



MEDIA RELEASE

Spending less, worrying more: How COVID-19 is impacting financial wellbeing

Australians are concerned for their financial future, according to the latest report from the Australian Institute of Family Studies' (AIFS) *Life during COVID-19* research series.

The study – which surveyed more than 7,000 Australians during May-June this year – revealed that just under half (49%) of respondents had experienced some reduction in income, and 30% a significant reduction in income due to COVID-19. Six in ten respondents were at least 'a little concerned' about their current financial situation, while slightly more (seven in ten) were concerned about their future financial situation.

Dr Diana Warren, Senior Research Fellow and lead researcher on the report, said Australians had taken a variety of actions in response to the financial impact of COVID depending, to some extent, on how much their income has been reduced.

“A significant proportion of Australian families have been impacted financially – whether by job losses, reductions in hours, having to close their businesses, or lower returns on investments impacting the incomes of self-funded retirees,” Dr Warren said.

“Subsequently, there are significant levels of concern among Australians about both current and future financial wellbeing. This is especially true for people who have experienced a drop in income, but even those who haven't been directly impacted are worried.

“Concern went beyond respondents' immediate households, to family members living elsewhere – especially adult children,” Dr Warren said.

That worry and concern was also influencing behaviour, with the survey showing Australians were spending less.

Of those who had a substantial drop in their own or their partners' income, 80% reported reducing spending on non-essential items, and 52% spending less on essentials, like groceries. Fifteen per cent had asked for a pause on their rent or mortgage payments, 19% had asked for financial help from friends or family, and around 12% had asked for help from a welfare or community organisation.

However, tightening of the purse strings was not limited to those who had been significantly affected, with 53% of all respondents, regardless of personal financial impact, reporting spending less on non-essential items.

“While some of the reduction in spending might be attributed to there being less things to spend money on – thanks to restrictions on social activities, for example – people are also worried about their future job security,” Warren said. Key concerns raised by participants included job losses, job security, career prospects and the financial wellbeing of family members.

More than one in ten (11%) of all survey respondents said they, or someone in their household had applied for early access to their superannuation. Among households where there had been a significant reduction in income, this number jumped up to more than a quarter (26%).

Many participants aged 60 and over commented on the impact on their superannuation balances and retirement plans. For retirees, actions taken were mainly related to changes to pensions and superannuation, including reducing superannuation drawdowns and applying for the Age Pension and concession card.

“The COVID-19 pandemic is a health issue unlike anything we've seen in our lifetimes, but the flow on impacts, financially, have been one of the other key challenges of the pandemic,” Dr Warren said.



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Financial wellbeing and COVID-19 is part of AIFS' Life during COVID-19 research series, aimed at understanding how Australia is adjusting to the financial impact of a global health crisis. Read the full paper at: [Families in Australia Survey: Life during COVID-19 Report no. 6: Financial Wellbeing](#)

Other key research findings

- 70% of respondents reported being concerned about their future financial situation.
- In households with resident children under the age of 18, 49% had experienced a reduction in income, with 30% experiencing a substantial reduction.
- Over 25% of all respondents and almost 50% of those who had a large reduction in income said they had used their savings to cover their everyday expenses.
- Reports of cutting down on essentials and using savings were less common among those over 40 than among younger people
- For retirees, actions taken were mainly related to changes to pensions and superannuation, including reducing superannuation drawdowns and applying for the Age Pension and concession card.

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