways and non-essential items.

When it came to goals for the next 12 months, respondents were not quite evenly split between the lessons of hindsight - hit a savings goal - and the desire to take a holiday after 18 months of limited freedoms. More than half of respondents said that hitting a savings goal is priority. That goal is shared by men and women but is strongest in those aged 30-44.

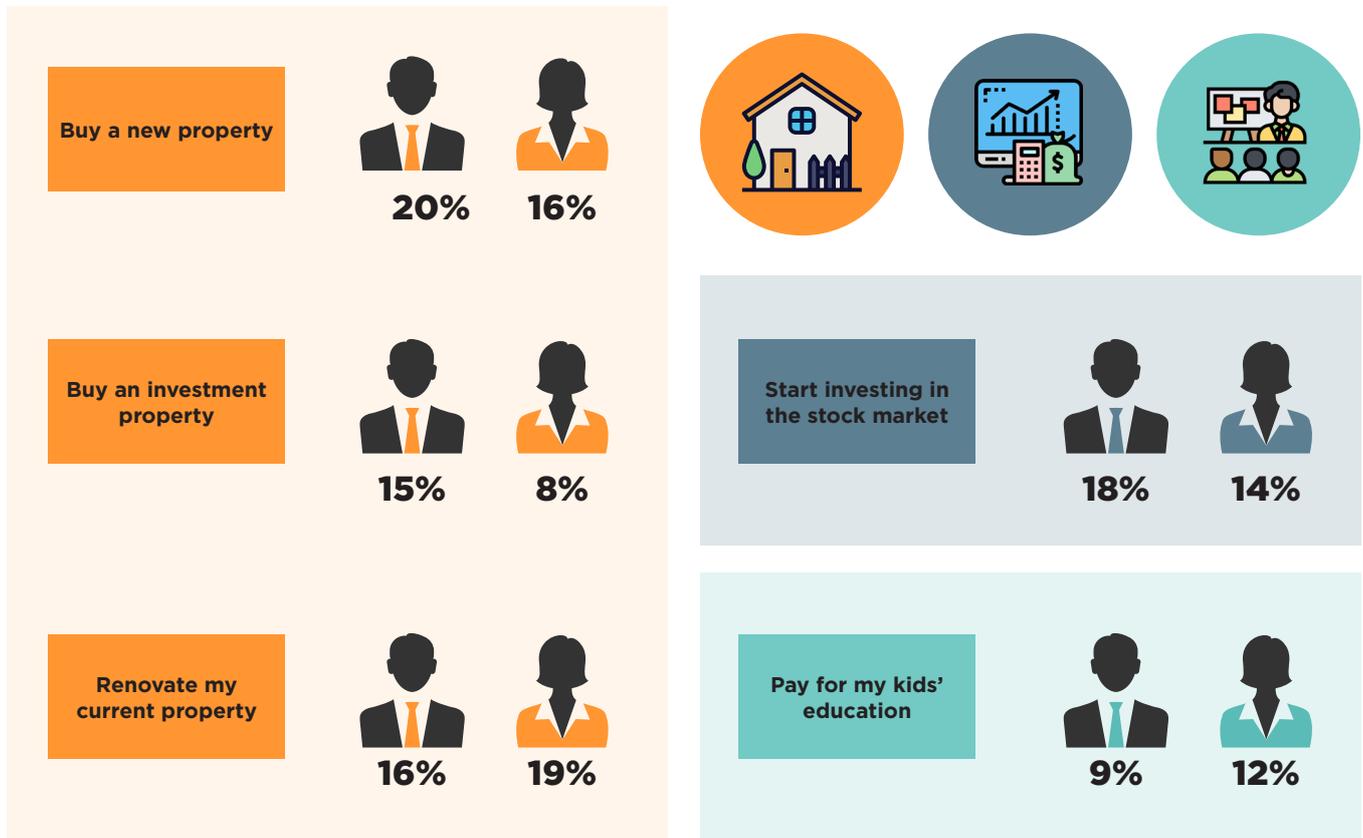
Holidays were a consistent desire across the ages and sexes, nominated by 44% of total respondents, making it the second top priority.

## What are your financial goals over the next 12 months?



Among the lesser priorities there were differences, however. More men than women want to buy a new property or an investment property and – after seeing share prices around the world scale new heights through the pandemic – start investing in the stock market. Women preferred renovating and paying for their children’s education.

### Men and womens’ financial goals for the next 12 months



## FINANCIAL ADVICE: ATTITUDE, IMPACTS, TIPS

Australians retain a strong DIY mentality when it comes to their finances, going by the responses to the survey, with 41% answering that they did not have a financial accountability partner because they could only trust themselves with their finances. Another 47% nominated their spouse as their financial accountability partner.

Still, 12% of people said they used a financial planner and another 9% said they had used one in the past, planned to engage one or used a robot advice platform.

Among those who are using advice, those aged 30-39 were the most likely to have increased engagement, either because they needed reassurance or a financial plan or because they were maximising use of digital platforms. Older generations – 50 to 65 – were the most likely to say their engagement was unchanged.

For those who don’t use advice, more than a third believed they did not need it and could do it themselves.

Another 15% said they did not think they could afford it – a sentiment particularly strong among women, and another 12% said they did not think they had enough assets or investments to justify it. Use of digital advice was particularly strong among men (9% vs 4%) and among those aged 30-39 years.

Perhaps most encouraging for the profession, 13% of people said they were considering engaging an adviser now.

## Increased use of financial advice and digital advice by age group

	30-34	35-39	40-44	45-49	50-54	55-59	60-65
I need reassurance for my finances/ I need a financial plan	10%	10%	5%	6%	4%	3%	3%
I'm maximising digital advice platforms	13%	9%	4%	3%	3%	2%	1%

# FROM HINDSIGHT TO FORESIGHT

Here are our top three tips on what to do with the lessons from the pandemic:



Manage cash flow as a priority. Assess your current financial situation including balances on your savings account, debt obligations and identify cost-saving opportunities where appropriate.

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Don't lose sight of the future. Take this time to plan. Work out where you want to be financially in the future (think five years, 10 years or retirement) and work backwards for how to get there, along with a timeline of achieving certain key milestones along the way.

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Make an appointment with an FPA member who is a qualified financial planner. To help match you with the right financial planner for you, use the FPA's **Match My Planner** service to reach a CFP® professional, or search the online **Find a Planner** directory.

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## About the FPA

As Australia's leading professional association for the financial planning profession, the Financial Planning Association of Australia (FPA) represents the interests of the public and over 12,000 members. The FPA is home to Australia's 5,550 CFP® professionals and is the only certification body in Australia for the global CFP® designation. Our proactive efforts in policy, advocacy and government relations support our goal to create a thriving financial planning profession and enable greater access to financial advice for all Australians. For more information, visit: [www.fpa.com.au](http://www.fpa.com.au)

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## About Financial Planning Week

Each year the FPA hosts Financial Planning Week – a national initiative designed to raise awareness about how FPA members can help Australians to access financial advice for life. The FPA is celebrating the 21st consecutive Financial Planning Week in Australia from 4 – 9 October 2021. This year's event coincides with the global celebrations of World Investor Week and World Financial Planning Day on Wednesday 6 October 2021 under the global theme "Live your today. Plan your tomorrow".



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