

Media Release – 23 May 2023

Australians strive for financial independence *Pursuing their dream life over their dream home*

- **Insignia Financial’s inaugural Financial Freedom Report highlights the aspirations of modern Australia, demonstrating financial independence is the number one aspiration of 55% of Australians, followed by taking regular holidays (50%)**
- **According to the research, three in 10 Australians received no financial education in childhood, sparking a new wave of young people eager to improve their current financial situation and older counterparts wanting to improve their financial knowledge**
- **Women are working hard to achieve their dreams, with the research indicating they are more motivated (55%) than men to achieve them (44%)**
- **Insignia Financial’s new *Financial Freedom Index* score of 49 out of 100 demonstrates there is more to be done to support Australians in their ability to achieve financial independence and help them reach their dreams**
- **Insignia Financial is partnering with The Smith Family to help provide up to 500 students with essential money management skills, in recognition of the need for more financial education in the early years**

The priorities of Australians have changed, with financial independence now the nation’s most common aspiration, according to Insignia Financial’s inaugural Financial Freedom Report (the Report). The research, commissioned by Insignia Financial and conducted by social research agency, McCrindle, explores the aspirations of Australians across generations, genders and demographics.

In what appears to be a shift from the past, the most common aspirations held by Australians today are achieving financial independence (55%), followed by taking regular holidays (50%), maintaining a good work/life balance (45%), home ownership (45%) and building a trusted group of family and friends (44%). When it comes down to it, Australians are now more inclined to pursue their dream life (60%), over owning their dream home (40%).

This shift in priorities has manifested at a time when the impacts of COVID-19 and increased cost of living pressures have altered the short-term behaviours of many, forcing three in five Australians (62%) to adjust household spending and budget more. When asked if they would be able to maintain their current lifestyle over the next two years, 56% of Australians were not confident this would be possible, compared to the 44% of Australians who strongly or somewhat agreed this would be possible.

Insignia Financial Chief Executive Officer, Renato Mota, said: "It’s clear Australians have changed their priorities in life from the traditional dream of owning a home to living their dream lifestyle, which, is under pressure from the current economic climate. This Report sets some important benchmarks that helps us understand and support the aspirations and dreams of Australians for years to come.

“Australians are deeply aware of their financial wellbeing because it ultimately enables them to achieve the things that matter most to them, whether that be travel or spending time with loved ones. Financial independence means something different to everyone, and as part of our ambition to create financial wellbeing for every Australian, we want to help bring this to life.”

Australians are on their way to achieving aspirations: Insignia Financial's Financial Freedom Index

Along with the development of the Report, the inaugural Financial Freedom Index (FFI) has been created to measure how Australians are currently positioned to live a life of financial independence and freedom, which allows them to achieve their dreams.

The FFI measures the behaviour of Australians to determine what actions they are taking to realise their dreams and financial freedom. Australians demonstrate a real desire to achieve their dreams and secure financial freedom, with an overall score of 49 out of 100 according to the FFI, however, there remains more that can and should be done to support Australians.

Comprising three elements – Foundation, Behaviour and Attitude – the FFI reveals Australians score the highest in their Attitude (59), followed by Behaviour (48) and Foundation (40).

This shows that while Australians could be better equipped in their foundational experiences such as early financial education literacy, they have strength in their attitude and sentiment, which over time, could drive a positive improvement in behaviour.

Interestingly, Gen Z (52) and Gen Y (55) receive the highest FFI scores, which is mostly driven by their strong results in Attitude, representing their positive mindset towards achieving their dreams (versus 47 Gen X, 44 Baby Boomers, 45 Builders).

Two thirds of Australians received no or a small amount of financial education in their childhood

The Foundation pillar of the FFI received the lowest score of the three index elements, indicating there is room to improve how we prepare and equip young people to achieve financial freedom. A third of Australians (31%) report receiving no financial literacy education in their childhood, with 35% receiving a small amount and only 22% receiving a fair amount.

From a young age, females are at a disadvantage when it comes to financial knowledge and the lack of adequate financial education often impacts their greater financial wellbeing later in life. Younger females are most likely to report receiving either no (20% Gen Z females, 28% Gen Y females versus 11% Gen Z males, 14% Gen Y males), or a small amount of financial education in their childhood (43% Gen Z females, 39% Gen Y females versus 28% Gen Z males, 28% Gen Y males).

55% of women are highly motivated to achieve their dreams

Despite women being at a disadvantage when it comes to financial knowledge and education, they are working hard to achieve their dreams and are more motivated than men to achieve them (55% are extremely/very motivated to achieve their dreams versus 44% of men). Younger females are being more active in planning for their futures and more likely than their male peers to have thought about their dreams.

“We know financial literacy shapes the relationship people have with money, so in order to encourage financial wellbeing, Australians need to receive practical education and guidance, especially in their youth,” Mr Mota said.

“Many Australians would have appreciated more financial education in their younger years to enable them to make more informed financial decisions and Insignia Financial are keen to contribute to reducing this education gap.”

22% of Australians unsatisfied with their financial situation and eager to improve financial literacy

Three in four Australians would like to do more with their finances, with more than one in five Australians (22%) claiming they are not at all satisfied with their financial situation, and more than half (55%) considering themselves only somewhat/slightly satisfied with the state of their finances.

In saying this, more than half (58%) of Australians want to manage their money better, with 63% of the population dedicating more focus to increasing their financial knowledge compared to 12 months ago.

McCrindle Founder and Principal, Mark McCrindle, said: “As Australians, we are known for our can-do attitude, rolling up our sleeves and chasing our ambitions head-on. This attitude is deeply ingrained in our national identity and is best exemplified in the Financial Freedom Index through the positive attitudes and proactive steps Australians are taking to achieve their dreams.

“According to the research, Australians are demonstrating this positive attitude in the pursuit of financial independence, whether that be through spending more time working to increase their financial knowledge or actively seeking the tools to help them do so.”

Helping Australian youth through financial education

In line with Insignia Financial's ambition of creating financial wellbeing for every Australian, it will be further partnering with The Smith Family on their Money Talks program which teaches students essential money management skills. The Smith Family is one of Australia's leading children's education charities, supporting young Australian students experiencing disadvantage. The partnership will enable the maximum number of students, up to 500, to complete the online course over the coming school year. The program aligns with Australian Skills Quality Authority Guidelines so students are eligible for Certificate I in Basic Financial Literacy, should they wish to pursue this qualification.

“At Insignia Financial, we believe the future of financial advice will involve assisting Australians at all stages in life to help address the foundational knowledge gap. By being able to reach more people and support their financial needs, we can help to improve financial wellbeing for every Australian,” Mr Mota commented.

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About Insignia Financial Ltd

Insignia Financial has been helping Australians secure their financial future since 1846. During that time, we have grown substantially to become one of the largest groups in the Australian financial services industry.

Insignia Financial provides advisers and their clients with the following services:

- **Platforms** for advisers, their clients and hundreds of employers in Australia
- **Advice** services via our extensive network of financial advisers; and
- **Asset Management** products that are designed to suit any investor's needs.

Further information about Insignia Financial can be found at www.insigniafinancial.com.au

Notes to editors

Methodology

Insignia Financial's Financial Freedom Report is the collation of quantitative and qualitative data gained through an online survey of 2,511 Australians conducted by McCrindle and representative by age, gender and location. The survey was in field from the 18 to 26 October 2022.

From the survey and data analysis, McCrindle developed the FFI and the associated geographical, generational and psycho-graphic segmentations.

In addition to the survey, McCrindle conducted four focus groups were conducted with Australians from across the country. Each group had between eight to nine participants. These groups represented a generational cohort, with Gen Z, Gen Y, Gen X and Baby Boomers in their own respective groups. The focus groups were conducted on 20 and 21 September 2022.

Recognising the changing economic conditions – the Reserve Bank of Australia's cash rate increased four times between October 2022 (2.6%) and April 2023 (3.6%) – an additional online survey was conducted collecting responses from 1,007 Australians, representative by age, gender and location. The survey was in field from 30 March to 6 April 2023.

The generations referred to throughout the report are as follows:

- Gen Z (18-28 year olds)
- Gen Y (29-43 year olds)
- Gen X (44-58 year olds)
- Baby Boomers (59-77 year old) and
- Builders (78 plus years old)

Interpreting the Index

The Financial Freedom Index (FFI) uses three key measures to check the pulse of how Australians are going about attaining their dreams:

The following are the three key measures that form the index:

- **Foundation** measures the extent to which individuals are set up to move towards financial freedom and achieve their dreams, from their childhood experiences to their current financial literacy.
- **Behaviour** measures the extent to which individuals have habits and practices that are likely to benefit them in moving towards financial freedom and achieving their dreams.
- **Attitude** measures the degree to which individuals have a mindset that will help them flourish and move closer to financial freedom and their dreams, from how motivated they are, to how much they believe the dreams are realistic.

An average score is provided for each of the three measures and the average across the three measures provides the overall FFI. The FFI can range from a score of 0 to 100. Anything above 50 indicates an individual is well positioned to achieve their dreams.

Please refer to pages 29 and 39 of the Financial Freedom Report for more detail.