

Money issue	Facts	Grade	Comment
Debt	<ul style="list-style-type: none"> Australians owe \$34 billion on credit cards – an average of \$4,400 per cardholder.¹ Australian household debt is higher than it has been at any time in the last 25 years at an average of \$79,000 per person.² Household debt is, on average, almost 1.8 times annual household income.³ 	D	"Australians have among the highest levels of household debt in the world. People should focus on paying off the debts with the highest interest rate first."
Superannuation	<ul style="list-style-type: none"> There are more than 6 million lost super accounts in Australia worth \$16.8 billion.⁴ 30% of Australians don't read their superannuation statements.⁵ 	C	"The number of superannuation accounts and the amount of 'lost super' has reduced over the last year by more than \$2 bn. This is a good development. Keep up the good work."
Wealth for retirement	<ul style="list-style-type: none"> The Super Guarantee covers about 71% of the population⁶, but less than 20% of Australians report they are actively building wealth for retirement.⁷ The average super balance at retirement is currently \$105k for women and \$197k for men. The ASFA Retirement Standard recommends a single person needs a \$430k balance for a comfortable retirement.⁸ 	C-	"Retirement seems such a long way off until it doesn't. While Australia is lucky with regards to its compulsory super system, we are living so much longer and more expensively that more Australians need to make this a priority."
Budgeting	<ul style="list-style-type: none"> 63% of Australians report having had a cash shortfall between pay days in the last year.⁹ While 76% of Australians say they keep a close eye on expenses, less than 30 per cent use written records to keep track of their money.¹⁰ 	C	"The fact that so many Australians have had a cash shortfall between pay days is worrying. Keeping an eye on expenses is good but a written budget is better – and may help people smooth these cash flow issues."
Savings buffer	<ul style="list-style-type: none"> 24% of Australians report they couldn't raise \$3,000 in an emergency.¹¹ Only 46% of Australians say they can save each month.¹² 	B	"The ability to save each month is a good indicator of how well people are managing financial stress. The fact that a quarter of Australians could not raise \$3,000 in an emergency leaves them open to significant potential hardship. Building a savings buffer should be a priority here."
Insurance	<ul style="list-style-type: none"> Less than a third of Australians insure their ability to earn an income.¹³ 81 per cent of Australians are underinsured for their home and contents.¹⁴ Almost one-third of working Australians with dependents are underinsured for their life insurance.¹⁵ 	F	"Australians are among the most underinsured in the developed world. The fact is that unexpected events occur every day and without insurance, these can send your life and finances spiralling out of control."
Estate planning	<ul style="list-style-type: none"> Studies show between 40 and 50% of Australians die without a valid Will.¹⁶ 	D	"Having a Will will save those you love from further stress and anxiety in the event of your death. You should review and update your Will every few years or when major life changes occur."

Grading system

Overall, how well do Australians appear to be performing?

- A** Excellent. Most Australians are on top of this area of their finances
- B** Good. The majority of Australians are doing a decent job here.
- C** Mediocre. A significant number of Australians still have work to do on this aspect.
- D** Poor. Too many Australians need to improve this area of their finances.
- F** Terrible. Very few Australians have this area of their finances in shape.

Footnotes

- 1 ASIC MoneySmart - \$34 billion owing that is attracting interest - [<https://www.moneysmart.gov.au/borrowing-and-credit/credit-cards/credit-card-debt-clock>]
- 2 ABS 'Trends in Household Debt', June 2014, (Figure is after adjustments to take account of inflation) [<http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/4102.0main+features202014#MEASURES>]
- 3 Ibid
- 4 ATO June 2014 [<https://www.ato.gov.au/About-ATO/Research-and-statistics/In-detail/Super-statistics/Lost-and-ATO-held-super/Lost-and-ATO-held-super-overview/>]
- 5 ANZ Adult Financial Literacy in Australia 2011, Budgeting Behaviour 4.2.2b (p.26)
- 6 ASFA Superannuation Statistics May 2014 [<https://www.superannuation.asn.au/resources/superannuation-statistics>]
- 7 ME Bank Household Financial Comfort Survey (on behalf of MoneySmart Week), 2014
- 8 ASFA Retirement Standard 2014, [<http://www.superguru.com.au/retiring/how-much-super-will-i-need/>]
- 9 ING Direct Household Financial Wellbeing Index, April 2014
- 10 ANZ Adult Financial Literacy in Australia 2011, 7.4.2b Reading and understanding superannuation fund statements (p.65)
- 11 ME Bank Household Financial Comfort Index, August 2014
- 12 Ibid
- 13 TNS/IFSA Investigating Income Protection Insurance in Australia July 2006 - See more at: <http://www.lifewise.org.au/facts-research#sthash.gJMEtU9X.dpuf>
- 14 Insurance Council of Australia by Quantum Market research, Understand Insurance Home and Contents Survey, September 2014
- 15 FSC/KPMG 'Underinsurance Death Protection Gap in Australia', 2014 [http://www.fsc.org.au/downloads/file/ResearchReportsFile/KPMG_FSC_Underinsurance_DeathProtectionGapinAustralia.pdf]
- 16 NSW Trustee & Guardian, [<http://www.tag.nsw.gov.au/wills-faqs.html>]