

20 October 2016

One in four Australian workers financially stressed

Financial stress costs Australian businesses \$47bn in annual revenue

Financial stress is now a fact of life for more than one in four Australian workers who say they have low confidence in their financial position and find it difficult to make ends meet.

New research, undertaken by AMP for its 2016 Financial Wellness report, revealed Australians' confidence in their finances continued to decrease in the past two years from 54 per cent of people confident in 2014 compared to 48 per cent in 2016. Lower confidence is despite an increase in disposable cash held by Australians, rising 6.3 per cent over the past two years.

Vicki Doyle, Director Corporate Superannuation, AMP commented on the impact of financial stress on individuals in the workplace and business productivity.

"Financial stress is a common occurrence in the Australian workforce, with more than 2.8 million employees, representing one in four workers, under financial stress in 2016.

"People who experience financial stress are more likely to be unable to work due to stress-related sickness, which can affect their health and morale in addition to lowering workplace productivity – at an estimated cost of \$47 billion in lost annual revenue for employers.

"It's important we find ways to address levels of financial stress in the workplace. We know the real difference financial goals can make in preventing and overcoming financial stress. Australians who have clearly defined goals are much more likely to be financially secure," she said.

Impact on productivity

The research shows financially stressed employees lose on average 6.9 hours of productive work per week and, on average, are absent 1.3 hours per week due to stress-related sickness.

Financial stress is highest among workers in accommodation and food services, with 35 per cent of people financially stressed. Employees are also at high risk of financial stress in healthcare and social assistance (32%), and administrative services (31%).

"In addition to the personal impact of financial stress, we're also seeing a significant impact on business owners and operators through lost productivity and employee absenteeism, which is particularly high in the hospitality and healthcare industries," Ms Doyle said.

Importance of goal setting

While the majority of people, at around 80 per cent of the workforce, already have financial goals in-mind, only 18 per cent of these people have a defined plan to achieve their goals.

“Employers can help their employees to bring clarity and shape to their financial goals by supporting financial wellness in the workplace. If employees have well-defined goals and a plan to achieve them, they are less likely to experience financial stress, helping them to be more productive,” Ms Doyle said.

Additional findings

- Australians say common triggers for their financial stress are bad debt (50% of stressed workers), the need to save for retirement (35%) and providing for their family (34%). Missing bills and making mortgage repayments also contribute to higher levels of financial stress for 32 and 22 per cent of stressed employees, respectively.
- Brisbane is the most financially stressed city, with 30 per cent of workers in this region experiencing financial stress. This is followed by Adelaide (25%), Perth (23%), Sydney (20%) and Melbourne (19%). Darwin and Hobart are the least financially stressed at 18 and 16 per cent, respectively.
- Financial stress is highest in the accommodation and food services industry, with 35 per cent of employees stressed. This is followed by healthcare and social services (32%) and administration and support services (31%). Twenty-six per cent of employees in retail jobs say they are financially stressed.
- The number of employees experiencing financial stress in the mining industry has significantly increased over the past two years, almost tripling from 9 per cent in 2014 to 26 per cent in 2016.
- Females are more likely to experience financial stress with 30 per cent stating this is the case, compared to 19 per cent of males.
- Single-parent families are at higher risk of experiencing financial stress (36%) compared to dual-parent households (21%).
- Casual workers are more than twice as likely to experience financial stress compared to full-time or part time workers. Fifty-four per cent of casual workers are financially stressed compared to 22 and 27 per cent of full time and part time workers, respectively.
- Low income is strongly correlated with financial stress with 34 per cent of people earning less than \$50,000 p.a. under stress. However, the incidence of financial stress for high-income earners, earning \$150,000 and above, is increasing with 16 per cent stating they are under financial stress compared with only 8 per cent in 2014.

- Retirement is a trigger of financial stress, especially among employees aged 50 years and above. Concerns about retirement is the main cause of financial stress for one in five financially-stressed employees aged 50-59 and almost a third of employees aged 60 or above.

Download a full copy of the Financial Wellness in the Australian Workplace report at amp.com.au/media

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About the research

AMP commissioned TNS Global to undertake the research for its Financial Wellness in the Australian Workplace report. The sample included 2,105 Australian employees working full time, part time or casually at least three days per week. The data was collected through online interviews undertaken from 14 to 23 June 2016.

Financial Wellness



Financial wellness affects employers' bottom line



6.9 hours

The time lost weekly due to stress related presenteeism.

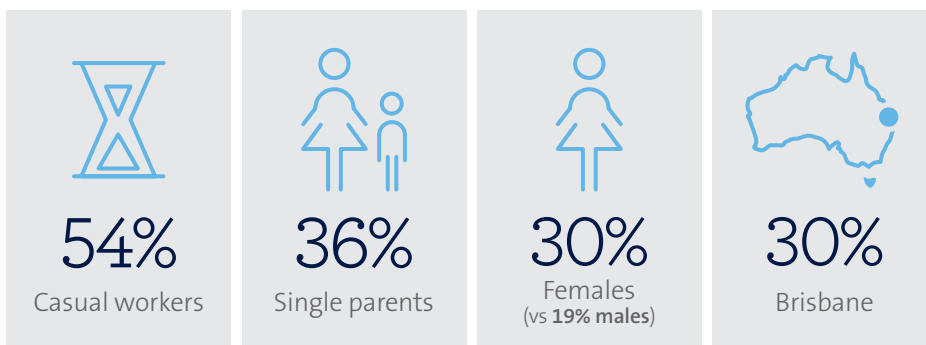


+4 sick days

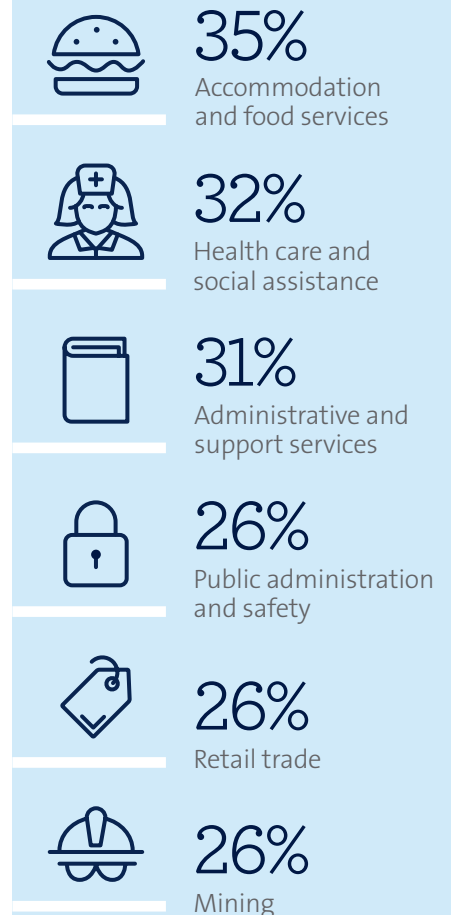
On average, financially stressed employees take an additional four sick days annually.

Who is at risk of financial stress?

Demographics with the highest incidence of financial stress in 2016



Top industries for financial stress (2016)



The main triggers of financial stress

