



DARE TO DREAM

Research into Australia's
financial hopes and fears

Research and visualisation by

mccrindle
FORECASTS • STRATEGY • RESEARCH



FINANCIAL PLANNING
ASSOCIATION of AUSTRALIA

What's your financial dreaming personality? Find out at fpa.com.au/dreamerprofiles

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August 2016

“Like having a personal trainer, the accountability and structure can make the difference between a dream, and a dream that becomes reality.”



WELCOME

It's fair to say we started this *Dare to Dream* research journey with an assumption: that Australia is struggling under the weight of everyday debt, record high property prices, and economic recovery to the detriment of our dreams. I was thrilled to see our national story is much more optimistic than that, as you'll discover in the pages of this report.

As Australia's largest professional association for financial planners, the financial wellbeing of Australia is always front of mind. As CEO, I deeply believe in the power of professional financial advice as a catalyst for unlocking dreams, and ultimately, happiness.

Our vision "*Through our members, we stand with Australians for a better financial future*", captures the essence of what we get up to do every day—and more importantly, what our members do for clients every day as trusted advisers.

The findings of our *Dare to Dream* report show that Australians are dreaming more. As a nation, we are dreaming more than we did five years ago, but we often aren't living to our full potential.

This might be because of fear, apathy, or simply a lack of planning. What if we could remove the barriers, face our financial fears, and consciously build a plan? Perhaps less of us would look back on life with regret, and more would look back with gratitude about the good decisions we made along the way.

The concept of financial planning is often misunderstood. Many merely think that financial planners solve money problems. In contrast, financial planning is about so much more. It is about bringing dreams to life. It is about identifying your life goals, hopes and dreams—and putting in place a financial plan to get you there.

A professional financial planner keeps you on track to achieving your goals. Like having a personal trainer, the accountability and structure can make the difference between a dream, and a dream that becomes reality. We all know that exercise and healthy eating are key to physical and mental wellbeing—but do we all take action? For those of us who do, do we stick to this fitness regime beyond a few months? The same parallels can be applied to your finances.

A professional financial planner can also empower you with knowledge, and equip you to confidently make decisions about your future—decisions that will move you along the journey from dreaming, to turning your dreams into a reality.

There's no doubt it can be overwhelming to know where to find the right financial advice—an FPA member is a good place to start. Our 12,000 members include over 5,500 CERTIFIED FINANCIAL PLANNER® professionals, and over 4,500 additional practising financial planners who sign up to the highest professional standards in financial planning.

If you're harbouring dreams that are not within your grasp right now, talk to a financial planner who is an FPA member. You can look for one in your area at fpa.com.au.

The future is what we make it.

Dante De Gori CFP®
CEO
Financial Planning Association of Australia
fpa.com.au



LEARNING TO DREAM AGAIN

Australia has proven to be a resilient country, capable of overcoming struggles despite challenging economic times. This study found there is an innate sense of self belief and optimism in the Australian culture: 4 in 5 of us (82%) believe in ourselves and our ability to achieve our dreams no matter the generation we are in.

While Australians work hard, we are also a creative, innovative and entrepreneurial nation. Nearly half of us (45%) daydream about the future every few weeks or more. The top three dreams for Australians are to have full financial independence, have the lifestyle we dream about and pursue our own hobbies and interests. Previously we have pursued the great Australian dream of owning our own home

on a quarter acre block however we are increasingly moving toward choosing freedom, travel and flexibility as our lifestyle of choice.

We are optimistic that we are able to carve out the life we want. However we also have financial regrets—namely that we have not saved (47%) and invested (27%) as much as we thought we should have. Interestingly, 63% of us have not mapped out our financial future at all or have loose plans. A quarter of us (25%) never seek advice from others when making financial decisions.

When it comes to taking risks, we tend to stray away from dumb decisions that will leave us hanging or by the wayside. A quarter of us have never done anything risky,

and those of us who have taken risks have done so in a calculated way and for important reasons, including changes to our personal circumstances or financial reasons.

This report offers insights into the attitudes of working age Australians towards money and their personal financial futures—gauging their hopes, concerns and dreams for what the future could look.

Do we dare to see our dreams in action?

“A quarter of us never seek advice from others when making financial decisions.”

DREAMING ABOUT OUR FUTURES

Australians have a strong self-belief, with 4 in 5 (82%) believing in their ability to create the life they want.

And we're looking ahead: 1 in 2 (51%) Australians dream more about their future now than they did five years ago.

Daydreaming about what life will look like in the future is a weekly activity for many Australians. Almost 3 in 5 (58%) daydream about their future throughout the week. Some Australians however have forgotten what it's like to dream, almost never looking forward to the future (9%).

A focus on the present prevents those who daydream less than once a month (25%) from doing so more.

Reasons for not daydreaming more:

1. Focusing on life now and believing it's better to think about the present (61%)
2. Past disappointment (13%)
3. A lack of time (13%)
4. Not caring (7%)
5. Have difficulty thinking about the future (6%)



OUR TOP 5 ASPIRATIONS & DREAMS



Full **FINANCIAL FREEDOM** and **INDEPENDENCE** (59%)



LIFESTYLE of our choice (58%)



Pursue **INTERESTS** and **HOBBIES** (50%)

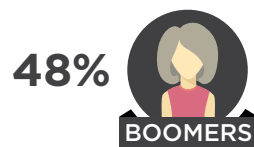
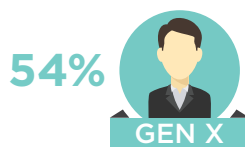
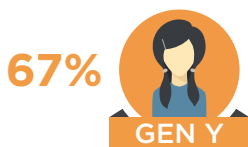


FREE UP TIME and spend it with those we **LOVE** (43%)



Have a **FAMILY** (19%)

GEN Y: DAYDREAM GENERATION



DAYDREAM ABOUT THE FUTURE AT LEAST A FEW TIMES A WEEK

LIFE GOALS: LOVE & MONEY

Australians are most likely to indicate their biggest life goal is a financial goal (34%). Personal (31%) and relational (25%) goals follow closely behind. There is a seeming disparity however between vocational and financial goals with only 10% of Australians suggesting their biggest life goal is a career related goal.

34%
Financial Goal

31%
Personal Goal

25%
Relational Goal

10%
Vocational Goal



GEN Y



GEN X



BOOMERS



TOP 5 FINANCIAL ACHIEVEMENTS



1. I travelled overseas (39%)
2. I bought my first home (28%)
3. I became financially independent (16%)
4. I have lived for an extended time overseas (14%)
5. I paid off my wedding (13%)

1. I bought my first home (42%)
2. I travelled overseas (36%)
3. I bought my first investment property (15%)
4. I have lived for an extended time overseas (11%)
5. I bought sport / hobby equipment (9%)

1. I travelled overseas (46%)
2. I bought my first home (42%)
3. I built a new home (17%)
4. I have set myself up financially for retirement (16%)
5. I started my own business (14%)



TOP 5 SHORT TERM GOALS



1. Save money (53%)
2. Pay off my debt (32%)
3. Book a holiday (31%)
4. Buy a new car (30%)
5. Buy a house (21%)

1. Save money (52%)
2. Pay off my debt (37%)
3. Book a holiday (36%)
4. Buy a new car (26%)
5. Invest in a property (16%)

1. Save money (53%)
2. Book a holiday (39%)
3. Pay off my debt (36%)
4. Buy a new car (23%)
5. Buy new furniture for my home (13%)



TOP 5 FINANCIAL DREAMS



1. Buy my first home (37%)
2. Set myself up financially for retirement (29%)
3. Travel overseas (21%)
4. Buy my first investment property (20%)
5. Become financially independent (18%)

1. Set myself up financially for retirement (37%)
2. Become financially independent (27%)
3. Retire early (23%)
4. Buy my first home / Buy my first investment property (19%)
5. Travel overseas (19%)

1. Set myself up financially for retirement (54%)
2. Become financially independent (30%)
3. Retire early (20%)
4. Travel overseas (19%)
5. Enlarge my investment portfolio (13%)



UNDERSTANDING THE RISK BEHAVIOURS OF AUSTRALIANS

Australians are up for taking risks but it's the risks of everyday life, like new relationships and making investments that are most likely to be considered the riskiest things they have ever done. Lifestyle and financial risks are considered to be the highest stake aspects of life, with 17% and 16% of Australians indicating that these are the areas of life they have taken the greatest risk in respectively.

Almost a quarter (24%) of Australians have never done anything risky—suggesting a more conservative streak in the Australian psyche.

Concerning risks in the future, Australians are just as likely to say they want to take more risk in the future (31%) as they are to say that they want to take less risk in the future (31%).

EMERGING GENERATIONS: THE FINANCIAL FUTURE OF GENERATION Z

When thinking about the emerging generation, many Australians (43%) believe Generation Z (currently aged 7-21) will be financially worse off than their own generation.

Economic data shows that today's young people are further behind financially than their parents were at the same age and when asked to explain why this might be the case, working-age Australians

were most likely to indicate that this is because the cost of living is far higher than the previous generations experienced (57%).

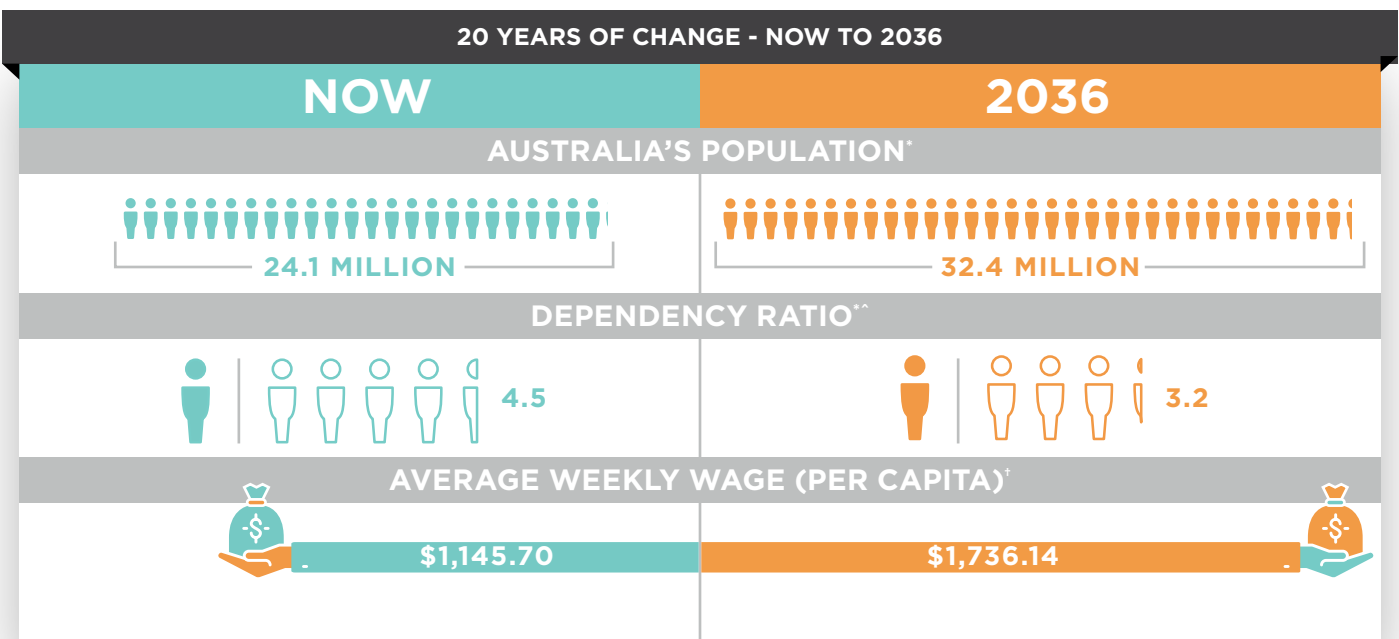
Beyond this, it is perceived that the next generation spends much more money on entertainment and travel than the previous generations. Almost half (48%) of Australians believe this to be the case and an additional 46% suggest that the

lack of housing affordability is such a barrier to wealth and that the next generation will be unable to buy into the property market.

Despite this, Gen Y are optimistic, 37% consider buying their own home as one of their top 3 financial dreams and 21% identify this as a short term goal they are aiming to achieve within the next 12 months.



SO WHAT WILL AUSTRALIA LOOK LIKE WHEN GENERATION Z ARE IN THE WORKFORCE?



*Australian Bureau of Statistics
 †number of individuals in the workforce for each person who is not in the workforce.
 ‡<http://www.tradingeconomics.com/australia/forecast>

AUSTRALIA'S FINANCIAL DREAMER PROFILES

Four distinct financial dreamer personality types emerged from the research. Some working-age Australians prefer investing in long-term goals; while others spend their money as soon as they earn it. Risk taking varies, with some willing to take significant financial risks, while others prefer to play it safe, only taking calculated risks, or none at all. Many dream about the future and consider the steps they can take to make it a reality, while others deal with the reality before them and instead live in the present.

Australian men are most likely to identify as *Movers & Shakers*, while women are most likely to identify as *Rule Keepers*.

A free social media quiz helps consumers assess their own financial personality against these quadrant profiles. fpa.com.au/dreamerprofiles



Poker Master (12%)

You're daring when it comes to your finances, and willing to take substantial risk for significant gains. You're often spontaneous when it comes to spending, preferring to focus on attainable short term financial goals but constantly on the lookout for ways to improve your current financial situation. You tend not to make rigid plans about your financial future, choosing instead to go with the flow and enjoy having the freedom to take opportunities as they come.

27% of Australians prioritise short term purchases over long term financial goals

27% Short-term oriented



Easy Rider (15%)

Whilst often spontaneous when spending money, you like to play it safe and minimise financial risks you take. You tend not to make plans about your financial future, preferring instead to go with the flow, maybe weighing up the pros and cons, but coming to a decision based on whatever feels right at the time. You might have some vague ideas about what you'd like your financial future to look like, but few rigid or concrete plans.

45% of Australians are willing to take significant risks to increase their chance of large returns

45% High risk

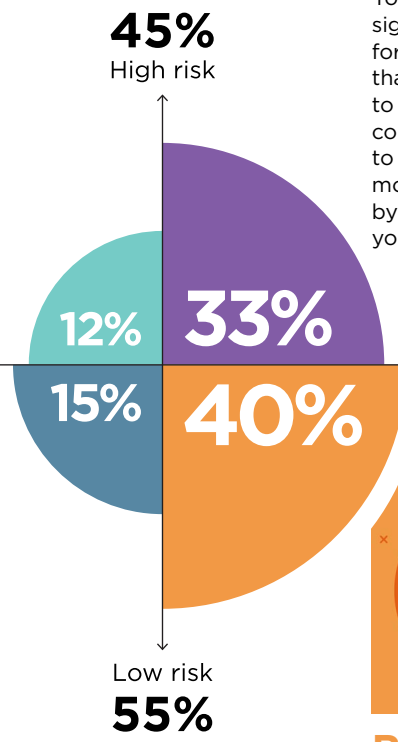


Mover & Shaker (33%)

You are willing to take calculated risks for significant gains, and are focused on saving for the future. You're more of a dreamer than the average Australian when it comes to imagining what your financial future could look like but you're not content to let your dreams stay dreams. You are motivated to turn those dreams into reality by seeking advice and making a plan for your financial future.

73% of Australians are invested in the future and saving for long term financial goals

73% Long-term oriented



55% Low risk

55% of Australians are risk averse and minimise the financial risks they take



Rule Keeper (40%)

You like to play it safe by taking minimal to zero financial risk. You're likelier than the average Australian to be dreaming about your future more frequently than you were five years ago. You are somewhat satisfied with what you've achieved in life so far, but you've got your eyes on the horizon and are more likely to be influenced by the facts than your gut feeling, preferring to thoroughly research all of your options before making calculated decisions.

Find your Dreamer Profile at fpa.com.au/dreamerprofiles

WHAT'S HOLDING US BACK?

Australians long for financial independence, security for retirement, the luxury of travel, and the freedom to use their time and money how they want. We are a nation that hopes in what the future might bring, but 3 in 4

of us have made no plans or very loose plans for how to practically achieve the life we dream about so optimistically. What stops us from turning our dreams into reality? There are numerous factors that motivate us to take action

and others that push us to take action out of sheer necessity. The following explores the factors influencing the pursuit of our financial goals and dreams.



PUSH FACTORS:



FEAR

2 in 5 (40%) Australians fear they won't have sufficient money to retire, while 38% are concerned they won't have enough to live on. Women are more likely than men to be fearful of these possibilities.



REGRET

Half of Australians (47%) say that they would have saved more when asked what they would change regarding their past financial decisions if given the chance.



DISCONTENTMENT/ DISSATISFACTION

1 in 2 Australians (50%) say they often feel they could be in a better position when it comes to their finances. Only 35% of 20-51 year old women are extremely or very happy with what they've achieved so far in life (compared to 49% of same-age men).

PULL FACTORS:



SELF-BELIEF

82% of Australians are optimistic, and somewhat or completely believe in their own ability to create the life they want. Men have a much higher level of self-belief than women.



DAYDREAMING

Almost 3 in 5 (58%) Australians daydream about what their future life will look like most days or a few times a week. Half of Australians (51%) spend more time dreaming about the future now than they did five years ago.



FAMILY-FOCUSSED

If Australians had no limit to their income, 3 in 5 (60%) would invest in building a better future for themselves and their family.



TRAVEL

If Australians had no limit to their time, 2 in 5 (40%) would spend it travelling and seeing the world.

BLOCKERS:



LACK OF SELF-BELIEF

Just under 1 in 5 Australians (18%) do not believe, or struggle to believe, in their own abilities to create the life they want.



SHORT TERM FOCUS

Of those who say they daydream about their future every few months or even less frequently (24%), 61% state it is because they are focused on the present.



BUSYNESS

13% of Australians who do not daydream about their future as much as they used to attribute it to busyness.



LACK OF PLANNING

1 in 4 Australians (25%) have not mapped out a plan for their financial future at all, while 2 in 5 (38%) have only made vague plans.

LIVING WITHOUT LIMITS

'WHAT IF?'

What would you do differently if you had the chance to do it again?

1. I would have saved more (47%)
2. I would have spent less (34%)
3. I would have invested more (27%)
4. I would have taken a different career path (26%)

What would Australians do with unlimited wealth?

Australians are more family oriented than self-focussed with 3 in 5 (61%) indicating that if there were no limits to their income, they would invest in building a better future for them and their family. 1 in 4 Australians (26%) suggest they would give their wealth away, either to those who need it more (13%), by investing more in their local community (8%), or by investing in a better world for their nation or overseas (5%).

What would Australians do with unlimited time?

Time is a commodity many Australians wish they had more of. But how did Australians say they would spend their time if they had more of it? 2 in 5 (40%) indicated they would be most likely to spend it travelling and seeing the world. Increasingly, Australians dream of having more time to see places they have never seen before and experiencing other cultures.

Travel is no less a goal for the Baby Boomers as it is for Generation Y, with 2 in 5 Generation Y, Generation X and Baby Boomers stating this is how they would spend their time if they had no limitations.

Beyond travel, family remains at the core of the Australian culture with 1 in 5 (19%) stating they would be most likely to spend more time with those they love.

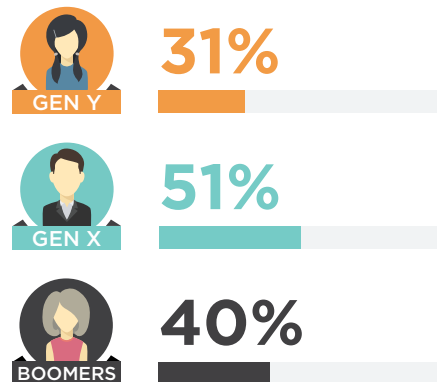
Facing financial fears

Our fears are drivers of the way we spend and save money and so impact our everyday decisions more than we realise. Australians are most concerned about increased life expectancy and the ability to set oneself up for retirement. Beyond the personal, etched into our decision-making are the events of the past. External factors are the aspects of our lives we have the least control over and some of the key historical events in the last several decades are still affecting our financial outlook. A repeat of the global financial crisis is still one of our biggest fears.

1. I won't have enough money to retire (40%)
2. I will outlive my money and have no one to pass it on to (38%)
3. I will have to curb my spending and lifestyle (20%)
4. The national economy will go sour (18%)
5. Another global financial crisis (18%)

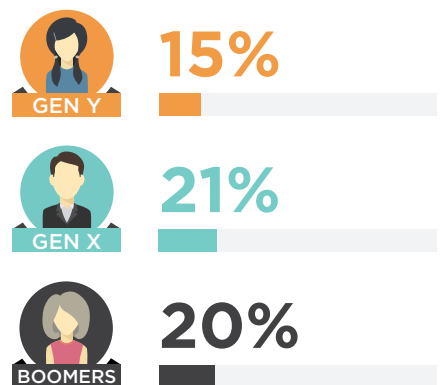
Retirement is in the forefront of Baby Boomers' minds, with 65-70 year olds having already hit retirement age, and the younger Boomers (52-65 year olds) just 13 years off retiring. Yet even the younger Boomers are more optimistic than Generation X about having funds for retirement.

I WON'T HAVE ENOUGH MONEY TO RETIRE...



The probability of another global financial crisis is also a fear for older generations. Younger generations are still concerned but less likely than their predecessors to indicate it as a big fear.

ANOTHER GLOBAL FINANCIAL CRISIS...



RESEARCH METHODOLOGY

In July 2016, the Financial Planning Association of Australia (FPA) commissioned research into working age Australians' (aged 20-65) attitudes to their personal financial dreams and future horizons. This research combines the results of the survey and demographic analysis of Australian Bureau of Statistics data, giving insights into the financial attitudes and behaviours of working age Australians.

ABOUT THE MCCRINDLE RESEARCH SURVEY, JULY 2016

Survey data is derived from a survey of 1,016 Australians aged 20-65. The survey was in field from 13 to 15 July 2016.

GENERATIONS DEFINED

Reference to the generations throughout this report refers to the following age categories as defined by McCrindle Research:

GENERATION ALPHA:
<7 year olds (born 2010-today)

GENERATION Z:
7-21 year olds (born 1995-2009)

GENERATION Y:
22-36 year olds (born 1980-1994)

GENERATION X:
37-51 year olds (born 1965-1979)

BABY BOOMERS:
52-70 year olds (born 1946-1964)

BUILDERS:
71+ (born before 1946)





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