

Building Seniors' Financial Capability

Overview of market research conducted to support strategy development for the 55+ population



ASIC
Australian Securities &
Investments Commission

**National Financial
Literacy Strategy**

Building Seniors' Financial Capability

Overview of market research conducted to support strategy development for the 55+ population

This report summarises research conducted by research agencies on ASIC's behalf and does not contain ASIC policy or regulatory guidance.

For ASIC purposes, this is ASIC Report 537. It is available at www.asic.gov.au/reports and www.financialliteracy.gov.au/research-and-evaluation

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Executive summary



Australia's [National Financial Literacy Strategy 2014–17](#), which is led and coordinated by the Australian Securities and Investment Commission (ASIC), identifies Australians aged 55+ (seniors) as one of its priority audiences, due to the wide range of challenges and issues they face. During the 2016–17 financial year, ASIC undertook a project to explore the financial issues impacting older Australians, better understand the diversity in the rapidly growing seniors population¹ and determine how best to support seniors' education and information needs.

The project to date has consisted of a number of research studies, commencing with exploratory focus groups of Australians aged 45–85 and including a national survey of Australians aged 55–85. These were followed by one-on-one interviews with financially vulnerable seniors aged 65+ and focus groups with Australians aged 35–65 years who are acting as 'supporters' of older Australians (seniors' supporters).

This report summarises the quantitative research survey findings and the insights from the subsequent qualitative research with financially vulnerable seniors and seniors' supporters

¹ For this project 'seniors' are defined as Australians aged 55+. However, the age of seniors in Indigenous communities may be lower (e.g. 50+).

Key research findings

General insights into the 55–85 population from the quantitative research, conducted by Research Forum Consulting in November 2016, include that:

58%	of those surveyed consider themselves to be retired, while 31% are working either full time, part time or casually
23%	say they plan to retire within the next five years
27%	say they can comfortably meet all their expenses and spend or save if they want to, while 22% say they can meet their expenses but there's nothing left to save
18%	report a total household income of less than \$30,000, 50% have a household income of between \$30,000 and \$100,000, and 12% have a household income in excess of \$100,000
70%	own their home outright, while 15% are paying off their own home and around 13% are renters
50%	have a financial plan for the next five years, while 32% have a plan for the next 10–15 years
54%	had heard of and understood the investing principle of 'diversification', while only 36% had heard of the 'risk/return trade-off'
59%	of those surveyed said they would speak to a financial professional, while one in five (21%) said they would not consult anyone at all when planning their future or deciding how to invest
19%	said they had an older family member or friend aged 55+ who they felt was in need of more information, advice and assistance when making financial decisions about their future.

Segmentation

While general insights are valuable, a priority was to identify key segments within the Australian seniors population, to inform development of well-targeted educational and information materials and effective communication and distribution strategies.

The research identified six main segments of the Australian seniors population.

Segment name	% of the seniors population	Description
Choice Limited	22%	Most financially vulnerable segment. People within this segment identify their financial priorities as meeting day-to-day expenses and paying the rent.
Today Focused	19%	Consider today, rather than the future, the priority. They are very likely to underestimate what it takes to be comfortable in retirement and are unlikely to seek out information until faced with a real issue or problem.
Reactive Risk-takers	6%	Less confident about the future and tend to be naive and reactive about investing. A significant concern is their vulnerability to scams and 'get rich quick' schemes.
Cautious Investor	16%	Relatively comfortable but tend to lack confidence about financial issues and show some vulnerability to scams.
Savvy Investor	26%	Comfortable and enjoying life. They are self-reliant, well informed and confident when it comes to financial issues. Their financial priorities are being able to save for holidays and making sure they can do what they like.
Choice Rich	11%	Affluent, confident, self-reliant seniors. Their financial priorities are their investments and being able to help their children financially.

The main differentiating factors between segments that emerged related to:

- ◆ home ownership
- ◆ reliance on Government sources of income
- ◆ investments held
- ◆ average income levels
- ◆ self-managed superannuation fund (SMSF) ownership
- ◆ preparedness to deal with financial emergencies
- ◆ confidence about handling day-to-day financial issues and planning for the future
- ◆ likelihood they would seek professional financial advice
- ◆ extent of any financial planning
- ◆ attitudes to finances.

Additional qualitative research

Following the quantitative research, additional qualitative research was undertaken to deepen our understanding of the financial information and education needs of two key groups — financially vulnerable seniors aged 65+ and Australians supporting older relatives and close friends in their financial decision making (seniors' supporters).

Insights from qualitative research with financially vulnerable seniors aged 65+

A number of common risk factors were identified for being financially vulnerable, including:

- ◆ being in low-paid or unskilled jobs throughout one's working life
- ◆ being a single woman who has always been on a single, generally lower, income
- ◆ divorce or death of a partner
- ◆ business failure
- ◆ the majority of one's working life occurring before superannuation was compulsory.

Insights from qualitative research with 'Seniors' Supporters'

Key issues concerning family or close friends 'supporting' or assisting a senior include:

- ◆ cost of aged care
- ◆ keeping up with changing Government regulations
- ◆ poor treatment of seniors by people in authority
- ◆ effect of changing technology on seniors
- ◆ preparing for and dealing with a cognitive decline
- ◆ how to discuss and set up power of attorney.

About the research program



ASIC leads and coordinates Australia's National Financial Literacy Strategy 2014–17, which sets out a national framework for financial literacy work in Australia. The strategy identifies Australian seniors as one of its priority audiences, due to the wide range of challenges and issues they face.

During the 2016–17 financial year, ASIC undertook a project to explore the financial issues affecting Australian seniors, better understand the diversity in the rapidly growing seniors population and determine how best to support their education and information needs.

The main stages in the project to date have been:

- ◆ scoping and desktop review
- ◆ exploratory qualitative research, with focus groups of Australians aged between 45 and 85 years
- ◆ quantitative research, with a national online survey of Australians aged 55+
- ◆ additional qualitative research with financially vulnerable Australians aged 65+ and, also, 'seniors' supporters' aged between 35 and 65 years.

The initial scoping and desktop review identified a number of issues that informed the project methodology. It identified:

- ◆ a lack of disaggregated data about Australian seniors (variously grouped as 50+, 55+ or 65+)
- ◆ that a considerable proportion of available resources treat retirement as an event, rather than a process
- ◆ that many older people prefer to build money know-how through social interaction, peer education and participatory approaches
- ◆ a need for further research to ensure a better understanding of the attitudes and characteristics of the different cohorts of seniors.

Research objectives and methodology

Qualitative research: Individuals aged 45–85

Initial qualitative research was undertaken by Trivium Research in July and August 2016 to explore some of the key issues, challenges and behaviours of Australian seniors and seniors' supporters.

One of the main objectives of this qualitative research stage was to explore key issues and concerns and ensure a well-developed questionnaire for the subsequent quantitative research.

A series of focus group discussions were held, with people grouped by retirement status (pre-retirees, imminent retirees and retirees), age (with people aged between 45 and 85), and supporter status. The focus groups identified commonalities and differences within the seniors population and highlighted the key issues and concerns.

Quantitative research

The main objectives of the quantitative research phase, in light of the initial qualitative research, were to identify and quantify:

- ◆ the financial needs, concerns, expectations, priorities and preferences of Australian seniors
- ◆ how seniors currently approach financial decision making, including barriers and enablers
- ◆ current sources of financial and money management information
- ◆ key gaps in seniors' awareness and knowledge about where and how to access such information
- ◆ the level of engagement of family members and carers in supporting Australian seniors in their financial decision making.

Primarily, the research sought to identify key segments within the Australian seniors population, the main attributes and relative size of these segments and the implications for targeting and development of education and information materials for the segments identified.

The quantitative research was conducted via an online self-administered survey, completed by 1,114 Australians aged between 55 and 85 years. The sample was national and representative by age, gender and location. The survey was conducted in October 2016. **APPENDIX A** provides more detail on the sample profile and the questions asked are provided in **APPENDIX D**.

Additional qualitative research with financially vulnerable seniors

To better contextualise the issues and concerns of the most financially vulnerable, a series of 12 one-on-one interviews were conducted by Research Forum Consulting with financially vulnerable Australian seniors. There was concern that the more vulnerable may have been under-represented in the online survey. Those interviewed were all aged 65+ and receiving the Age Pension. Nine of the 12 were renters. They were all typical of the 'Choice Limited' segment.

Additional qualitative research with seniors' supporters

The quantitative research showed that one in five Australians aged 55+ had an older family member in need of more information, advice or assistance in making major financial decisions about their future. In light of this, Trivium Research conducted follow-up qualitative (focus group) research.

The key objective of this research was to explore the broader engagement of family members and carers in supporting Australian seniors in their financial decision making. The specific research objectives were to explore:

- ◆ key concerns of seniors' supporters
- ◆ issues related to the effects of physical or cognitive decline
- ◆ effect of age on the key issues and concerns
- ◆ supporters' ability and confidence to provide the required support
- ◆ challenges supporters face in providing support or having it accepted
- ◆ key knowledge gaps for those wishing to support
- ◆ information sources supporters rely on
- ◆ how easy it is to access the required information and preferred information sources and formats.

Focus groups were held with people aged 35–65 years who are currently actively supporting, or concerned about, an older family member or close friend. The supporters were a mix of experienced and relatively new supporters. Experienced supporters were those who have been involved in assisting with finances for some time, with assistance varying from helping with day-to-day issues through to having full power of attorney. Supporters with less experience were often younger and just beginning to offer advice to parents on day-to-day financial issues, with concerns about physical or cognitive decline starting to emerge.

Quantitative research — Key findings



General insights into the Australian seniors population

While the focus of the research was on segmenting the Australian seniors population, the study also provided interesting insights into this population as a whole.

Retirement status

FIGURE 1 shows that 58% of the surveyed Australian seniors consider themselves to be retired, with another 2% saying they are not working or looking for work. Nearly a third (31%) is working either full time, part time or casually.

Retirement plans

While three in five seniors are already retired, **FIGURE 2** shows that a further 23% say they plan to retire within five years.

FIGURE 1: RETIREMENT STATUS OF AUSTRALIAN SENIORS

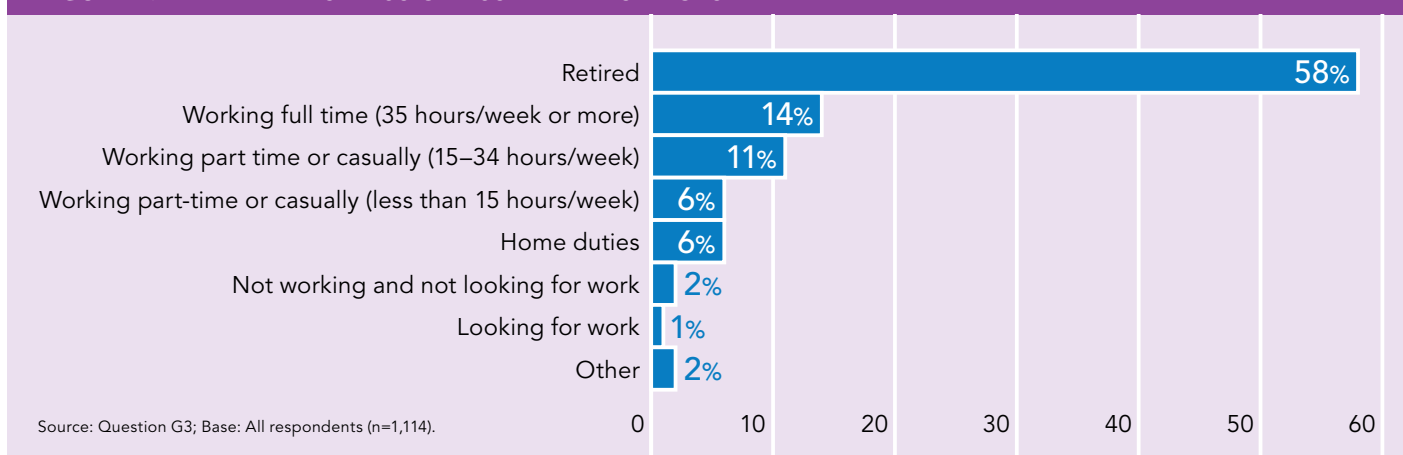
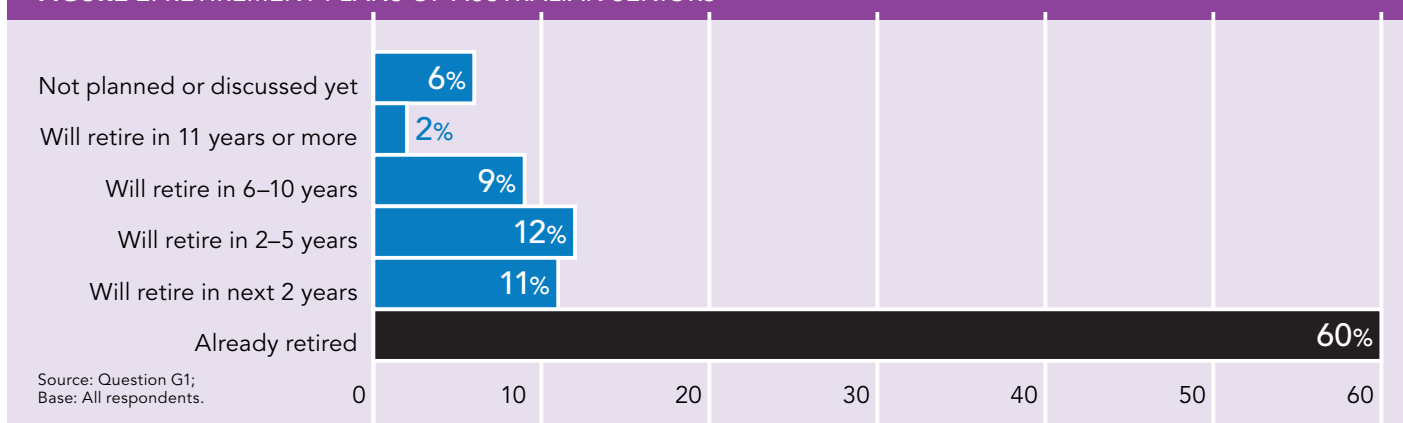


FIGURE 2: RETIREMENT PLANS OF AUSTRALIAN SENIORS



Current financial situation

The surveyed Australian seniors were also asked to select the statement that most accurately reflects their current financial situation. As **FIGURE 3** shows, 27% reported that they can comfortably meet all their expenses and spend or save if they want to. A further 45% said they meet all their expenses and have a little bit left over to spend or save. However, 5% are struggling financially and find it difficult to cover expenses, and a further 22% say that while they can meet their expenses, there's nothing left to save.

FIGURE 4 reflects the annual household income ranges for Australian seniors. While the bulk of households (50%) report their household income as being between \$30,000 and \$100,000, 18% report a household income of less than \$30,000, and 12% report a total income in excess of \$100,000.

Most (70%) of Australian seniors own their home outright, as shown in **FIGURE 5**. A further 15% are still paying off their home, while 13% are renting the home in which they live.

FIGURE 3: SENIORS' ASSESSMENT OF THEIR CURRENT FINANCIAL SITUATION

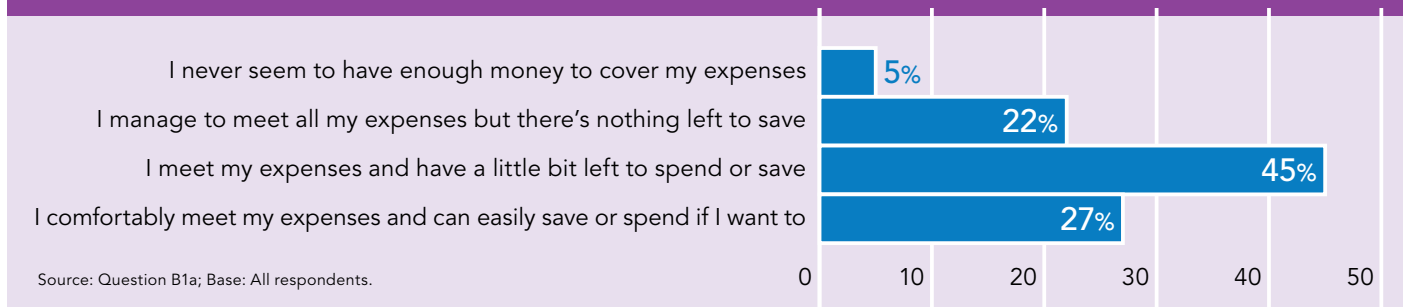


FIGURE 4: SENIORS' TOTAL ANNUAL HOUSEHOLD INCOME

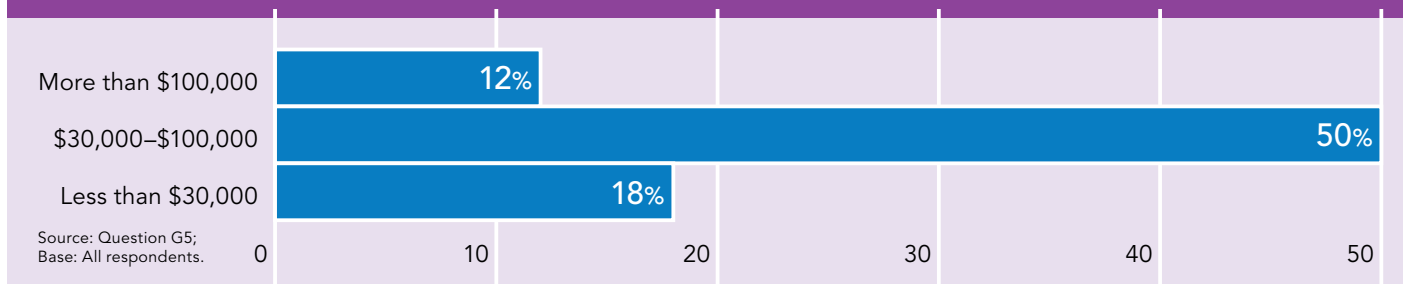
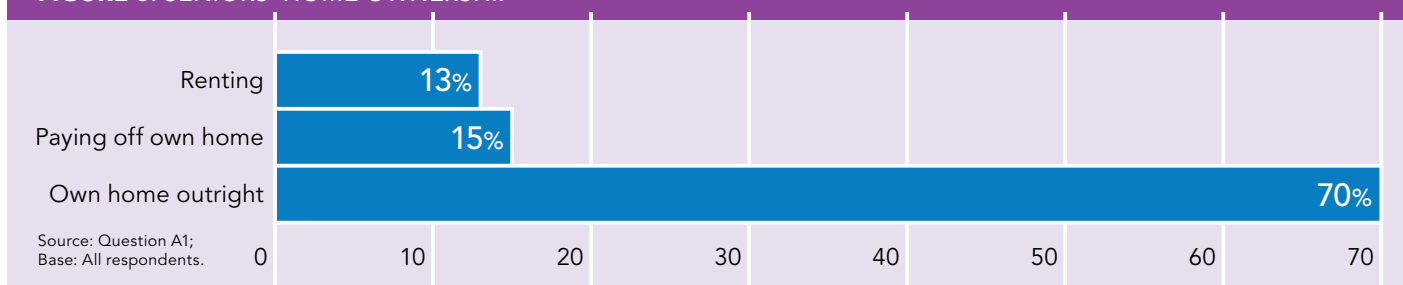


FIGURE 5: SENIORS' HOME OWNERSHIP



Ability to cope in a financial emergency

As a way of assessing the financial resilience of seniors, those surveyed were asked about their ability to raise \$2,000 within a week to pay for a financial emergency. As **FIGURE 6** shows, a \$2,000 financial emergency would see most (70%) use their savings, at least in part, to cover an emergency, while almost one in four (24%) would use a credit card to cover at least some of the cost. A small number (7%) would redraw on their mortgage; 6% would have to rely on family or friends and 2% would need to take out a personal loan.

Financial products owned

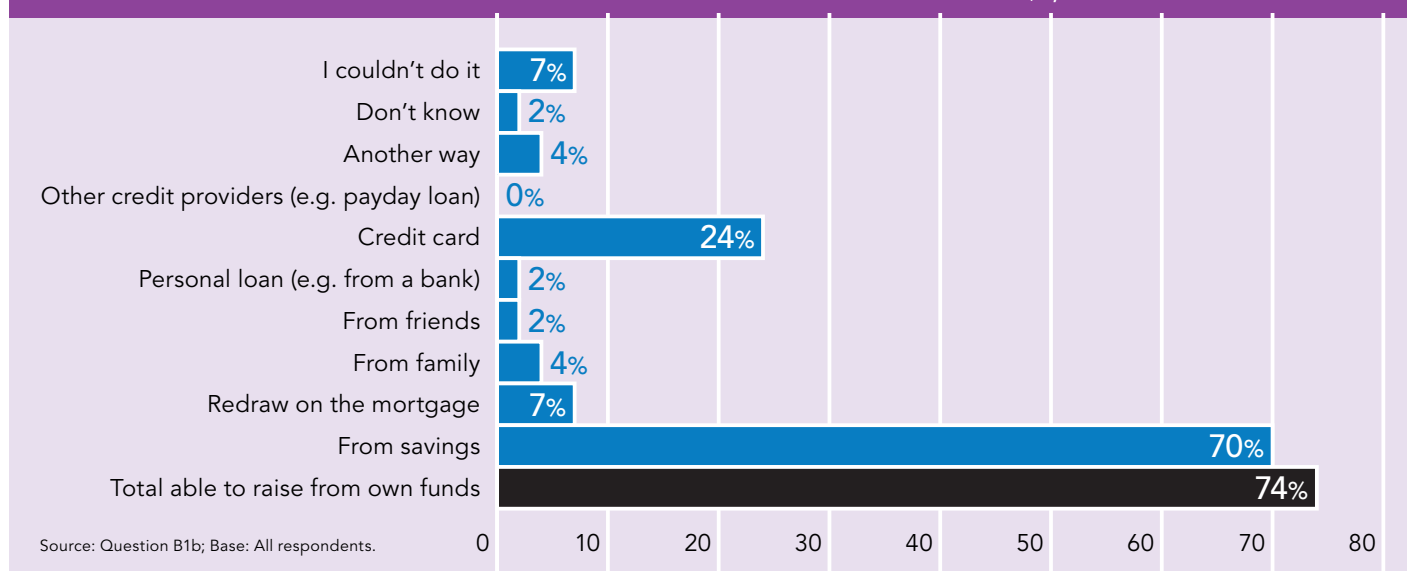
Most (94%) of the surveyed Australian seniors reported having some type of insurance, with 83% having contents insurance, 81% having comprehensive car insurance, 71% having home building insurance, 35% having third party car cover and 16% having life insurance.

One in seven (or 15%) is still paying off a mortgage. Four in five have some sort of other loan or credit (79%), with 78% having a credit card.

Two in three (67%) have other types of investments or income, including:

- ◆ superannuation (58%), with the medium value of superannuation being between \$200,000 and \$300,000. One in five (19%) of those who have superannuation have an SMSF, which means that 11% of Australian seniors have an SMSF
- ◆ shares (39%)
- ◆ term deposits (34%)
- ◆ retirement income stream products (26%)
- ◆ investment property (18%)
- ◆ managed funds or unit trusts, excluding superannuation (13%).

FIGURE 6: COPING WITH FINANCIAL EMERGENCIES — SENIORS' ABILITY TO RAISE \$2,000 WITHIN A WEEK



Financial priorities

Five clear financial priorities were identified by the surveyed Australian seniors, as **FIGURE 7** shows. They were:

- ♦ paying day-to-day household bills and expenses (78%)
- ♦ having enough money to enjoy life and do what they want to do (69%)
- ♦ making sure they can access money for emergencies or something unexpected (54%)
- ♦ paying healthcare or medical costs (45%)
- ♦ saving for a holiday or travel (42%).

While it wasn't a major priority overall, 12% of the seniors surveyed identified paying the rent as a financial priority.

Financial planning

FIGURE 8 compares how many of the surveyed Australian seniors have a financial plan for the next five years and the next 10–15 years. It shows that while half have a financial plan for the next five years, only one third (32%) have a plan for the next 10–15 years. Half of those surveyed don't have a plan for the next 10–15 years, while 17% plan to organise one within the next two years or so.

FIGURE 7: SENIORS' FINANCIAL PRIORITIES

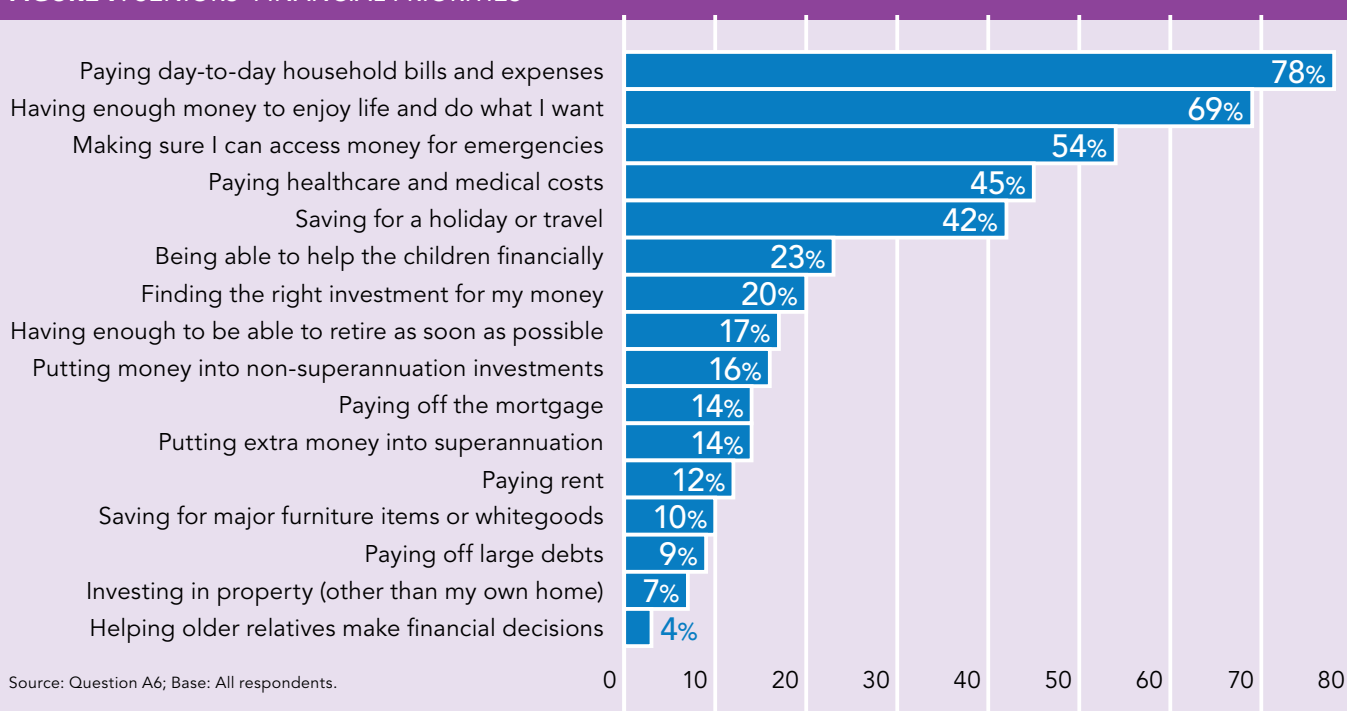
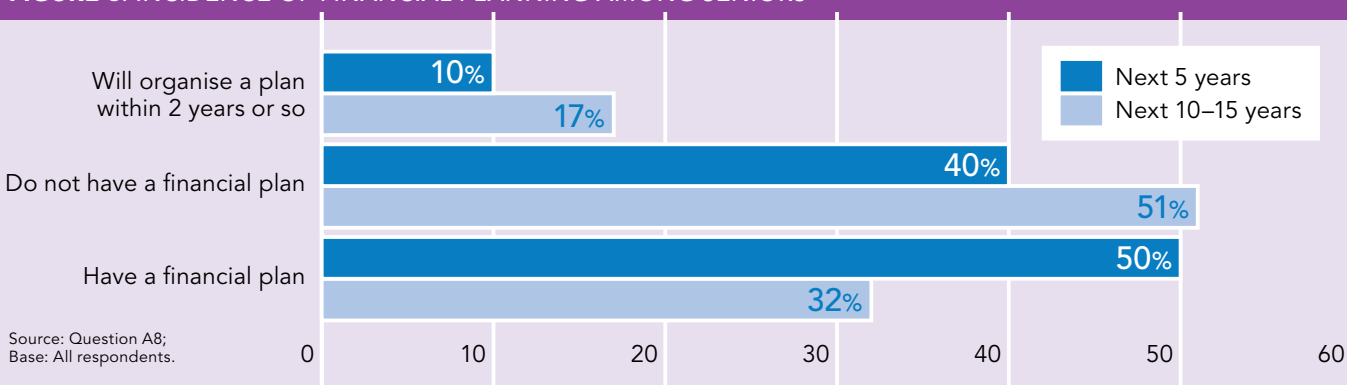


FIGURE 8: INCIDENCE OF FINANCIAL PLANNING AMONG SENIORS



Investment knowledge

Reported and tested understanding of diversification and the risk/return trade-off

FIGURE 9 outlines the surveyed Australian seniors' reported understanding of the investing principles of 'diversification' and 'risk/return trade-off'. Just over half (54%) reported that they have heard of diversification and understand it.

When those who claimed to understand diversification were subsequently asked to identify examples of diversification from a range of investment scenarios, almost all (96%) correctly identified the diversification scenario.

A smaller proportion of those surveyed (36%) reported that they had heard of and understood the risk/return trade-off. However, almost all (96%) of those claiming to understand the risk/return trade-off correctly identified that an investment with a high rate of return is more likely to present a higher level of risk.

Response to investment risk scenario

Those surveyed were also asked how they would respond to an advertisement offering a 'higher than market rate of return at no risk at all'. As **FIGURE 10** shows, almost seven in 10 (69%) would give the appropriate response, considering it too good to be true and, therefore, not an investment that would interest them. However, 13% would invest a little to see how it goes before investing more, 15% were not sure what they would do and 2% would invest a lot to maximise their return.

Sources of investment advice

It was also important to explore among seniors who they are likely to consult or speak to when planning their future or deciding to invest. As **FIGURE 11** (on next page) shows, 59% of those surveyed said they would speak to a financial professional, with the main professionals being a financial adviser or planner (32%) and an accountant and/or tax adviser (21%). Family and friends are a frequently used source of advice (48%), as are partners (38%). However, one in five (21%) say they would not consult anyone at all.

FIGURE 9: SENIORS' UNDERSTANDING OF DIVERSIFICATION AND THE RISK/RETURN TRADE-OFF

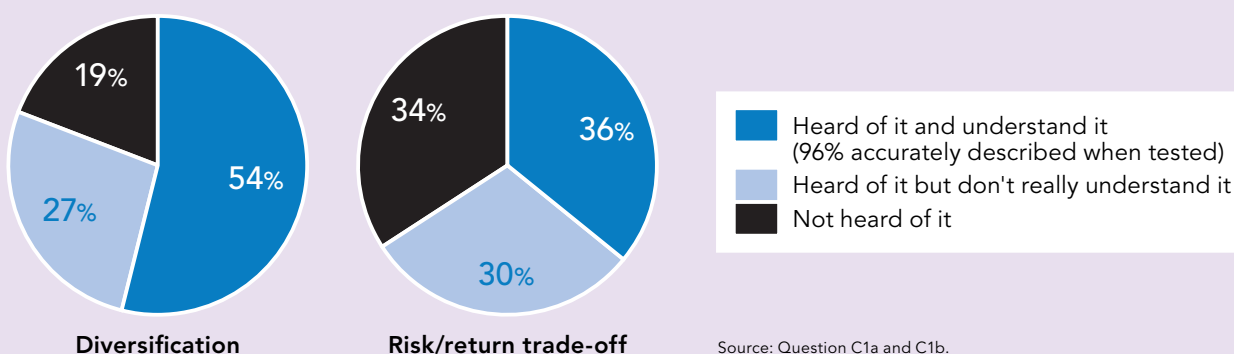


FIGURE 10: SENIORS' RESPONSE TO INVESTMENT RISK SCENARIO

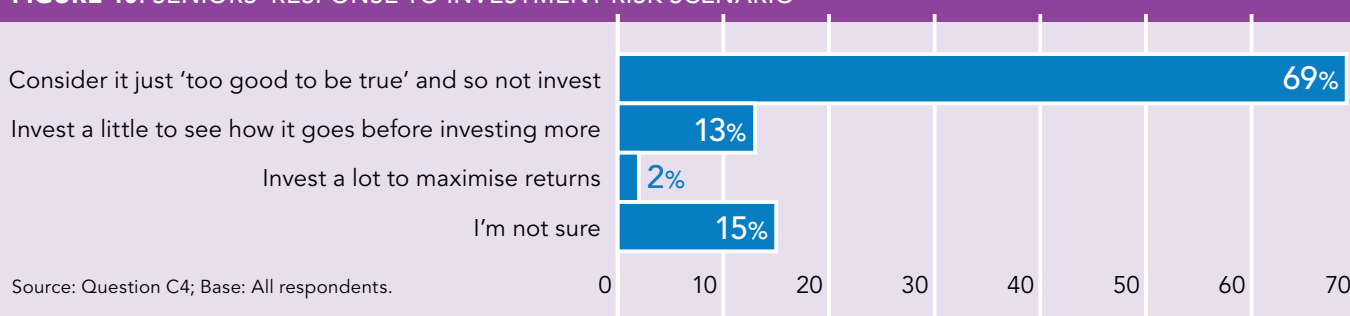
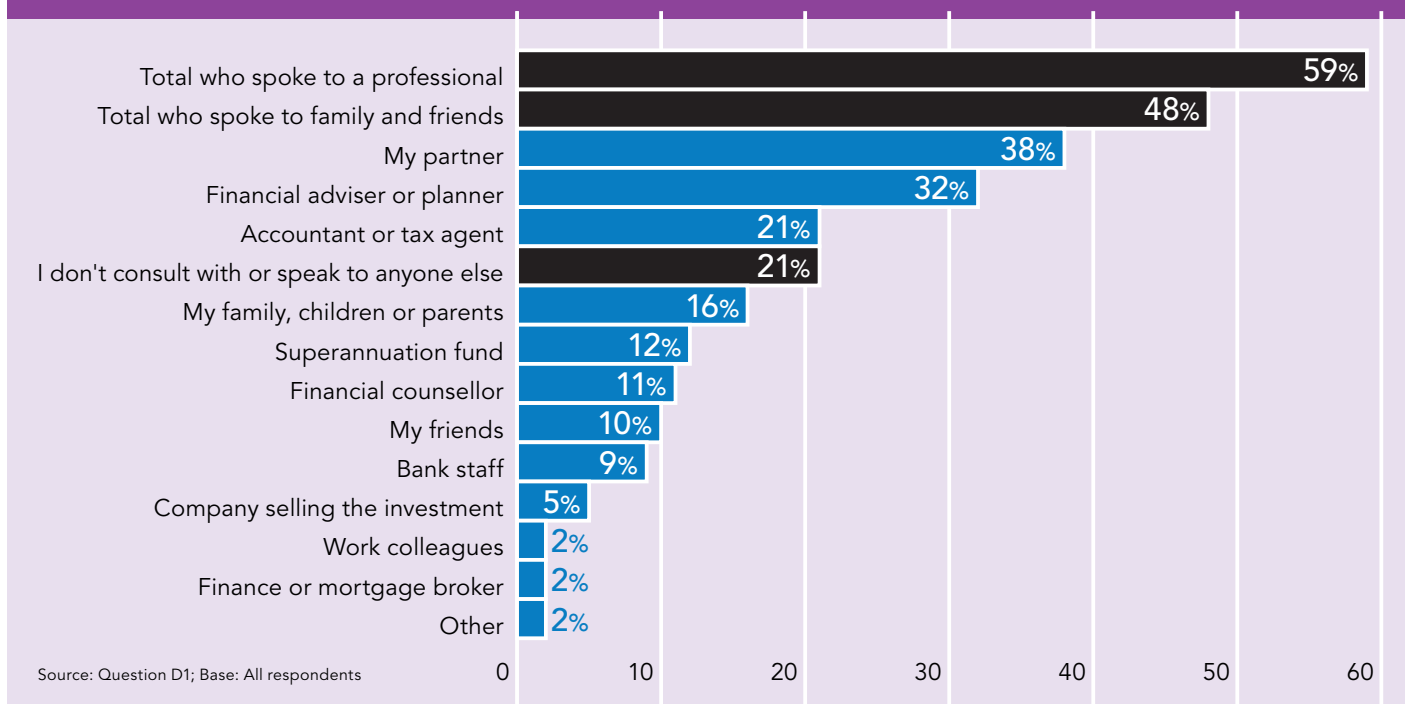
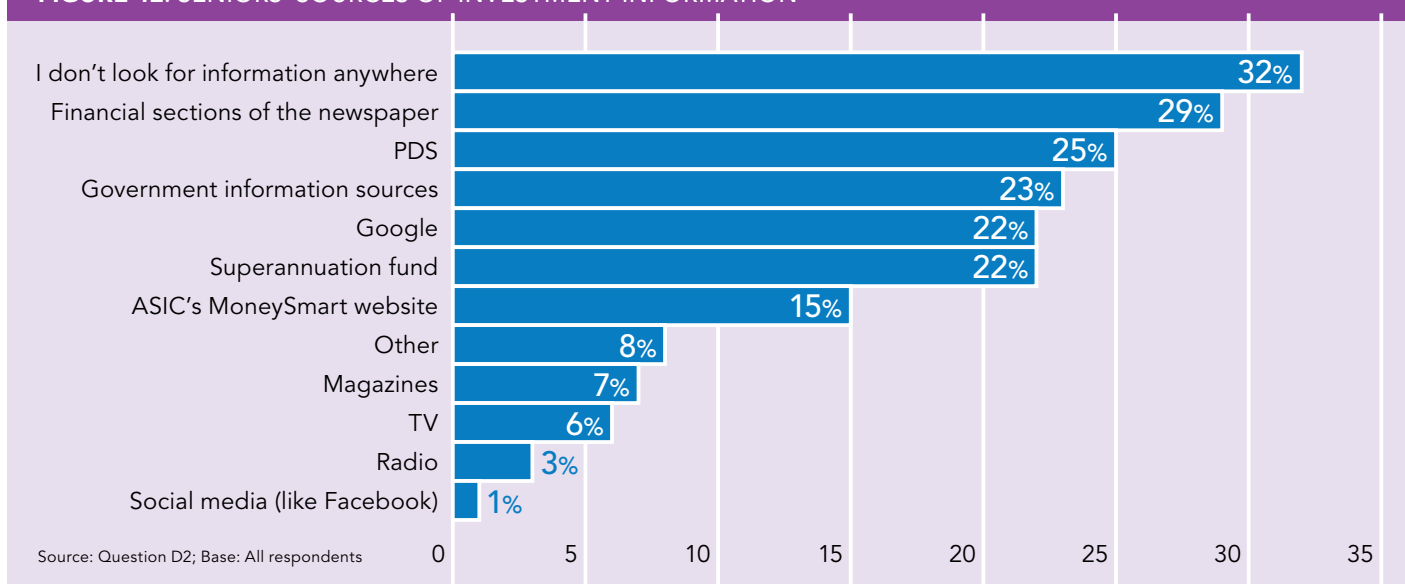


FIGURE 11: SENIORS' SOURCES OF INVESTMENT ADVICE

Sources of investment information

Those surveyed were also asked where they look for information when planning for the future or deciding to invest. As **FIGURE 12** shows, one third (32%) reported that they don't look for information

anywhere. Nearly a third (29%) said they would look in the financial sections of the newspapers and 25% said the Product Disclosure Statement (PDS). Government information sources were identified by 23% (with 15% mentioning ASIC's MoneySmart website specifically), Google by 22%, and their superannuation fund by 22%.

FIGURE 12: SENIORS' SOURCES OF INVESTMENT INFORMATION

Concern about other Australian seniors

To ensure a full understanding of the issues concerning Australian seniors, those surveyed were also asked if they had an older family member or friend aged 55+ who they felt was in need of more information, advice and assistance when making financial decisions about their future. Almost one in five (19%) reported that they did.

They were then asked about a range of specific financial issues that might concern them about these older family members. As **FIGURE 13** shows, the most mentioned item was the cost of aged care, such as residential aged care homes and villages, with 63% identifying this as a source of concern. This was followed by:

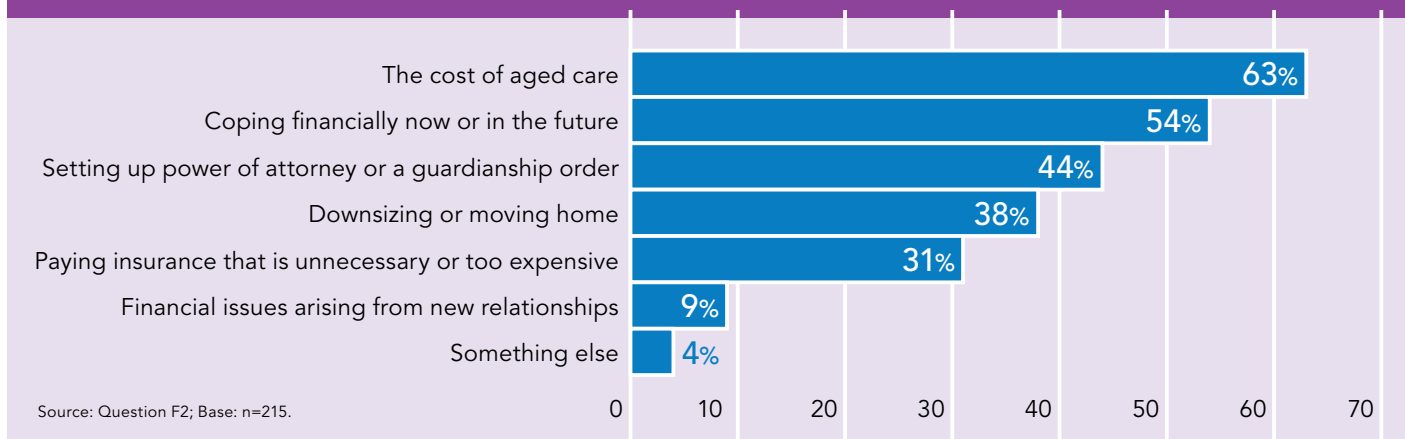
- ◆ coping financially now or in the future (54%)
- ◆ setting up formal arrangements, such as a power of attorney or a guardianship order (44%)
- ◆ downsizing or moving home (38%)
- ◆ paying insurance that is unnecessary or too expensive (31%).

Around one in 10 (9%) of those surveyed were concerned about the financial issues arising from forming new relationships.

When queried further about any support they may be providing to these older family members, the majority of these seniors' supporters surveyed indicated they were either 'very' or 'somewhat' involved in all six spheres of support, guidance and advice identified above. For example:

- ◆ 80% give guidance or advice
- ◆ 82% provide or find information for them
- ◆ 78% advise seniors who else to speak to or consult with
- ◆ 76% advise seniors where to find the relevant information
- ◆ 68% help seniors put their financial decisions into action
- ◆ 55% actively manage seniors' finances for them.

FIGURE 13: FINANCIAL ISSUES CONCERNING SENIORS ABOUT OLDER RELATIVES OR FRIENDS



Segmentation

Segmentation framework

To identify the most robust segmentation of the Australian seniors population, possible quantitative segmentations were developed using a number of combinations of variables. Of the numerous permutations (or combinations) of variables tested, the one that explained the largest proportion of variability between the resulting segments (the most statistically powerful) covered the following combination of variables:

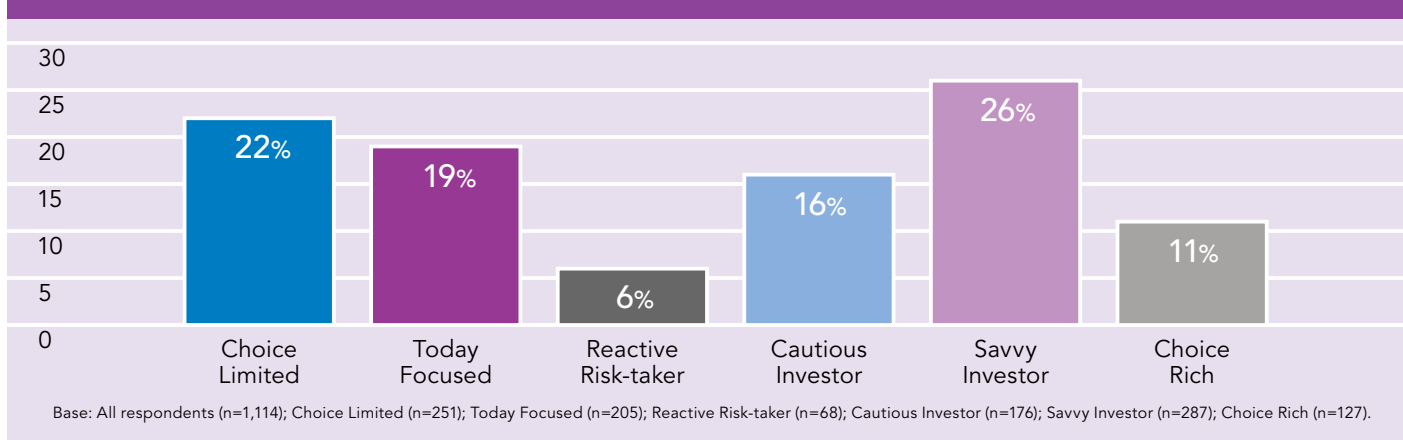
- ◆ current financial situation
- ◆ value of superannuation (over or under \$200,000 and over or under \$500,000)
- ◆ holdings of other types of investments or income (shares, term deposit/s, managed funds, unit trusts, investment property)
- ◆ how well informed a person felt about either day-to-day financial issues or planning for the future
- ◆ attitude — agreement (or disagreement) with the following attitudinal statements:
 - 'I have a financial plan for the future that I understand well.'
 - 'I can afford to do things that make life enjoyable.'
 - 'I try to stay informed and up to date about money matters and financial issues.'
 - 'Dealing with money is stressful and overwhelming.'
 - 'I need to get rid of all my debts before I can think about planning for the future.'
 - 'I like to live for today and not think too much about tomorrow.'
 - 'Nothing I can do will make much difference to my financial situation.'
 - 'I change investments often, depending on what I hear or read.'

Segments identified

The research identified six main segments of the over-55 population, as shown in **FIGURE 14** (on the next page). The Choice Limited segment represents 22% of the Australian seniors population, the Today Focused segment makes up 19%, the Reactive Risk-taker segment 6%, the Cautious Investor segment 16%, the Savvy Investor segment 26% and the Choice Rich segment 11%.

APPENDIX B provides further details on the six segments and highlights the key characteristics that distinguish each segment from the others.

APPENDIX C highlights the demographic differences between the segments.

FIGURE 14: AUSTRALIAN SENIORS' SEGMENTS AND SHARE OF SENIORS POPULATION**CHOICE LIMITED**

The segment labelled '**Choice Limited**' represents the most financially vulnerable group within the Australian seniors population. The segment represents approximately 1.3 million Australians. Those in the Choice Limited segment identify their financial priorities as meeting day-to-day expenses and paying the rent. They tend to say they can't afford to do many of the things that make life enjoyable. However, they are unlikely to seek out information unless faced with a real problem or issue.

TODAY FOCUSED

Approximately 1.1 million Australians aged 55+ were identified as '**Today Focused**'. As the name suggests, they focus more on the 'now' than the future. They are very likely to overestimate their own financial knowledge and underestimate what it takes to be comfortable in retirement. They identify their financial priority as meeting day-to-day expenses. They are unlikely to seek out information until faced with a real issue or problem.

REACTIVE RISK-TAKER

The '**Reactive Risk-taker**' segment represents 350,000 Australians aged 55+. They are less confident about the future and tend to be naive and reactive about investing. Their financial priorities are paying off the mortgage and having enough funds to retire as soon as possible. A significant concern is their vulnerability to scams and 'get rich quick' schemes.

CAUTIOUS INVESTOR

The '**Cautious Investor**' segment represents approximately 930,000 Australians aged 55+. People within this segment are relatively comfortable but tend to lack confidence about financial issues. They show some vulnerability to scams, with a high proportion concerned they may not be able to pick a hoax or fraud. Their main financial priority is to maintain their current relative security. Most are in a good position currently by virtue of having achieved a good education and earning medium to high incomes throughout their life, not because they're particularly confident when it comes to financial issues or investing. They show a positive responsiveness to 'government-authorised' messages.

SAVVY INVESTOR

The research identified approximately 1.5 million Australians as part of the '**Savvy Investor**' segment. These people are comfortable and enjoying life. They are self-reliant, well informed and confident when it comes to finances. They identify their financial priorities as saving for holidays and being able to do what they like. They are natural searchers for financial information and the most likely to find ASIC's MoneySmart website. They tend to have an older age skew and are also likely to consult a financial professional.

CHOICE RICH

The '**Choice Rich**' segment represents 640,000 Australians aged 55+. They are affluent, confident, self-reliant seniors. Their financial priorities are their investments and being able to help their children financially. They are very likely to consult a financial professional and, also, to find ASIC's MoneySmart website in their search for information.

Key segment differences

The following figures highlight some of the key differences between the segments.

Ability to comfortably meet expenses

While, overall, 27% of seniors say they can 'comfortably meet all my expenses if I want to', this varies considerably by segment, as **FIGURE 15** shows. None of the Choice Limited segment, and only 9% of the Today Focused segment, say they can comfortably meet all their expenses. However, 69% of the Choice Rich segment say they can comfortably meet all their expenses and spend and save if they want to.

Outright home ownership

While 70% of seniors surveyed own their home outright, this also varies by segment, as **FIGURE 16** shows. While over 80% of the Cautious Investor, Savvy Investor and Choice Rich segments own their home outright, only 43% of both the Choice Limited and Reactive Risk-taker segments do.

Renting

While 13% of Australian seniors surveyed are currently renting, this varies considerably by segment, as shown in **FIGURE 17** (on next page). Just over one in four (27%) of the Choice Limited and just under one in six (16%) of the Reactive Risk-taker segments are renting, while the proportion renting among the Cautious Investor (8%), Savvy Investor (5%) and Choice Rich (4%) segments is very low.

FIGURE 15: PROPORTION OF EACH SEGMENT ABLE TO COMFORTABLY MEET EXPENSES

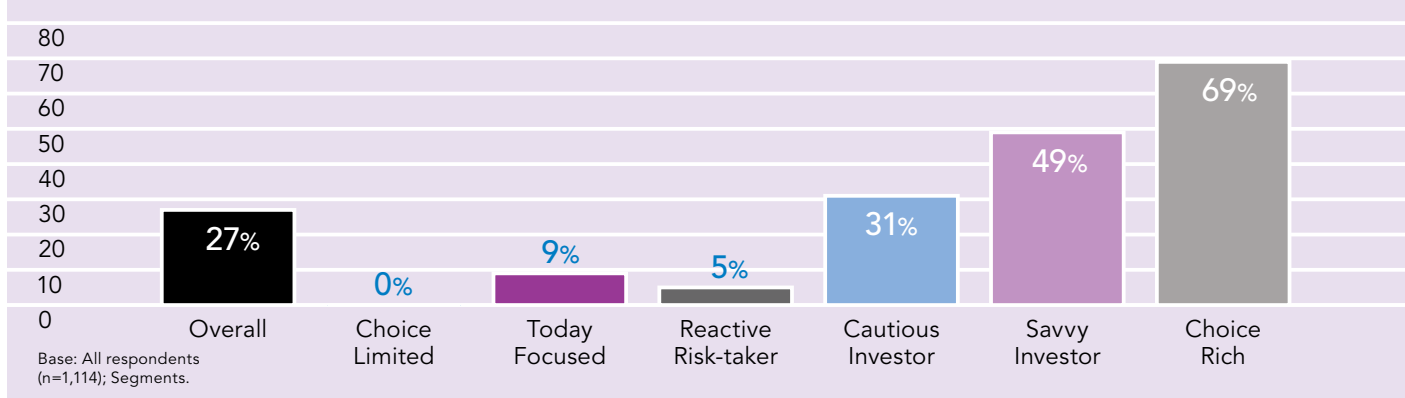


FIGURE 16: PROPORTION OF EACH SEGMENT WHO OWN THEIR HOME OUTRIGHT

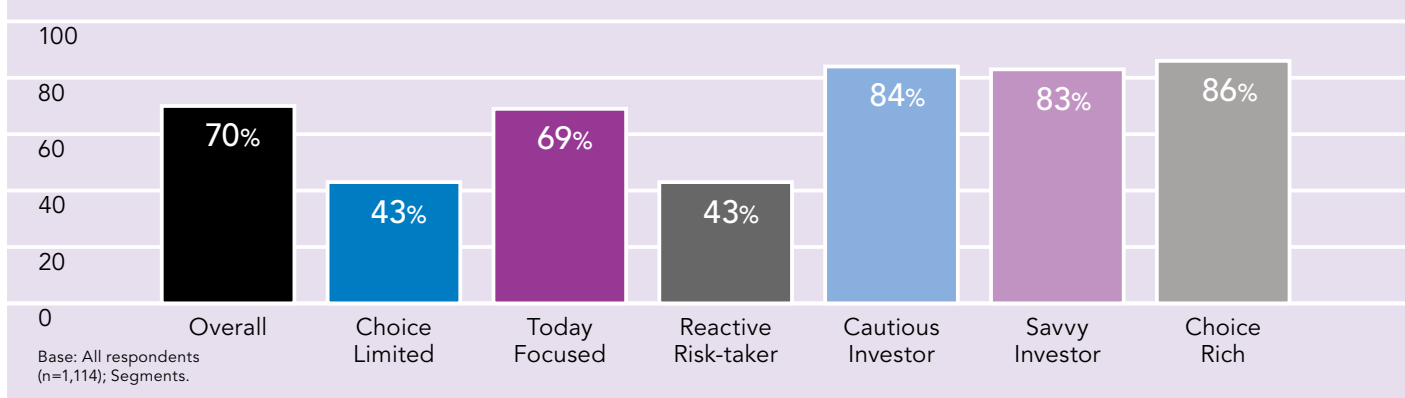
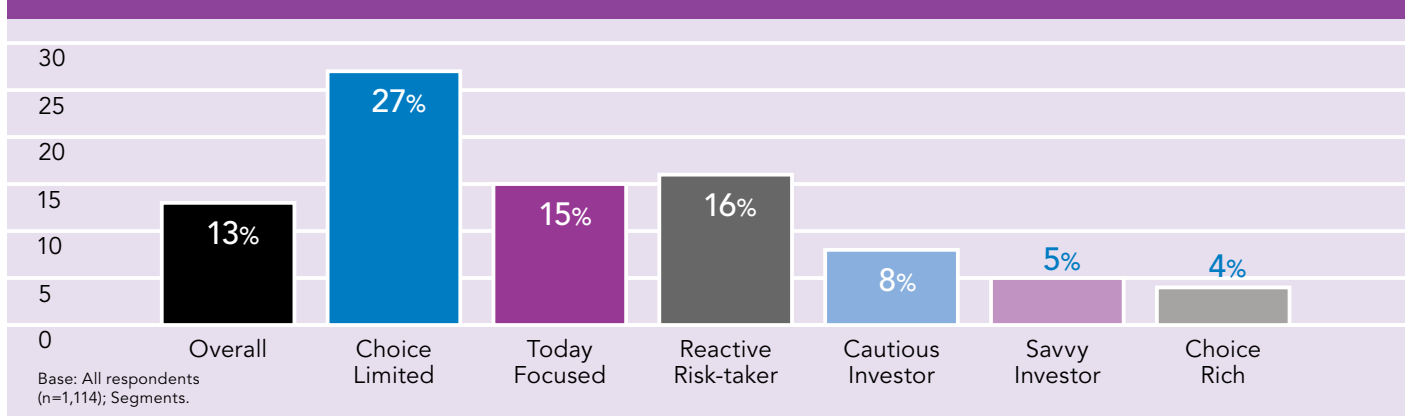


FIGURE 17: PROPORTION OF EACH SEGMENT WHO ARE RENTERS

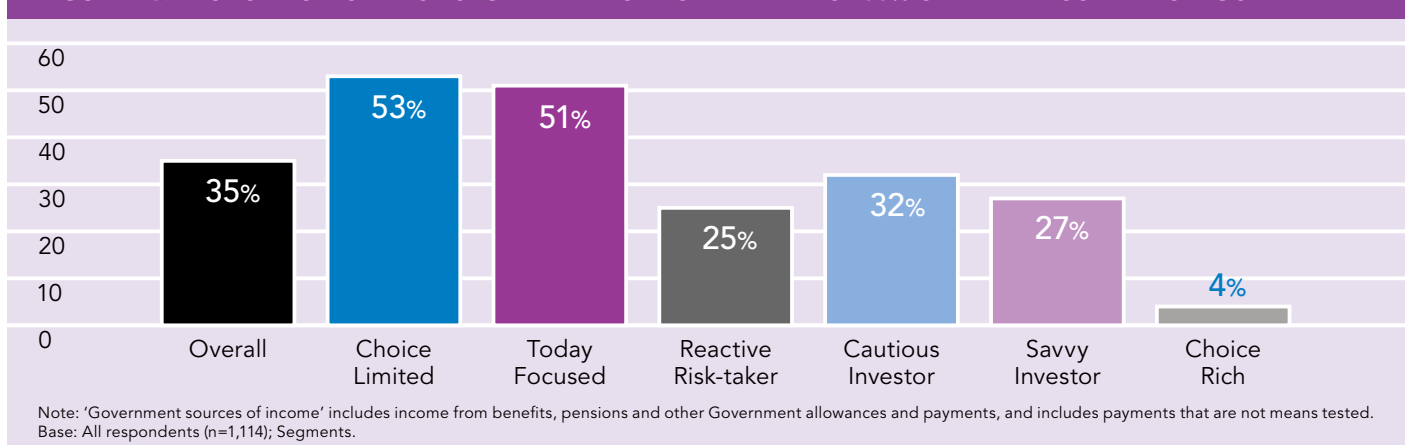
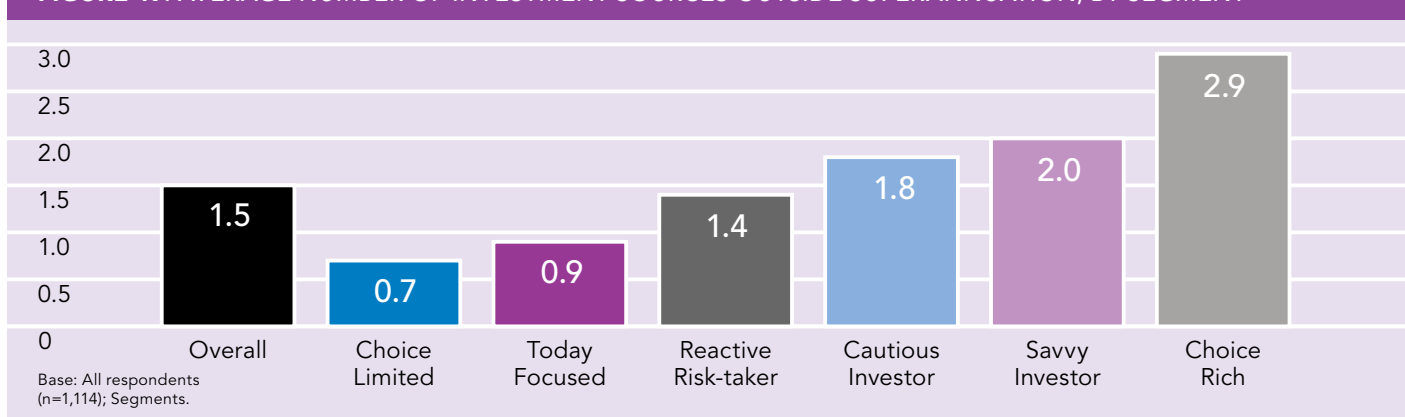
Reliance on Government sources of income

Another key differentiator by segment is the proportion of household income received from Government sources. **FIGURE 18** shows the proportion in each segment that receives at least 50% of its income from Government sources. Just over half of the Choice Limited (53%) and Today Focused (51%) segments rely on Government sources for over 50%

of their household income, with the other segments considerably lower — Reactive Risk-taker (25%), Cautious Investor (32%) and Choice Rich (4%).

Investments

FIGURE 19 shows the average number of investment or income sources outside superannuation held by each segment. Again, the segment differences are quite marked, ranging from an average of 0.7 for the

FIGURE 18: PROPORTION OF EACH SEGMENT WHO RECEIVE AT LEAST 50% OF THEIR INCOME FROM GOVERNMENT**FIGURE 19: AVERAGE NUMBER OF INVESTMENT SOURCES OUTSIDE SUPERANNUATION, BY SEGMENT**

Choice Limited segment through to 2.0 for the Savvy Investor and 2.9 for the Choice Rich segments.

Average income levels

FIGURE 20 reflects the considerable disparity in income levels between the segments. While 18% of the surveyed Australian seniors have incomes under \$30,000, one third (33%) of the Choice Limited segment has an income below \$30,000. However, only 11% of the Savvy Investor and 2% of the Choice Rich segments have an income below \$30,000. In contrast, 36% of the Choice Rich, 17% of the Cautious Investor and 14% of the Savvy Investor segments have incomes in excess of \$100,000. Overall, 13% have incomes over \$100,000.

Self-managed superannuation fund ownership (SMSF)

FIGURE 21 shows that 11% of the surveyed population reported having an SMSF and compares the level of SMSF ownership across the segments. The level of SMSF ownership in both the Choice Rich and Reactive Risk-taker segments was 40%, although there is a caution about the relatively small base of the Reactive Risk-taker segment. Just under a third (31%) of the Savvy Investors and under a quarter (23%) of the Cautious Investor segments had an SMSF, while the proportion among the Choice Limited and Today Focused segments was very small, at 4% and 2% respectively.

FIGURE 20: PROPORTION OF EACH SEGMENT WHO EARN UNDER \$30,000 AND MORE THAN \$100,000 A YEAR

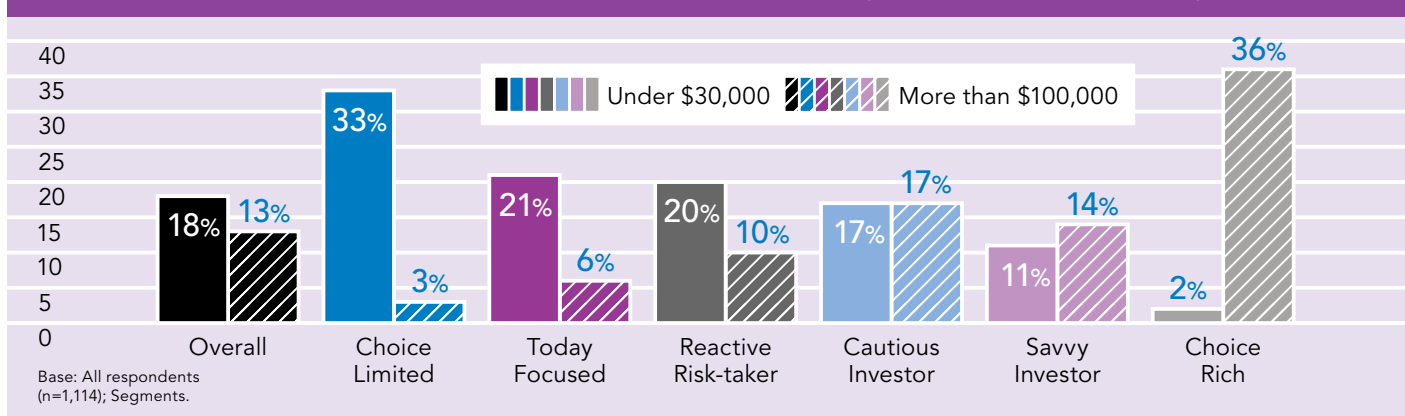
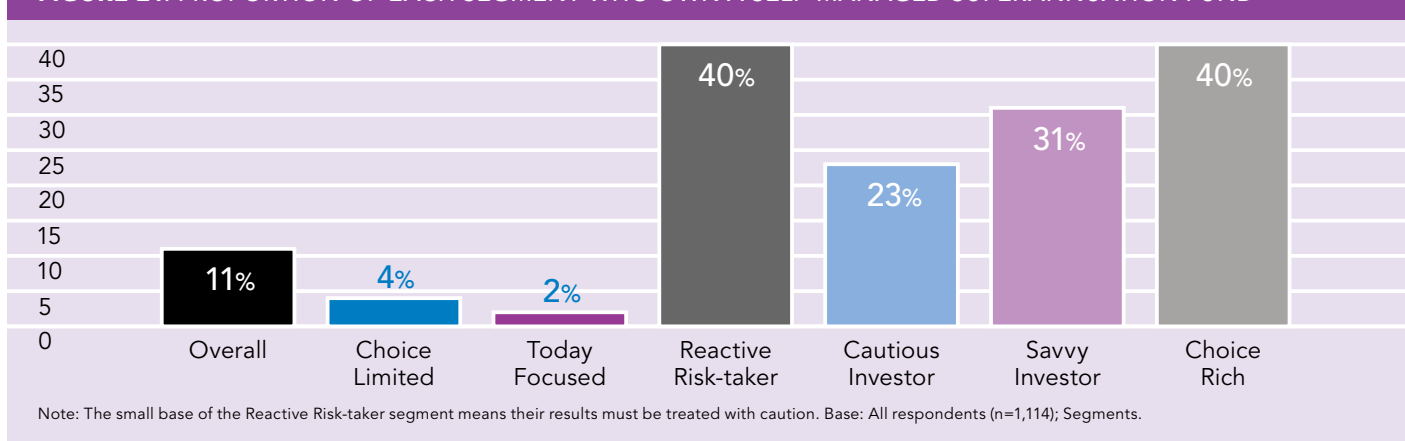


FIGURE 21: PROPORTION OF EACH SEGMENT WHO OWN A SELF-MANAGED SUPERANNUATION FUND



Preparedness for a financial emergency

While 7% of all surveyed Australian seniors said they would not be able to meet an unexpected \$2,000 bill in a week, **FIGURE 22** shows a much higher percentage of the Choice Limited (21%) and Reactive Risk-taker (9%) segments considered they would not be able to cover such an emergency expense within a week. By contrast, 99% of the Cautious Investor, Savvy Investor and Choice Rich segments would have no difficulty meeting such an unexpected bill.

How well informed about financial issues

FIGURE 23 and **FIGURE 24** compare the various segments' perceptions about how informed they feel about day-to-day financial issues and, also, planning for the future. The segment differences are quite marked.

As **FIGURE 23** shows, 78% of all seniors surveyed considered themselves well or very well informed about day-to-day financial issues. However, this

FIGURE 22: PROPORTION OF EACH SEGMENT NOT ABLE TO COVER A \$2,000 FINANCIAL EMERGENCY

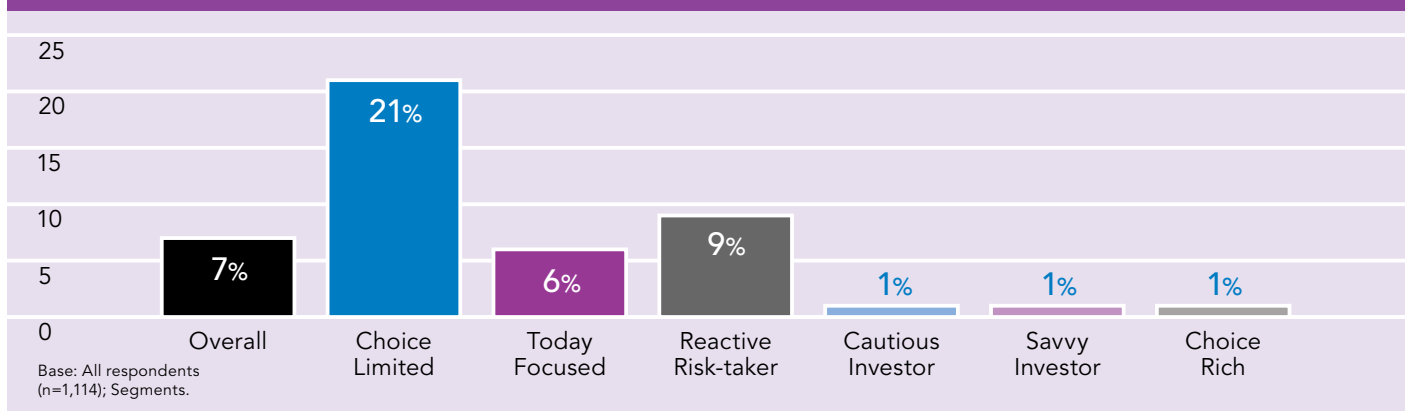


FIGURE 23: PROPORTION OF EACH SEGMENT WHO CONSIDER THEMSELVES WELL OR VERY WELL INFORMED ABOUT DAY-TO-DAY FINANCIAL ISSUES

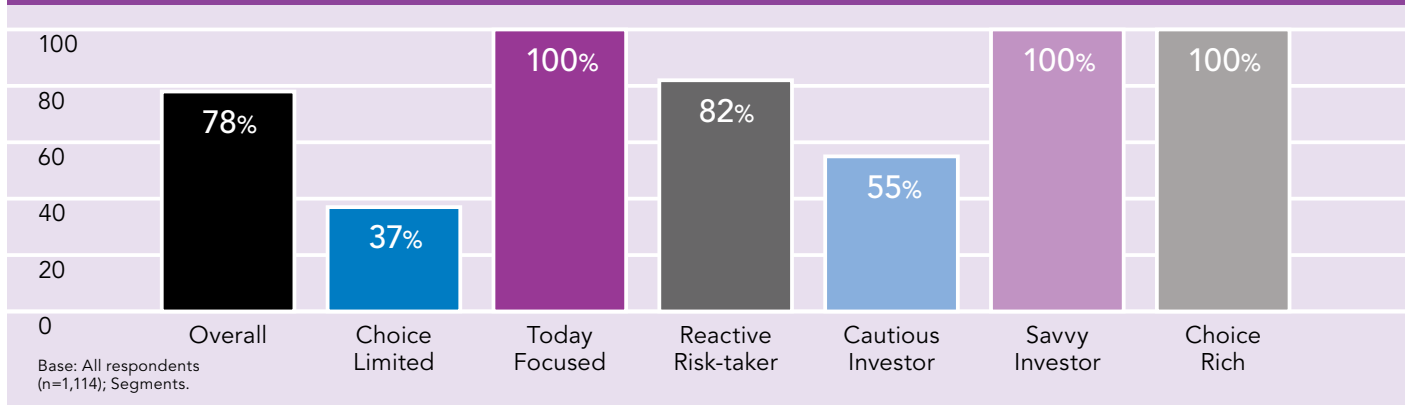


FIGURE 24: PROPORTION OF EACH SEGMENT WHO CONSIDER THEMSELVES WELL OR VERY WELL INFORMED ABOUT PLANNING FOR THE FUTURE

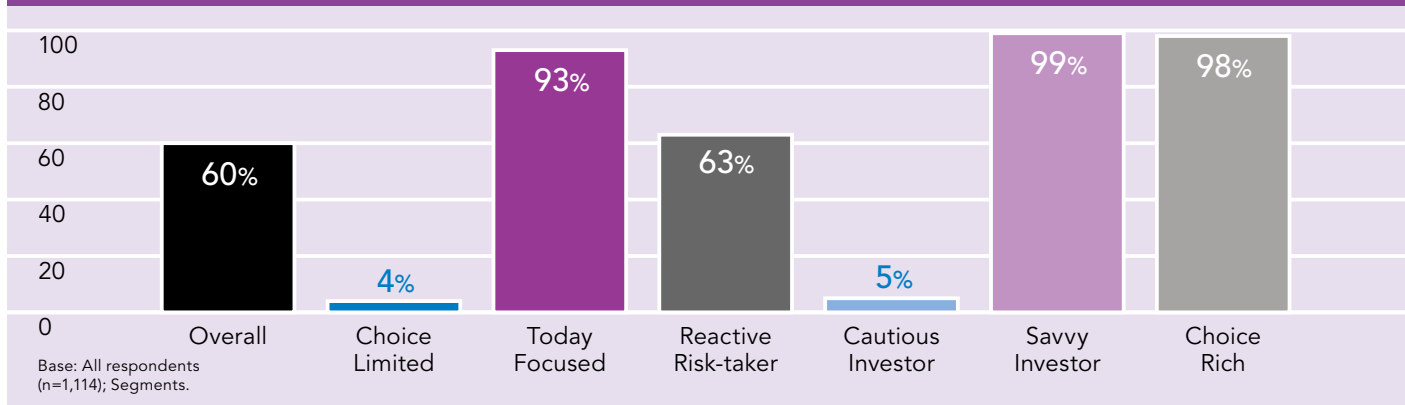


figure was only 37% for the Choice Limited and 55% for Cautious Investor segments. All of the Today Focused, Savvy Investor and Choice Rich segments considered themselves well or very well informed about day-to-day financial issues, with 82% of the Reactive Risk-taker segment also saying this.

As **FIGURE 24** (on previous page) shows, when asked about planning for the future, 60% considered themselves well or very well informed. The figure was very low for the Choice Limited and Cautious Investor segments, at 4% and 5% respectively. However, 98% of the Choice Rich and 99% of Savvy Investor segments considered themselves well informed about planning for the future, as did 93% of the Today Focused segment.

Confidence about financial issues

FIGURE 25 and **FIGURE 26** compare the segments' level of confidence about day-to-day financial issues and planning for the future. Again, there are considerable variations between segments, especially regarding confidence in planning for the future.

Segments that are very confident about day-to-day financial issues are the Choice Rich, Savvy Investor and Today Focused, with 98%, 98% and 93% respectively. The majority of the Choice Limited (52%), Reactive Risk-taker (76%) and Cautious Investor (72%) segments also feel confident about day-to-day financial issues.

As shown in **FIGURE 26**, there is considerable variation in the proportion of the segments that is confident about planning for the future, with Savvy Investors (91%), the Choice Rich (90%) and Today Focused (77%) having the highest levels of confidence. The least confident about planning for the future are the Choice Limited (12%) and Cautious Investor (26%) segments.

FIGURE 25: PROPORTION OF EACH SEGMENT FEELING CONFIDENT OR VERY CONFIDENT ABOUT DAY-TO-DAY FINANCIAL ISSUES

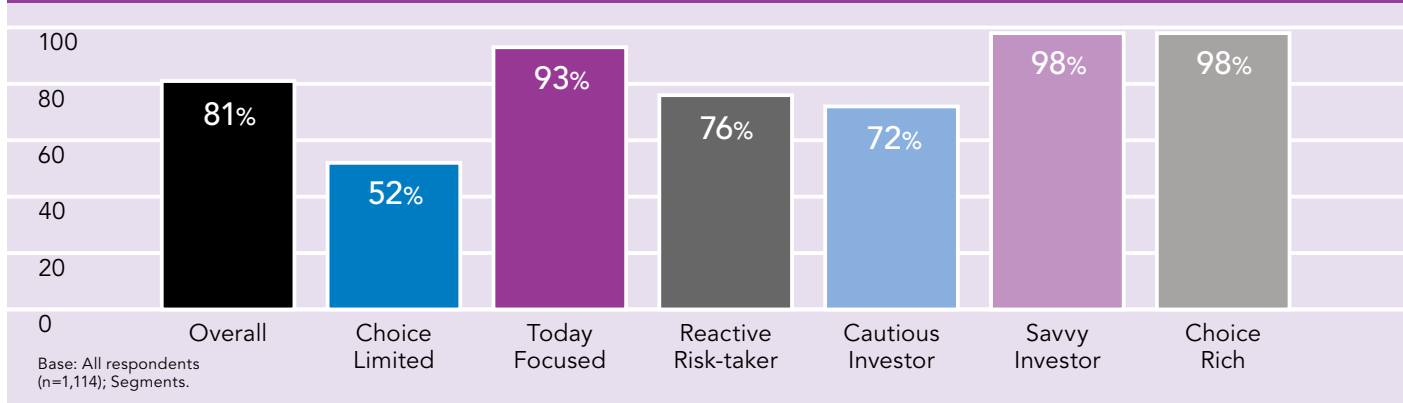
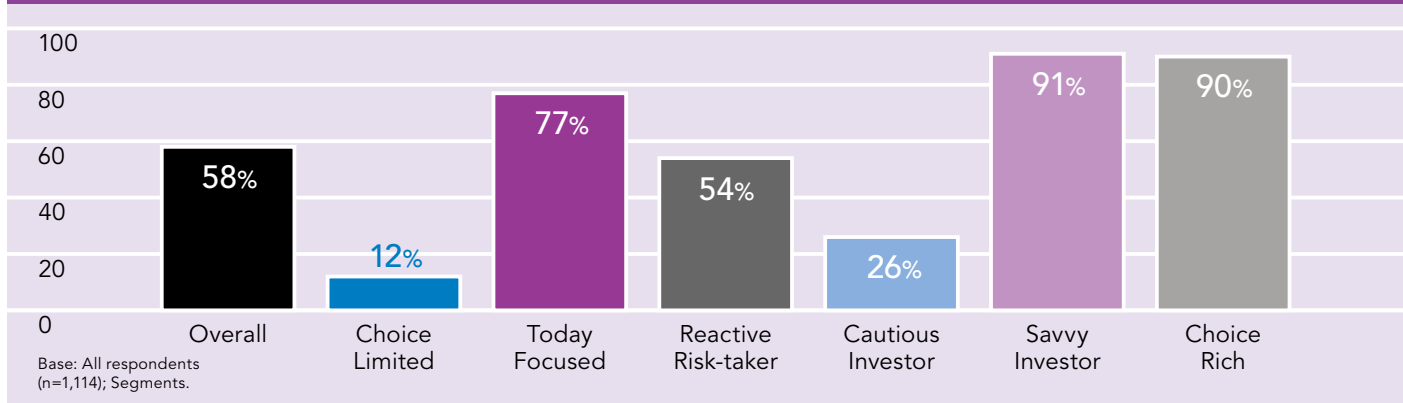


FIGURE 26: PROPORTION OF EACH SEGMENT FEELING CONFIDENT OR VERY CONFIDENT ABOUT PLANNING FOR THE FUTURE



Sources of financial information and advice

Likelihood of seeking professional financial advice

While, overall, 59% of Australian seniors are likely to seek professional financial advice, there are some key segment differences. As **FIGURE 27** shows, the Choice Rich segment is the most likely to seek professional advice (80%). Two thirds of the Reactive Risk-taker, Cautious Investor and Savvy Investor segments are also likely to seek professional advice. Four in 10 of the Choice Limited segment are likely to seek professional financial advice.

Likelihood of not consulting or speaking with anyone else

One in five seniors does not consult with, or speak to, anyone regarding financial information or advice, with this figure increasing to 35% for the Choice Limited and 24% for the Today Focused segments, as shown in **FIGURE 28**.

Financial plan for the next 5–15 years

There is considerable variation in the proportion of each segment that has a financial plan for the next 5–15 years, as **FIGURE 29** (on next page) shows. Not surprisingly, eight in 10 of the more financially secure segments (Savvy Investor and Choice Rich) have such a plan, while only 12% of the Choice Limited and 16% of the Cautious Investor segments have a plan for the next 5–15 years.

FIGURE 27: PROPORTION OF EACH SEGMENT LIKELY TO SEEK PROFESSIONAL ADVICE

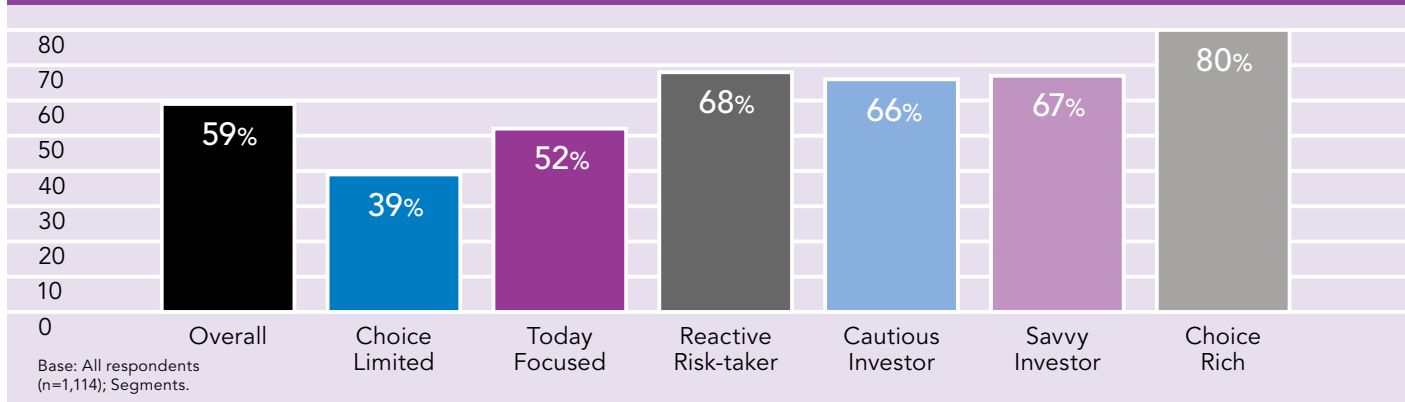


FIGURE 28: PROPORTION OF EACH SEGMENT UNLIKELY TO CONSULT OTHERS FOR FINANCIAL INFORMATION OR ADVICE

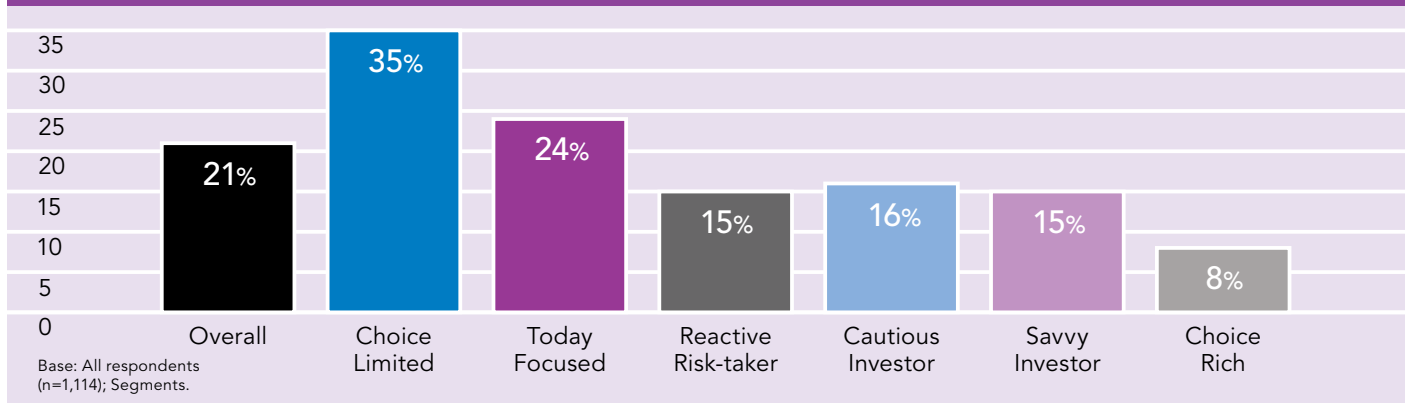
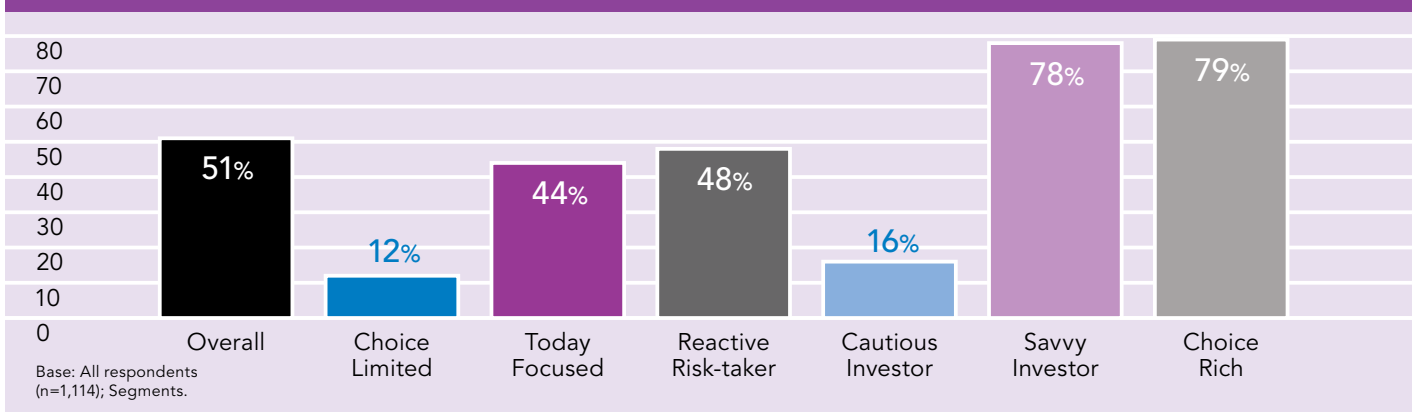


FIGURE 29: PROPORTION OF EACH SEGMENT WITH A FINANCIAL PLAN FOR THE NEXT 5–15 YEARS

Attitude differences

Major differences emerged between the segments on the range of attitudinal statements they were asked to respond to, as the following table shows.

The figures in red reflect where a segment's scores are significantly below average for the seniors population, while the figures in blue reflect where a segment's scores are significantly above average.

TABLE 1: PROPORTION OF EACH SEGMENT WHO AGREE OR STRONGLY AGREE WITH EACH ATTITUDINAL STATEMENT

Attitudinal statements	Overall	Choice Limited	Today Focused	Reactive Risk taker	Cautious Investor	Savvy Investor	Choice Rich
I try to stay informed and up to date about money matters and financial issues	67%	24%	54%	100%	65%	94%	92%
I can afford to do things that make life enjoyable	58%	15%	50%	57%	62%	84%	91%
Nothing I can do will make much difference to my financial situation	27%	48%	29%	40%	28%	14%	5%
Dealing with money is stressful and overwhelming	23%	48%	10%	75%	21%	8%	6%
I like to live for today and not think too much about tomorrow	15%	24%	12%	28%	15%	8%	8%
I can easily tell if something is a scam or a fraud	62%	50%	65%	68%	51%	72%	73%
I have difficulty understanding financial matters	13%	27%	8%	23%	18%	4%	3%
I have invested in things I didn't fully understand	12%	13%	5%	29%	14%	10%	11%
I have lost money on a scam or fraud in the last five years.	7%	10%	5%	24%	5%	4%	5%
I change investments often, depending on what I hear or read	5%	4%	3%	14%	4%	6%	2%

Key: Significantly above average; Significantly below average.

Base: All respondents (n=1,114); Segments.

Qualitative research — Key findings



Financially vulnerable seniors

The interviews conducted with financially vulnerable seniors highlighted a number of important additional issues for this segment:

- ◆ **Unemployment and underemployment** are rising, in part due to age discrimination. If a senior lost their job and was unable to find another, the severe decrease in income prior to reaching retirement age meant that any savings they might have had were quickly depleted.
- ◆ **Divorce or death of a partner** has placed many, especially women, in a precarious financial position.
- ◆ **Business failure** for those running their own business has had the same impact — sometimes resulting in loss of long-paid-off homes.
- ◆ **Being in low-paid or unskilled jobs throughout one's working life** is a significant risk factor for ending up in financial difficulties with few choices.
- ◆ The most significant risk factor for being in a financially vulnerable situation was **being a single woman** who had always been on a single, generally lower, income.
- ◆ Anyone aged 70+ was already 45+ when superannuation was introduced in 1992. Therefore, **superannuation was not compulsory through the majority of their working life**. This has naturally meant that by retirement age they had fewer assets and were more reliant on the Age Pension.

These factors in combination (and sometimes on their own) mean that people end up renting and relying heavily on the Age Pension. Often the pension is no more than \$50–\$100 more than rental costs per fortnight. This places this sub-group of people in the Choice Limited segment in a precarious financial situation.

The interviews also raised two issues around the Age Pension itself:

- ◆ While Centrelink offers emergency assistance (via an 'advance' on the pension), not everyone in a precarious financial situation was aware of this. People struggled in some months (when major or unexpected bills were due) but were better off in other months, without realising that Centrelink could help them in these circumstances and smooth out their finances
- ◆ Renters trying to bridge the gap between living costs and the Age Pension (by finding casual or part-time work, for example) found this additional effort could result in imposition of payment penalties through Centrelink, which may further exacerbate their financial situation.

The following are some typical comments made by participants in the interviews.

- ◆ 'I'm not really in a position to make any decisions about my financial future. You need money to do that and I don't have any to speak of so I just don't plan for the future.'
- ◆ 'Look, future generations will be OK as they'll have super but we don't.'
- ◆ 'I just live day to day and try to remain positive. That's the best I can do.'
- ◆ 'We are just careful with our money. We budget and live within our means.'
- ◆ 'Having no money makes it hard. I just don't know where to get good information so I just Google it.'
- ◆ 'Surviving is the main priority for me nowadays.'
- ◆ 'We can't do anything we used to do; our wages have fallen since coming on the Age Pension.'
- ◆ 'Our rent is very high and getting higher.'
- ◆ 'Will what I have be sufficient? I don't really know if it'll be enough.'

Seniors' supporters

The main issues of concern identified by seniors' supporters were the following.

Aged care

The most frequent area of assistance mentioned by seniors' supporters was aged care. Planning for, understanding and assisting a parent to maintain a feasible financial position within the aged care system were key issues.

Supporters expressed their concerns about:

- ◆ understanding the financial situation of maintaining the family home
- ◆ what to do if one parent needs care and the other does not yet
- ◆ unexpected fees and charges once a parent is in care
- ◆ uncertainty about how long a parent will require care.

Changing government regulations

Supporters also felt that there were frequent changes to government regulations, which made it especially difficult to ensure they were making the best decision for their senior. They expressed that they were often responsible for helping their parents or relatives understand the implications of changes to age pensions and other benefits.

Typically, they referred to the need to:

- ◆ explain letters received from a government agency: 'It's the generic ones that cause the most damage. They are sent to everyone with probably no implications for Mum, yet she doesn't understand what it is saying.'
- ◆ allay fears when a change is reported by the media: 'You spend so much time telling them that it will be OK, and then so much time on the phone to Centrelink to ensure that what you have said is right.'
- ◆ understand possible implications of changes to financial planning, such as the implications of maintaining or reducing assets when pension regulations change: 'Sometimes these changes can be so difficult to understand and you just hope you've made the right decision.'

Poor treatment of seniors by people in positions of authority

Supporters reported having to intervene often after experiences with people in positions of authority had undermined the confidence of their older relative or friend.

These included situations where the senior had tried to ask for an explanation of a change or a specific situation and a person in authority did not take the time to explain the situation to the senior or used unfamiliar terminology. The senior would then become confused, making it more difficult to explain it to them. This further undermined the senior's confidence that they would be able to handle such a situation themselves.

Changing technology

Changing technology often resulted in supporters taking on day-to-day financial management. The strong trend to use technology to pay for and manage everyday services, such as utilities, is underpinning seniors' declining confidence in their ability to handle such issues and results in many supporters taking on this role for their parents.

My Mum was perfectly OK to pay her bills at the post office, but now some of them are forcing her to BPAY or be charged more. At the same time, her bank forced her to get a card and use the ATM. It just upset her so much, so I organised to do it by direct debit.

Cognitive decline

The impact of cognitive decline as parents or loved ones age was a concern for many. However, most strongly believed they would identify their parent or close senior starting to deteriorate through smaller 'failed' day-to-day actions, leading them to a perception that they would recognise when to step in and manage the financial decisions. Few recognised that cognitive decline could happen quickly.

Taking over the smaller day-to-day tasks was considered to initiate the process of becoming a supporter. These tasks included:

- ◆ payment of rent, the mortgage or utility bills
- ◆ accessing money (remembering personal identification numbers (PINs) for cards challenged many seniors)
- ◆ understanding the implications of changes to pensions and other Government payments
- ◆ susceptibility to unwanted or unnecessary insurance and other potential scams.

Power of attorney

Many supporters already had power of attorney arrangements in place. These were typically established following a physical or cognitive 'incident' or after interactions with solicitors related to another document.

The involvement of a third party was considered especially useful when discussions of power of attorney were challenging. Typical interventions by a third party include those by a:

- ◆ solicitor, when constructing a will or other document
- ◆ doctor, when discussing health options
- ◆ peer of the senior who has established a power of attorney within their own family.

Supporters considered that, to be effective, discussions around power of attorney need to focus on conveying to the senior that giving power to someone they trust will ensure their wishes will be carried out if they are not able to exercise them. Also, it is considered important to convey that proper arrangements can ensure their safety.

Perceptions of financial abuse

Supporters tended to consider that financial abuse as cognitive health deteriorated was not a prevalent issue. Financial abuse was perceived to relate to scams, as opposed to family members or friends taking advantage of the senior. Most believed that the perceived slow onset of deterioration meant that they could intervene before financial abuse became a serious issue. They considered they would have time to put appropriate arrangements in place to prevent any family member causing significant financial damage.

A small few held some concern as to the possible influence of new relationships. However, they did not necessarily attribute their concerns to cognitive decline.

Information and advice sources

While accepted as necessary, the role of a supporter is not easy. There is a general lack of awareness and understanding of what types of issues and concerns to look out for. Many supporters are not confident they are able to execute the right decisions and provide advice on topics or issues they are unfamiliar with or have not encountered before.

Friends and peers were considered the main source of assistance and information. The experiences of friends and colleagues were a key source of awareness of more generalised information, especially in areas of aged care and power of attorney.

Role-specific advisers, such as solicitors and accountants, were also used to provide more detailed information on specific issues, with most of this type of assistance only occurring at the time of a specific incident or when a particular issue had arisen.

Mostly supporters felt there was little information to assist them to prepare for issues that might arise.

While used widely, the internet was not always considered helpful. Common concerns were:

- ◆ overwhelming breadth of information
- ◆ specific issues they were seeking an answer for not being easily accessible
- ◆ questionable reliability of sources
- ◆ bureaucratic language, which was not clear
- ◆ multiple links to multiple pages, resulting in users easily losing sites that might have held value.

Information needs

The supporters identified that they needed:

- ◆ assistance to be better prepared to plan for issues and challenges that may present themselves as their loved ones age. Broad guidance on where to look for further information and support on issues as they arise would be highly valued
- ◆ timely, accurate and accessible information that explained complex issues in layperson's terms and builds their own confidence and capability to deal with the multitude and complexity of issues
- ◆ information that provides confidence in having the challenging discussions which are likely to arise.

They also placed considerable value on the presence or input of an authoritative third party, particularly when experiencing challenges in discussing issues with their loved ones.

While initially supporters are looking for very broad information, issue-specific information is then required. The greatest information need was identified as obtaining layman's explanations of:

- ◆ the financial elements of the aged care system
- ◆ pension changes
- ◆ assets and pension calculators
- ◆ power of attorney and enduring guardianship.

Difficulty in understanding current information on these issues can undermine supporters' confidence that they are taking the right action for their seniors.

Supporters would benefit from a section of ASIC's MoneySmart website that targets them specifically. They valued much of the information on the 'Over 55s' section of the site when exposed to it. However, many would not see it as well targeted to their needs as it is currently presented.

Next steps



The research conducted to date is informing ASIC's development and curation of targeted information, tools and resources for Australian seniors and their supporters.

The quantitative research into the segmentation of the Australian seniors population has reinforced the need to work with intermediaries to better support the more financially vulnerable segments.

We will also focus on developing resources on ASIC's MoneySmart website to support those seniors requiring greater knowledge and confidence to make decisions about their financial future, as well as the more confident seniors already using the website's resources.

Developing targeted resources to address the needs of those supporting seniors in their financial decision making is also a priority, as is developing communication and distribution strategies to ensure broad awareness and usage of the resources developed for seniors and their supporters.

Appendices



Appendix A: Quantitative research

— Sample profile

TABLE 2: SAMPLE BREAKDOWN BY GENDER

Gender	Weighted	Unweighted
Male	546 (49.0%)	580 (52.1%)
Female	568 (51.0%)	534 (47.9%)
Total	1,114 (100%)	1,114 (100%)

TABLE 3: SAMPLE BREAKDOWN BY AGE

Age	Weighted	Unweighted
55–64 years	524 (47.0%)	559 (50.2%)
65–74 years	379 (34.0%)	360 (32.3%)
75+	212 (19.0%)	195 (17.5%)
Total	1,114 (100%)	1,114 (100%)

TABLE 4: HOUSEHOLD STRUCTURE

Household type	%
Couple with children at home	11%
Couple with no children at home	59%
Single, living at home with parents	1%
Single, children at home	3%
Single, no children at home	8%
Single, living alone	16%
Single, sharing with other adults	2%
Total	100%

Appendix B: Segments — Overview

TABLE 5: SEGMENTS OVERVIEW								
		55+ Australians	Choice Limited	Today Focused	Reactive Risk-taker	Cautious Investor	Savvy Investor	Choice Rich
Key characteristics			Most financially vulnerable; More likely to be female and single	Tend to overestimate own knowledge and underestimate requirements for retirement	Skewed towards 55-64 and working; more vulnerable to scams; higher than average CALD background (29% vs 12%)	More likely to be female; high levels of education and medium-high income	Self-reliant and well-informed; more likely to be retired	Affluent; self-reliant; more likely to be male and coupled
Approximate number			1.3 million	1 million	350,000	930,000	1.5 million	640,000
Financial priorities			Day-to-day expenses; Rent	Day-to-day expenses	Paying off mortgage; Funds to retire ASAP	Financial security	Holidays; Flexibility	Investments; Helping children
Household income	Earning under \$30,000	18%	33%	21%	20%	17%	11%	2%
	Earning over \$100,000	13%	4%	6%	10%	17%	14%	36%
	Government income* (% receiving over 50% of income from government sources)	35%	53%	51%	25%	32%	27%	4%
Home ownership	Outright home ownership	70%	43%	69%	43%	84%	83%	86%
	Renting	13%	27%	15%	16%	8%	5%	4%
Superannuation	Have superannuation	58%	39%	41%	65%	62%	62%	100%
	Average value of superannuation	\$170,000	\$32,500	\$32,170	\$222,400	\$156,000	\$106,000	\$808,000
Financial resilience	Ability to raise a \$2,000 emergency fund from own funds	74%	46%	71%	64%	83%	89%	90%
Handling day-to-day financial issues	Feeling confident about	81%	52%	93%	76%	72%	98%	98%
	Feeling informed about	78%	37%	100%	82%	55%	100%	100%
Planning for the future	Feeling confident about	58%	12%	77%	54%	26%	91%	90%
	Feeling informed about	60%	4%	93%	63%	5%	99%	98%
	Have a plan they understand well	50%	3%	31%	81%	43%	89%	82%
Attitudes	“Dealing with money is stressful and overwhelming”	23%	48%	10%	75%	21%	8%	6%
	“Have difficulty understanding financial matters”	13%	27%	8%	23%	18%	4%	3%
Accessing information	Accessing information		Unlikely to seek out information; Most likely to work with intermediaries/agencies		Will seek professional advice	Responsive to ‘government-authorised’ messages		
	Likely to seek professional advice	59%	39%	52%	68%	66%	67%	80%

*Includes income from benefits, pensions and other government allowances/payments (includes payments that are not means tested).

Appendix C: Segments — Demographic comparisons

TABLE 6: DEMOGRAPHIC COMPARISONS

Demographic	Overall (n=1,114)	Choice Limited (n=251)	Today Focused (n=205)	Reactive Risk-taker (n=68)	Cautious Investor (n=176)	Savvy Investor (n=287)	Choice Rich (n=127)
Male	49%	43%	48%	52%	40%	51%	68%
Female	51%	57%	52%	48%	60%	49%	32%
55–64 years	47%	54%	43%	61%	48%	37%	53%
65–74 years	34%	31%	37%	26%	28%	38%	38%
75+	19%	15%	21%	13%	23%	24%	9%
Couple	70%	59%	67%	76%	71%	72%	86%
Single	30%	41%	33%	24%	29%	28%	14%
Metro	59%	54%	52%	67%	59%	62%	66%
Regional	41%	46%	48%	33%	41%	38%	34%
Retired	58%	51%	63%	39%	58%	67%	54%
Working	31%	31%	22%	51%	34%	28%	40%
CALD	12%	8%	14%	29%	8%	15%	10%

Key: Significantly above average; Significantly below average.

Note: 'Metro' excludes Canberra.

Appendix D: Questionnaire

The following is a list of questions asked of those who responded to the quantitative survey conducted in October 2016.

Survey eligibility

S1. Do you work in any of the following areas or industries (please select all those that apply to you)?

1. Banking, finance and/or insurance
2. Advertising, marketing and/or public relations
3. Education
4. Car manufacturer or dealer
5. Manufacturing and/or distribution of food
6. Market research
7. Retail
8. Public service
9. None of these
10. Prefer not to answer

S2. How old are you?

1. Under 18 years
2. 18–29 years
3. 30–39 years
4. 40–49 years
5. 50–54 years
6. 55–64 years
7. 65–74
8. 75+
9. Prefer not to answer

S3. Do you identify as a male or female?

1. Male
2. Female
3. Prefer not to answer

S4. Where do you live?

1. Sydney
2. Rest of New South Wales
3. Melbourne
4. Rest of Victoria
5. Brisbane
6. Rest of Queensland
7. Perth
8. Rest of Western Australia
9. Hobart
10. Rest of Tasmania
11. Adelaide
12. Rest of South Australia
13. Darwin
14. Rest of Northern Territory
15. ACT

Section A: Household, financial priorities and financial situation

A1. Which of the following best describes the home in which you live?

1. Owned outright
2. Being paid off (still on mortgage)
3. Rented
4. Provided by government housing authority
5. Other
6. Don't know

A2. Which of these statements best describes the household in which you currently live?

1. Couple, children at home
2. Couple, no children at home
3. Single, living at home with parent/s
4. Single, children at home
5. Single, no children at home
6. Single, living alone
7. Single, sharing with other adults

A3. Overall, how well informed do you feel when it comes to making decisions about:**(a) day-to-day financial issues?**

1. Very well informed
2. Well informed
3. Moderately informed
4. Slightly informed
5. Not at all informed

(b) major financial issues around planning for the future?

1. Very well informed
2. Well informed
3. Moderately informed
4. Slightly informed
5. Not at all informed

A4. Overall, how confident do you feel when it comes to making decisions about ...**(a) day-to-day financial issues?**

1. Very confident
2. Confident
3. Moderately confident
4. Not very confident
5. Not at all confident

(b) major financial issues around planning for the future?

1. Very confident
2. Confident
3. Moderately confident
4. Not very confident
5. Not at all confident

A5. Who in your household mostly manages:**(a) day-to-day financial issues?**

1. I mostly manage these financial issues
2. My partner and I jointly manage these financial issues
3. My partner mostly manages these financial issues
4. Other (please specify)

(b) major financial issues around planning for the future?

1. I mostly manage these financial issues
2. My partner and I jointly manage these financial issues
3. My partner mostly manages these financial issues
4. Other (please specify)

Note: This question was only asked if the participant selected 'Couple, children at home' or 'Couple, no children at home' in Question A2.

A6. Which of these are your current financial priorities (please select as many as apply to you)?

1. Paying day-to-day household bills and expenses
2. Paying rent
3. Paying healthcare and medical costs
4. Paying off large debts, such as car loans or large credit card debt
5. Saving for a holiday or travel
6. Saving for major furniture item or whitegoods (e.g. fridge, dryer)
7. Putting money into investments (apart from superannuation)
8. Putting extra money into superannuation
9. Having enough money to enjoy life and do what I want to do
10. Being able to help the children financially
11. Helping parents and other relatives make financial decisions about their future
12. Having enough superannuation and other investments to be able to retire as soon as possible
13. Finding the right investment for my money
14. Paying off the mortgage
15. Making sure I can access money for emergencies or something unexpected
16. Investing in property (other than my own home)

A7. Of the priorities selected in Question A6, which *three* are your *main* current financial priorities?

Note: This question was only asked if the participant selected more than three priorities in Question A6.

A8. Do you have a detailed financial plan for:**(a) the next five years?**

1. Yes
2. No
3. Not yet but I'll organise one within two years or so

(b) And what about for the next 10–15 years?

1. Yes
2. No
3. Not yet but I'll organise one within two years or so

Section B: Current financial situation and investments

B1a. Which of the following statements best describes your current financial situation?

1. I never seem to have enough money to cover my expenses
2. I manage to meet all my expenses but there's nothing left to save
3. I meet my expenses and have a little bit left to spend or save
4. I comfortably meet my expenses and can easily save or spend if I want to

B1b. If you had a financial emergency, how would you raise \$2,000 to pay for this within a week (please select all that would apply to you)?

1. I couldn't do it
2. From family
3. From friends
4. From savings
5. Redraw on the mortgage
6. Personal loan (e.g. from a bank)
7. Credit card
8. Other credit providers (e.g. payday loan)
9. Another way (please specify)
10. Don't know

B2. Which of the following, if any, do you currently have (please select all that apply to you)?

1. Superannuation
2. Personal loan(s) — other than home loans and car loans
3. Credit card(s)
4. Term deposit(s)
5. Home building insurance
6. Contents insurance
7. Life insurance
8. Third party car insurance (not compulsory green slip)
9. Comprehensive car insurance
10. Shares
11. Investments such as managed funds or unit trusts (excluding superannuation)
12. Investment property
13. Retirement income stream products, including 'transition to retirement' pensions or annuities
14. None of the above

B3. What is the approximate current dollar value of your superannuation in total (including all funds you may have)?

1. \$1–\$49,000
2. \$50,000–\$99,000
3. \$100,000–\$199,000
4. \$200,000–\$299,000
5. \$300,000–\$399,000
6. \$400,000–\$499,000
7. \$500,000–\$599,000
8. \$600,000–\$699,000
9. \$700,000–\$799,000
10. \$800,000–\$899,000
11. \$900,000–\$999,000
12. \$1,000,000+
13. I don't know the current value
14. Prefer not to answer

Note: This question was only asked if the participant selected Superannuation (Code 1) in Question B2.

B4. Do you have an SMSF?

1. Yes
2. No
3. Not sure

Note: This question was only asked if the participant selected Superannuation (Code 1) in Question B2.

Section C: Financial issues and investing

C1a. Which of the following statements best describes your awareness and understanding of 'diversification'?

1. I have not heard of this
2. I have heard of this but do not really understand it
3. I have heard of this and understand it

C1b. Which of the following statements best describes your awareness and understanding of the 'risk/return trade-off'?

1. I have not heard of this
2. I have heard of this but do not really understand it
3. I have heard of this and understand it

C2. Which of the following strategies are examples of diversification?

1. Investing all your money among shares in different industries
2. Investing all your money in government bonds
3. Investing all your money in a technology company that has recently reported very high returns
4. Investing all your money across different investment choices such as shares, property and cash
5. Investing all your money in shares in a blue chip company that has performed well over 10 years
6. Investing all your money between two or three fund managers

Note: This question was only asked if the participant selected 'I have heard of this and understand it' in Question C1a.

C3. In your view, is an investment with a high rate of return more likely to have:

1. A higher level of risk
2. A lower level of risk
3. The same level of risk as other investments
4. I'm not sure

Note: This question was only asked if the participant selected 'I have heard of this and understand it' in Question C1b.

C4. How would you respond to an investment advertised as having a return significantly above market rates and no risk at all?

1. Consider it just 'too good to be true' and so not invest
2. Invest a little to see how it goes before investing more
3. Invest a lot to maximise the return
4. I'm not sure

Section D: Financial guidance, advice and information

D1. When planning for your future or deciding to invest, who (if anyone) do you consult with or speak to (please select all in the list below that apply to you)?

1. I don't consult with or speak to anyone else
2. Finance or mortgage broker
3. Financial adviser or planner
4. My family, children or parents
5. My friends
6. My partner
7. A representative of the company selling the financial product
8. Accountant or tax agent
9. Financial counsellor
10. Bank staff
11. Superannuation fund
12. Work colleagues
13. Other (please specify)

D2. Of the people selected in Question D1, which three do you find the most useful when it comes to planning for your future or deciding to invest?

Note: This question was only asked if the participant selected more than three people in Question D1.

D3. When planning for your future or deciding to invest, where (if anywhere) do you look for information (please select all in the list below that apply to you)?

1. I don't look for information anywhere
2. ASIC's MoneySmart website
3. Financial sections of the newspaper
4. Google
5. Social media (like Facebook)
6. Government information sources
7. Magazines
8. TV
9. Radio
10. Superannuation fund
11. The PDS
12. Other (please specify)

D4. Of the sources selected in Question D3, which three of these do you find the most useful when it comes to planning for your future or deciding to invest?

Note: This question was only asked if the participant selected more than three sources in Question D3.

Section E: Financial attitudes

Please rate whether you strongly agree, agree, neither agree nor disagree, disagree or strongly disagree with each of the following statements.

- E1. Dealing with money is stressful and overwhelming**
- E2. I like to live for today and not think too much about tomorrow**
- E3. I have difficulty understanding financial matters**
- E4. I have a financial plan for the future that I understand well**
- E5. Nothing I can do will make much difference to my financial situation**
- E6. I can easily tell if something is a scam or a fraud**
- E7. I try to stay informed and up to date about money matters and financial issues**
- E8. I can afford to do things that make life enjoyable**
- E9. My family and friends often come to me for advice about financial decisions**
- E10. There's little point planning for the future when the world outlook seems so uncertain.**
- E11. I search actively for new investments**
- E12. I need to get rid of all my debts before I can think about planning for the future**
- E13. I have lost money on a scam or fraud in the last five years.**
- E14. I have invested in things I didn't fully understand**
- E15. I change investments often, depending on what I hear or read**

Section F: Older people you are responsible for or concerned about

F1. Do you have any family members aged 55+ who you feel may need more information, advice or assistance when making major financial decisions about their future?

1. Yes
2. No

Note: If 'No' selected, participant skips to Section G.

F2. Which, if any, of the following issues are you concerned about when it comes to these older family members (please select as many issues as apply)?

1. The cost of aged care, such as residential aged care homes or villages
2. Coping financially now or in the future
3. Financial issues arising from forming new relationships
4. Downsizing or moving home
5. Paying insurance that is unnecessary or too expensive
6. Setting up formal arrangements, such as power of attorney or a guardianship order
7. Something else (please specify)

F3. Would you say you are very involved, somewhat involved or not at all involved in providing each of the following to these older family members when it comes to major financial decisions or issues?

1. Giving them guidance or advice
2. Providing or finding information for them
3. Advising them where to find the relevant information
4. Actively managing their finances for them
5. Advising them who else to speak to / consult with
6. Helping them put their financial decisions into action

Section G: Your background and circumstances

G1. Which of the following best describes when you (if you are single) or both you and your partner (if you are part of a couple) plan to or hope to retire?

1. I am / we are both already retired
2. Within the next 2 years
3. 2–5 years
4. 6–10 years
5. 11 years or more
6. Not planned or discussed as yet

G2. What is the highest level of education you have completed to date?

1. Primary school to Year 10
2. Year 11 or 12
3. Trade, apprenticeship, TAFE or Technical Certificate
4. Diploma
5. Bachelor degree or post-graduate degree
6. Other (please specify)
7. Prefer not to answer

G3. What is your main current working status?

1. Working full time (35 hours/week or more)
2. Working part time or casually (15–34 hours/week)
3. Working part time or casually (less than 15 hours/week)
4. Looking for work
5. Retired
6. Full-time student
7. Not working and not looking for work
8. Home duties
9. Other (please specify)
10. Prefer not to answer

Note: If 'Looking for work', 'full-time student', 'not working and not looking for work', 'home duties', 'other' or 'prefer not to answer' selected, participant skips to Question G5.

G4a. Which of the following best describes your main occupation?

1. Senior manager, leader or qualified professional
2. Other business manager, working in the arts or media, or a sports person or associated professional
3. Technician, trades worker, clerks, skilled office worker or service staff
4. Machinery operator, driver, labourer or assistant

Note: This question was only asked if the participant selected 'Working full time', 'working part time or casually (15–35 hours/week)' or 'working part time or casually (less than 15 hours/week)' in Question G3.

G4b. Which of the following reasons describe why you retired when you did (please select as many as apply to you)?

1. I reached the age where I could access my super
2. I had enough money
3. Offered a voluntary redundancy
4. Lost my job
5. Major illness (mine)
6. Became entitled to the Age Pension
7. To care for a sick /elderly family member / partner /child
8. Became entitled to the Disability Pension or Carer Payment
9. Just felt the time was right / my choice
10. Wanted to retire while in good health / young enough to enjoy retirement
11. Wanted to do other things with my life
12. My partner / spouse is / was already retired
13. Other (please specify)

Note: This question was only asked if the participant selected 'Retired' in Question G3.

G5. What is your approximate total annual household income before tax from all sources?

1. Under \$6,000
2. \$6,000–\$9,999
3. \$10,000–\$14,999
4. \$15,000–\$19,999
5. \$20,000–\$24,999
6. \$25,000–\$29,999
7. \$30,000–\$34,999
8. \$35,000–\$39,999
9. \$40,000–\$44,999
10. \$45,000–\$49,999
11. \$50,000–\$59,999
12. \$60,000–\$69,999
13. \$70,000–\$79,999
14. \$80,000–\$89,999
15. \$90,000–\$99,999
16. \$100,000–\$119,999
17. \$120,000–\$139,999
18. \$140,000–\$149,999
19. \$150,000–\$179,999
20. \$180,000–\$199,000
21. \$200,000 or more
22. Don't know or not sure
23. Prefer not to answer

G6. Is your total household income over \$100,000 or under \$100,000 per annum?

1. Under \$100,000
2. \$100,000 or more
3. Prefer not to answer

Note: This question was only asked if the participant selected 'Don't know or not sure' or 'Prefer not to answer' in Question G5.

G7. How much of your household income comes from Government benefits, pensions, and other Government allowances or payments?

1. None of the household income
2. Less than half
3. More than half but not all
4. All of the household income
5. Prefer not to answer

G8. Is a language other than English regularly spoken in your household?

1. Yes
2. No
3. Prefer not to answer

G8a. Which language is that?

1. Mandarin
2. Italian
3. Arabic
4. Cantonese
5. Greek
6. Vietnamese
7. Other (please specify)

Note: This question was only asked if the participant selected 'Yes' in Question G8.

G9. Do you identify as an Aboriginal or Torres Strait Islander or both?

1. Yes — Aboriginal
2. Yes — Torres Strait Islander
3. Yes — Aboriginal and Torres Strait Islander
4. No — neither
5. Prefer not to answer



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