



Financial Wellness

REPORT 2024

From stress to strength:
the path to financial resilience

October 2024



AMP has been helping people create their tomorrow for 175 years

Why financial wellness matters

Financial wellness – the way a person thinks and feels about their overall financial health – is something we care deeply about and that’s why we’ve been studying it for more than a decade.

This fifth edition of the AMP Financial Wellness Report 2024 reveals the state of Australians’ financial health and how it’s reshaping attitudes and behaviours. By more deeply understanding financial wellness across the population, and how it’s impacting individuals, households, businesses and the broader economy, the report aims to uncover steps all Australians can take towards creating a more positive financial future.

About AMP

AMP provides banking, super, retirement and advice services in Australia and New Zealand, supporting over one million customers. We have been helping our customers manage their investments and achieve their financial goals for more than 175 years. We are committed to achieving the best outcomes for our customers and employees and driving long-term value for our shareholders.

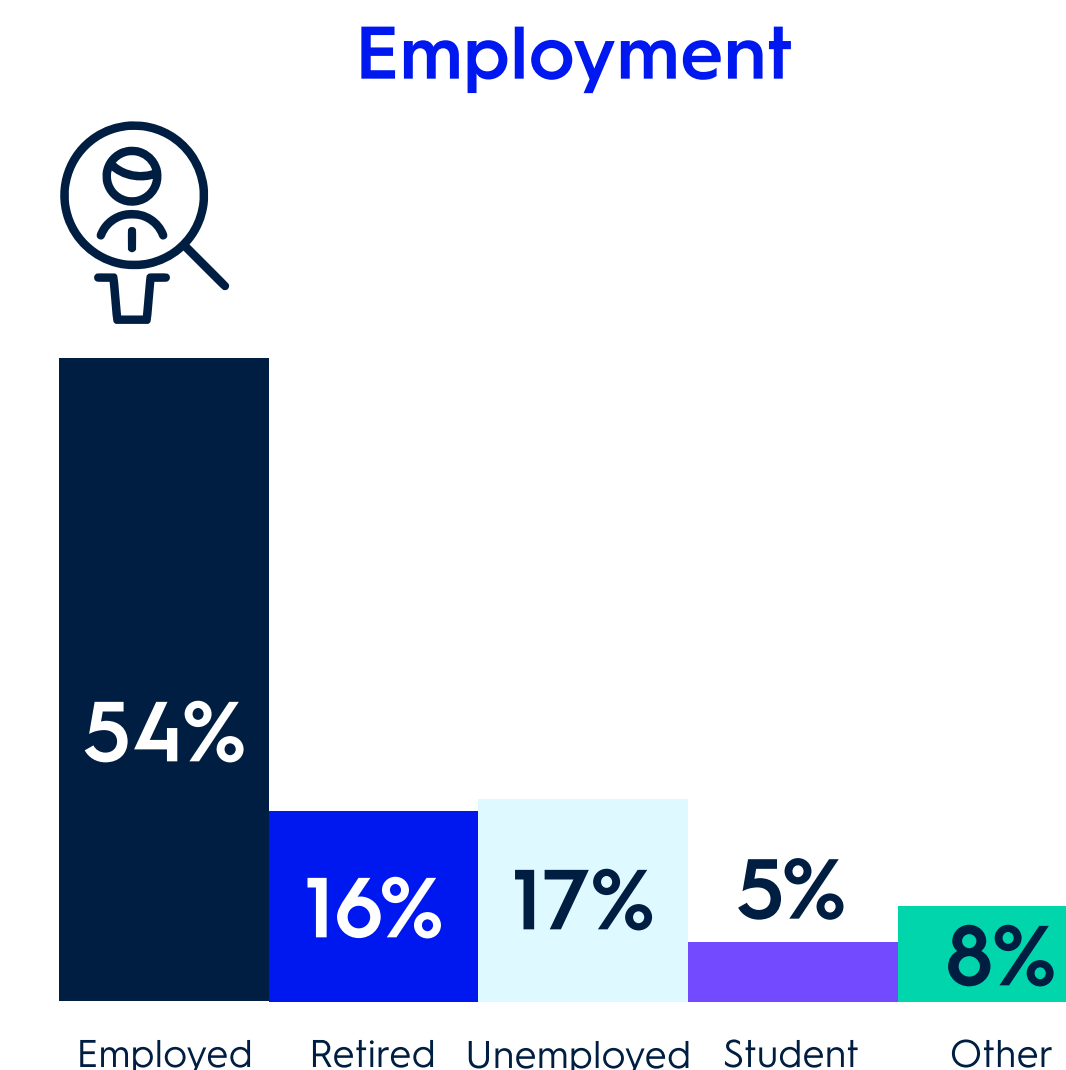
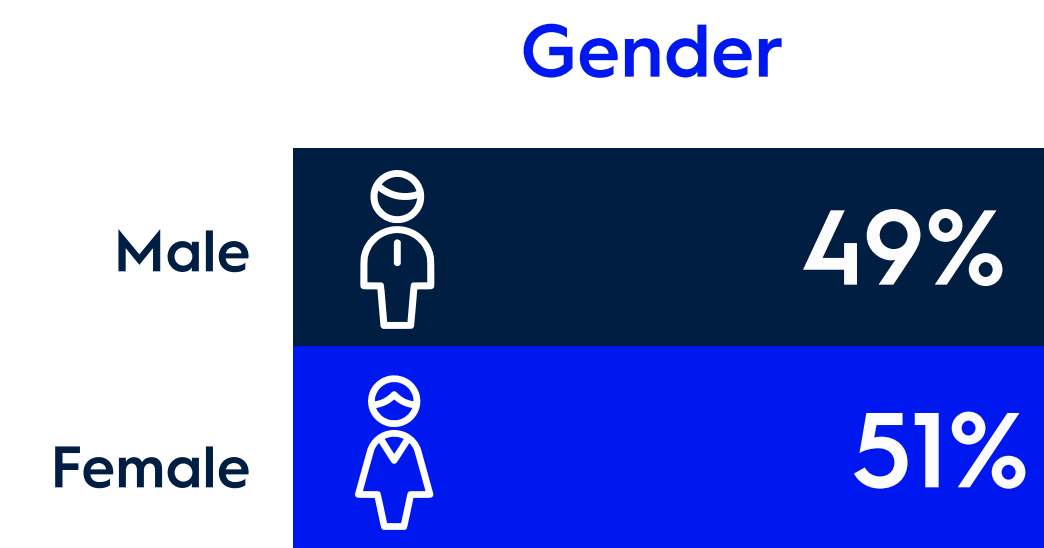
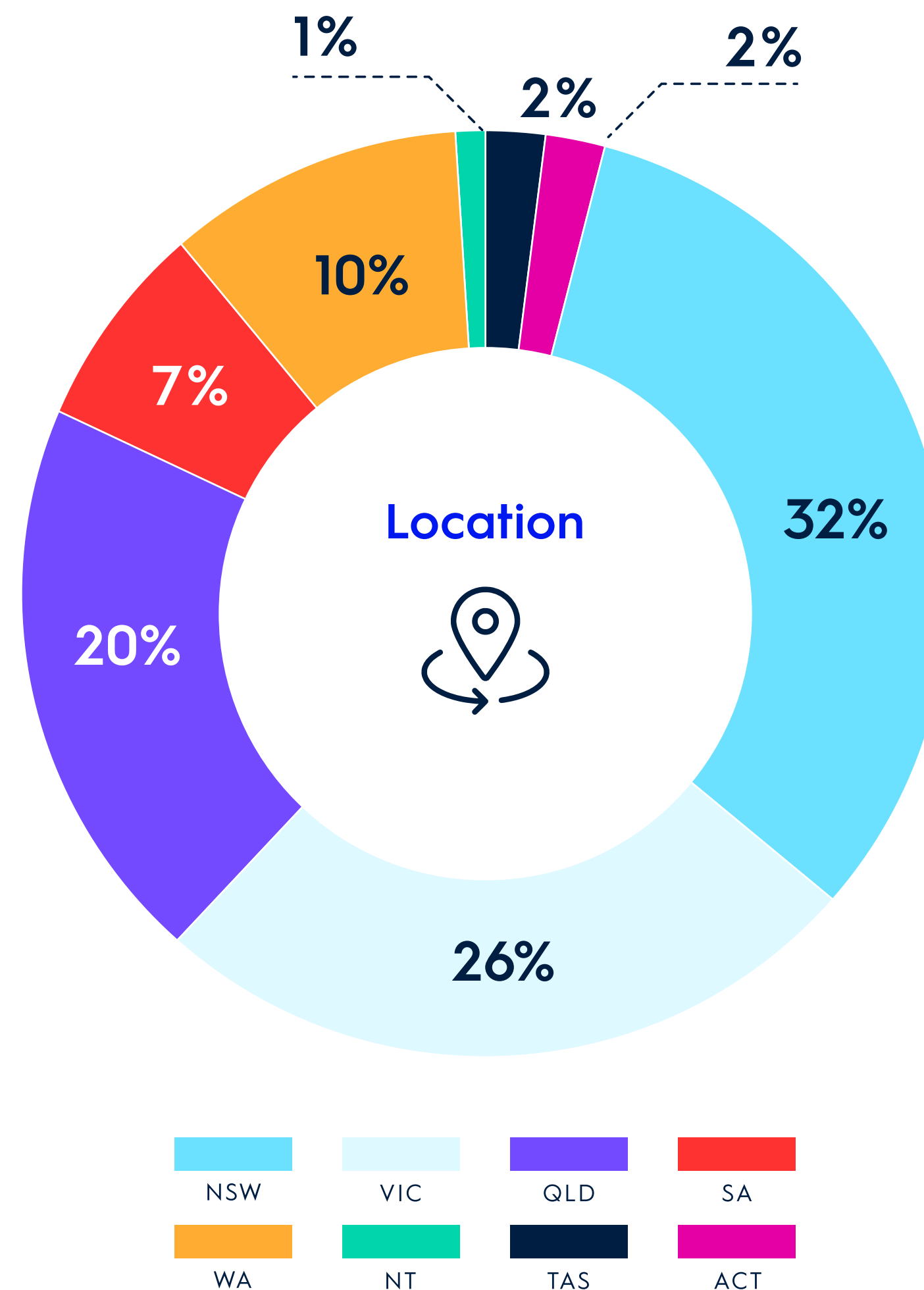
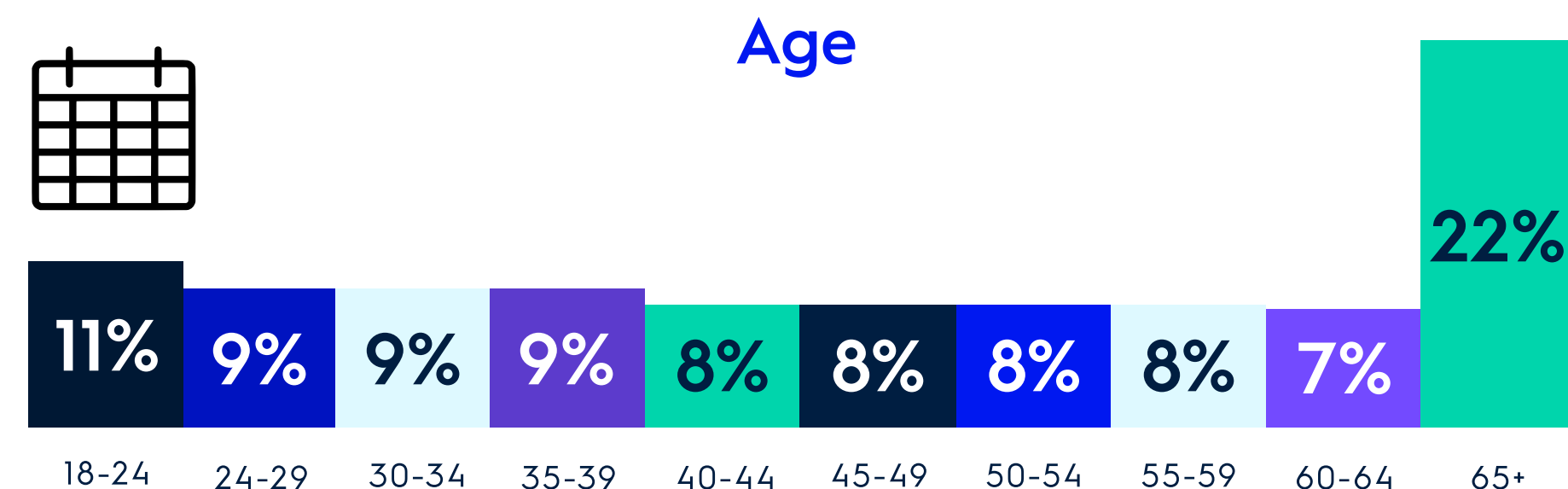
Listening to the voices of Australia

To explore financial wellness across the nation, AMP commissioned a survey of 2,475 Australians over the age of 18. The online interviews were conducted by research agency The Behavioural Architects in July 2024 with the survey design derived from an academic review of financial wellness. The respondent profile includes:

- 1,576** Employed Australians

- 899** Unemployed or retired Australians

- 226** Small business owners



*Data post-weighted based on ABS statistics: gender, age, location, working status, and industry.



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Welcome to our latest Financial Wellness report. Its launch marks the tenth year since we began taking the pulse of financial stress across Australia and its implications for individuals, businesses and the economy.

At AMP, financial wellness has taken on great importance, particularly with some Australians doing it tougher than others in this economic climate. Listening to Australians about how they think, feel and react to forces shaping their current financial situation and future goals also informs the support we provide.

Every household in Australia is navigating higher costs - from mortgage and rent repayments to energy prices and groceries. The fact that most are covering these expenses speaks to the broader economic resilience we are fortunate enough to have as Australians.

However, the impact of having a third of the population under moderate or severe financial pressure cannot be understated. This is particularly relevant when a causal link exists between financial health, mental wellbeing, and broader economic and social development.

The research highlights how deep financial stress can run, from an individual level - where many people are anxious and going it alone - to the impact of social withdrawal or concerns carrying over into the workplace and affecting productivity. A focus on covering heightened near-term costs is also compromising long-term financial planning. In many cases, people are not seeking advice and support, and when they do, it isn't always reliable.

Of course, everyone has unique circumstances and responds differently to the factors impacting their financial wellness. Through this report, we are striving to better understand how different parts of the population are responding to financial stress, behaviourally, socially and mentally. By doing so, we can help those at any stage of their financial journey create their tomorrow.

Alexis George
Chief Executive Officer
AMP



The financial wellness of Australians has implications for the nation's economic performance because consumer spending makes up such a large share of the economy. When people feel financial stress due to higher mortgage or other debt repayments or rising household expenses - it can constrain their ability to contribute to the economy.

This is a situation we find ourselves in today. Financial stress in Australia has risen amid a cost of living crisis due to higher interest rates, elevated inflation and a rising burden from taxes due to bracket creep. The result is the elevated stress seen in this year's Financial Wellness report.

Despite higher levels of stress, actual mortgage stress remains low in Australia which is evident in low mortgage defaults. The research shows that most people aren't missing mortgage repayments, prioritising this within their household budgets. Households built up large savings buffers in recent years which has helped with higher mortgage repayments in the current environment. However, we have seen a change in people's behaviour to reduce spending in other areas.

This has led to an economy-wide fall in discretionary spending, and in some cases, essentials like groceries, that's only part of the story. There are significant variations across the population, where older Australians are lifting spending, while middle-aged and younger households are cutting back.

There are some positives in the near-term. Real wage growth is beginning to recover; we expect inflation to continue declining and interest rate cuts to follow. The labour market is slowing and the unemployment rate is expected to increase a little further, but it is still low relative to its long-run history.

We track financial wellness and the pathways to alleviate financial stress with the goal to empower Australians to better manage their finances and wealth outcomes.

Diana Mousina
Deputy Chief Economist
AMP



Financial stress

The proportion of Australians experiencing some degree of financial stress is at its highest point since 2014. This is elevated for certain parts of the population.



of Australians are feeling financially stressed, either mildly, moderately or severely.

Where financial stress is higher

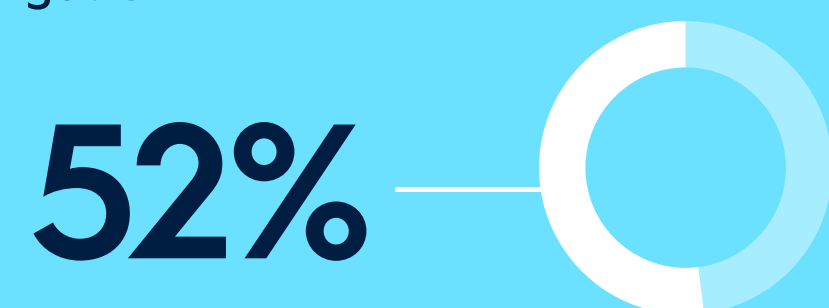
- Sydney & Tasmania
- Regional Australia
- 55-59 year olds
- People earning under \$50,000
- Women
- People earning \$100,000-\$150,000

Where financial stress is lower

- Perth, Adelaide, the ACT
- 65+ year olds
- People earning \$150,000+

Drivers and impacts

Rising housing and living costs mean many people have less to save or spend. More are focused on the short-term and re-thinking their financial goals.



of Australians strongly believe that the cost of living will rise significantly in the next two years.

Financial behaviours

- 88% never or rarely miss a mortgage payment
- 54% never or rarely put extra money away for retirement

Spending behaviours

- 41% of moderately/severely financially stressed say their goals and dreams have changed due to cost-of-living pressures

Mental wealth

When facing higher financial stress, some people tend to go it alone. Many are keeping their financial concerns to themselves, and others are socialising less.



of Australians feel they can manage financial stress very or extremely well.

Social behaviours

- 50% of moderately/severely financially stressed socialise less often with friends
- 27% of Australians have a financial worry or secret they haven't shared with anyone

Mental wellbeing

- 48% of Australians rate their mental wellbeing as good, falling to 22% for moderately/severely stressed
- 89% of moderately/severely stressed say their finances stop them from developing or growing as a person

Business health

When people are worried about their finances it carries over into the workplace, where presenteeism and absenteeism can impact productivity.



of moderately and severely financially stressed people say their finances affect work productivity.

Employee behaviours

- The average employee spends 11 hours each month dealing with personal financial matters at work
- Extrapolating lost time across the economy shows the potential for \$88.95 billion in lost business revenue
- 22% take time out from work to consult with lenders, creditors or collection agencies

Getting support

Many Australians are not reaching out for support, and when they do, many are turning to family and friends or online.



of Australians have not sought advice or support when making important financial decisions.

Why people seek advice

- 33% seek advice to help manage their mortgage and 30% to help with a savings plan

Where people seek advice

- 31% of moderately/severely stressed say friends and family are the top source when making key financial decisions, followed by google (27%)
- 27% of Australians have encountered financial misinformation online

The state of financial wellness

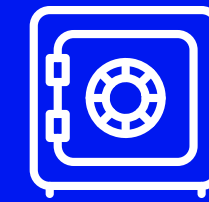
Measuring financial wellness

A measure of a person's financial wellness is in many ways subjective. Though it encompasses the very real aspects of their current financial situation, it's also based on their personal interpretation of those conditions. That means it shifts based on internal and external influences like attitude, life stage, employment status and the predominant public sentiment. A little deeper down, it's also linked to an individual's reactions to economic conditions and how confident they feel about related financial topics like mortgages, debt management or saving for retirement.

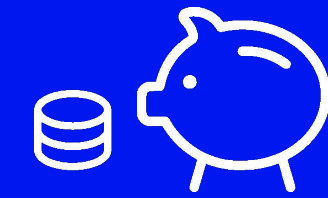
We've been studying the financial wellness of Australians since 2014, so we understand the nuances. We developed the AMP Financial Wellness Index to quantify financial wellness as it moves from bank balances and wallets through to confidence about the future via a series of emotional and behavioural filters. The decade-long study shows us how Australians are tracking over time and captures how a person's thoughts and feelings about their existing situation shapes how they view their prospects, establish financial goals and develop plans to reach them.

The Financial Wellness Index is drawn from responses that indicate a person's level of financial concern or security, now and into the future. Where a person sits on this scale determines whether they occupy one of four benchmark groups - from financially secure through mildly, moderately and severely stressed.

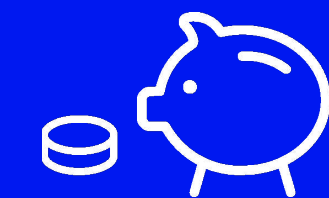
AMP Financial Wellness Index



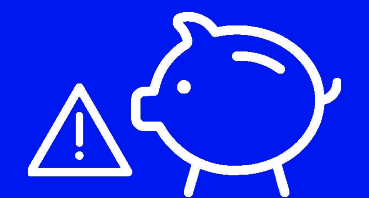
Financially secure



Mildly financially stressed



Moderately financially stressed



Severely financially stressed

Financial Wellness indicators

Financial resilience

Concern about financial security

Concern about personal debt

Personal cash flow

Income is enough to meet monthly expenses

Surplus funds at the end of each month

Emotional strain

Level of stress and anxiety about personal finances

Level of guilt about personal finances

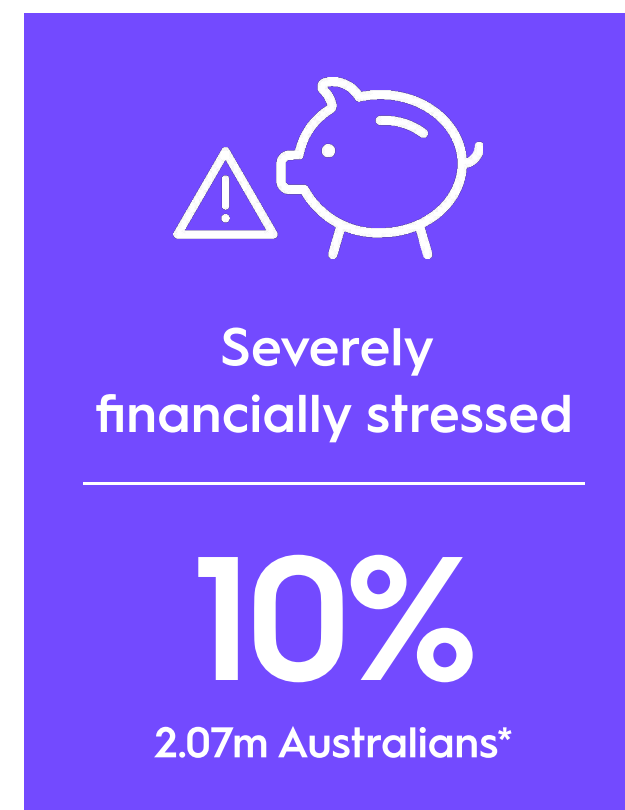
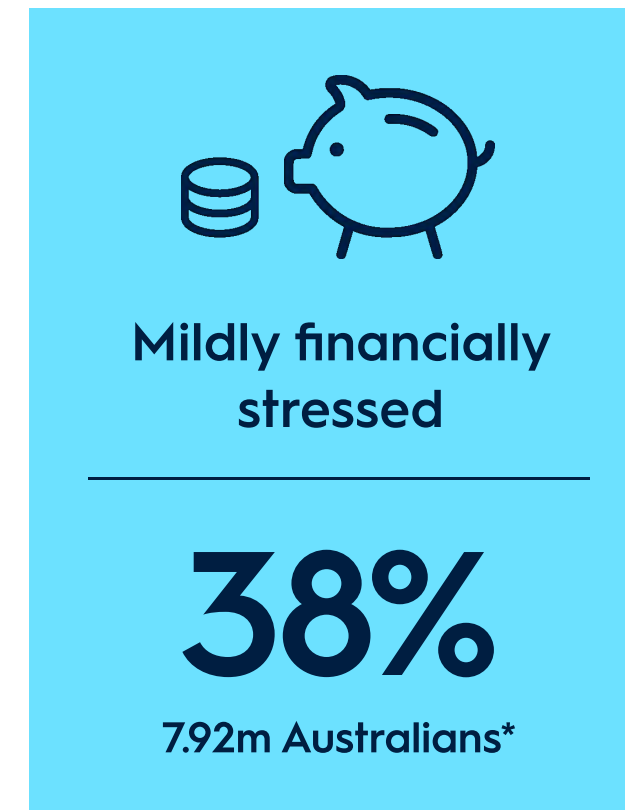
Satisfaction and confidence

Satisfaction with financial situation

Satisfaction with future financial prospects

Financial wellness across the population

It's fair to say that many Australians are feeling the pinch. Sustained cost of living pressures and a period of consecutive interest rate rises have left an impression, with two-thirds of the population, or 13.95 million Australians, facing mild, moderate or severe financial stress. Conversely, the Financial Wellness Index reading shows that across the total population, just 34% of Australians feel financially secure.



Note: Percentages add to over 100% due to rounding

*Survey percentages extrapolated across the Australian population based on Australian Bureau of Statistics (ABS) 2022.

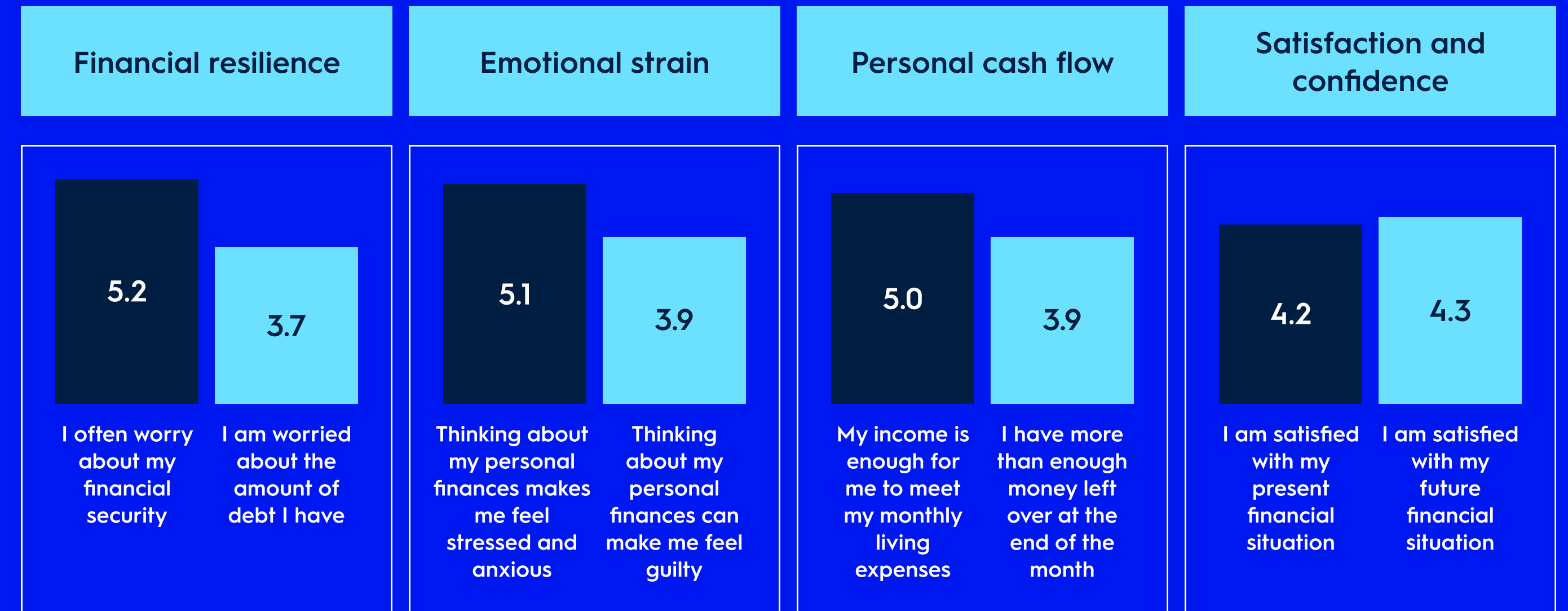


Understanding the Financial Wellness Index

Because not every aspect of financial wellness contributes equally to the Index, it's worth looking at which indicators are playing a larger or smaller role. It helps unearth why Australians feel the way they do about their finances. Here, concerns about financial security appear to translate to feelings of anxiety for many. While more people say they can meet monthly expenses, fewer have anything left over which is likely weighing on satisfaction with current finances and future aspirations.

AMP Financial Wellness Index indicators

The average response on a ten-point scale from disagree (0) to agree (10)



Who is feeling financially stressed?

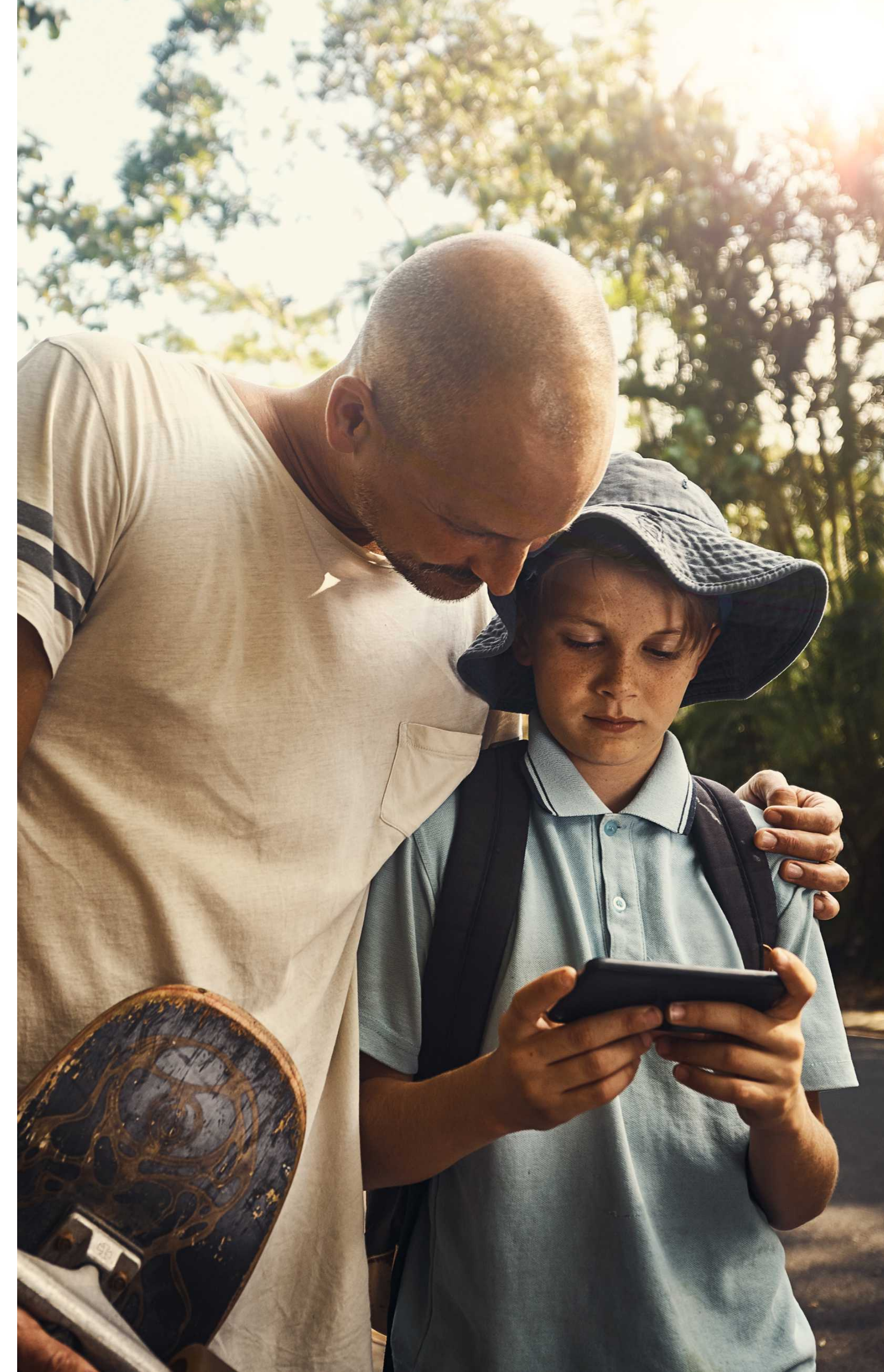
Financial stress varies across the population, geographically and demographically, but there are clear distinctions between some of the surveyed groups. Students and unemployed Australians show much higher rates of financial stress than those in other categories and compared with the national average. In fact, almost one-third (29%) of unemployed Australians say their current financial situation is actually stopping them from getting a job, in most cases because training, travel and clothing expenses are too high.

Employed Australians are relatively close to national averages across all four Financial Wellness Index benchmarks. Meanwhile small business owners are higher than average in the mildly stressed category, that drops for the moderate and severe index benchmarks. Financial stress post-retirement is restrained, with this group exhibiting the lowest rate across all index levels, coupled with the highest proportion of those feeling financially secure at 60% – close to double the population-wide average.

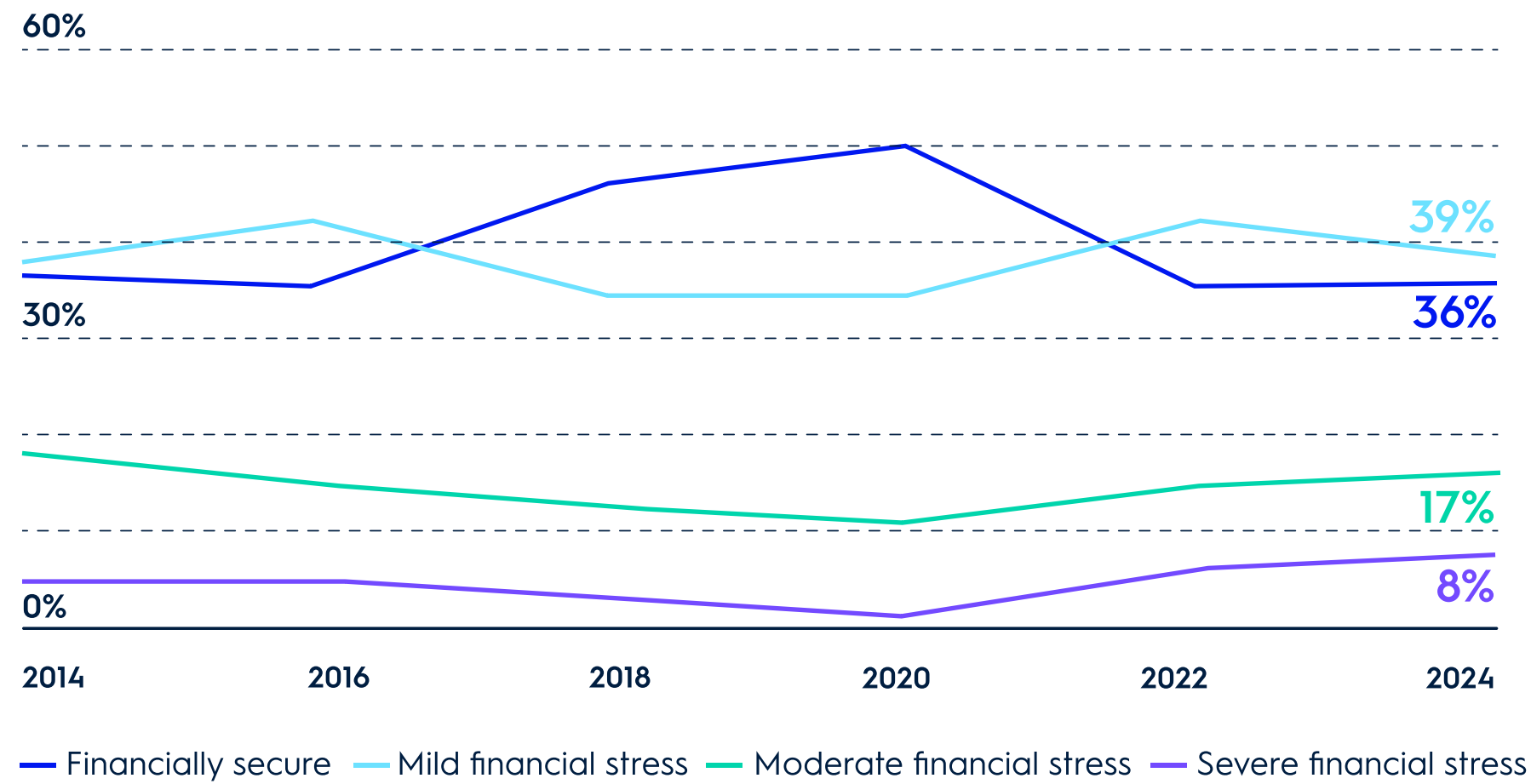
	Australian population average	Employed	Unemployed	Student	Retired	Small business owner
Severely financially stressed	10%	8%	16%	10%	5%	6%
Moderately financially stressed	19%	17%	23%	34%	12%	12%
Mildly financially stressed	38%	39%	43%	44%	23%	43%
Financially secure	34%	36%	18%	13%	60%	39%

Note: Percentages add to over 100% due to rounding

The trend in financial wellness over time among employed Australians reveals that financial wellness has tightened. Eight per cent of employees feel severely financially stressed and 36% financially secure, which are the lowest and highest measures seen since the study began in 2014.



Financial stress among employed Australians over time*



Location matters

Financial pressure is higher in regional areas, where almost one third (32%) of residents are in moderate to severe stress, a notably higher figure than the 27% recorded in capital cities and the 28% Australian population average. Bucking the trend, high housing and livings costs in Sydney have almost a third (30%) of the city's residents falling into the higher stress categories, a figure that is equalled in Tasmania.

At 28%, Brisbane citizens match the national average, while those living in Melbourne and Adelaide fare slightly better at 25% and 22% respectively. Canberrans are also at the lower end of the scale, with only 22% reporting moderate to severe stress, while Perth can boast the least number of financially stressed residents, at just over one in five (21%).

*Financial Wellness Index results for employed Australians in a business with more than 11 employees.

Moderate and severe financial stress across Australia



28% National
27% Capital city
32% Regional

Stress across the ages

Raising a family goes hand-in-hand with higher household costs, leaving 30 to 50 year olds typically feeling more stressed. After a short period of relief between the ages of 51 and 54, the question of whether people will have enough to live on in retirement arises, pushing stress levels up.

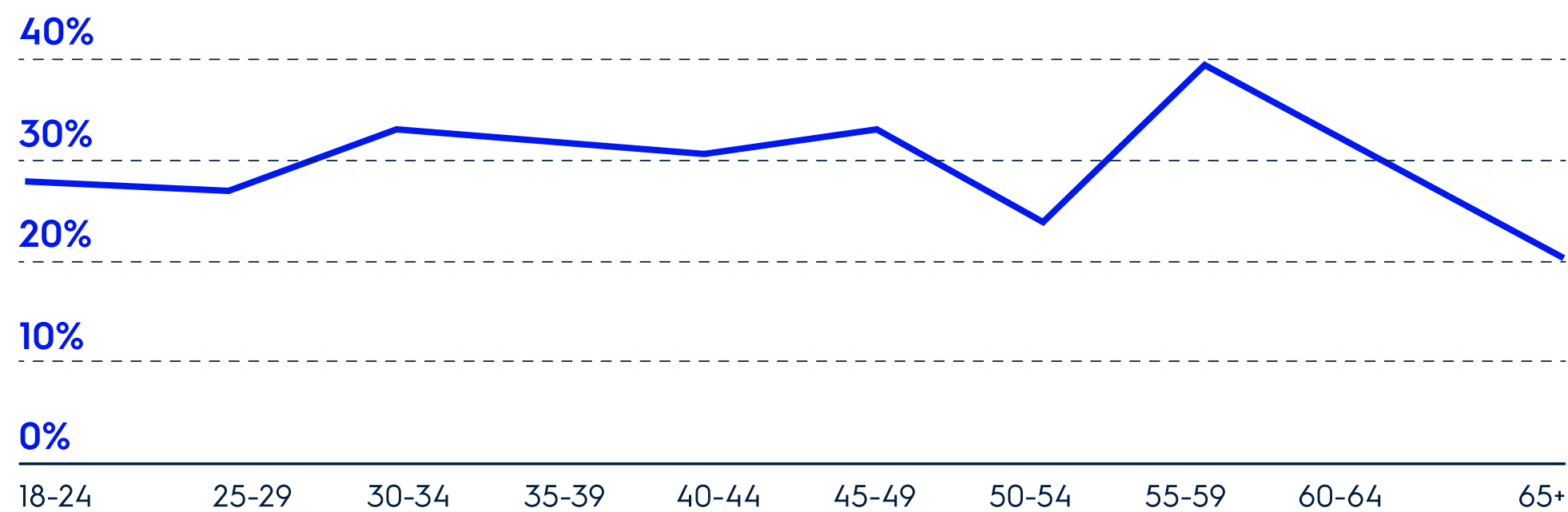
Do I have enough for retirement?

Pre-retirement, many Australians worry they won't have enough to sustain the lifestyle they seek – close to 50% according to AMP director of retirement Ben Hillier. After a lifetime of being disengaged from their superannuation, they scramble to meet ill-defined financial goals late in their mid- to late-50s, raising stress levels. This figure starts to drop at around 60 years, where immediate financial security is higher. But we know from the research that fear of running out – or FORO – is a real concern for this group, where the prospect of living longer has the potential to cause future financial strain, despite being comfortable in the short term.

Solo and stressed

Relationship status also has a bearing, with single parent households tending to experience some of the highest levels of moderate and severe stress at 39%. Upheavals like divorce and separation have a predictable effect on financial stress, lifting levels to 35%.

Moderate and severe financial stress by age

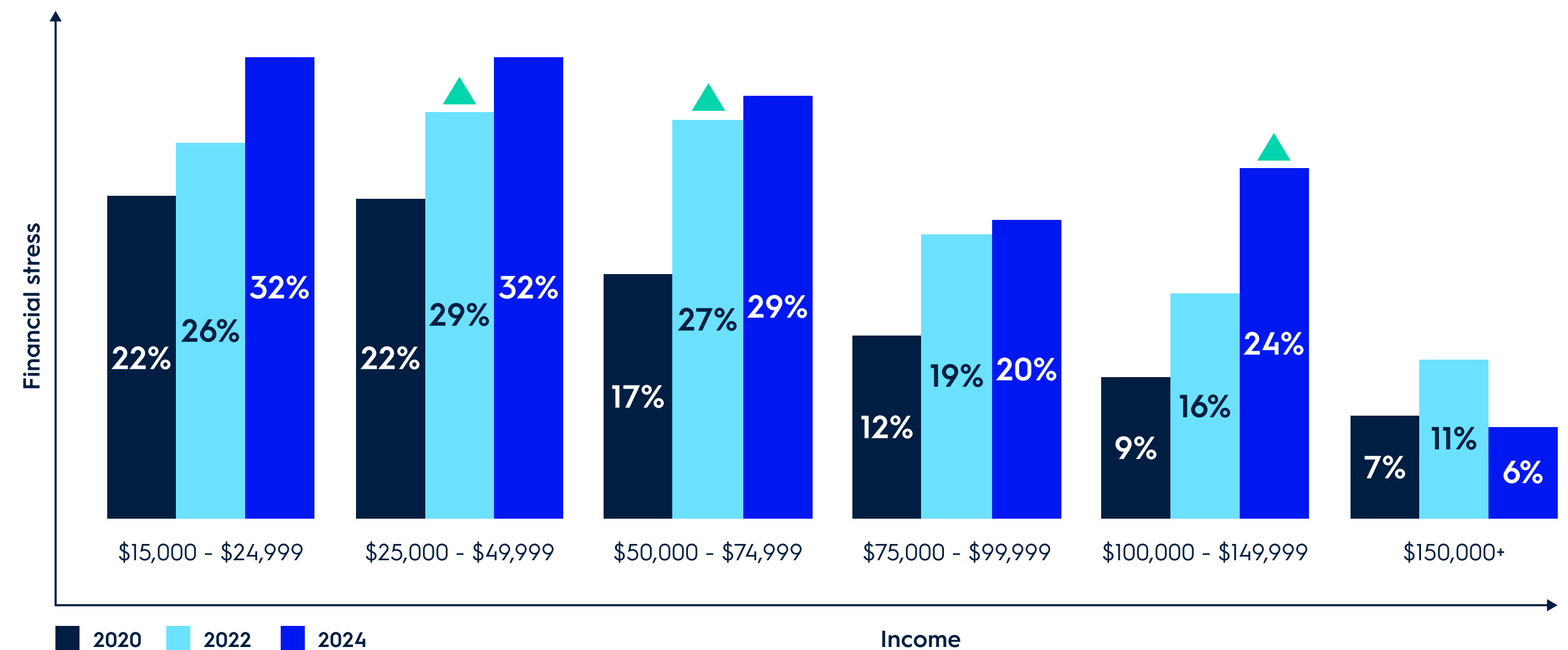


The impact on higher – and lower – income earners

There has been movement among higher earning Australians, with nearly one in four (24%) in the \$100,000 to \$150,000 salary bracket now falling into the moderately to severely stressed categories after substantial back-to-back rises from a low of 9% in 2020. As we will see shortly, the impact of rising mortgage repayments and household expenses means costs of living pressures are being experienced more broadly.

Unsurprisingly, those with lower incomes are also more stressed. Almost one third (32%) of employed Australians in the \$15,000 to \$50,000 salary ranges are now moderately to severely financially stressed, a 10% increase above 2020 levels.

Since the last report, the rate of change in the mid-range salary bands has been modest, though high levels of stress are still felt by earners in the \$50,000 to \$75,000 bracket. Resisting the overall trend, financial stress levels among high income earners (>\$150K) has dropped to a low of 6%, the only group where financial stress has shrunk.

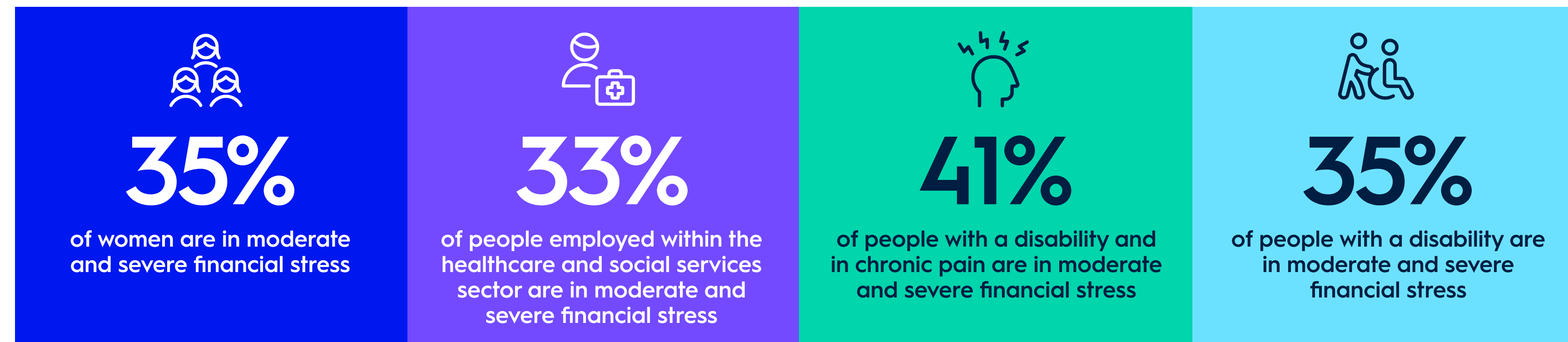


The Australians disproportionately affected by financial stress

Looking closely at different population groups shows that some Australians are more impacted than others.

As with previous reports, women are more likely to be in moderate or severe financial stress (35%) than men (21%). They are less likely to have experienced financial gains over the last 12 months (11% vs 24%) and have a bleaker outlook, with only 23% agreeing they will be more financially secure in the next two years (vs 33% of men). Among small business owners, nearly one third (30%) of women agree that their business will likely fail if inflation continues to rise, significantly more than the 17% of men who agree. They are more likely to create a budget (43% vs 36%) and to have thought about their finances should something happen to them (37% vs 29%), but significantly more likely to not consult information sources when making important decisions (36% vs 28%).

This influences levels of stress in sectors where female participation tends to be higher, including healthcare and social assistance (33%). More vulnerable Australians also face higher levels of stress, including those living with a disability and, in particular, those experiencing chronic pain.



First Nations snapshot

As a cohort, First Nations Australians are significantly more likely to seek professional financial advice in the next twelve months than non-First Nations. When it comes to wealth-building, they are more likely to contribute extra to superannuation as a means of building wealth (42% vs 29% non-First Nations), if more funds were available.

According to the research, relative to the rest of the population, this group were significantly more likely to take part in financial education programs, yet also reported being exposed to financial misinformation in the past year (46% vs 25%) and to have acted on it (56% vs 26%). In terms of confidence on financial topics, First Nations Australians report low levels of financial literacy on a range of topics including bank accounts and their fees, understanding how credit cards work, managing budgets and will creation.

The drivers and impacts of financial stress



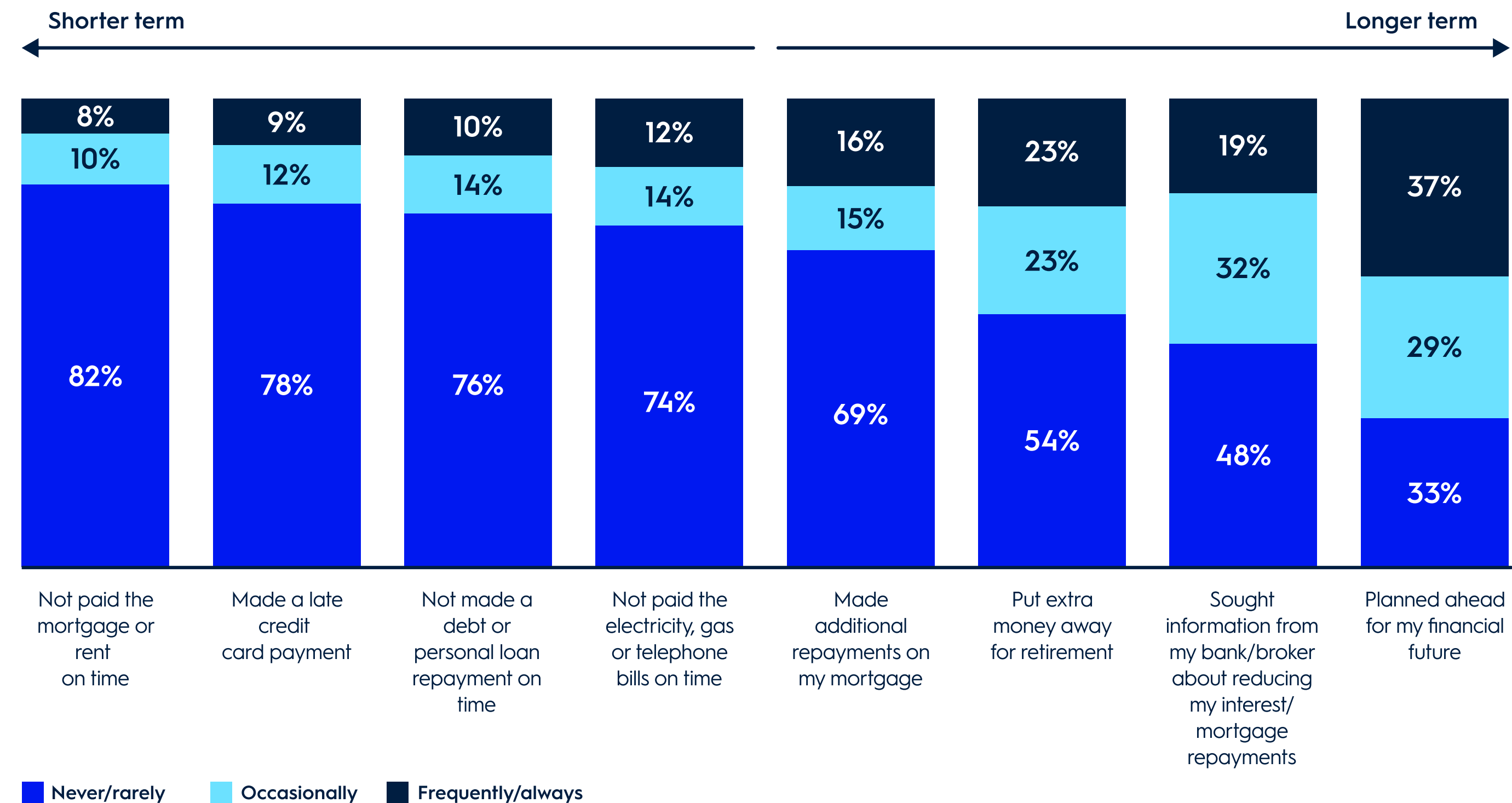
Consumers set financial priorities

When it comes to managing personal finances, the research indicates there are common priorities shaping people's budgets and mindsets. The first is that 67% of people say they never miss a mortgage repayment, a further 14% only rarely do, and 10% say it happens occasionally. A similar majority ensure they never or seldom miss credit card and personal loan repayments or utility bills.

As mortgage payments and rents have increased faster than many people's incomes, it means these significant costs are absorbing more household budget than they once were. The impact can be seen in the case of the 3.3 million mortgage holders¹, where 30% say they have had to cut back on other expenses to afford increased repayments. Expected interest rate declines will also come as welcome relief for the 31.5% who said mortgage repayments would no longer be sustainable if rates kept rising.

This focus on meeting major short-term expenses is likely why one in three Australians never or rarely plan for their financial future, with a further 29% only occasionally doing so. This also helps explain why most people are not paying off mortgages faster than they have to or putting money away for retirement, with just 32% making voluntary super contributions in the past year. However, if they did have extra funds, 70% of people would put them towards super, their mortgage, or both, to build more wealth for retirement.

Frequency of financial behaviours adopted over the past year



1. Australian Bureau of Statistics (ABS) 2022

Higher financial stress, lower visibility

It may come as little surprise that the more financially stressed people are, the greater their focus is on surviving rather than future-building. For these Australians, affording the next mortgage payment or essentials like utilities and groceries amid rising costs can require extra short-term budgeting, and of all the stressors, the prospect of unexpected expenses is the most anxiety-inducing.

This is evident when looking at the actions people have taken to offset the impact of economic changes – like inflation, higher interest rates and rising living costs – in the past two years. Here, 60% of people experiencing severe or moderate financial stress have significantly cut back their spending compared to 37% among those who are mildly financially stressed or secure.

Actions taken to limit impact of economic changes in past two years



These spending changes are playing out in multiple ways. First, people are re-evaluating how they shop for essentials and non-essentials. This includes over seven in ten people under severe or moderate financial stress spending less on groceries. Other common sacrifices include fewer holidays (49%) and cancelling streaming services (42%).

While most acute among the more financially stressed, the impact of the economic pressures reaches broadly across the population. Irrespective of their stress levels, more than three in four Australians are more conscious of the price of groceries than ever before, and 72% are more aware of discounts and promotions. More than half are bargain-hunting, seeking out websites and apps offering cheaper items.

48% of people have never or rarely sought help with reducing interest rates or mortgage repayments

51% of people say their understanding of how mortgage and housing debt works is low-moderate

Despite the outsized impact of rising mortgage repayments on household budgets and future financial flexibility, almost one in two never or rarely seek information about reducing the interest rate or mortgage repayments from their broker or financial institution. The research also shows that a similar number (51%) rate their understanding of how mortgage debt works as relatively low, suggesting that some people may not be aware of potential options to alleviate mortgage-related costs.

Impact of cost of living over next two years

The degree of financial stress also influences people’s outlook. While just over half of all Australians (52%) strongly believe the cost of living will rise significantly, this jumps to 68% among the moderately and severely financially stressed. This is factoring into people’s perceptions of their personal finances and generally low levels of preparedness, with higher current financial stress worsening future concerns.

While putting out financial spot fires has held many people’s attention, some are doing what they can to prepare for ongoing pressures. This includes almost one in three Australians overall (31%) saving more money in the past two years, dropping to 20% among the more financially stressed. Far fewer have been investing more (11%) over the same period.

I will be financially secure

9% of severely or moderately financially stressed vs 35% of mildly financially stressed and secure

I will not be able to cover future unexpected costs

40% of severely or moderately financially stressed vs 12% of mildly financially stressed and secure

My personal finances will be significantly impacted

50% of severely or moderately financially stressed vs 22% of mildly financially stressed and secure

Perceptions of financial goals and aspirations



Financial stress amid elevated living costs also has a direct bearing on goal-setting among Australians, with around four in ten more financially stressed people saying their dreams have shifted or fear their financial goals are no longer within reach. Many also have difficulty articulating financial goals or have goals but don't know how to achieve them. This is far less prevalent among those who are more comfortable, adding to the evidence that financial stress is impacting both people’s current circumstances and ability to improve their future selves.

Weighing the social costs

The pressures of financial stress can carry over into multiple aspects of people's lives. We've already seen responses like a cut back in spending or the feeling that aspirations are harder to attain. According to many Australians, there is also a cost to their social interactions.

Australians feeling higher levels of financial stress tend to engage less with others and to shy away from activities they enjoy. One in two (50%) socialise less often with friends, while more than a third (35%) see less of their family. They are more likely to spend time on their own and to refrain from taking part in hobbies and other interests (41% for both).

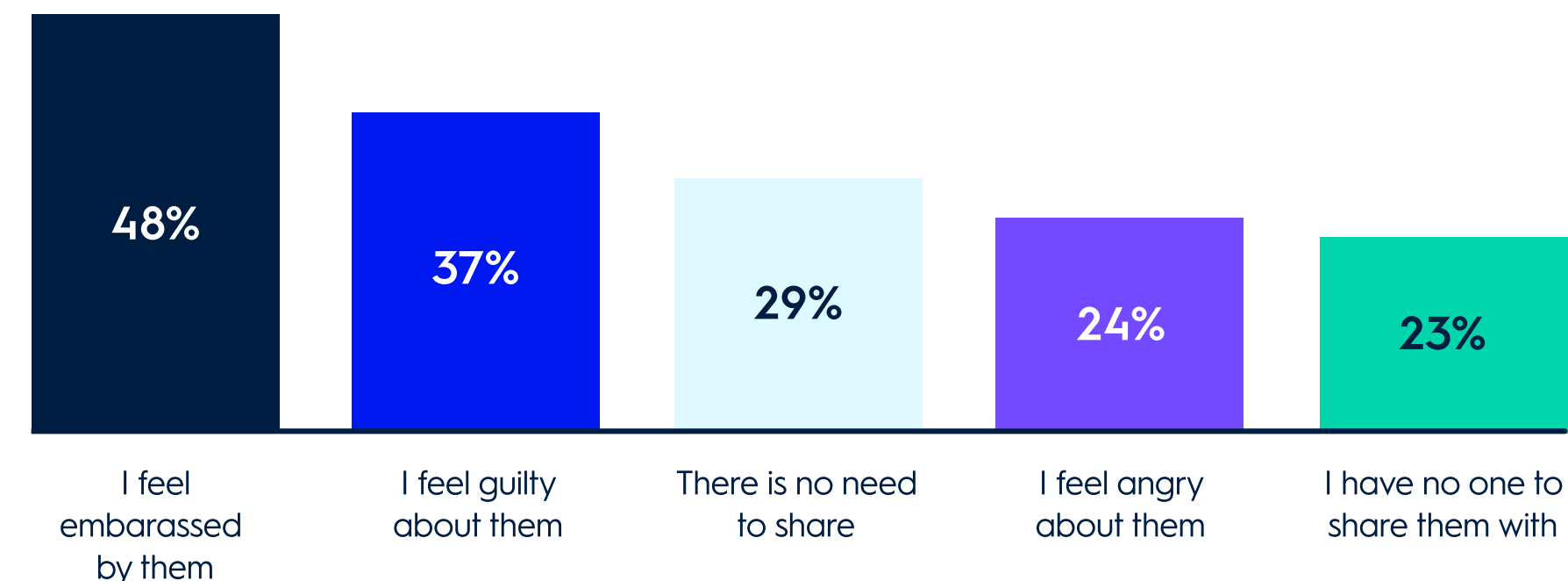


Bottling up financial concern

A lack of social connection can exacerbate financial stress, worsening an individual's perception of their current circumstances. It can also prevent them from reaching out for help or taking actions that could help improve their situation.

The research finds that many Australians are opting to go it alone, with more than a quarter (27%) holding a financial worry or secret that they have not shared with anyone. These people attribute their guarded behaviour to multiple emotive factors. While embarrassment (48%) and guilt (37%) rank highly, so does the belief that there is no point in sharing financial concerns (29%) or that there is no one to share those worries with (23%).

Why people keep financial secrets

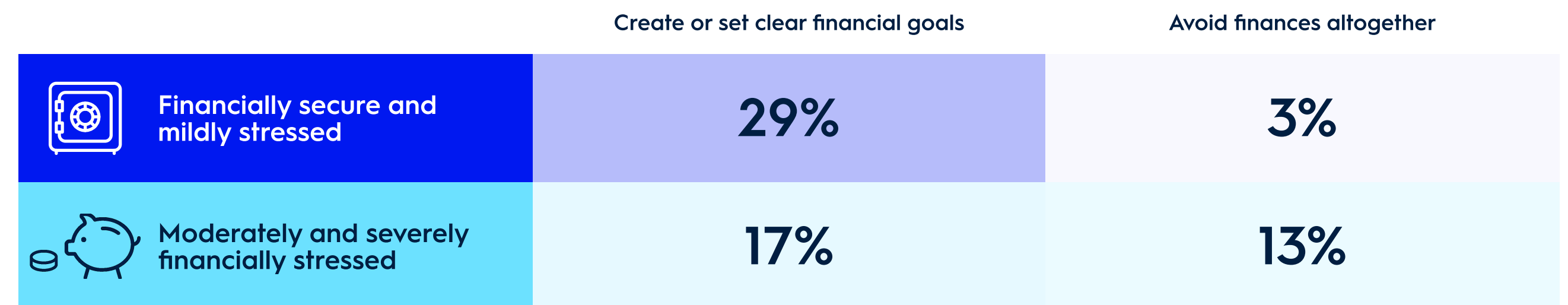


From isolation to avoidance

Some degree of financial stress is inevitable and most of us will feel it at a point when our circumstances don't match our expectations. But how a person copes, and the strategies they use to overcome stress, can have significant impact on their future financial standing.

Current stress level is a good predictor of whether they are likely to seek assistance or advice and the sources they will turn to if they do. When it comes to coping with financial stress, almost half (45%) of all Australians feel they can manage either very or exceptionally well. For those feeling higher levels of financial pressure, that drops to just 14%.

The more financially stressed a person feels, the more likely they are to use avoidance as a coping mechanism. This is inverse to the behaviour of the more secure groups, where 29% create or set clear financial goals to counter the feeling of stress. By comparison, this is an action taken by only 17% of those feeling more overwhelmed by financial problems. At the extreme end of the scale, more than one in ten (13%) highly stressed Australians avoid dealing with their finances altogether, a stance exhibited by only a very small number (3%) of those in the more secure groups and one that is likely to make financial matters worse.



The connection between financial and mental wellness

Financial stress influences mental wealth

It's easy to see the compounding effect of financial stress on a person's behaviours - but evading the issue, managing concerns alone and disconnecting socially are short term actions with longer-lasting consequences. To better understand the enduring impacts, the study measured how the level of financial stress we feel drives seven key pillars of mental wealth. In doing so, it highlights the interconnected nature of financial wellness and broader mental wealth.

Seven factors impacting mental wealth



Mental wellbeing

A person's mental wellbeing is an internal reflection of their circumstance and potential, including their ability to cope day-to-day, to live and work meaningfully, to relate well to others and to contribute to society. When overwhelmed by immediate worries or concerns - financial or otherwise - it can be difficult to see beyond those problems.



Happiness

We asked Australians to rank their happiness and found that only half the population sees themselves as happy. This number jumps considerably among the financially secure groups (76%), suggesting a strong positive relationship between happiness and the absence of financial stress.



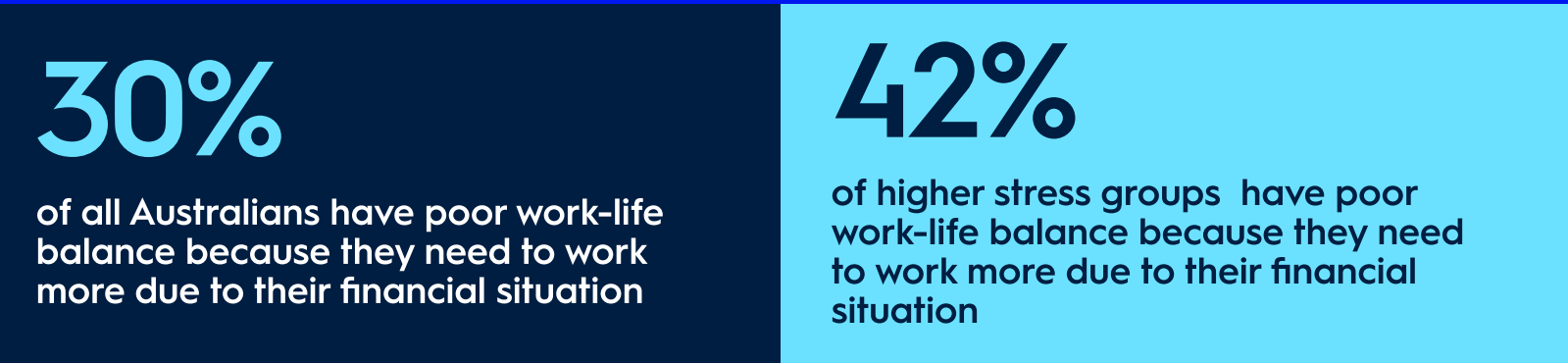
Financial stress management and resilience

We know from the research that avoidance is a common response among the moderately to severely financially stressed people. Where many Australians turn to exercise, talk with family and friends or engage in hobbies to cope, those under financial pressure tend to shun these options in preferring self-isolation, with few able to manage stress well.



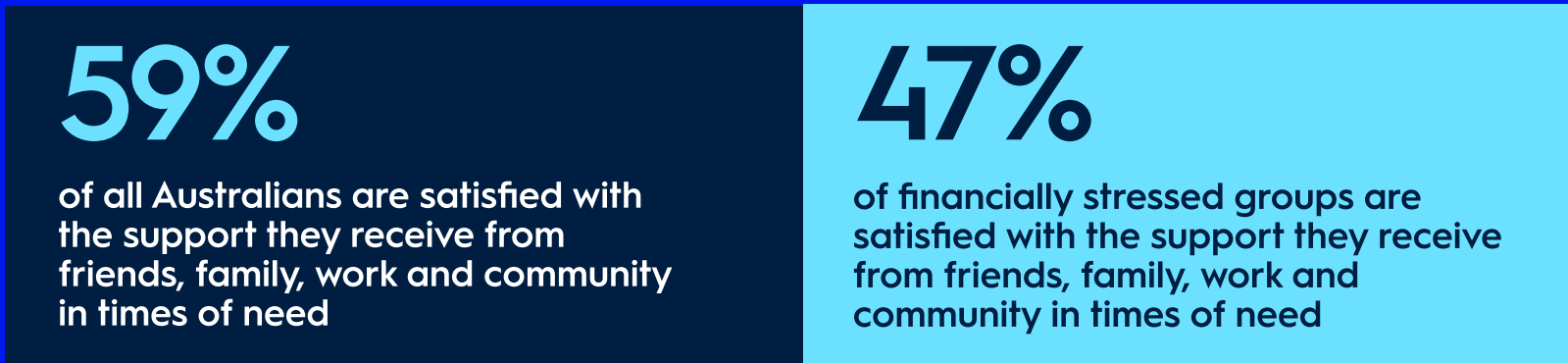
 **Work life balance**

While a clear majority of Australians (70%) have found a work life balance, the remaining 30% say they need to work more than they want to because of their financial situation. This figure is even higher among the higher stress groups, with one in four reporting dissatisfaction.



 **Community support**

Fifty nine per cent of Australians say they have adequate support from a range of avenues in times of need, while the more stressed groups trail behind at less than half (47%). This is likely in response to their avoidance and isolating behaviours, keeping concerns to themselves and not sharing financial secrets.



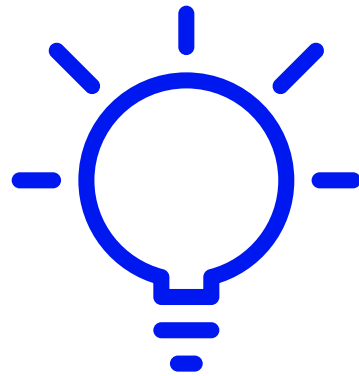
 **Personal growth**

Personal growth and development are key to a person's mental wellbeing, contributing to a sense of self-belief as they strive to reach their full potential. While nearly two-thirds of Australians (64%) feel constrained by their finances and unable to grow, that figure climbs to nearly nine in 10 of those in the highly stressed groups.



 **Psychological richness**

The key to a psychologically rich life is exposure to a range of diverse, interesting and surprising experiences, especially those that challenge existing perspectives. The number of Australians that view their life through this lens is low - less than one third - while it is even less likely to be the case for those feeling financially stressed.



The tendency for lower mental wealth scores among the financially stressed groups highlights the cascading effects of poor financial health and captures how negative thoughts and behaviours can serve to worsen the situation.

Financial wellness and the business bottom line



The business case for financial wellness

At a personal level, financial concern and mental health issues are distracting and can quickly become all-consuming. With the average employee spending one third of their day at work, personal problems often cross the boundary in to work time. For those feeling financially stressed, the impacts are significant, with almost nine in 10 (88%) admitting that their productivity levels take a hit because of their personal financial problems.

The productivity hit from presenteeism and absenteeism

Financial stress among Australian employees poses significant challenges for business, with wide-reaching implications for the economy. It not only diminishes individual productivity but escalates the scale of absenteeism and presenteeism – where employees are present but are mentally disengaged. These issues have a tangible impact on business performance.

The ripple effect on the economy is profound. As businesses navigate fewer productive hours as people are preoccupied with financial concerns this leads to lost revenue. This can also be accompanied by higher costs amid the need for additional resources to manage those challenges, impacting profitability and growth. Examining the impact of reduced working hours across the 14.4m employed Australians shows that, all other things being equal and average hourly rates applied, there is approximately \$88.95 billion in revenue left on the table.

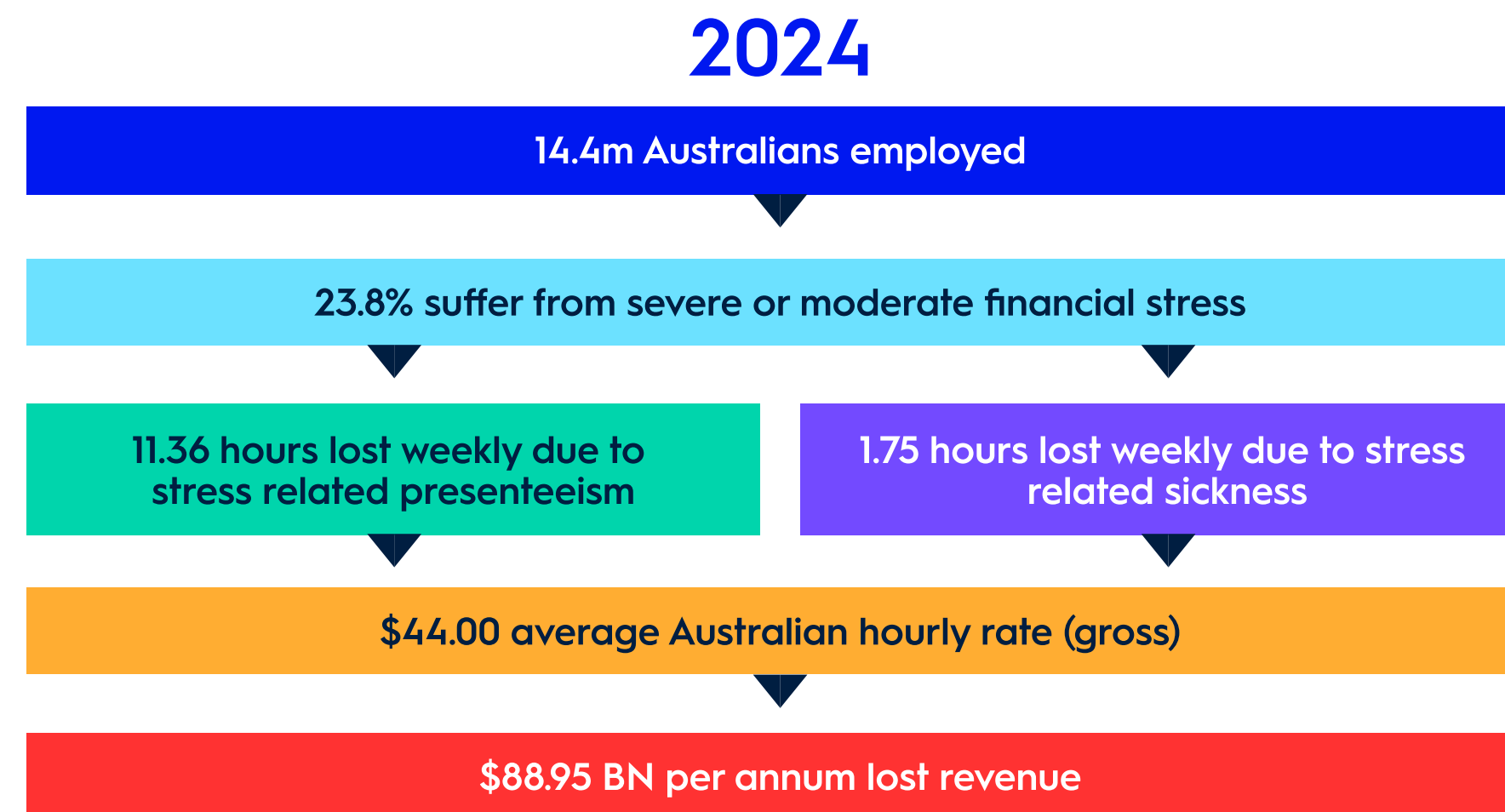
88%

of moderately and severely financially stressed people say their finances affect work productivity

11 hours

The average time an employee spends dealing with personal financial matters at work each month

On average, Australian employees spend around a day and half per month dealing with personal financial matters during work hours. For more than half (55%), this involves worrying about finances rather than working. Twenty two per cent take time out to consult with lenders, creditors and collection agencies or to discuss personal financial problems with a colleague, while one in five deals with issues like credit card debt or bankruptcy matters.

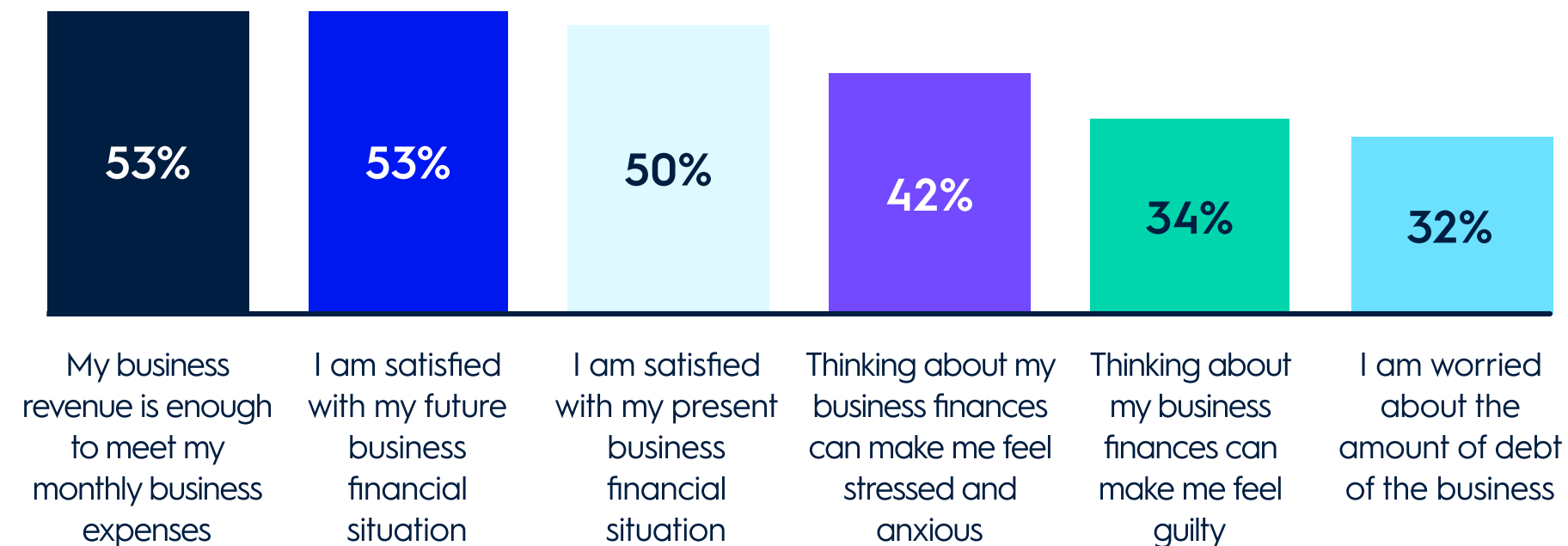


A financial health-check for SMEs

Small business is the engine room of Australia's economy, employing around 42%¹ of the workforce and accounting for 98%² of all business entities. Though less susceptible to severe and moderate levels of financial stress than many other groups, nearly half of all small business owners (43%) are mildly stressed.

Looking more closely at how business owners feel about their business performance and wellness shows a divided picture. Only around half (53%) are confident about meeting their expenses and are satisfied with their current position and prospects. While fewer are anxious or guilty when considering their business finances, there is still a material proportion which likely influences their mindset and behaviours as individuals too.

Views on business finances among owners



1. <https://www.asbfeo.gov.au/small-business-data-portal/contribution-australian-employment>
 2. <https://www.asbfeo.gov.au/small-business-data-portal/small-business-matters>

Personal sacrifices to advance aspirations

Top funding avenues among businesses to date

1. Money made from business (60%)
2. Credit card (35.8%)
3. Loan from family and friends (23%)
4. Business bank loan (20%)
5. Buy Now Pay Later (19%)

Top areas of investment for businesses in past year

1. Operations (27%)
2. Professional development (21%)
3. Product or service development (18%)
4. Marketing and sales (16%)
5. Market research (8%)

Small business owners are used to sacrifice, with more than half (56%) using personal savings to launch their ventures. Over one in five (21%) borrowed from friends or family while nearly a quarter (24%) juggled multiple jobs or incomes to bring their dreams to life. Cutting back on personal spending and luxuries (53%), travel (38%) and delaying major life events (28%) are also common compromises.

When up and running, small business owners use a range of avenues to fund their activities, with cash flow being the most common. Over a third (36%) used credit cards and almost one in five (19%) use Buy Now Pay Later services. When it comes to loans, more business owners have turned to family and friends (23%) than bank debt (20%). In the case of unexpected expenses, one in three say they don't have savings or an emergency fund to draw from.

How Australians get the support they need

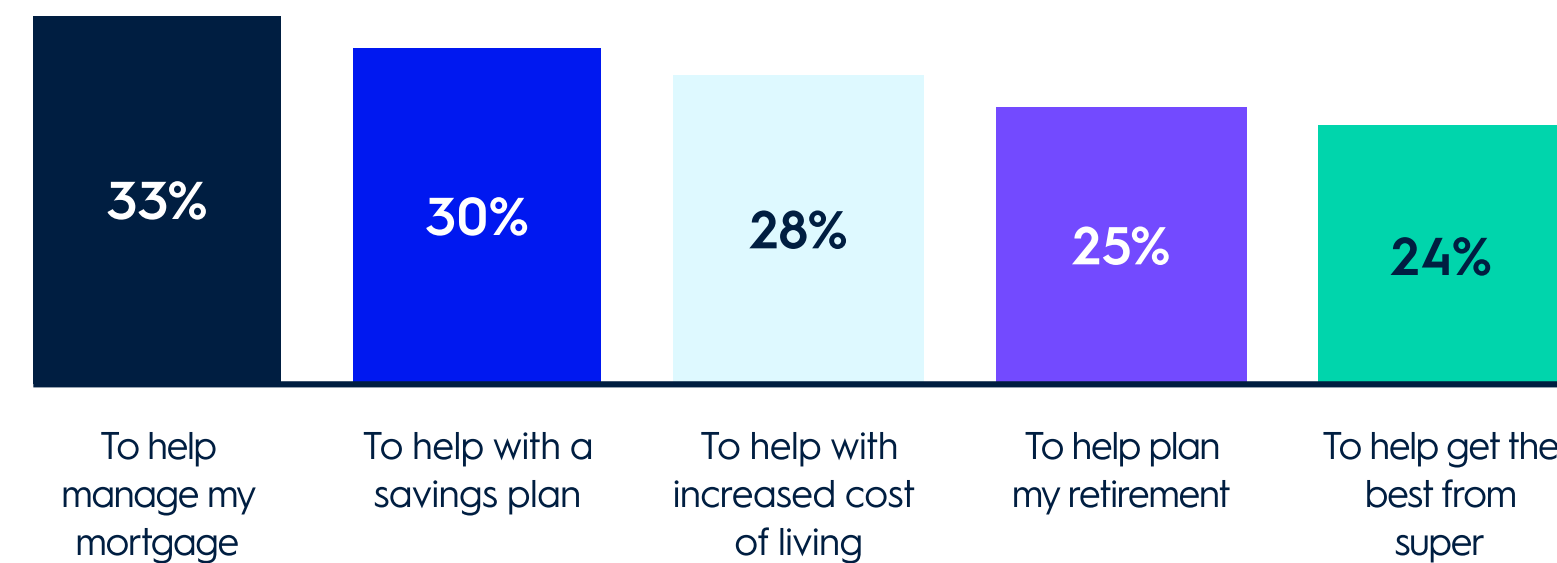


Why and how people reach out for help

We know that Australians are focused on meeting immediate financial obligations rather than considering wealth-building strategies or planning for retirement. That urgency is also evident in advice-seeking, with more Australians reaching out for help on topics they believe will bring short term relief, including mortgages and strategies to mitigate cost of living pressures.

A person's confidence around a specific financial topic has a bearing on the support they seek. As borrowers feel the sting of rising mortgage repayments, this has become the financial focal point in many households. The research shows that Australians have generally low levels of understanding about strategies and adjustments that could deliver a degree of mortgage relief, so turn to a range of sources to seek further information.

Reasons for seeking financial support



It's worth noting that a sizeable portion (32%) of the population has not sought any advice or support when making important financial decisions. Those feeling financially stressed are even less likely to do so (35%). If they do seek help, it's less likely to be from a traditional professional adviser such as a financial planner (6%) or a super fund (11%), than those in the more financially secure groups.

Australians in the moderate to severely stressed groups favour more accessible – and less reliable – sources of information when seeking financial advice. These include friends and family members, internet search engines and social media platforms.

While most Australians are wary of social media influencers as an information source, the more financially stressed groups display higher levels of distrust for more traditional sources of financial support. When comparing the more and lesser stressed groups, we see a clear distinction in levels of distrust for each traditional advice source type: stockbrokers (41% for moderately or severely stressed vs 26% mildly stressed or secure), mortgage brokers (33% vs 22%), bank managers (28% vs 14%), super funds (22% vs 11%) and accountants (19% vs 10%).

Whether experiencing financial stress or not, over a quarter (27%) of Australians have been exposed to financial misinformation, with 31% acting in some way on those false reports. Social media is the single largest source of financial misinformation identified in the study, at 37%, followed by google searches (20%).

Sources used to make important financial decisions in past year



Friends and family

31% of moderately to severely financially stressed vs 24% of mildly stressed or secure



Google search

27% of moderately to severely financially stressed vs 24% of mildly stressed or secure



Super fund

11% of moderately to severely financially stressed vs 18% of mildly stressed or secure



Social media

15% of moderately to severely financially stressed vs 16% of mildly stressed or secure



Financial adviser/planner

13% of moderately to severely financially stressed vs 6% of mildly stressed or secure



None

35% of moderately to severely financially stressed vs 30% of mildly stressed or secure

Building and borrowing financial literacy

Australians are quite cautious in scoring their confidence across a range of financial topics including credit card debt, budgeting, borrowing and investments, as well as mortgages and the impact of rising interest rates on repayments.

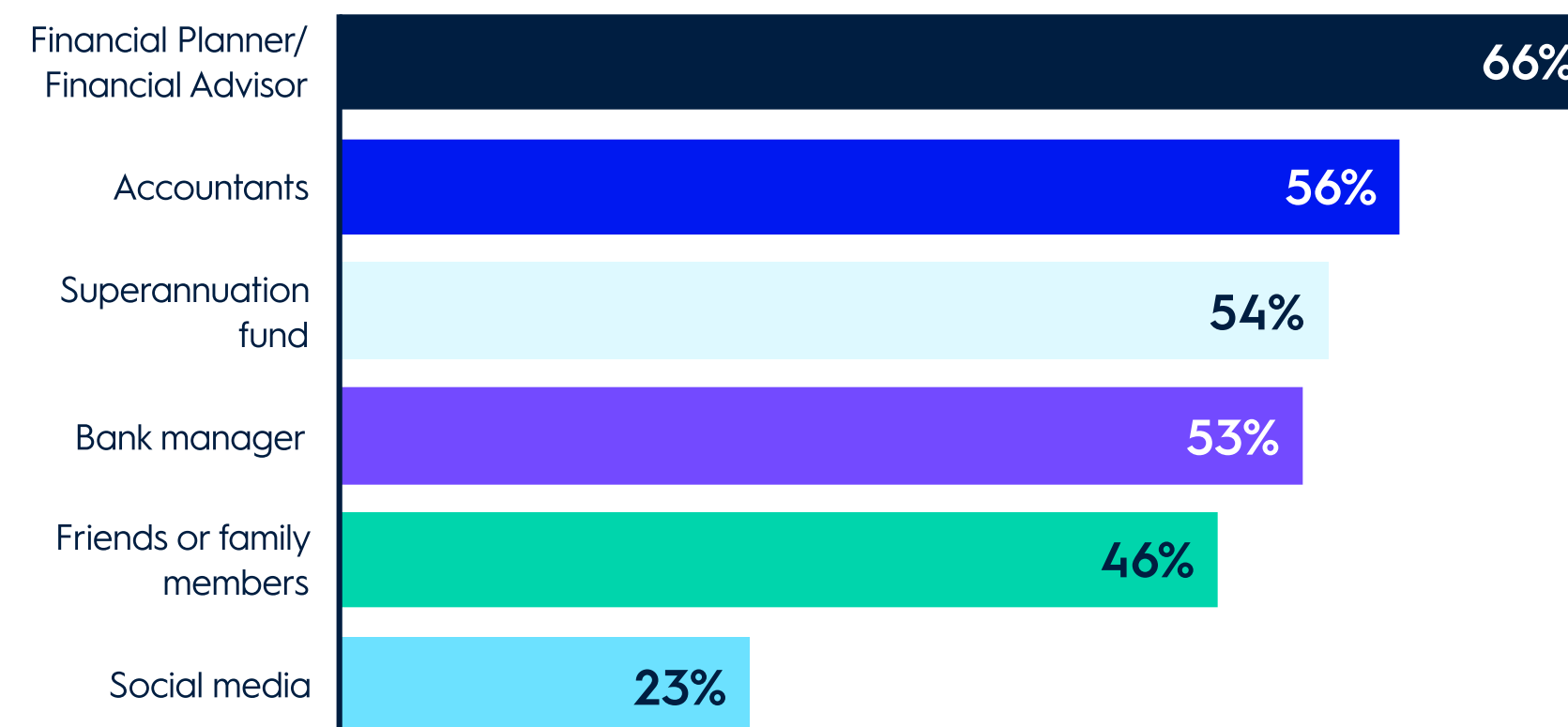
Confidence in understanding financial topics

The average response on a ten-point scale from disagree (0) to agree (10)



The research tells us that low confidence is not necessarily a precursor to advice seeking where there is no pressing financial impact, such as concern over rising mortgage repayments. However, we can see that the proportion of the general population that does seek advice finds professional advice sources to be the most valuable sources of information. Here, 66% said they found financial advisers and planners to provide valuable support, 56% and 54% said the same of accountants and super funds, respectively. On the other end of the spectrum, just 23% say they feel social media provides valuable support.

Traditional sources of advice still valued



The research suggests Australians who have engaged a financial planner or adviser in the last 12 months are less likely to be experiencing moderate to severe stress levels and feel more capable of handling financial stress in their daily lives.



Tackling financial stress and looking further ahead

This report covers a variety of drivers and impacts of financial stress that are shaping how people think, feel and act, depending on their life stage and financial goals. Irrespective of who you are, there are many ways to manage financial stress levels and get additional support. Here are just some ways that more people can address key sticking points that affect wellness and build their knowledge and confidence.



Consult the right information sources

Your financial decisions can only be as good as the information you access to help make them. Developing your sense of financial literacy needs input from the right sources for you, including speaking with financial professionals, accessing financial seminars, journals or news sources, and subscribing to newsletters and podcasts.



Take more control of your super

It might be time to rethink the way you look at your super. It's not a set and forget until you retire, it's an investment in your future that should work at least as hard as you do. A super health check will help you understand your investments and risk, learn strategies to grow your wealth and find out how you're tracking toward retirement.



Make sure your home loan is right for you

Times change, so maybe your mortgage should too. There are ways to pay less interest and shave years off your home loan including creating an offset account, using a redraw facility, adjusting the repayment amount or frequency, consolidating debt or completely refinancing. Starting a conversation with your lender is the first step to managing mortgage stress.



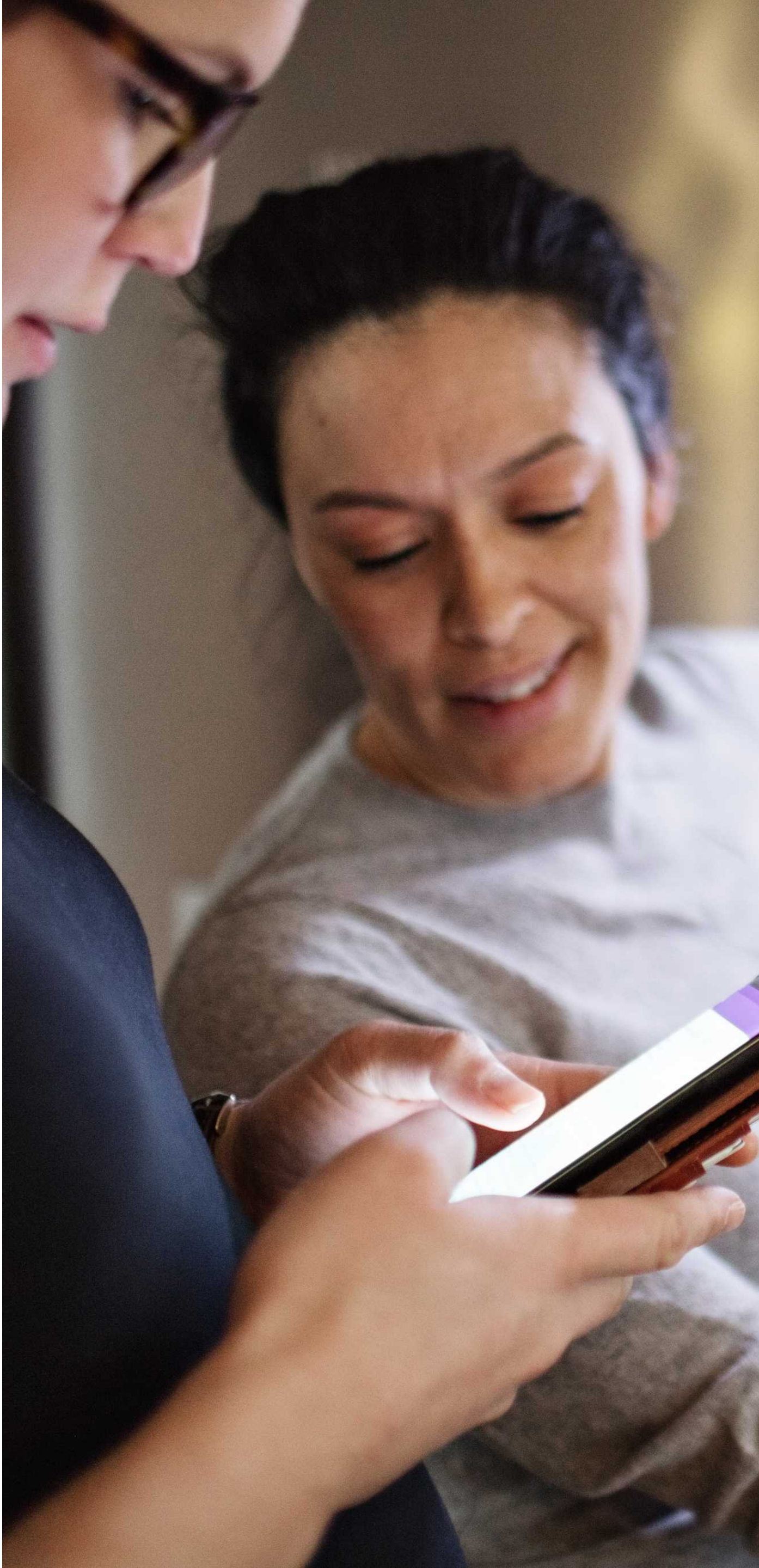
Start planning ahead

Future financial freedom begins with looking at where you are and where you'd like to be. Your goal retirement age, the type of lifestyle you're aiming for and your current savings and investments will all influence the end result. A retirement health check can help determine when you can access your super and how much you will need to retire. Taking steps now will guide the necessary changes to keep your post-retirement plans on track.



Build a better business

From side hustle to fully fledged enterprise, your business needs wings to take flight, and that means being money smart. Understanding money management principles, how to maintain a positive cash flow and what funding avenues are available can help you weather the rough times and handle any unexpected expenses.



How we are helping to amplify the potential of Australians

AMP has been helping people create their tomorrow for 175 years. We're committed to supporting the community and working with the AMP Foundation – who have invested over \$111M to help organisations and individuals bring about positive change in their communities – it's an important part of bringing our purpose to life.

AMP proudly partners with [Good Shepherd](#) to offer support to our customers and their families during times of need. Funding is provided by the AMP Foundation with the aim of improving financial wellbeing and helping those who need it most.

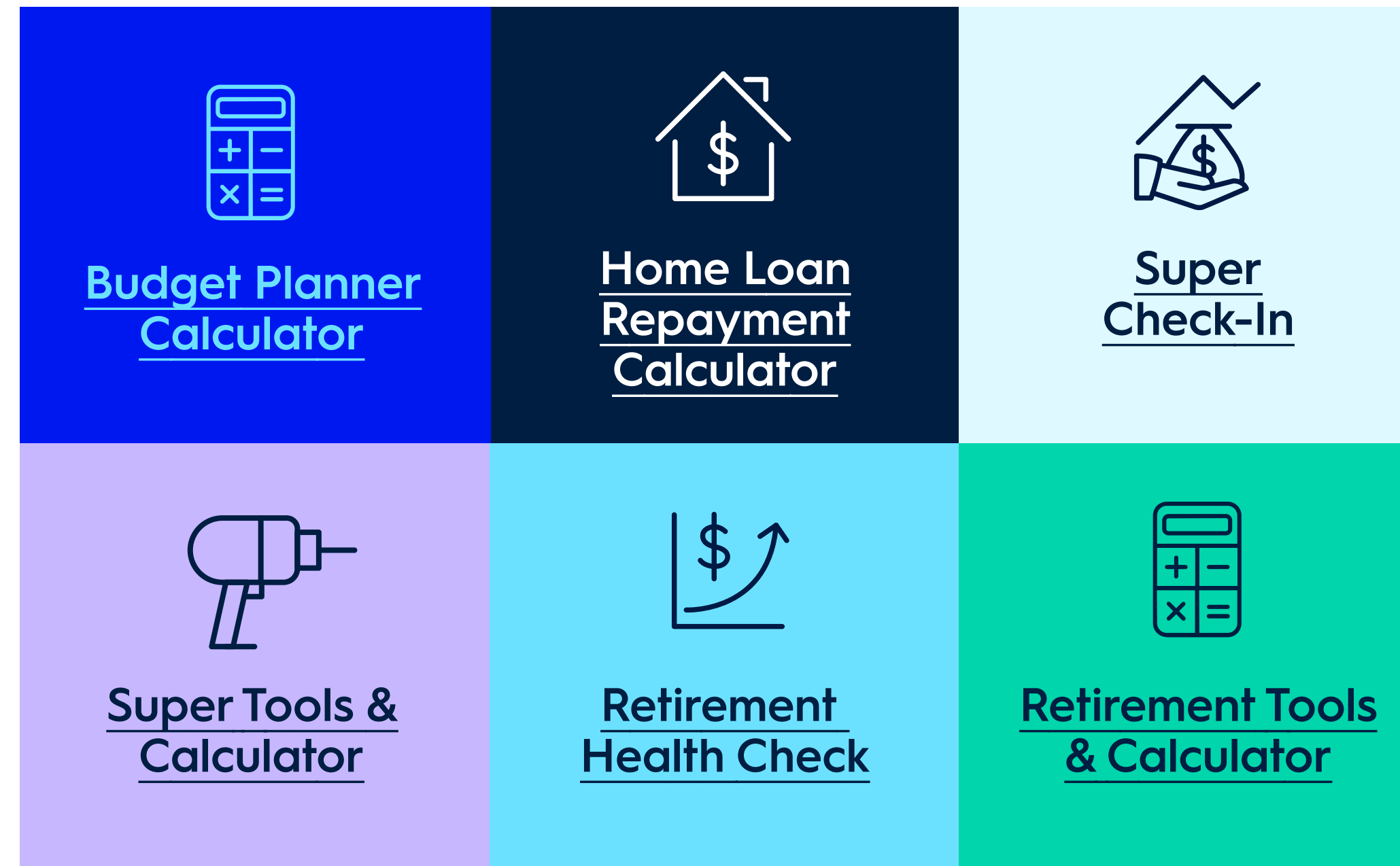
While we know that financial support is crucial, we also believe in capability-building, as evidenced through AMP employees participation as mentors and subject matter experts in future-focused initiatives such as: the [Tomorrow Makers](#) program, helping individuals and organisations create social change through social enterprise development; a co-funded [pilot program](#) delivered through [Global Sisters](#), that empowers single mums to build their own social enterprise in the pursuit of financial security and; [First Australians Capital](#), a national Indigenous-led organisation that builds investment readiness and designs the right capital solutions for Indigenous social enterprises to thrive.

AMP  Foundation



The tools you can use today

AMP offers a range of information sources, checklists, guides and tools that can help you at any stage of your journey to financial wellness. These are just some that are worth a look.



For more support

Our [financial wellness hub](#) has helpful tools, articles and resources on finance topics. And our [insights hub](#) features big picture issues like markets, interest rates, super and tax, and more topics like when to retire, how to manage money with a partner and how to pick the right bank account. In short, it's your personal pathway to financial wellness.

If you're an AMP super member or bank customer, now is your chance to start on the path to better financial wellness.

Login to [My AMP](#) (or register if you're not already). My AMP is our dedicated member App which features a wide range of information and resources. They'll help you feel better about your finances.



🔍 AMP Financial Wellness

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