

CORE|DATA



Workplace Financial  
Wellness Index

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Workplace Super Specialists of Australia

2016

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# Executive Summary

## The Cost of Poor Financial Wellness

- In addition to the substantial personal costs, poor financial wellness is a major drag on Australian businesses, the total cost estimated to be \$33 billion per annum<sup>1</sup>.
- Employees who lack financial wellness tend to be more stressed, as observed by more than three in five employers (63.3%)<sup>2</sup>. A significant number of employers also noted presenteeism (43.3%), low morale (30%), and absenteeism (16.7%) as other consequences of poor financial wellness.
- Despite the costs of poor financial wellness, only 15.2% of the businesses surveyed had implemented a financial wellness program.
- Of those that have, three in five saw an increase in the overall financial wellness of their employees over the last six months. This is six times the rate of improvement of businesses without a financial wellness program.
- The majority of employers see programs to improve financial literacy of their employees as very valuable or extremely valuable (62%).

## Current Workplace Financial Wellness

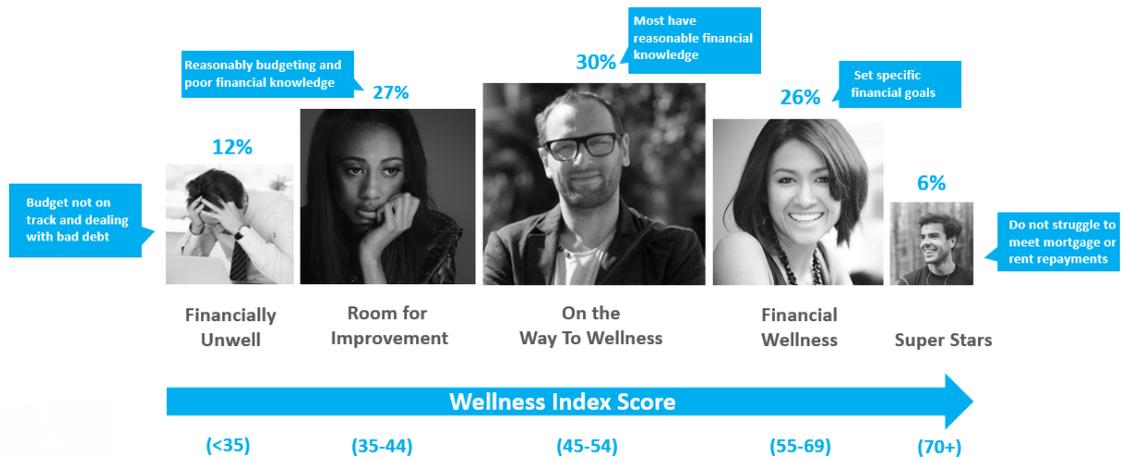
- The overall wellness score for all respondents (n=1,440) was 49, indicating that the average wellness across Australia is moderate.
- However, there is a large spread of results between respondents. 6% of respondents were classified as being “superstars” meaning they have excellent financial wellness and 12% of respondents were “financially unwell” indicating that they are in desperate need of financial help.
- There is a clear hierarchy of areas that highlight a “journey to financial wellness”. This shows that as someone improves their financial wellness, they typically start to focus on longer-term goals. People tend to deal with the most top of mind financial issues first as these usually cause most financial worries.
- Financial literacy underpins financial wellness, with 95% of the superstars having strong or very strong financial literacy compared to less than 4% of the financially unwell.
- Males are typically more financially well than Females, possibly due to factors such as workplace discrimination, wage ceilings and financial abuse within relationships.
- Age has little effect on the wellness of each individual, indicating that financial wellness is not an absolute measure, but rather is relative to each individual’s situation.

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<sup>1</sup> (PriceWaterhouseCoopers, 2010)

<sup>2</sup> Of employers who indicated their workplaces wellness was below excellent

## What Does Wellness Look Like?



\*Figures are rounded, sum might not equate to 100%.

- Only 6% of the **'Financially Unwell'** pay off their credit card regularly, 21% indicated they spend more than they earn
- Two in three **'Room for Improvement'** employees save money regularly, yet few were confident they had adequate insurance (12%)
- Almost one in two (45%) who were **'On their way to Wellness'** indicated they had set specific financial goals, and two in three have average financial literacy
- More than 4 in 5 **'Financially Well'** employees have no credit card debt and over half have a retirement savings plan
- **'Superstars'** scored the top score in most sections, with 90% having a retirement savings plan and 60% documenting their estate plan

# Methodology

## Defining Financial Wellness

There is no single, agreed upon definition for Financial Wellness, but there are some common characteristics used in practice in various programs and research. Prior to the commencement of the project, CoreData conducted a literature review of the current knowledge surrounding financial wellness, and concluded that there was a need for a “multifaceted and holistic” approach when defining financial wellness. The index needed to measure an employee’s complete financial picture and overall financial health.

Findings from the literature review highlighted the need for a dynamic measure that can change through an individual’s life, and needed to look at how all of the aspects of an individual’s financial life fits together to drive overall financial wellbeing.

For the purposes of this index, Financial Wellness may be defined as:

- a state of being healthy, happy and free from any financial worries and stressors
- being able to live your desired lifestyle for the rest of your life without financial anxiety or fear
- having a clear understanding of their financial situation and having the ability to live within their financial means

## The Financial Wellness Nexus



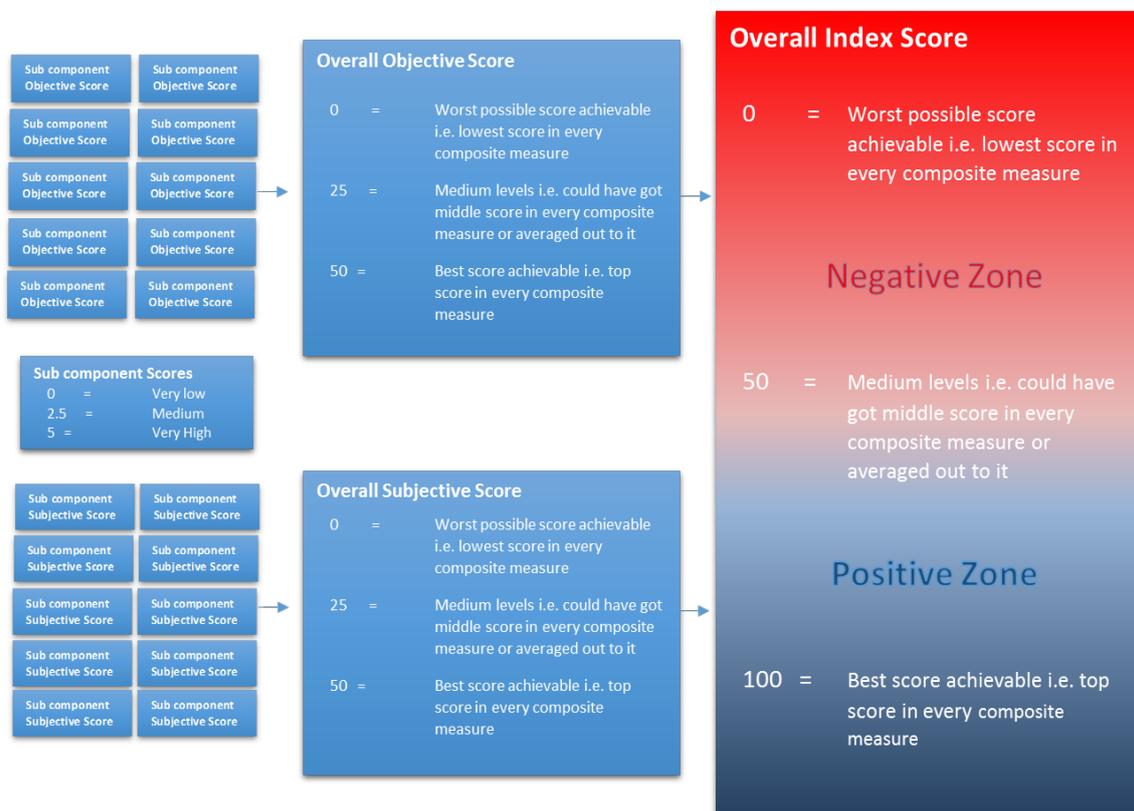
## Construction of the Index

The index consists of a range of key components such as budgeting, level of savings, debt levels, risk management and planning for the future. CoreData selected key metrics that measure both long and short term financial needs as well as objective and subjective views of each measure.

The index is scored on a range from zero to 100, where zero is the worst possible score and 100 is the best possible score. 50 is considered to be a level of “moderate” wellness.

CoreData hypothesised that people’s financial wellness is not solely reliant on factors such as age and wealth. Financial wellness should be reflective of each individual’s situation, rather than a measure of wealth or consumer sentiment.

Additionally, a survey of employers was run in parallel to the Index fieldwork to measure the effects of differing levels of wellness in the workplace.

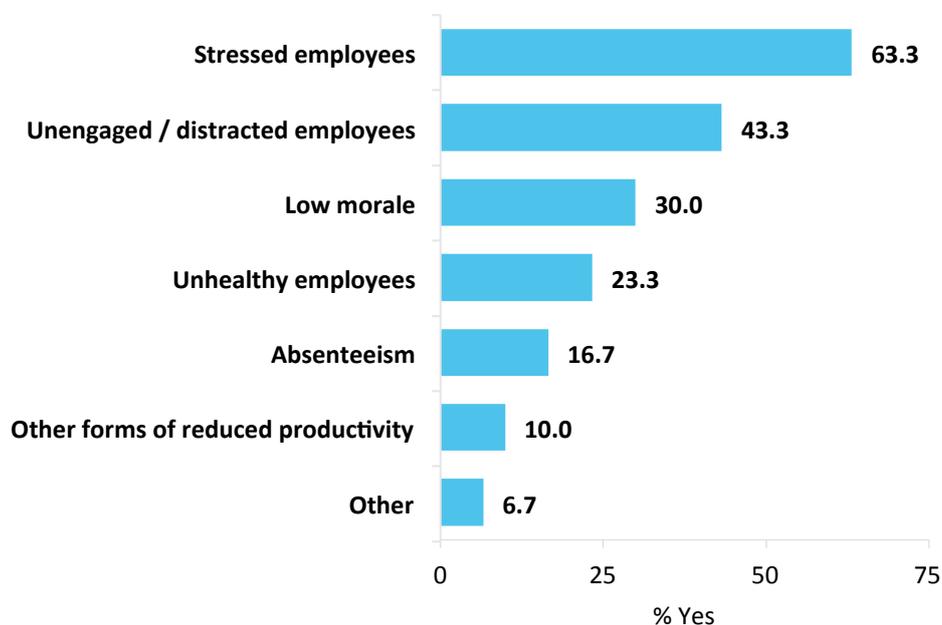


# Employer Results

## Effects on Businesses

Of the employers who observed a lack of financial wellness in their workplace, more than three in five (63.3%) could identify stressed employees; 43.3% noticed presenteeism (unengaged/distracted employees) and 30.0% saw low morale. Loss in productivity is a major problem for employers across the country face and a major drag on the profitability of businesses. Across the Australian economy, the cost of these factors is approximately \$33 billion each year<sup>3</sup>.

**What impact do you see in workplace behaviour because of this financial stress?**



\*Multiple answers allowed

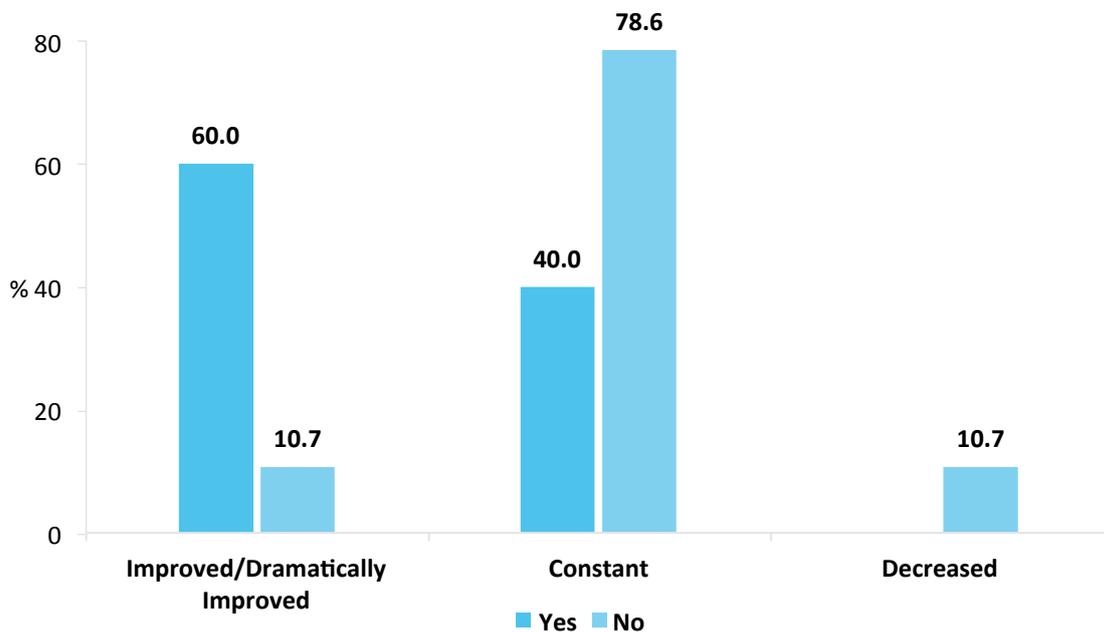
These large numbers of noticeably stressed, unhappy, and disengaged employees highlight the need for education and financial planning for more Australians in the workplace. These signs should be seen a cry for help, as many employers are noticing non-trivial repercussions from poor financial wellness.

<sup>3</sup> (PriceWaterhouseCoopers, 2010)

## What can the Employers Do?

Employers are not powerless when dealing with poor financial wellness of employees. The graph below highlights the difference between the employers who have implemented a financial wellness program in the past year versus those who have not. Those who have implemented a financial wellness program believe their workplace wellness has improved (60%) or remained the same (40%) or remained the same (40%).

**How would you say the financial wellness of your employees has changed over the past 6 months?<sup>4</sup>**



In contrast, of those who have not implemented a financial wellness program, only 10.7% claim their workplace’s financial wellness has improved and the same number believe wellness has decreased. Workplaces should be constantly aiming to improve the financial wellness of their employees, as there is no “final state”. Everyone’s financial situation should be constantly monitored and can always be improved.

These improvements have material impacts on morale and productivity in the workplace, as levels of engagement, productivity and discretionary effort are five times lower amongst those with financial worries<sup>5</sup>. Additionally, according to the Australian Psychological Society, a 2014 study found that financial issues were the leading cause of stress for one in two Australians<sup>6</sup>. These results are worrying, highlighting the need for education in the workplace.

<sup>4</sup> Coloured bars represent the responses to the question: “Have you implemented a financial wellness program in the past 12 months”

<sup>5</sup> (Barrett, 2014)

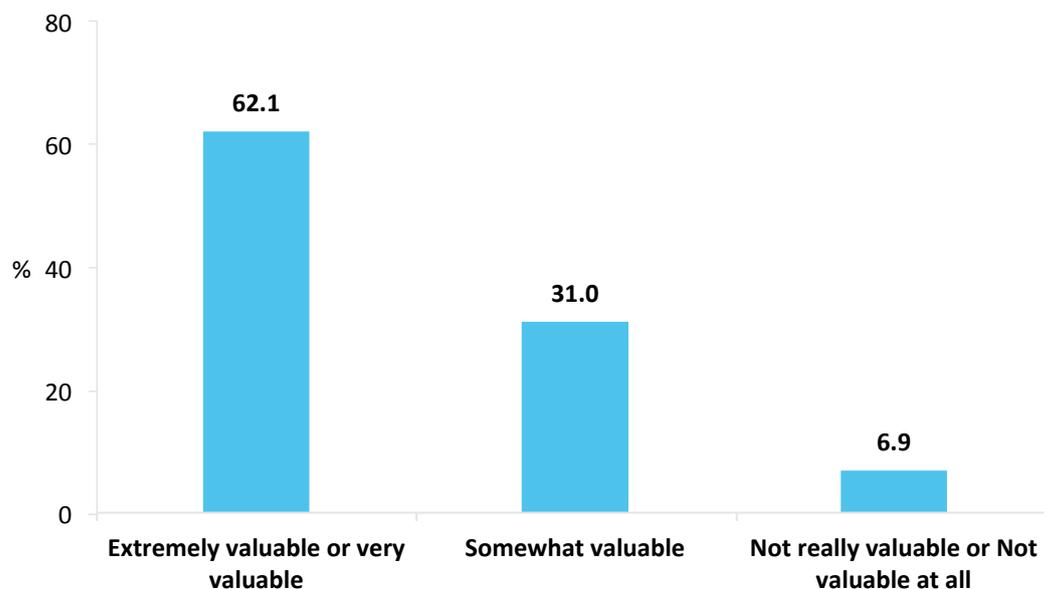
<sup>6</sup> (Stress and Wellbeing in Australia Survey, 2014)

## Employer Interventions Create Value

Employers and Employees both derive value from financial literacy education within the workplace. More than three in five employers believe the value to employees of financial literacy education as either extremely valuable or very valuable. Only 7% of employers did not associate any value of this type of training for their employees.

As shown later in the report, financial literacy underpins financial wellness, as those who report having higher financial literacy typically have stronger financial plans in place. The findings from the index have highlighted that financial literacy is a key barrier to wellness, with those with poor financial literacy often falling down at the simplest aspects of financial wellness such as budgeting and debt management.

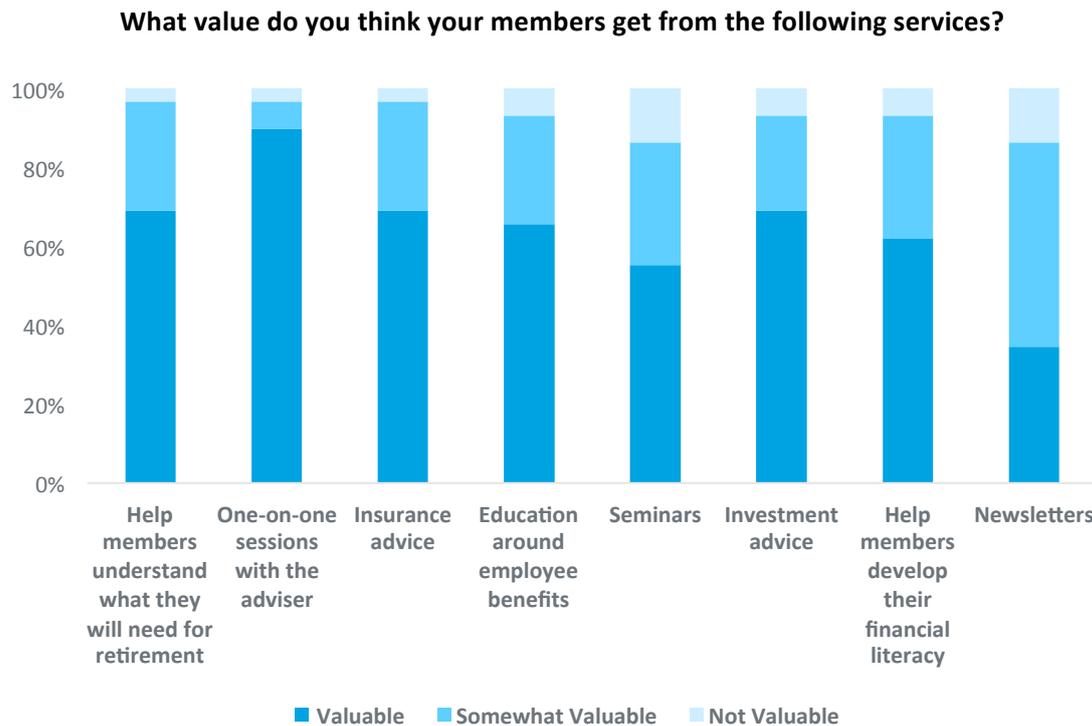
### What value do you think your employees get from helping them develop their financial literacy?



Because employers find these services valuable, there is a clear gap in the market that can be filled by financial planners being present in the workplace. Removing the financial literacy barrier from many Australians would provide them the tools they need to improve their financial wellness.

## How Best to Communicate with Employees?

According to employers, the most valuable way for planners to communicate with their employees is through one on one sessions with an adviser. Advisers are able to deliver the most value to an employee through one on one sessions, as they can provide personalised advice.



The vast majority (89.7%) of employers believe one on one sessions with an adviser are extremely valuable or very valuable. These results are similar those of the 2011 study conducted by CoreData, where 82.8% of employers indicated that one on one sessions with employers were extremely valuable or very valuable.

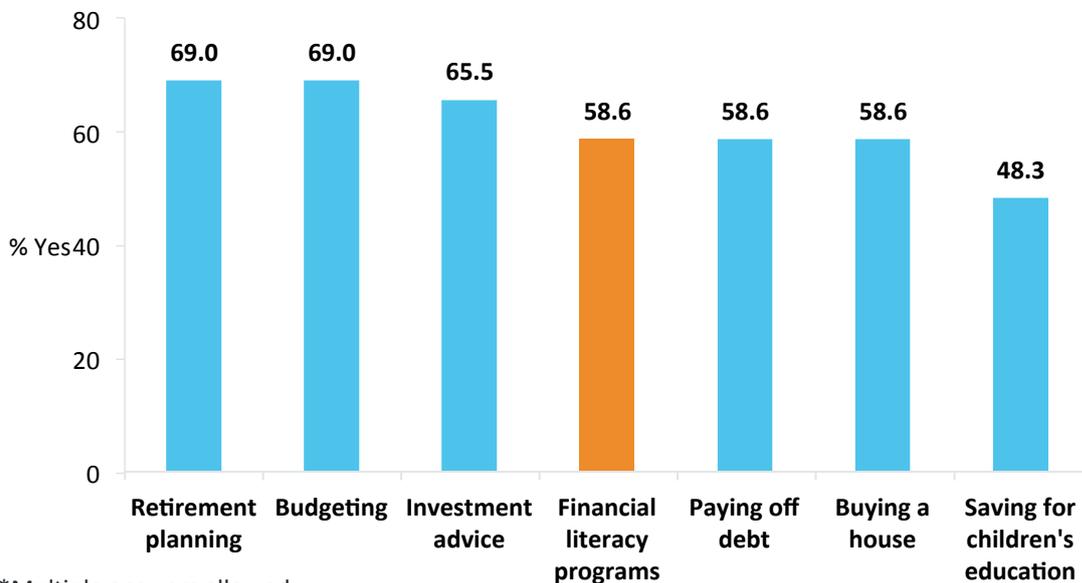
In saying this, more than half of employers saw value in seminars, and over 60% rated education around financial literacy as valuable.

These results highlight the need for convenient financial advice that can be accessed readily. Location and accessibility are key barriers to many receiving financial advice, and thus workplace advisers can help bridge the gap for those who are unadvised. In addition, workplace advisers are able to provide personalised advice in a cost effective manner.

## What Programs do Employers Want?

The majority of employers have indicated that they would like to see multiple services provided by workplace super advisers. In particular, retirement planning services and budgeting services scored highly, with almost seven in 10 employers indicating they would like these services. This could be an indication of where many employers are seeing day-to-day financial stress, as many employees point to the cost of living as a reason they should get a raise. This is a common trend, with Time magazine indicating that two thirds of respondents to PayScales’ annual Compensation Best Practices report gave cost of living raises<sup>7</sup>.

**What other services would you like to see provided by workplace super advisers?**



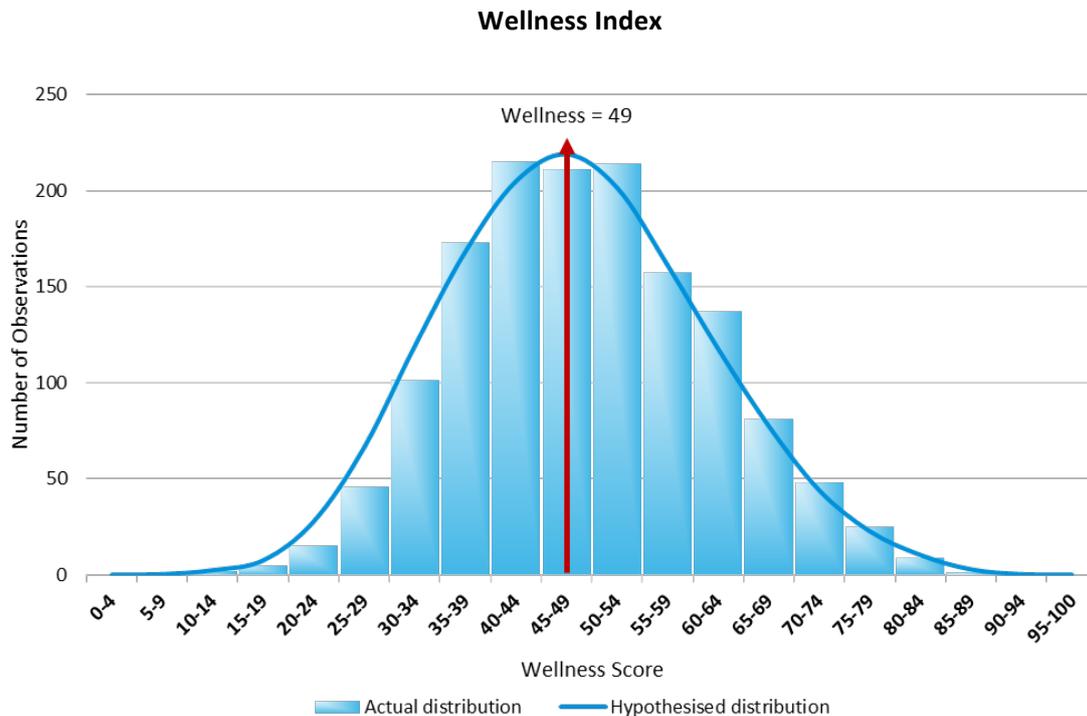
Retirement planning is also unsurprising, as many employers would be exposed to employees working past their ideal retirement. More than one in two employers also want financial literacy programs in the workplace. Financial literacy programs can have a major impact on the wellness of employees in the workplace. Financial literacy programs are the most effective tool that workplace super advisers can use to provide low cost advice to a wide audience. This also has the added benefit of providing a clear path to purchasing advice.

<sup>7</sup> (White, 2015)

# Wellness Index Results

## Workplace Financial Wellness Index

The workplace financial wellness index comprised of results from 1,440 Australian workers found that the average wellness of employees across the country was 49.



One of the most interesting findings from the research was the spread of results. The minimum wellness score was 12 whereas the maximum wellness score was 86. The large spread between the bottom and top responses highlights the major differences among workers.

CoreData has categorised people in five bands based on their wellness scores, these bands are as follows:

- 'Financially Unwell': Respondents who scored below 35. (12% of respondents)
- 'Room for Improvement': Respondents who scored between 35 and 44. (27% of respondents)
- 'On the way to Wellness': Respondents who scored between 45 and 54. (29% of respondents)
- 'Financially Well': Respondents who scored between 55 and 69. (26% of respondents)
- 'Superstars': Respondents who scored 70 or above. (6% of respondents)

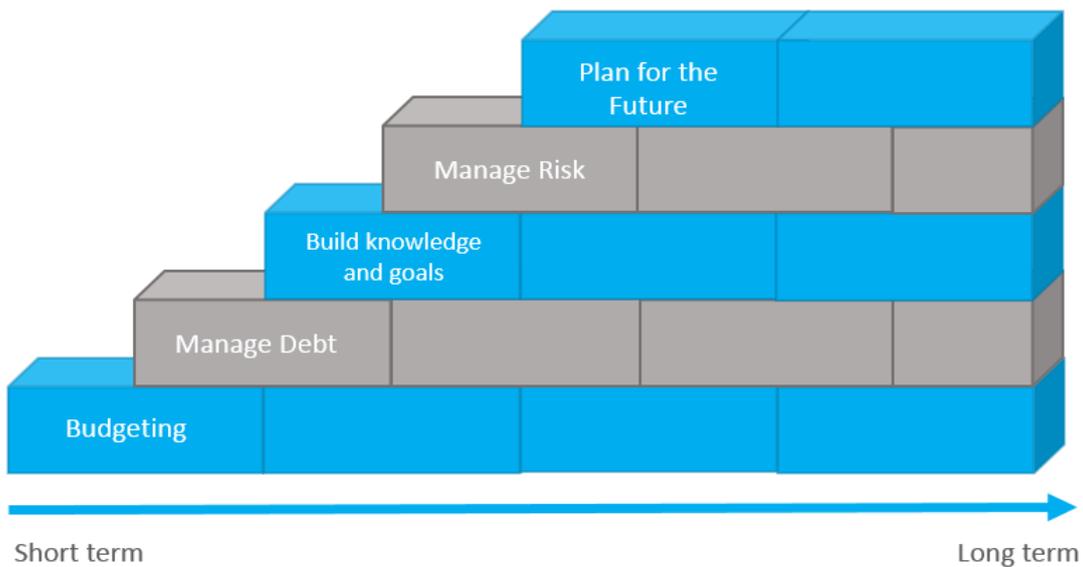
Typically, the Financially Unwell and Room for Improvement groups are in considerable need of help with their financial situation and account for almost two in five Australians. In contrast, those who are financially well or have 'Superstar' status typically have most of their finances

sorted, many having long-term plans such as financial goals and risk management strategies. Almost three in ten Australians are “on the way to wellness”, having adequate wellness in the short term, through good budgeting and debt management habits, however still lack financial planning skill and long term goals that would lead them to true financial wellness.

These results highlight a major call to action for many Australians.

## Journey to Financial Wellness

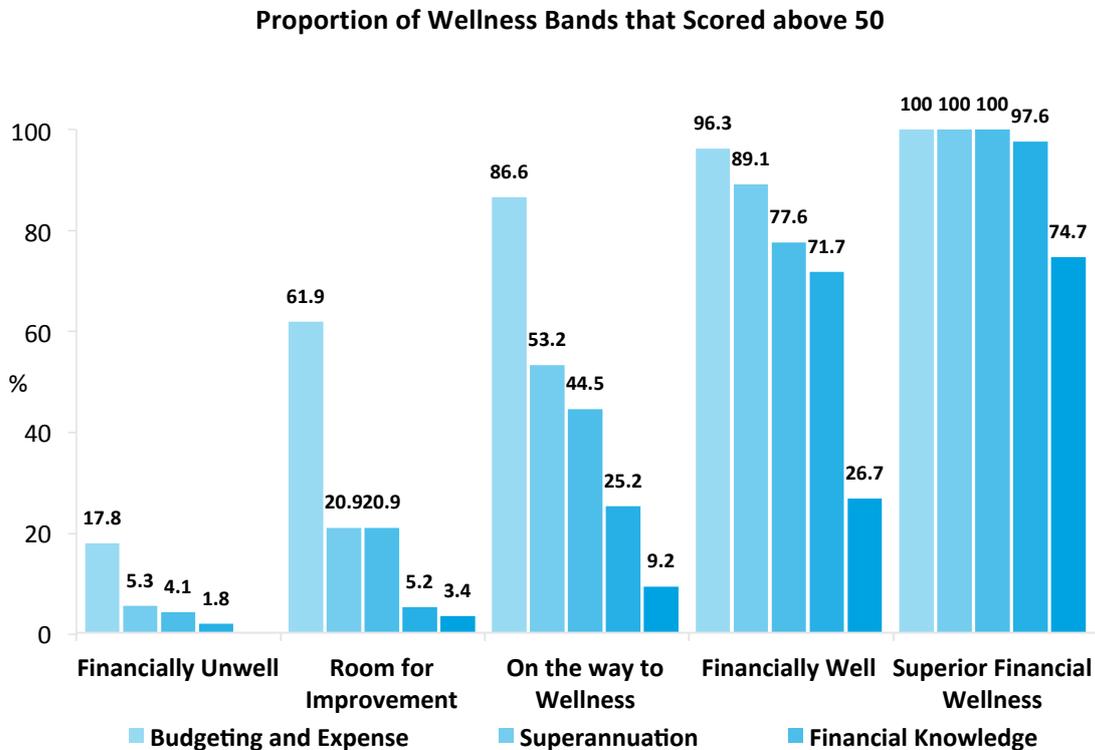
There is a clear hierarchy of high-level concepts that define each wellness band and there is a clear path to becoming more financially well. Those who are most financially unwell typically spend more than they earn, have uncontrolled bad debt and are not in a position to plan for the future. For those individuals, the path to financial wellness starts with simply setting a budget. From that starting point, that person would be able to bring their bad debt under control, and then look to build long-term goals.



In contrast, someone who is most financially well, typically has all of their financial affairs in place. For those individuals, the key is monitoring and reviewing investments and financial plans on a regular basis.

However, the majority of people fall within the extremes, where they can budget properly, some may have bad debt, but the majority need to build their financial literacy.

The graph below illustrates the proportion of people who have scored above 50 in five key areas, namely: Budgeting and Expense Management, Superannuation, Financial Knowledge, Risk Management, and Planning for the Future<sup>8</sup>.



Those who are financially unwell typically do not score well in any area, although some have their budgeting on track. Those who are on their way to wellness typically have their budgets on track, but the majority lack financial knowledge and risk management plans. Those with superior financial wellness tend to excel in all areas and have well developed plans for the future.

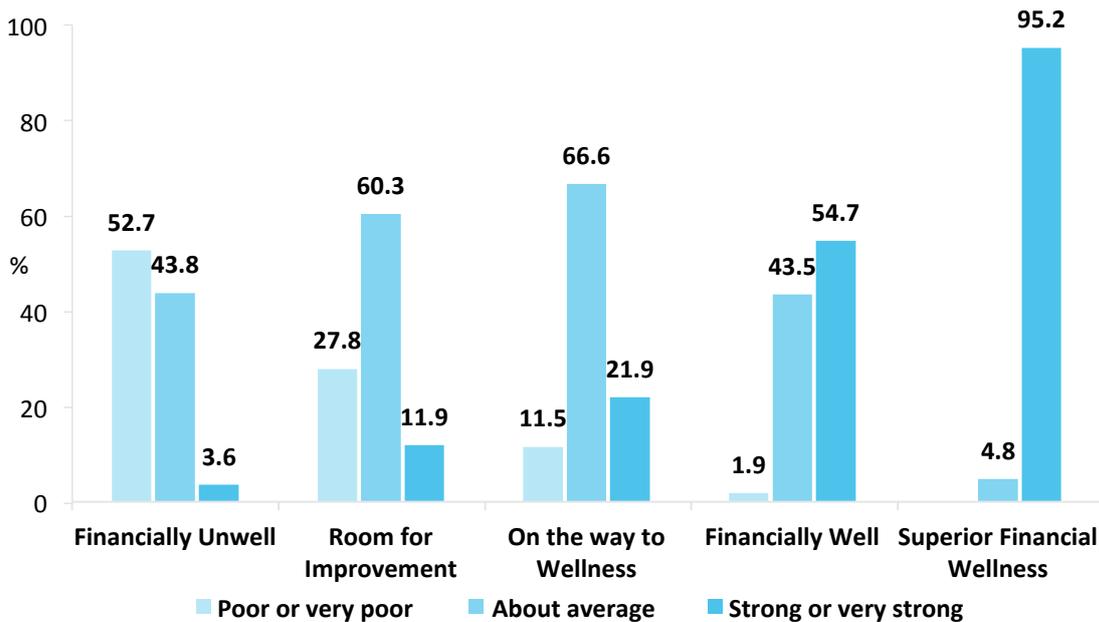
This natural progression highlights the clear path to financial wellness, taking care of short-term needs first, and then looking to set long-term goals to ensure financial security in the future. These results can empower employees to improve their financial situation, as it shows there is always something they can focus on to improve their situation, without presenting a master “grand plan” that demotivates them. As best as possible, advisers in the workplace need to empower employees to get on the path to wellness.

<sup>8</sup> Note that each of these key areas are an aggregation of questions and do not form an exhaustive list of all of the components of the index.

## Financial Literacy

This research highlighted that a key driver of financial wellness in the workplace was the respondent’s financial literacy. There is a clear correlation between respondents who indicated that they had strong or very strong financial knowledge and their final wellness score.

**How would you rate your financial knowledge?**



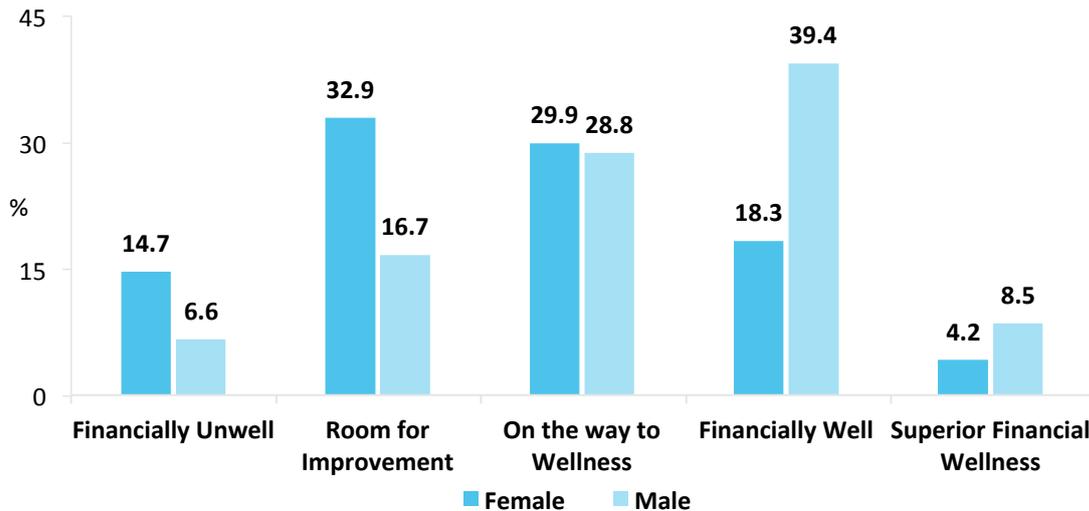
More than one in two financially unwell individuals indicated that they had poor or very poor financial knowledge, whereas no one with superior financial wellness (i.e. Superstars) indicated they had poor financial knowledge.

Furthermore, financial literacy drove much of the other aspects of financial wellness, such as management of bad debt. For example, almost 10% of those who scored financially unwell indicated that they paid less than the minimum amount on their credit card last month, and only 6% indicated they pay off their credit card in full every month. In contrast, less than 3% of the Superstars were unable to pay off their credit card last month.

## Gender and Financial Wellness

A difference in gender was shown in the results of the survey, with almost one in two males being considered financially well, compared to less than one in four females. The converse was also true, with less than one quarter of males being considered financially unwell or having room for improvement, compared to almost half of females.

Wellness score vs Gender



This difference reflects known financial inequalities between males and females in the workplace. This may also be indicative of key differences between males and females in terms of financial decision-making and perceptions. Many females may not objectively be in a worse financial situation but worry about their finances. Males tend to be more confident when it comes to financial decision making, regardless of the level of objective financial literacy they possess. These differences indicate that females need to be empowered to take control of their finances, rather than avoid the discussion.

Previous research by CoreData has shown that 70.3% of females in a relationship feel at least somewhat reliant on their partner for financial support<sup>9</sup>. The majority of females (86%) manage the household budget; however only two in five have assets in their own name, reflecting the latent vulnerability women face financially.

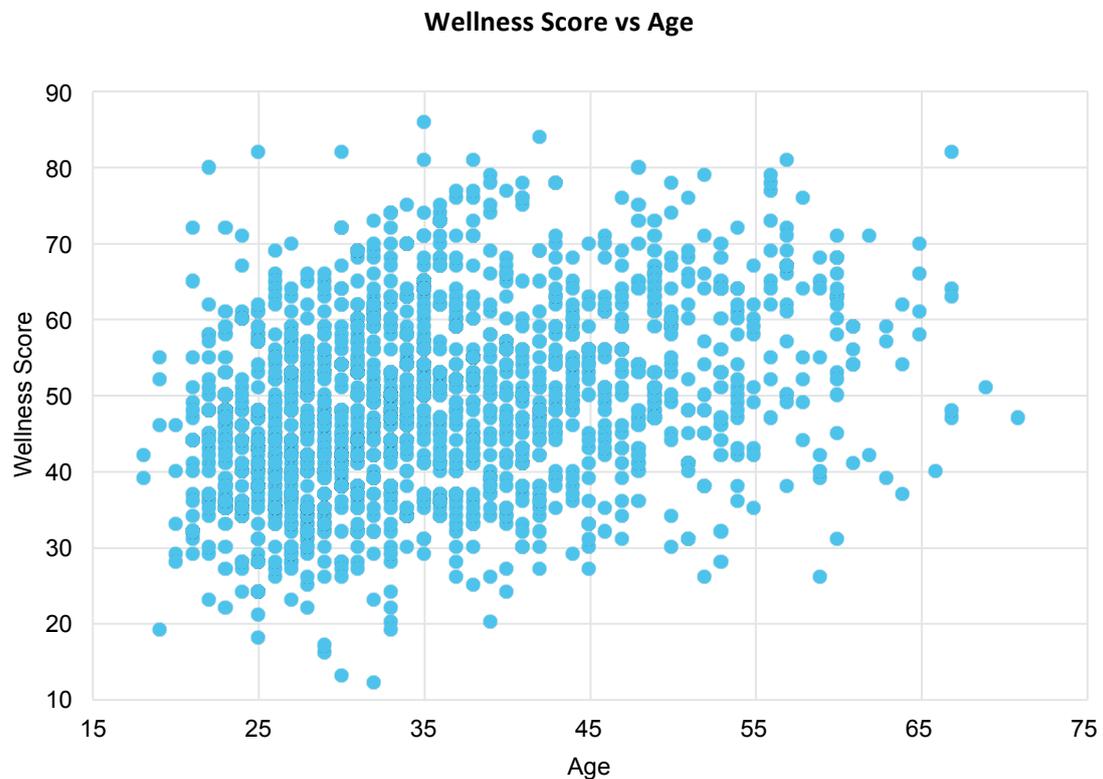
*“I have to answer with regard to my marital status, so there is no obvious distinction between my husband and myself. I feel a bit misrepresented as a result of his bad habits/poor financial decisions.” - (Female, 53, Financially Unwell)*

It is important to recognise the specific challenges that female employees face in the workforce. In particular, career punctuation, wage ceilings and discrimination all affect their financial wellness. These issues need to be acknowledged on a company wide basis in order to improve the female wellness score.

<sup>9</sup> (CoreData, 2016)

## What Happens with Age?

The graph below is a scatter plot of the respondents' age against their wellness score. At all ages there is considerable spread, with only a slight average increase in wellness with age. This highlights that at all ages it is possible to achieve financial wellness and it shows that even those approaching retirement can still be financially unwell.

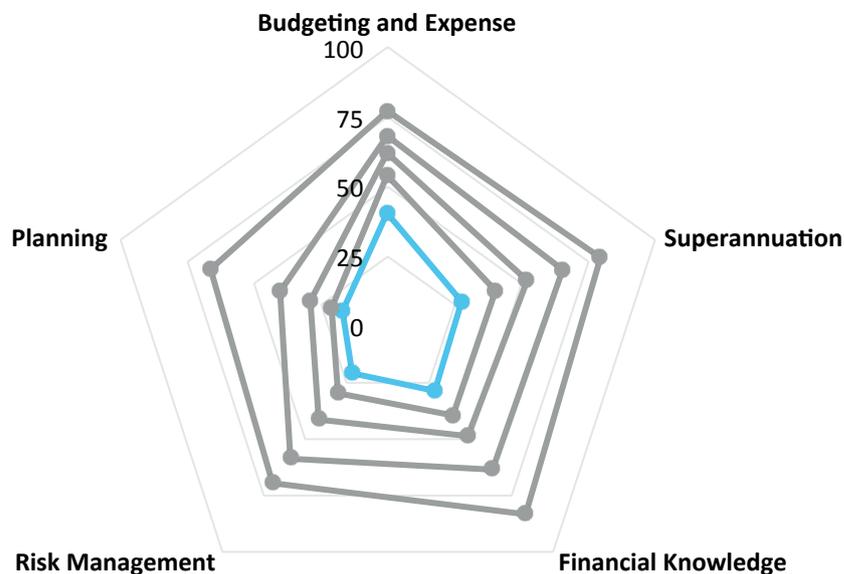


This provides a challenge to employers and workplace superannuation advisers, as there are no strong demographic predictors of financial wellness. Employers need to be proactive in understanding the challenges that face each specific employee, rather than making assumptions about the entire workplace.

# What Do the Bands Look Like?

## Financially Unwell

Those who are financially unwell scored the lowest category in most questions in the survey. Typically, they struggle with the first building blocks to wellness, i.e. budgeting and debt management. In saying this, budgeting is the strongest area for most of the financially unwell, with an average score of 40.4 out of 100 in this section, compared to 16.6 in the planning for the future section.



One of the most alarming aspects of the financially unwell is their level of bad debt. Only 6% of those who are financially unwell consistently pay off their credit card<sup>10</sup> and 10% paid less than the minimum amount on their credit card last month. These are alarming statistics, highlighting a considerable number of people are in desperate need of an education and support.

*“Taking this Survey has scared me witless regarding my finances...” (Male, 29, Financially Unwell)*

<sup>10</sup> 6% of total cohort, including 26.6% who do not own a credit card.

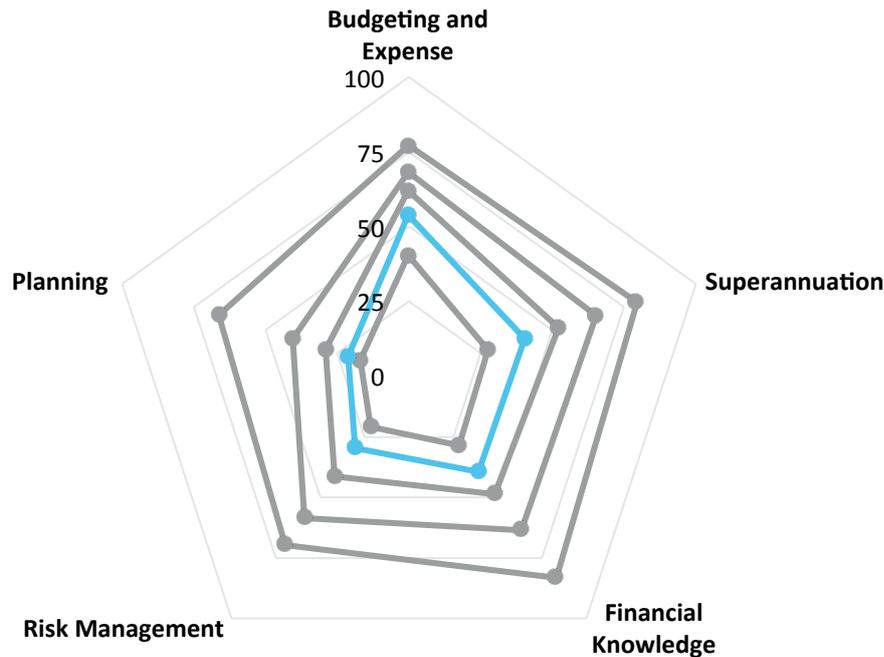
Budgeting does not get much better, with most not saving money regularly. Almost one in two (46%) indicated that they do not save any money, and more than one in five (21%) indicated that they spend more than they earn.

Due to this poor budgeting, almost two in three experience difficulty with paying their bills: 32% struggle to pay their bills “reasonably often”, 19% struggle “most of the time” while 14% struggle “all of the time”. Only 3% of those who are financially unwell indicated that they do not struggle to pay their bills.

The features of this group are quite distinct from the other groups. In particular, this group is stressed and overwhelmed, with almost all of those who are financially unwell indicating that they are not financially secure for the future (96%) and the vast majority indicated their finances are out of control (91%). In addition, females are overrepresented in this group, and most have poor financial literacy. Many feel they cannot live within their means, and need help with the most basic financial planning skills.

## Room for Improvement

Those who have “Room for Improvement” have reasonable budgeting skills (average score of 53.8) and most have their debt under control. The majority (67%) save money regularly, and almost one in three paid off their credit card in full last month<sup>11</sup>. Three in 10 (29.6%) paid more than the minimum amount on their credit card. The remainder of this group paid the minimum amount required (14.4%) or paid less than the minimum (2.1%).



This group typically has some anxiety about their financial situation, with three in four indicating that they feel their finances are out of control. However, more than half of these respondents indicated that they do not struggle to pay their bills<sup>12</sup>. The majority of this group has laid the foundations in good budgeting and debt management, however need some help in managing their financial situation to move through the journey to financial wellness.

In addition, the majority of this group was unsure whether they have adequate insurance, with only 12% indicating they were confident that they had enough life insurance for their partner and themselves. Poor risk management is a key feature of those who are not financially well, with long term planning escaping many in this group.

Financial literacy is a key barrier to financial wellness for this group. The majority of these respondents indicated that they had average financial knowledge, with almost three in 10 (28%) indicating that they have poor or very poor financial knowledge.

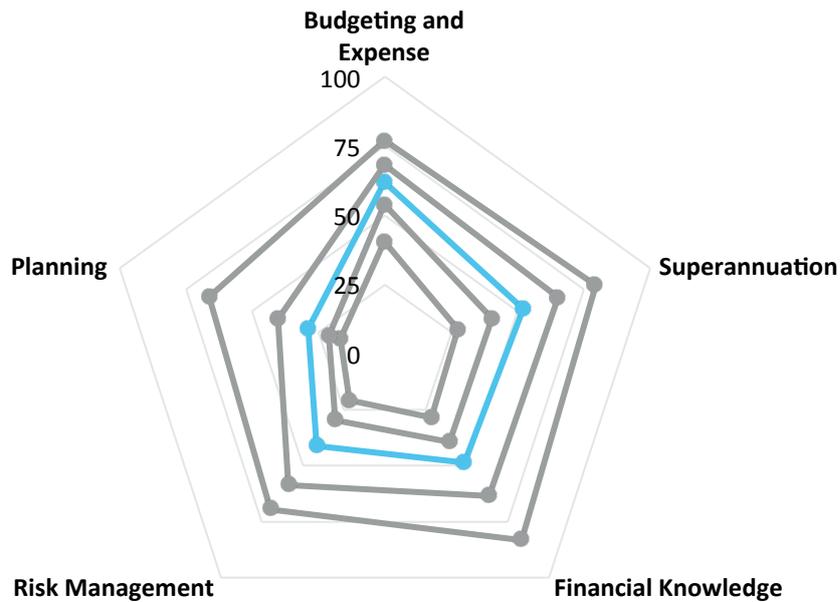
<sup>11</sup> 23.2% do not own a credit card.

<sup>12</sup> 74% said they “Never” struggle to pay their bills (21.4%), or “Not very often” do they struggle (52.6%)

Many people in this group could benefit instantly from financial advice solely from rearranging their finances. 46.1% of people indicated that they did not pay off their credit card in full last month, and 33.2% indicated that they do not save any money. This would imply that some people in this group are putting money aside, but are not paying off their credit card bill in full. Affordable financial advice would allow many of these people to improve their finances dramatically, as it is clear many people in this cohort need a small amount of guidance to get their finances back on track.

## On the Way to Wellness

This group typically has short-term objectives under control but still struggles with setting and achieving long-term financial goals. Typically, this group has good budgeting practices, with more than three in five having a specified budget, and only one in 10 indicating that they struggle to pay bills reasonably often, or more often.



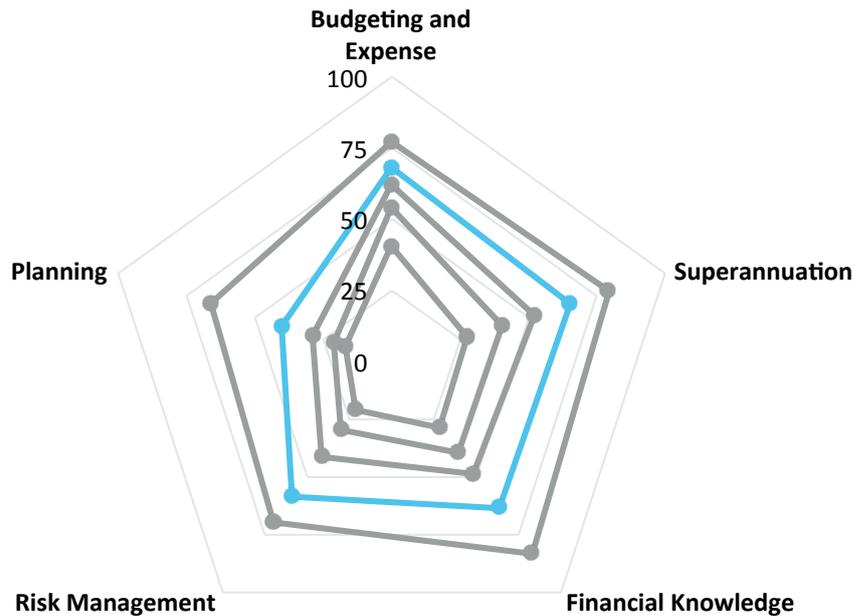
Some in this group still do not meet credit card repayments, as one in four paid more than the minimum amount last month, but less than the full amount, and 6% paid either the minimum amount or less than the minimum. More than half (52%) have set specific financial goals, indicating that most have moved past short term goals, and look to try and secure a financially secure future. However, the majority still do not have adequate risk management strategies in place, with 88% indicating they do not have a risk management strategy. This means that the majority of Australians are exposed to sudden and unexpected events.

*“The fees that financial advisers take are huge therefore cannot afford to get the advice...” - (Female, 51, On the Way to Wellness)*

This group could benefit from financial advice by gaining help in setting plans for the future, especially in areas that are easy to put off, such as risk management, estate planning, and a formal retirement savings plan. This group has reasonable financial literacy, with the majority of respondents (67%) indicating that they had about average financial literacy, with another 22% indicating they had strong or very strong financial literacy. While this group is in control of some aspects of their financial situation, and most do not worry about money on a weekly basis, they still have a long way to go to be truly financially well.

## Financially Well

Financially Well individuals typically have all of their short-term financial goals in place, however some still score poorly in planning for the future. This group has strong financial literacy and has strong budgeting and debt management skills. For example, 65% of the financially well always pay off their credit card in full every month, with another 19% either not owning a credit card (8.5%) or they paid it off in full last month, but not always (10.7%).



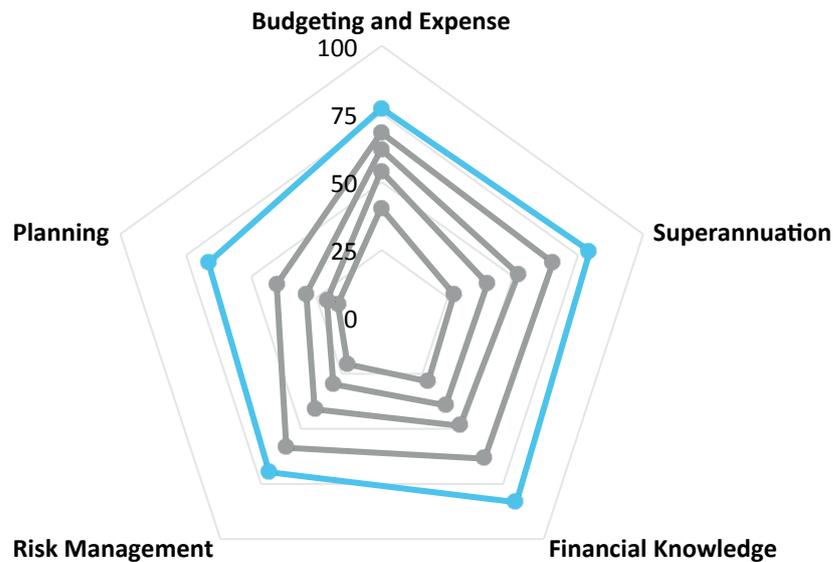
Risk management is considerably better among the financially well, with 60% of the financially well having a risk management strategy in place. In addition, 81% have indicated that they have specific financial goals in place. The majority of the financially well (79%) have life insurance with 64.8% indicating that they are confident they have enough life insurance to meet their needs.

Typically, those who are financially well are in control of their finances and look to plan for the future. Two in three feel financially secure for the future and less than one in three feel that their finances get a bit out of control. The main difference between those who are financially well and those who have superior financial wellness is that those in the latter category tend to document their future plans.

A financial planner could assist those who are financially well in helping them document and monitor financial plans to ensure financial security moving into the future.

## Superstars

Those who are “Superstars” have financial wellness that is superior to those who are financially well, and typically have scored the top score in most of the different sections. “Superstars” have little to no anxiety when it comes to their finances, short and long-term financial goals adequately defined, and risk management, estate, and retirement savings plans in place.



For example, 90% never struggle to pay bills, and almost all<sup>13</sup> never struggle to meet mortgage or rent repayments. Additionally, 81% either never worry about money, or only worry a few times a year. This indicates that Superstars typically have adequate short-term strategies in place, which allow them to focus on long-term goals.

The majority have their long-term goals planned, with 60% having a documented estate plan, and 90% having a retirement savings plan. In addition, 94% have specific financial goals, and almost all have private health insurance and life insurance<sup>14</sup>.

These respondents have good financial habits that they regularly implement, including research, monitoring investments and spending, as well as regularly reviewing arrangements such as estate plans. The majority of the Superstars have a dedicated financial adviser (56.6%) significantly higher than any other wellness band.

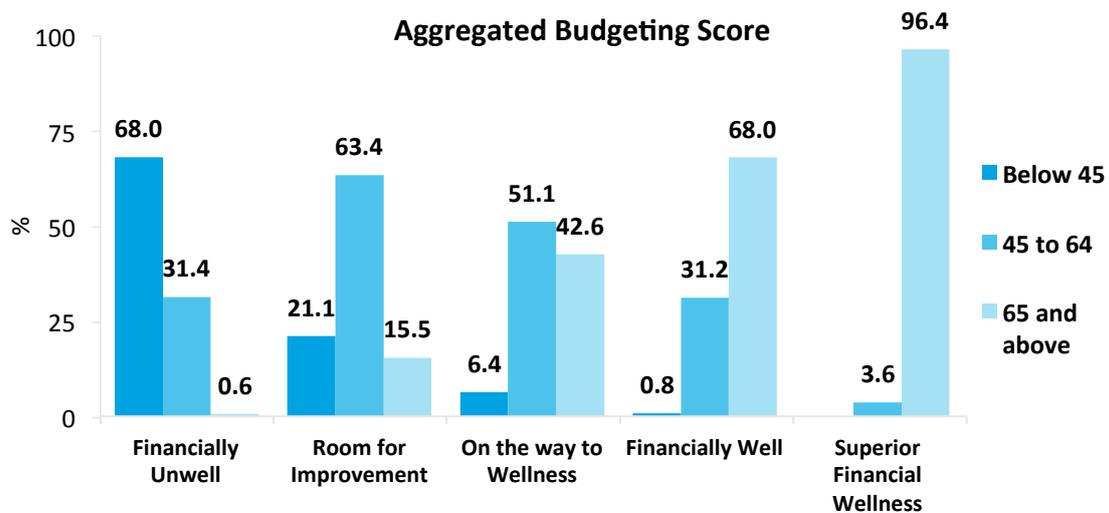
<sup>13</sup> 99%

<sup>14</sup> 95.2% and 91.6% respectively.

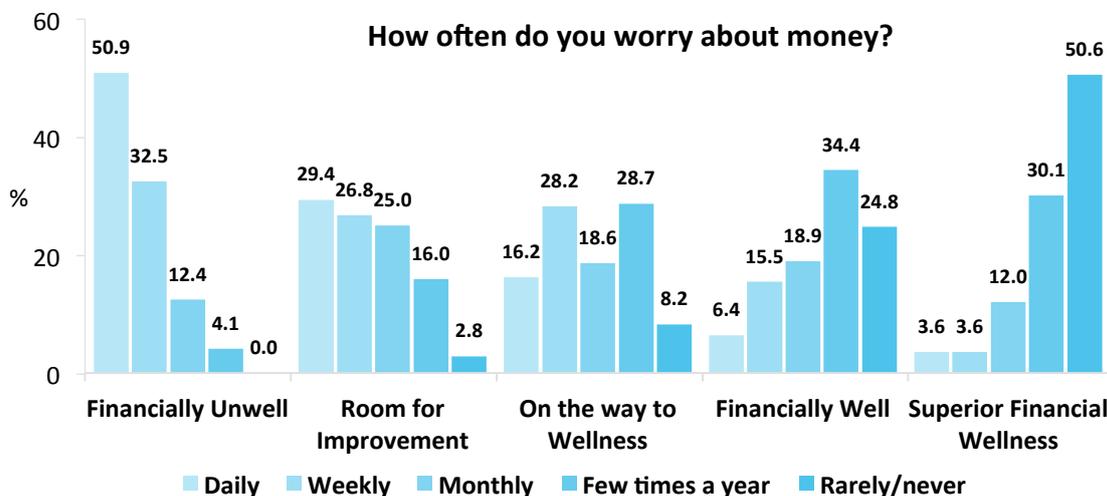
# Components of Wellness

## Budgeting

Budgeting is a score most of the wellness bands performed well in, with only the financially unwell having a majority of people scoring below 45 in this section. There is a clear improvement from one wellness band to the next. This suggests that budgeting acts as a “ticket to play”, as it acts as a barrier for many from engaging in their finances.



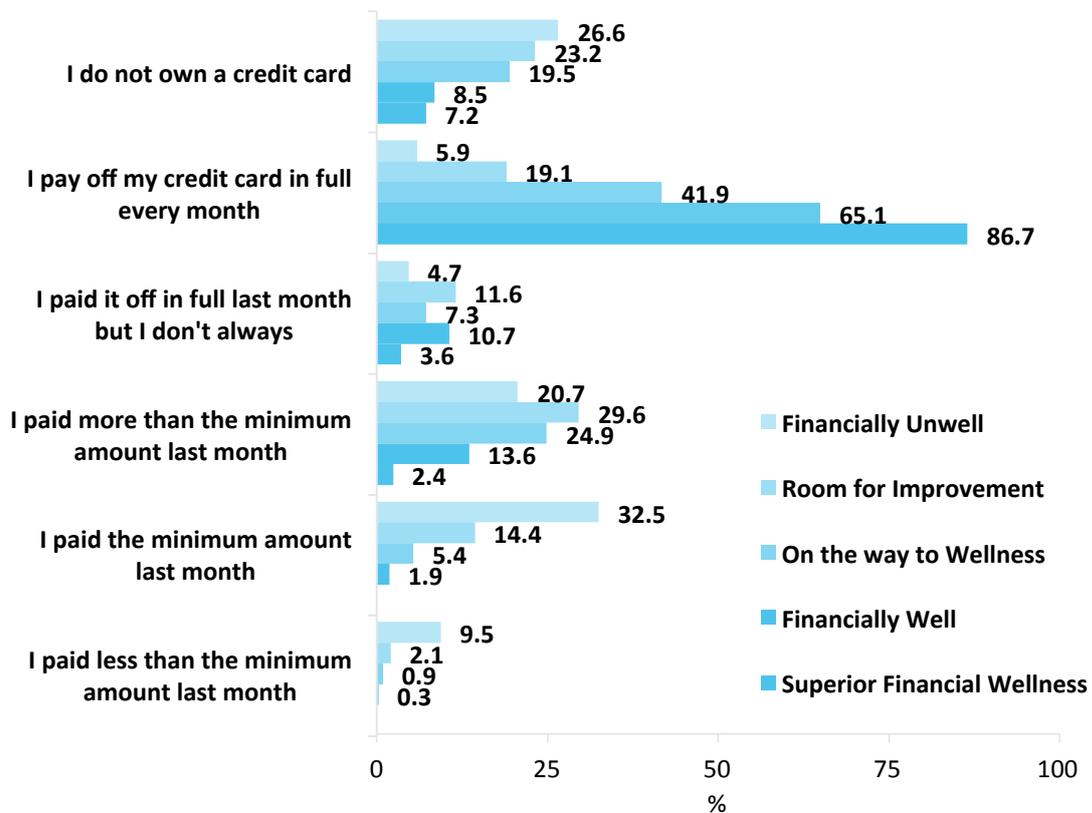
This translates into subjective measures, with the majority of those who are financially unwell worrying about money on a daily basis. In comparison, those who are superstars typically do not worry about money at all. This is a massive separator between the groups. When people worry about money on a daily and weekly basis, this stress will bleed into the workplace, causing a loss in productivity that businesses cannot afford.



## Debt Management

How each cohort handles debt, and in particular, credit card debt, highlights the vastly different approaches to managing debt, and sheds light on the financial literacy of each group. While those who do not own a credit card were not assigned a score contributing to the wellness score (i.e. weight was placed equally on other components), it is clear that the financially unwell's strategy to debt management is to either not have a credit card, or is non-existent.

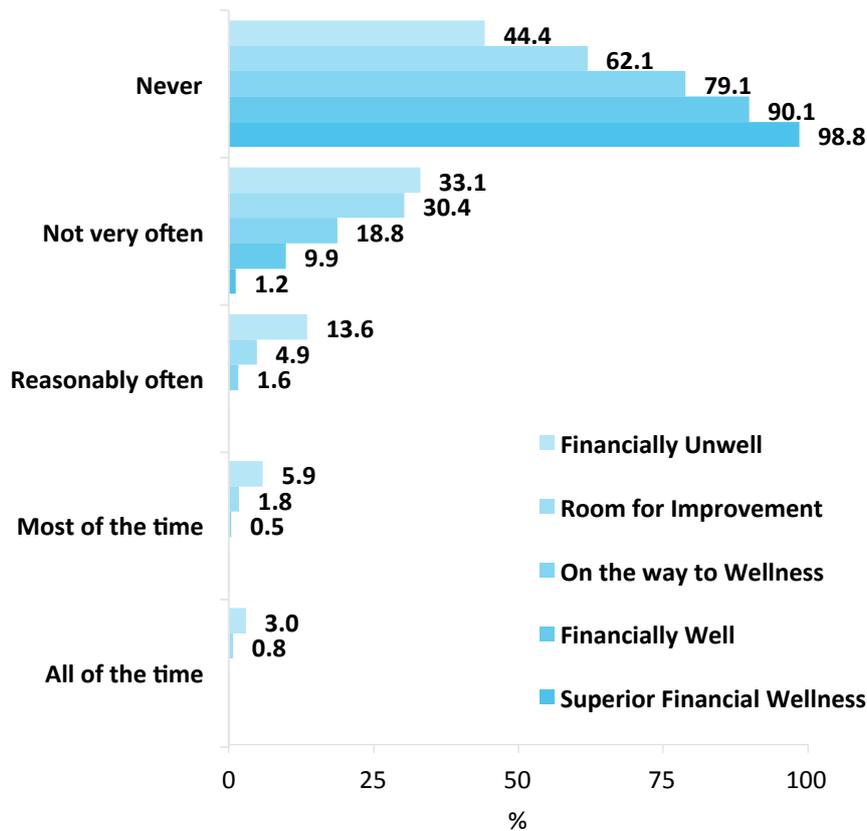
How long has it been since you last paid off your credit card?



There is a stark difference between the two extremes, with the majority of those who have superior financial wellness paying off their credit card regularly, compared to only 6% of those who are financially unwell. Interestingly, when looking at the “Room for Improvement” and “On the way to Wellness” groups, it appears that while these groups are typically saving money, many do not pay off their credit card.

Credit card management is heavily linked with financial literacy, hence the need for education surrounding credit card penalties for those who are less financially literate.

Do you ever struggle meeting your rent or mortgage payments?

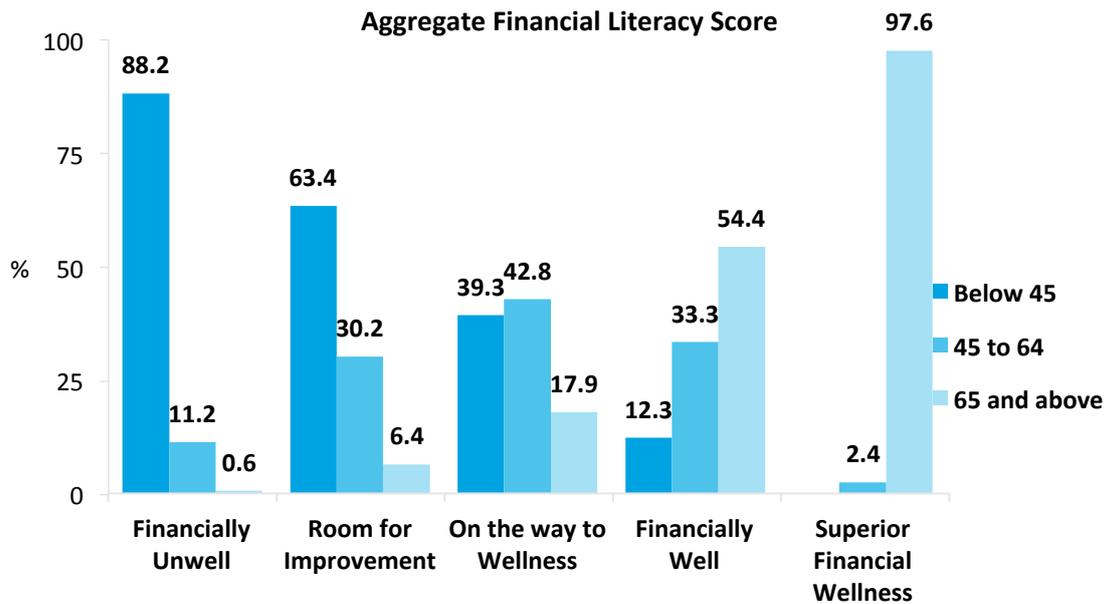


Interestingly, a brighter story is told when looking at mortgage or rent repayments. More people in each group indicated that they never or rarely struggle to meet mortgage or rent payments. This would suggest that for many people this is one of the first expenses to be accounted for, even in a very basic budget.

More than one in five of the financially unwell struggle to meet their mortgage or rent repayments at least “reasonably often”. Almost 10% of the financially unwell, who rent, pay more than 50% of their income in rent, and only 9% pay less than 20% of their income in rent. Yet 50% of those who are Superstars pay less than 20% of their income in rent. For many individuals, a holistic budgeting and debt management strategy could be utilised to improve their financial wellness.

## Financial Literacy

Financial literacy is one of the key drivers to financial wellness, and is highly correlated to most components of the index. As shown in the graph below, there is a clear relationship between financial literacy and the final wellness score. Those who are in the bottom two categories typically score below 45, whereas those who are in the top two categories typically score in above 65 in the financial literacy score.

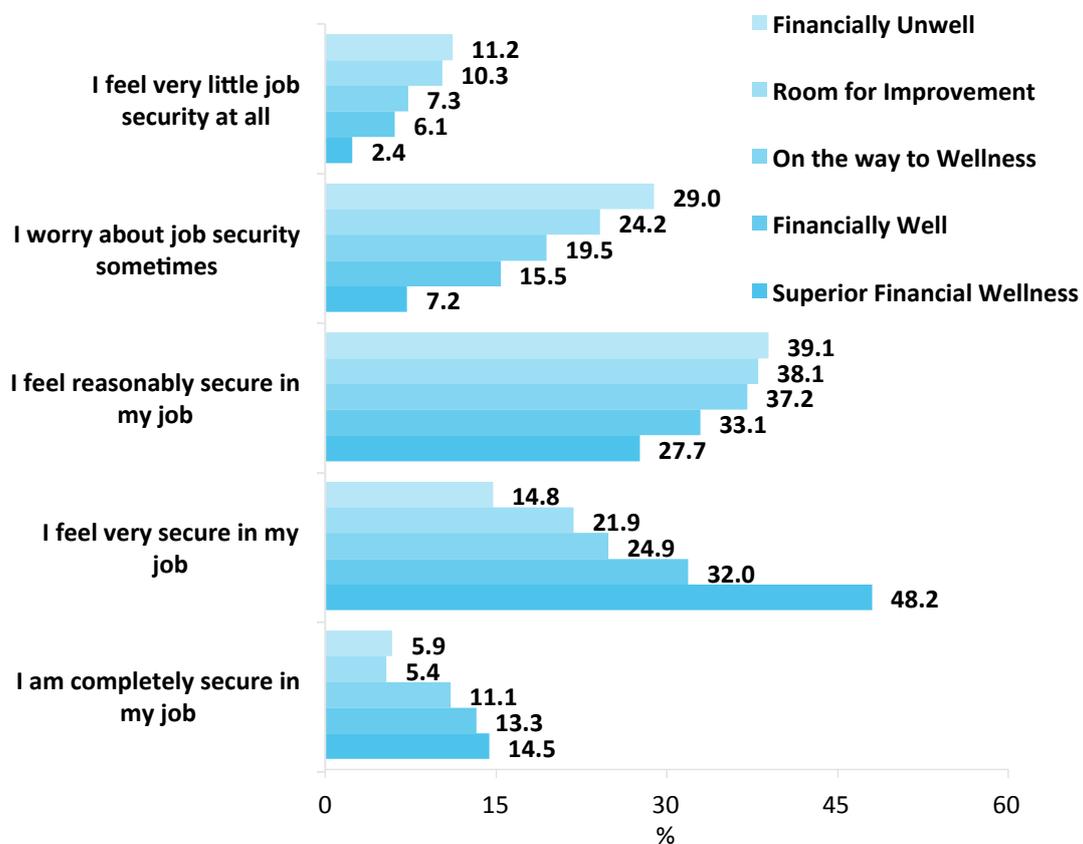


Clearly financial literacy is key to moving people along the journey to financial wellness, as it has such a large impact on budgeting, debt management, risk management and financial planning decisions. In addition, financial literacy can be easily improved with the help of an adviser, as they are able to take over time-consuming issues with your finances, such as selecting the correct insurance or formulating an estate plan. Furthermore, they are able to help explain financial concepts to the client.

## Job Security

Job security is another key measure of financial wellness, with many relying on the “future income hypothesis” for their personal financial security. The future income hypothesis is where those who may otherwise feel insecure about their financial future, derive a feeling of safety as long as they can continue to earn an income. Clearly, those who are superstars have a greater feeling of security in their current job, where as those who are less financially well are more worried about their job security.

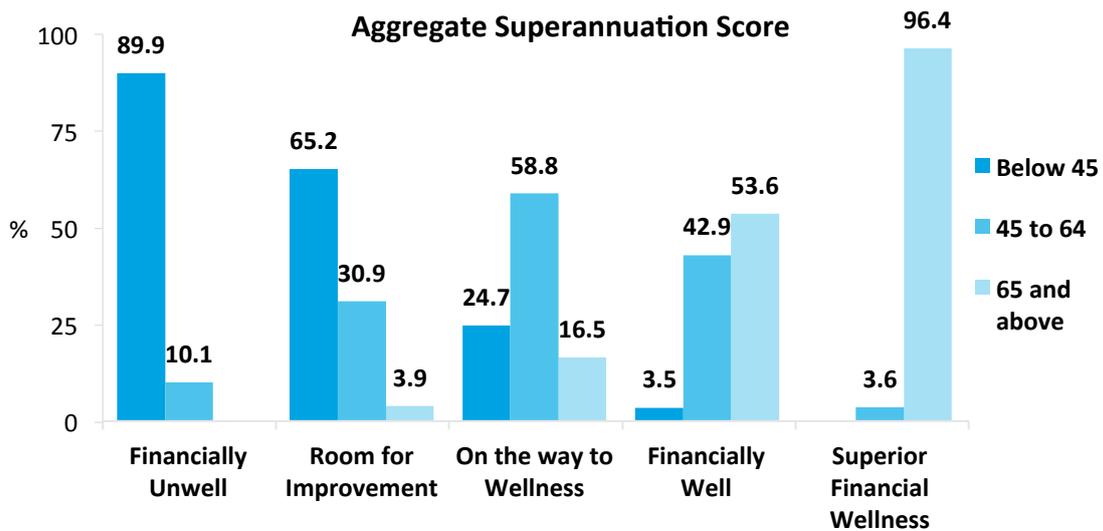
How much job security do you feel in your current work?



It is important to recognise that this question is perceived job security, and does not extend to their actual job security. Employers are able to combat poor job security perceptions through positive reinforcement during employee reviews, more regular performance monitoring, and improving overall office morale.

## Superannuation

The distribution of the superannuation score within each wellness band is more skewed when compared to the previous categories. This is typically because the less financially literate, and indeed the less financially well individuals tend to put off managing their superannuation since it is forced savings that can only be accessed later in life.



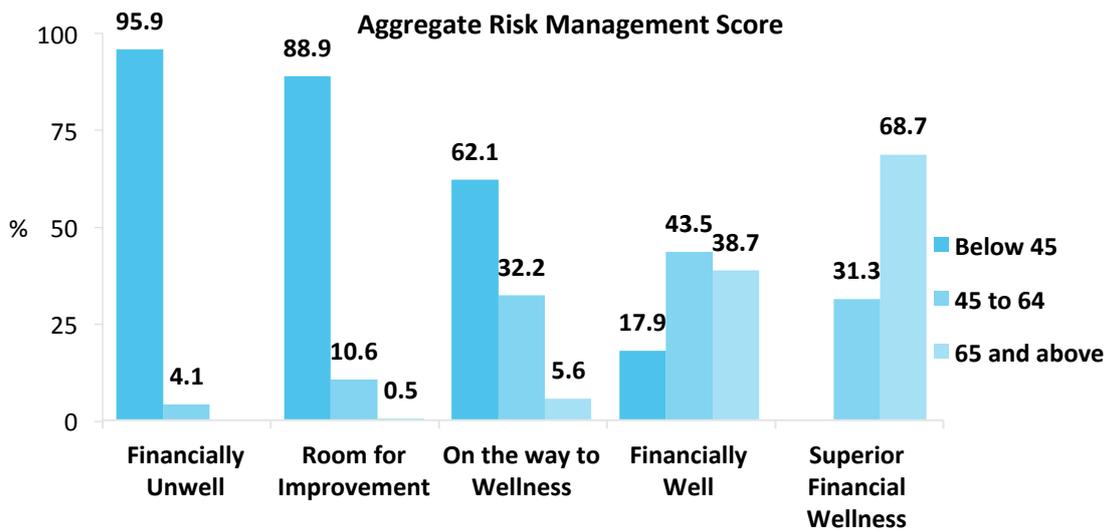
Many people find superannuation complicated, and often do not keep up with recent changes to regulation or legislation. When the government changes regulation for superannuation, many feel that the government is “changing the goalposts” of superannuation, and state “political risk” as a key barrier to additional contributions.

*“I do not understand Super - I have moved it to my banking institution in the hope that they can “teach” me all about it, how it works, how to make it work best for me and my retirement, but no luck there...” (Female, 33, Financially Unwell)*

These perceptions, while sometimes misguided, highlight a major distrust in the superannuation system that can be eased with education. Clearly those who are more financially well are able to see past the mass-market perceptions of the superannuation system. For those individuals, it provides not only a better outcome in making use of tax incentives provided through the superannuation system, but it also provides a greater sense of wellness, where employees are not worrying about retirement in the workplace.

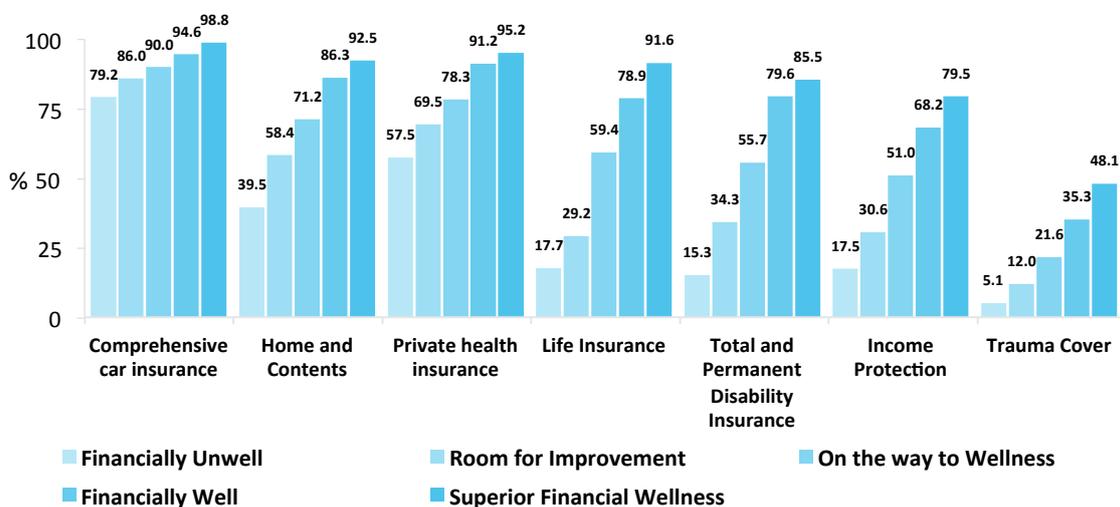
## Risk Management

Risk management is typically only done well by Superstars or those who are financially well. For many people risk management is too difficult, as it involves concepts only those with strong or very strong financial literacy understand, or more immediate issues with their financial wellness mean that they cannot attend to their underinsurance issues.



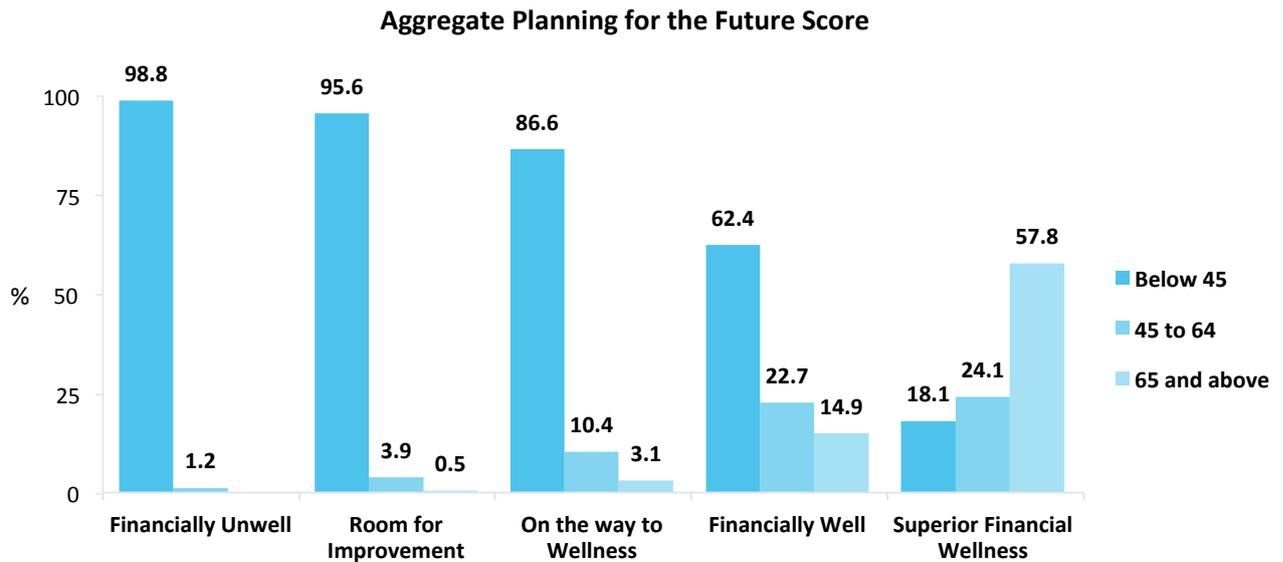
More alarmingly, those who are financially unwell do not know that they have insurances that they most likely have. Since the respondents of the survey were employees, they most likely have Death and TPD insurance held inside superannuation. Those who are less financially literate appear to only be aware of general and health insurance possibly because it is held outside of superannuation. In addition, there is a clear difference between the financially well and superstars against those who are financially unwell and have room for improvement in terms of private health insurance. Many who are less financially literate do not see the value in paying for private health insurance, despite receiving government subsidies. Financial literacy is the key to solving the underinsurance issue, as there is a clear link between those who are less financially well, and the insurance they hold.

### Type of Insurance Held



## Planning for the Future

Planning for the future is the area in which most people performed poorly. Indeed almost one in five superstars performed poorly in this section. Setting up a complete financial plan for the future that is regularly monitored is the past piece to financial wellness. Those who have achieved their short-term financial goals are usually the only ones who are able to plan for the future adequately.

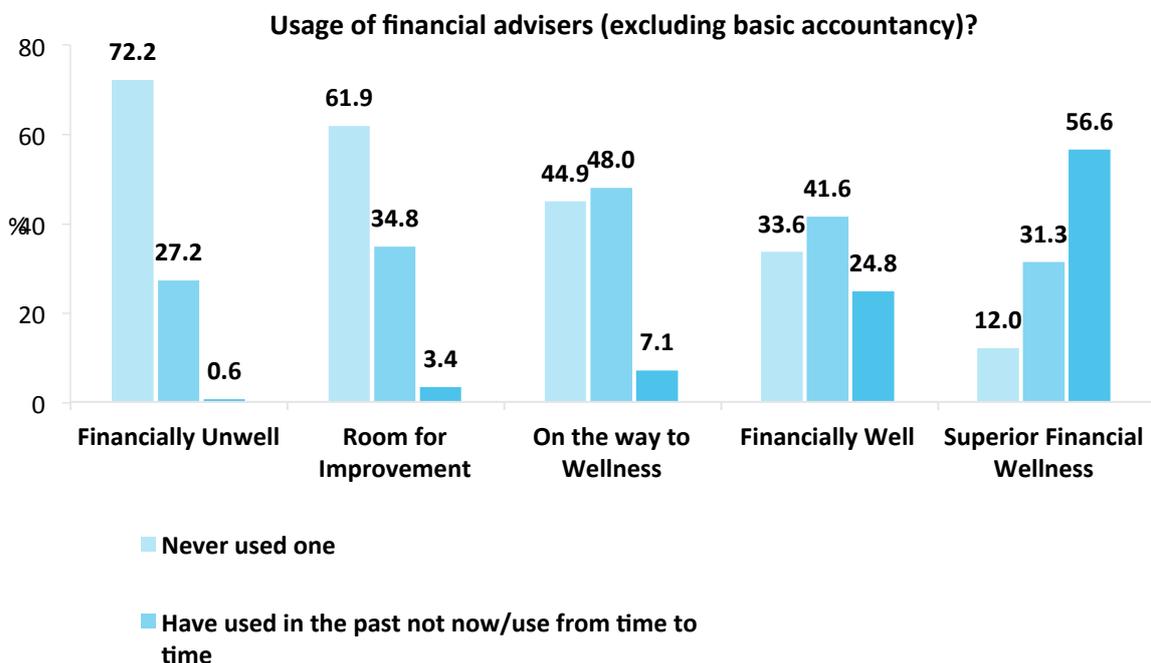


One of the main aspects of planning for the future is estate planning, where there are key differences between each group. 77% of superstars have a valid will compared to just 12% of the financially unwell, similarly less than 10% of the financially unwell have nominated a beneficiary for superannuation, yet almost four in five superstars have nominated a beneficiary. In addition, 60% of the superstars have a documented estate plan, in comparison to none of the financially unwell and only 4% of those with room for improvement.

This could possibly be due to their use of financial advisers, who will usually walk them through these processes, which are often confusing and difficult. One of the key differences between superstars and the financially well is their ability to document their financial goals and financial plan. Advisers usually document these plans as part of a fact find and/or a statement of advice.

# Role of the Adviser

Advisers could significantly help workplaces improve the financial wellness of their employees, as at each level there is a role for a financial adviser to play. Financial advisers can help move people through their journey to financial wellness. In fact, there is a high correlation between an individual’s financial wellness and their use of financial advisers. More than half of the superstars have a dedicated financial adviser, yet less than one percent of the financially unwell have a financial adviser.



The proportion of those who use financial advisers sporadically increases until they are financially well then decreases. It appears that superstars do not end their relationship with their financial adviser. This may be because these individuals did not have a negative experience with financial advisers, and therefore kept their relationship with their planner. One of the main differences between those who are financially well and those who have superior wellness is that there is much less sporadic use of advisers, implying that there is a link between continuous use of a financial adviser and increased financial wellness.

# Appendices

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Financial Wellness Survey

Demographics

About CoreData

Survey

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WSSA

Financial Wellness Survey

**Which of the following best describes your spending habits?**

- I. I have a documented budget and I track my spending regularly
- II. I have a documented budget, but I do not track my spending regularly
- III. I have a budget, but I haven't written it down
- IV. I do not have a budget, but I do my best to live within my means
- V. I do not keep much track of my spending

**Do you ever struggle to pay your bills?**

- I. Not at all
- II. Not very often
- III. Reasonably often
- IV. Most of the time
- V. All of the time

**How often do you worry about money?**

- I. Daily
- II. Weekly
- III. Monthly
- IV. Few times a year
- V. Rarely/never

**How much do you agree with the following statements?**

*Strongly Agree   Agree   Disagree   Strongly Disagree*

- I feel completely financially secure for the future
- I sometimes feel my finances are a bit out of control

**How much of your net income would you estimate you save each pay cycle (after paying your mortgage, rent and other living expenses)?**

*(HELP BOX: Additional mortgage contributions, concessional contributions to superannuation (salary sacrifice) and additional contributions to other investment vehicles are classified as savings. Net income is the income you receive after superannuation contributions and income tax.)*

- I. I spend more than I earn
- II. Nothing
- III. Less than 10%
- IV. 10%-20%
- V. More than 20%

**How long has it been since you last paid off your credit card in full?**

- I. I always pay off my credit card/I do not own a credit card
- II. I always pay off my credit card, but sometimes I overspend
- III. I am up to date now, but I do not always pay off my credit card each month
- IV. I haven't paid off my credit card in full last month
- V. I haven't paid off my credit card in full for the last three months or more

**How would you best classify your home ownership status?**

- I. Not currently looking to be a home owner
- II. Currently committed to saving for a deposit
- III. Have bought a home and do not expect to pay it off within ten years
- IV. Have bought a home and expect to pay it off within ten years
- V. Have bought a home and paid it off

*(Ask if answered I or II to question 3)*

**How much of your net income would you estimate you spend on rent every month on average?**

- I. None
- II. Less than 20%
- III. 21%-35%
- IV. 36%-50%
- V. More than 50%

**Do you ever struggle meeting your rent or mortgage payments?**

- I. Never
- II. Not very often
- III. Reasonably often
- IV. Most of the time
- V. All of the time

**Which of the following best describes your super contributions in the last 12 months?**

- i. No contributions
- ii. Sporadic contributions (i.e. not consistent over the last year)
- iii. Regular employer guaranteed contributions (compulsory superannuation)
- iv. Compulsory super AND salary sacrificing (concessional contributions)
- v. Compulsory super, concessional contributions AND after tax contributions (non-concessional contributions)
- vi. None of these (specify)

**How much do you agree with the following statements?**

*Strongly Agree   Agree   Disagree   Strongly Disagree*

- I may have to keep working past retirement age to fund my retirement
- I feel I am on track to have enough money for a retirement I'll be happy with
- I might not be able to afford to live where I want when I retire

**If you were to retire at 65, how would you describe your retirement if you maintained your current level of savings?**

- Luxurious – I will have plenty of money to do everything that I want in retirement
- Comfortable – I will have enough money to live very comfortably without going too crazy
- Modest – I will have a reasonable lifestyle
- Adequate – I would have to make quite a few sacrifices in order to retire by 65
- Unsure – I do not think I will be able to retire at 65, and would have to rely on government assistance

**Which of the following best describes your current super balance?**

- I. I know my super balance as I checked it in the last month
- II. I know my super balance to the nearest \$1,000
- III. I know the approximate balance of my super
- IV. I have a vague idea of my balance
- V. I have no idea what my balance is

**How much do you agree with the following statements?**

*Strongly Agree Agree Disagree Strongly Disagree*

- I sometimes worry about what I would do if my partner or I lost my job/was not able to work
- I feel I have enough emergency money put away for a 'rainy day' if needed
- I sometimes worry about having unexpected healthcare costs for myself or family
- I sometimes worry about what my family would do if something happened to me

**How much job security do you feel in your current work?**

- I. I feel very little job security at all
- II. I worry about job security sometimes
- III. I feel reasonably secure in my job
- IV. I feel very secure in my job
- V. I am completely secure in my job

**Which of the following would you rely on, if you were suddenly to be unemployed/unable to work for more than 3 months? (Multiple responses allowed)**

- I. I have salary continuance insurance
- II. I have emergency funds set aside
- III. I have accrued annual leave/long service leave
- IV. I would draw down on my mortgage or take out a loan
- V. I would rely on family or friends
- VI. I'm not sure

*(Ask if I, II, III or IV above)*

**How long would you estimate you are covered for in the event you are unable to work?**

- I. Up to a month
- II. Up to three months
- III. Up to six months
- IV. Up to a year
- V. More than a year

**What best describes how you feel about your life insurance cover for yourself and your partner?**

- I. I don't have any
- II. I'm not sure if I have any or how much
- III. I have cover but not completely sure it is enough for my needs
- IV. I have not taken professional advice but am confident I have sufficient cover for my needs
- V. I have taken professional advice about my insurance needs

**Do you have the following types of insurance cover?**

N/A	Yes	No
Comprehensive car insurance		
Home and Contents		
Private health insurance		
Life Insurance		
Total and Permanent Disability Insurance		
Income Protection		
Trauma Cover		

**Which of the following dependents do you have?**

- Partner (including ex-partners who rely on you financially)
- Children
- Other family (e.g. parents, aunts/uncles or siblings etc.)
- Other (specify)

*(HELP BOX: A dependent is a family member who is supported by your income or requires you to complete unpaid domestic duties.)*

**How regularly do you tend to monitor your finances?**

- I. Very regularly (At least once a week)
- II. Regularly (At least once a month)
- III. Somewhat regularly (At least once a quarter)
- IV. Intermittently when triggered by a financial concern
- V. Very rarely or never

**How often do you research information to assist with financial decision-making?**

- I. Very regularly (At least once a week)
- II. Regularly (At least once a month)
- III. Somewhat regularly (At least once a quarter)
- IV. Intermittently when triggered by a financial concern
- V. Very rarely or never

**How would you rate your financial knowledge?**

- I. Very Poor
- II. Poor
- III. About average
- IV. Strong
- V. Very strong

**Which of the following statements best describes your confidence in making financial decisions?**

- I. I avoid making them or rely heavily on others to make them for me
- II. I am only confident in making some financial decisions
- III. I am reasonably confident in making most financial decisions
- IV. I am very confident in making most financial decisions
- V. I am extremely confident in making any financial decision

**Which of the following statements best describes your attitude to building your financial knowledge?**

- I. I am not really interested in building my financial knowledge
- II. I would like to build my financial knowledge but it's hard to find the opportunity
- III. I am currently trying to build my financial knowledge
- IV. I feel I have a strong financial knowledge which I keep updated
- V. I have a professional adviser who provides financial knowledge and supports my decision making

**Do you have any financial goals?**

- I. Not really
- II. Yes, some vague ones
- III. Yes, and I have realistic timeframes to achieve them
- IV. Yes, and I have a documented plan to achieve them which I am adhering to
- V. Yes, and I have received professional advice to put a formal financial plan in place

**Which of the following is true?**

*No      Yes, but not documented      Yes and documented*

- I have a risk management plan
- I have a formal retirement saving plan
- I have a will and/or estate plan in place
- I have an aged/health care plan for myself and/or family

**What best describes your usage of financial advisers (excluding basic accountancy)?**

- I. Never used one and would not consider it
- II. Never used one but would consider it
- III. Have used in the past but not now
- IV. Use from time to time
- V. Have a dedicated adviser

**Which of the following aspects of estate planning have you put in place?**

- Enduring Guardianship
- Enduring Power of Attorney
- Nominated a Beneficiary for Superannuation
- Have a valid will
- Reviewed your estate plan in the past five years?

# Demographic

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1. I am...
  - a. Female
  - b. Male
  
2. How old are you?  
I am \_\_\_ years old
  
3. Which State or Territory do you live in?
  - a. ACT
  - b. NSW
  - c. NT
  - d. QLD
  - e. SA
  - f. TAS
  - g. VIC
  - h. WA
  - i. Outside Australia
  
4. I live in:
  - a. The capital city of my state/territory
  - b. A regional centre
  - c. A rural area
  
5. Please enter your post code: \_\_\_\_\_
  
6. What is the highest level of education you have obtained?
  - a. Primary
  - b. Part of high school
  - c. Completed high school
  - d. Diploma or certificate qualification
  - e. Degree qualification
  - f. Postgraduate qualification
  
7. Please indicate your current marital status:
  - a. Single
  - b. Living with partner/married
  - c. Separated/divorced/widowed
  - d. Other (specify)

8. Which of the following industries best describes the one you mostly work in?
- a. Agriculture, forestry and fishing
  - b. Mining
  - c. Manufacturing
  - d. Electricity, gas, water and waste services
  - e. Construction
  - f. Wholesale trade
  - g. Retail trade
  - h. Accommodation and food services
  - i. Transport postal and warehousing
  - j. Information media and telecommunications
  - k. Financial and insurance services
  - l. Rental, hiring and real estate services
  - m. Professional scientific and technical services
  - n. Administrative and support services
  - o. Public administration and safety
  - p. Education and training
  - q. Health care and social assistance
  - r. Arts and recreation services
  - s. Other (please specify)
9. Which of the following best describes the occupation you mostly work in?
- a. Business owner
  - b. Manager
  - c. Professional
  - d. Technician
  - e. Trades worker
  - f. Community and person service worker
  - g. Clerical and administrative worker
  - h. Sales worker
  - i. Machinery operators and driver
  - j. Labourer
  - k. Other (please specify)

10. Which of the following best describes the payment arrangements of the occupation you mostly work in?

- a. Unpaid voluntary worker
- b. Unpaid trainee/work placement
- c. Contractor/Subcontractor
- d. Own Business/Partnership
- e. Commission only
- f. Commission with retainer
- g. In a family business without pay
- h. Payment in kind
- i. Paid by the piece/item produced
- j. Wage/salary earner
- k. Other (please specify)

11. Please tell us the approximate size of your household's investment (sellable) assets (excluding your home and superannuation).

- I. I have no investments
- II. Less than \$50,000
- III. \$50,001 to \$150,000
- IV. \$150,001 to \$450,000
- V. \$450,001 to \$750,000
- VI. More than \$750,000
- VII. Not sure

12. Please tell us the approximate size of your personal Superannuation balance?

- I. I have no superannuation
- II. Less than \$50,000
- III. \$50,001 to \$100,000
- IV. \$100,001 to \$200,000
- V. \$200,001 to \$450,000
- VI. \$450,001 to \$750,000
- VII. \$750,000 to \$1.5 million
- VIII. More than \$1.5 million
- IX. Not Sure

# CoreData

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## About Us

CoreData Research is a global specialist financial services research and strategy consultancy. CoreData Research understands the boundaries of research are limitless and with a thirst for new research capabilities and driven by client demand; the group has expanded over the past few years into the Americas, Africa, Asia, and Europe.

CoreData Group has operations in Australia, the United Kingdom, the United States of America, South Africa and the Philippines. The group's expansion means CoreData Research has the capabilities and expertise to conduct syndicated and bespoke research projects on six different continents, while still maintaining the high level of technical insight and professionalism our repeat clients demand.

With a primary focus on financial services CoreData Research provides clients with both bespoke and syndicated research services through a variety of data collection strategies and methodologies, along with consulting and research database hosting and outsourcing services.

CoreData Research provides both business-to-business and business to- consumer research, while the group's offering includes market intelligence, guidance on strategic positioning, methods for developing new business, advice on operational marketing and other consulting services.

The team is a complimentary blend of experienced financial services, research, marketing and media professionals, who together combine their years of industry experience with primary research to bring perspective to existing market conditions and evolving trends.

CoreData Research has developed a number of syndicated benchmark proprietary indexes across a broad range of business areas within the financial services industry.

- Experts in financial services research
- Deep understanding of industry issues and business trends
- In-house proprietary industry benchmark data
- Industry leading research methodologies
- Rolling benchmarks

The team understands the demand and service aspects of the financial services market. It is continuously in the market through a mixture of constant researching, polling and mystery shopping and provides in-depth research at low cost and rapid execution. The group builds a picture of a client's market from hard data, which allows them to make efficient decisions, which will have the biggest impact for the least, spend.



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