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| **A snapshot of wealth behaviours in Australia**   * Around **1 in 2 Australians don’t think they’ll have enough to retire on**. * **Women are more pessimistic than men** - 55% don’t expect to have enough compared to 48% of men. It remains of particular concern that nearly 1 in 3 women also believe that they’ll have “far from enough” to retire on, compared to just 1 in 5 men. * **To realise their desired “lifestyle” wealth goals**, around 60% of Australians said they would require less than $150,000 per year in income - with almost 1 in 5 wanting less than $50,000. * **But almost 1 in 2 people** don’t think they’ve done enough to achieve their wealth goals. * A recent MLC special report **“Financial Advice: Do We Use It, Do We Value It?”** suggests that actively seeking financial advice could help us to achieve our wealth goals. * While the report found that most of us haven’t received any financial advice in the past 1-2 years, for those that did, overall they **rated the advice they received very favourably**, particularly when it came from a financial planner or accountant. * And when it came specifically to using a **financial planner**, they rated the advice positively mainly because it was tailored to their specific needs, they recognised and understood their investment goals and they looked at ways to minimise risk. * **Despite concerns about having enough for retirement and achieving our lifestyle wealth, goals, overall investment intentions remain negative** - both in the next 3-months and the next 12-months. * The **MLC Investment Intentions Index** fell to -9 points in the next 3-months, indicating more of us are planning to reduce our investments than increase them. Our new 12-month MLC Investment Intentions Index also shows that longer-term intentions also remain weak (-5 points). | **Around half of us don’t think we’ll have**  **enough to retire on…**    **And most of us don’t seek financial advice, but when we do we typically rate it positively…**    **MLC Investment intentions Index weaken…** |

**DETAILED REPORT: PART 1 - INVESTMENT PLANNING**

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| **How much have we added to our investments?**   |  |  | | --- | --- | |  | ***On balance, more Australians are still cutting back on their investments, but less so than in Q3...***  On balance, the number of Australians that invested less in the past 3 months outweighed those that invested more in all asset classes (particularly savings/deposits), except when it came to paying down debt. There was however some positive signs as the gap between those investing less and more narrowed relative to Q3.  In Q4, more women (-11%) cut back on their savings than men (-5%) and were less likely to have topped up their superannuation (-4% vs. -2%) in the past 3 months.  By age, the number of young people adding to their investments outweighed those cutting back across all asset classes in the last 3 months. | |  |  |   **What are our investment intentions over the next 3 months?**   |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | ***Investment intentions are still negative...***  The MLC Investment Intentions Index measures whether we intend to invest more or less in the next 3 months. A positive result indicates that more of us on balance are planning to increase our investments, while a negative result indicates we are planning to invest less.  Overall, investment intentions were down in Q4 2016, with the index falling to -9% (-5% in Q3).  There was little difference in investment intentions between men and women.  Young investors’ investment intentions have fallen below zero for the first time in 3 quarters (-1%), but their intentions to invest remain much stronger than for middle-aged (-8%) and older Australians (-15%). | | | | |  | | |  | | | |  | |  | | |

**What are our investment intentions over the next 12 months?**

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|  | ***Longer term investment intentions are negative as well, but marginally less so...***  We have created a new 12-month Investment Intentions Index to measure longer-term investment intentions. A positive result indicates that more of us are on balance planning to increase our investments, while a negative result indicates more of us are planning to invest less.  Overall, Australians’ long-term investment intentions are negative (-6%). Again, there was little difference in investment intentions between men and women.  Young investors are the only group planning to invest more in the long-term (+4%). Middle-aged investors are neutral, and older Australians are by far the most conservative (-16%. | | | |
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**PART 2 - THE FAMILY HOME**

**What does our home ownership position look like?**

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|  | ***Around 6 in 10 of us said we own our homes outright or with a mortgage...***  The home in which we live is generally our biggest asset.  Our survey shows that 19% of us own our homes outright and 39% own it with a mortgage. Around 32% pay rent to someone else and 7% live rent free but don’t own the property.  More over 50s own their homes outright (43%) and more middle aged Australians own them with a mortgage (51%). Most young people (46%) are renting (with a fee).  The cost of raising children has a big impact on home ownership. Around 23% of us who don’t have children own our homes outright (compared to just 12% with children). Conversely, 52% of us who have children own our homes with a mortgage (compared to just 30% of those without children). |

**How much equity do we have in our homes?**

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|  | ***The average home owner has $478,000 of equity in their home...***  The average Australian home owner has around $475,000 of equity in the family home.  But men ($508,000) have more than women ($437,000) - a difference of $71,000.  Age and income have a significant impact on the level of equity in the family home. While over 50s have $562,000 in home equity, 18-29s have just $382,000. High income earners (+$100,000 a year) on average have $627,000 in home equity, compared to just $211,000 for those on the lowest incomes.  Home owners living in states with higher house prices (particularly NSW & Victoria) also have more equity. |

**Will we use the family home to help fund our retirement?**

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|  | ***Most Australians are unsure about or unwilling to use the family home to fund their retirement...***  Over 8 in 10 Australians are either unsure or unwilling to use the family home to fund their retirement.  Despite broad agreement between men and women, there are some noticeable differences by income.  For example, those who earn between $35,000 and $50,000 are the least likely to sell the family home, compared to around 16% of those earning over $100,000.  Meanwhile, 44% of Australians earning less than $35,000 will not sell their house, compared to 31% in the $75-100,000 group. |

**The reasons for not selling the family home to fund our retirement?**

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|  | ***1 in 2 think they will have enough by retirement to not have to sell the family home...***  Just over 50% of think we will have enough by the time of retirement to not have to sell the family home. Almost 1 in 4 (23%) said we wouldn’t sell our homes so we can hand it over to the next generation, while 16% wouldn’t sell it for sentimental reasons.  Around twice as many high income earners expected to have enough than the lowest income group, whereas lower income groups tended to be more sentimental, while middle income earners were more inclined to want leave their homes to their children.  By gender and age, almost 7 in 10 men over the age of 50 thought they would have enough at retirement without having to sell their homes – by far the highest response of any group. Interestingly young men were by the far the most attached to their home, and middle-aged women the most inclined to want to leave the family home to their children. |

**PART 3 - RETIREMENT & WEALTH SATISFACTION**

**When do we expect to retire?**

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|  | ***Around 1 in 3 Australians expect to retire between 65-69, but expectations vary widely...***  Around 30% of us expect to retire between the age of 65-69 and 21% expect to retire between 60-64. Just under 1 in 4 of us expects to retire over the age of 70 and 15% before 60. Around 10% don’t know.  More men (31%) now expect to retire between 65-69 than women (30%).  By age group, a lot more over 50s (42%) believe they will retire between 65-69 than any other age group.  However, more than 1 in 4 young Australians think they will retire before 60, compared to just 15% of 30-49 year olds. |
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**Will we have enough to retire on?**

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|  | ***Around half of us don’t think we’ll have enough to retire on, and women are far less optimistic than men...***  Overall, around 1 in 2 Australians don’t think they will have enough to retire on.  And women continue to be far more pessimistic than men, with around 55% not expecting to have enough to retire on (48% of men). Significantly, nearly 30% of women also believe that they have “far from enough”(20% of men).  In contrast, around 40% of men think they will have enough to retire on (29% of women).  But when it comes to having “more than enough” very few expect to reach this goal - just 7% of men and 5% of women. |

**And will this affect our desired lifestyle in retirement?**

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|  | ***So not surprisingly, we are only moderately confident about having enough to achieve our desired retirement lifestyle...***  Overall, Australians remain only “moderately” confident about having enough money to achieve their desired lifestyle in retirement.  While men (5.5 points out of 10) are more confident about achieving these goals than women (4.7 points), confidence levels fell in both groups relative to the previous survey. |

**Do we think we are wealthy?**

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|  | ***Most of us don’t see ourselves as wealthy…***  Overall, around 9 out 10 Australians don’t consider themselves to be wealthy.  In fact, just 6% of men and women considered themselves to be wealthy. There was also little difference in the perceptions of how wealthy we are by age.  Not surprisingly, there were greater differences by income. Almost 1 in 10 Australians earning more than $100,000 believe they are wealthy, compared to just 2% of those earning less than $35,000. |

**Are we satisfied with all aspects of “wealth” - income, lifestyle and net worth?**

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|  | ***Australians not very satisfied with all aspects of their wealth - income, lifestyle or net worth…***  Wealth means different things to different people. In our last survey, we asked Australians to tell us what mattered most when considering “wealth”. Overall, income (33%) was the most important aspect of wealth, followed by lifestyle (29%) and net worth (24%).  In this survey, we asked Australians to tell us how satisfied they were across these aspects of their wealth. On average, we aren’t very satisfied, scoring just 4.7 out of 10 for lifestyle wealth, followed by net worth (4.1) and income at (4.0).  Men are more slightly more satisfied than women across all areas of wealth. Income levels have a more obvious impact, with satisfaction increasing across all aspects of our wealth as incomes increase. |
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**Income required for achieving our desired lifestyle wealth?**

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|  | **Around 4 in 10 Australians think less than $100,000 in annual income would be sufficient to reach their desired lifestyle wealth…**  Most Australians have relatively modest expectations when it comes to how much income wealth they would need to reach their desired lifestyle wealth. For 40% of us, that figure is below $100,000 per annum - not much more than average annual earnings (around $80,000). And for 17%, that figure is less than $50,000. Around 1 in 4 think they will need between $100-200,000, while around 20% believe they’d need more than $200,000.  Current income levels are an important determinant in driving expectations. Australians on lower incomes have lower expectations - 41% earning less than $35,000 think an annual income of less than $50,000 would be sufficient.  In contrast, higher income earners think they would need more - 73% believing they will need over $100,000 in annual income to achieve their desired lifestyle wealth.  Our jobs and education levels also seem to influence our expectations.  Around 44% of those employed in labouring said they would need less than $100,000, while those employed professionally or in a technical role said they would need more than $200,000.  Around 1 in 3 high school leavers said that an income of less than $50,000 would be sufficient to achieve their desired lifestyle wealth, whereas almost 1 in 4 with a bachelor degree or higher indicated that they’d need an annual income of more than $200,000 to support their lifestyle. |

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| **Net worth wealth required for achieving our desired lifestyle wealth?** | |
|  | ***On average, we think we’ll need around $873,000 in assets to achieve our desired lifestyle wealth…***  Australians have much higher expectations when it comes to how much net worth they will need to reach their desired lifestyle wealth.  On average, we think we will need around $873,000 in assets (including our homes).  Men ($950,000) think they’ll need more than women ($788,000).  Interestingly, middle aged Australians ($1,011,000) think they will need significantly more than over 50s ($842,000) and young Australians ($699,000).  There is also a very clear relationship between income and net worth requirements. The highest income earners think they will need more than $1,300,000, while the lowest income earners around $600,000 |

**Have we done enough to achieve our wealth goals? If not, why?**

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|  | ***Nearly half of us don’t think we’ve done enough to achieve our wealth goals…***  Around 46% of Australian’s don’t think they’ve done enough to achieve their wealth goals and a further 27% are unsure.  Of those who believe they have not done enough or otherwise unsure, 45% attributed the reason for not achieving their goals to “not earning enough” while “self-doubt” ranked second highest (27%).  “Risk aversion” (16%) and “bad habits” (15%) were the next biggest reasons followed by “not understanding investments” (11%). |



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| **About the survey:** | | |
| The MLC Australian Wealth Sentiment Survey aims to assess the investment environment including investor intentions and behaviours.  The wealth survey is based on survey participants’ responses to questions related to:   * Current financial situation * Investment intentions * Superannuation * Retirement * Their homes   Over 2,000 respondents participated in the Q4 2016 Wealth Sentiment Survey, with weights applied to age, location and gender to ensure that the survey reasonably reflects the Australian population.  The breakdown of our survey respondents - by gender, age and distance from retirement - are shown in the charts below: | | |
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