

Half of Australians fear not being able to maintain lifestyle

Households blame rising living costs and static incomes

Monday, 18 August 2014: The financial wellbeing of Australian households declined in the second quarter of 2014 (Q2), and preservation of lifestyle has become the chief concern for 47% of households. In a bid to maintain lifestyle, 41% of households will aim to reduce living costs, while one in three (32%) will cut discretionary spending in the current financial year.

These are the latest findings of the ING DIRECT Household Financial Wellbeing Index, which measures household sentiment across income, debt, investments, savings and ability to meet household bills.

Key findings for Q2 2014 (surveyed in July 2014):

- 47% of Australian households fear not being able to maintain current lifestyle
- Women (52%) are more concerned about maintaining lifestyle than men (42%)
- Queenslanders are most worried about maintaining lifestyle (52% of households) while South Australians are least concerned (42%)
- In a bid to preserve their lifestyle, 41% of households plan to cut living costs, 44% will save more and 32% will cut back discretionary spending
- Almost one in five households plan to look for a better paying job

National households' top five financial concerns include:

1. 47% Maintaining current lifestyle (56% for baby boomers aged 50-64 years)
2. 45% Managing new costs coming from the Federal Budget
3. 31% Meeting large one-off costs such as car maintenance, house renovations
4. 25% Job stability (rising to 40% of Gen Y households)
5. 18% Increasing debt (25% of Gen Y households)

National top five financial ambitions include:

1. 44% Saving more (rising to 63% of Gen Y households)
2. 41% Reducing cost of living – utility bills, transport etc (50% of baby boomers)
3. 32% Cutting back on discretionary spending
4. 18% Getting a better paying job (30% of Gen Y households)
5. 10% Earning more money by working longer hours (20% of Gen Y households).

Executive Director of Customer at ING DIRECT, Mr John Arnott says, "It's worrying that maintaining rather than improving lifestyle has become the key concern as Australian households deal with costs rising faster than incomes."

"On the plus side, households are taking responsible steps to preserve and even improve their financial wellbeing, with many looking at ways to actively cut costs rather than relying on increased debt, which can lead to greater financial pain further down the track." adds Mr Arnott.

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For more information, to set up an interview or obtain a copy of Galaxy's research findings, please contact:

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About the research

The ING DIRECT Financial Wellbeing Index was compiled by Galaxy Research from the online responses of 1,033 households between 1 July and 7 July 2014. The data was weighted by region and household size to reflect the Australian household population based on the 2006 census. The level of savings reported in the study is also calibrated to APRA national bank total deposits (households) to ensure accuracy of household savings levels.

About ING DIRECT

ING DIRECT changed the way Australians bank 15 years ago by launching the country's first high interest, fee free online savings account. Since then, we've brought this low fee value to home loans, transactional banking and superannuation. With over 1.5 million customers – and \$31 billion in savings and \$38 billion in mortgages – ING DIRECT has the highest reputation of any other bank in Australia (RepTrak, Oct 2013), as well as the highest Net Promoter Score (NFSM, December 2013).