**Media Release:** Tuesday, 17 April 2012

**1 in 4 households suffer lower incomes**

Seniors hardest hit while Gen Y Australians boost earnings

**The ING DIRECT Financial Wellbeing Index reports that one in four Australians are facing reduced household incomes. NSW and Victoria both fared poorly – with 24% of households experiencing cuts to income over the past year.**

Western Australia has bucked the trend with 55% of households earning more than they were 12 months ago compared to a National average of 46%.

**Key findings for Q1 2012 (surveyed in March and April 2012):**

* 46% of households are earning more today than a year ago – this rises to 55% among WA households, and 56% of Gen Y households (age 18-34).
* 24% of households are getting by on lower incomes, due mainly to:
  + Cuts to working hours (35%)
  + Reduced salaries (26%)
* Older Australians have been hardest hit – 29% of those aged 55-69 are living on less than they were a year ago.

*The quarterly Financial Wellbeing Index rates household comfort levels across six key aspects of personal financial wellbeing including credit card and mortgage debt, savings, investments, household income and ability to pay bills.*

**The ING DIRECT Financial Wellbeing Index reached 106.9, the highest level since Q2 2010.**

**Snapshot of the six key measures:**

1. *Ability to pay regular bills* - 20% of households are ‘very uncomfortable’ about their ability to pay bills on time.
2. *Personal savings* - 68% of households are comfortable with savings
3. *Household income* – 19% say they are ‘very uncomfortable’ with household income, up from 18% in Q4.
4. *Mortgage/long term debt* - 93% of households are comfortable with their home loan; 63% are “very comfortable” - the highest level recorded since Q3 2010.
5. *Investments/long term assets* - 28% are “very uncomfortable” with household investments and long term assets, down from 31% in Q4.
6. *Credit card/short term debt* - 56% of households say they ‘very comfortable’ with their credit card balance – the highest level recorded.

**46% are earning more – though for 1 in 10 it means longer work hours**

Across Australia, 46% of households have experienced rising incomes over the past year. Among these households, 55% enjoyed a salary increase (61% in WA) and 10% started a better paying job (17% in WA). However for 9% a higher income has come at the cost of longer hours at work.

**Supplementing incomes**

Faced with rising living costs, Australians are taking a range of steps to boost income.

**Over last 12 months Next 12 months**

Sold/sell goods to supplement income 9% 11%

Undertaken odd jobs for cash 8% 12%

Work more hours part-time 8% 8%

Take on an extra part-time job 6% 10%

Invest/trade shares 6% 7%

Undertake education to up-skill 5% 6%

Re-enter workforce 3% 7%

Start a business 2% 6%

Start an online business 1% 7%

Mr Don Koch, CEO of ING DIRECT, says “It’s good to see households getting on top of debt. However it is worrying to see declining incomes in almost a quarter of households. It is very important for households to budget and cut costs such as unnecessary fees and charges on regular outgoings.”

**-ENDS-**

**For media releases on state-based results, please contact** [**Caroline Thomas**](mailto:caroline.thomas@ingdirect.com.au)**.**

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**Research methodology**

The ING DIRECT Financial Wellbeing Index was complied by Galaxy Research from the online responses of 1,015 households between 27 March and 2 April 2012 (Q1). 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 began operating in Australia in 1999. By doing business online, over the phone and through intermediaries, ING DIRECT keeps it overheads low and passes the savings onto customers in the form of competitive rates. Today, it has grown to become Australia’s fifth largest retail bank, with $26 billion in deposits, more than $38 billion in loans and around 1.4 million customers.

**Please note ING DIRECT is never abbreviated to ING.**