

# MLC Quarterly Australian Wealth Sentiment Survey

## Q1 2014

*Consumer balance sheets are becoming more conservative, with a heavy emphasis on deposits and paying off debt, and a decline in intentions to invest in direct shares and superannuation.*

Less than 5% of Australians think they will have more than enough to retire on, with women particularly concerned.

While there was a wide-reaching fall in share ownership intentions, those on higher incomes are still more likely to identify shares as part of their portfolio mix. Professionals and singles were the only identified categories to continue intentions to increase direct share holdings. VIC, QLD, SA/NT, and NSW showed a decrease in shares as part of their current portfolio mix with TAS and WA the only states to indicate an increase. For investment intentions, all states indicated a decrease in shares over the next three months, and only VIC and NSW showed a reduction in debt repayment intentions. In our special report: MLC Retirement Survey also released today, we examine key drivers concerning financial adequacy for retirement. More than half of Australians do not expect to have enough money to retire, with almost one third expecting a large financial shortfall. By gender, a much larger proportion of women fear they will have insufficient funds to retire compared to men.

**Source:** 'MLC Wealth Sentiment survey', February 2014, conducted by Gundabluuey Research with analysis by NAB Group Economics, 2,051 respondents, weights applied to age, location, and gender.

A look at wealth sentiment in more detail reveals:

### Investment strategy – current

- Investors maintain a conservative risk stance with superannuation, debt repayment, and cash the preferred investment options, with slightly fewer associating their current portfolio mix with direct shares.
- Males continue to have more diversified portfolios across asset types, especially shares.
- Higher income earners typically hold a more diverse higher portfolio mix, especially shares and property, but tend to avoid fixed income securities or alternative investments.

### Investment strategy – next three months

- Debt repayment and deposits are still the main focus, with reduced interest in shares in this quarter.
- Females intend to increase holdings in investment property and reduce debt.
- SA/NT residents have the strongest intention to divest shares, bonds, and balanced funds, investing more into super.
- Higher income earners favour debt repayment and property, lower income earners still prefer cash.
- Those employed in professional occupations have strong intentions to invest in property, and still slightly positive on shares, while those in technical trades have the strongest intentions to divest shares and hold cash.

- By age, 30–49 year olds are particularly interested in paying off debt and, along with 18–29 year olds, moving into investment property, with those aged 50+ intent on more super and cash.
- By household size, larger households display a strong intention to deleverage and acquire property.

### Concerns about superannuation and investments

- The key concern is still a failure to provide sufficient funds for retirement, with concerns over changes to superannuation rules ranked second.
- Queenslanders are most concerned about funding retirement, missing investment opportunities, and rule changes to super.
- Females are typically more concerned than men across all categories, except rule changes to super.
- Divorced people are most concerned about having inadequate funds for retirement, losing money, inflation, and rule changes to super.

### Life insurance

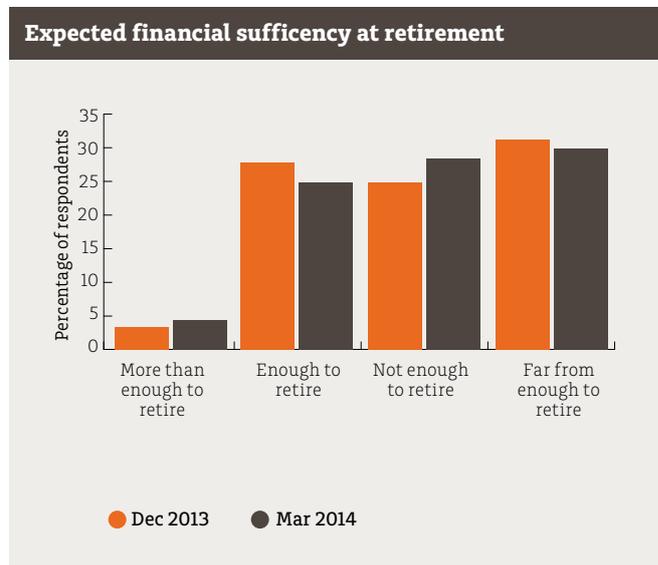
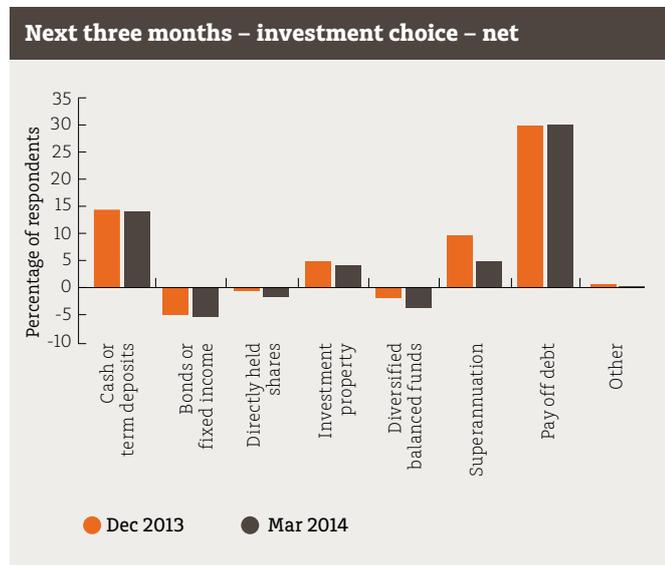
- Demand for life insurance is strongest among higher income earners, and weakest in single person households.

### Time to retirement

- Those with greater than five years to retirement have the strongest intention to invest for growth. This intention also typifies technical and professional workers, higher income earners, people below 50, and those with kids.

Intentions to add super fall, with more divestment in shares and funds. Debt repayment and deposits still the main focus.

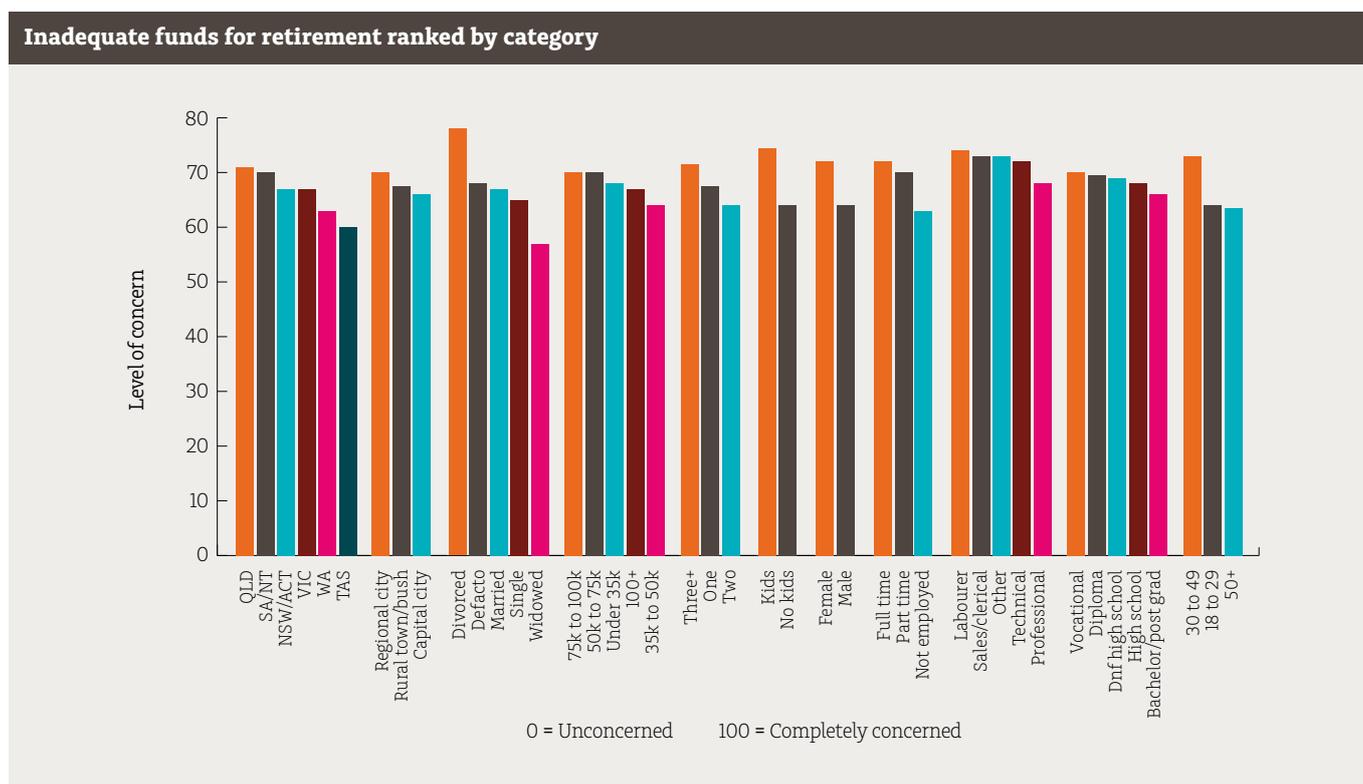
Over half of all participants indicate they expect not to have enough money to retire on.



### Concerns about superannuation and investments

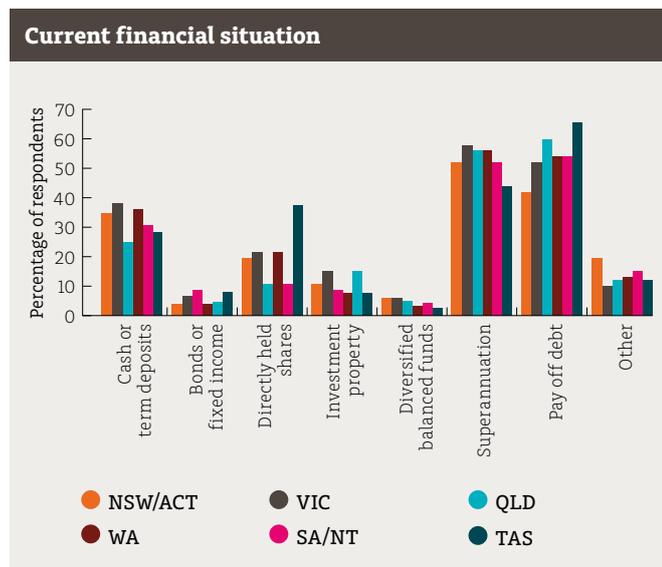
In our Quarterly MLC Australian Wealth Sentiment Survey, one question we ask is what concerns respondents have about risks in superannuation and retirement. The following chart shows the concern that continually ranks highest – inadequate funds for retirement—by category. In order to understand

why respondents are concerned about the prospects of being inadequately prepared for retirement, our special report also released this quarter, takes an in-depth look at key drivers of this concern.

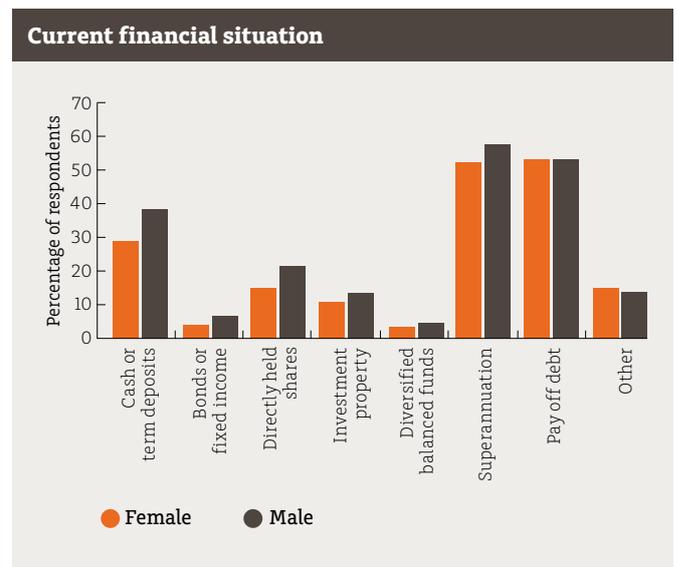


### Current financial situation

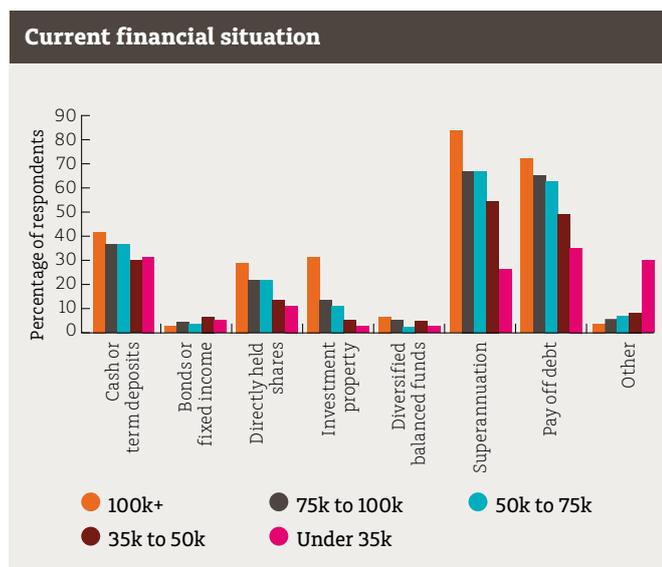
**By state:** TAS is the most active in the share market this quarter. All states are concentrating on paying off debt and topping up superannuation.



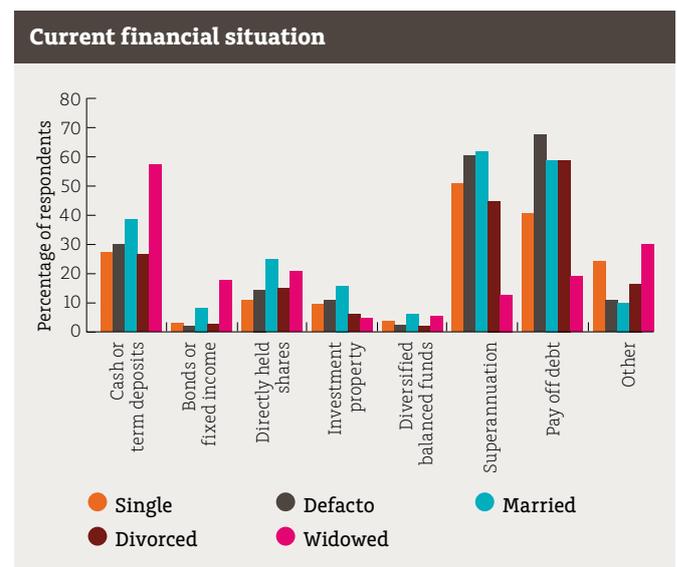
**By gender:** Males identified with more diverse portfolio structures.



**By income:** Those with higher incomes have a higher portfolio mix, especially superannuation, shares, and investment property.



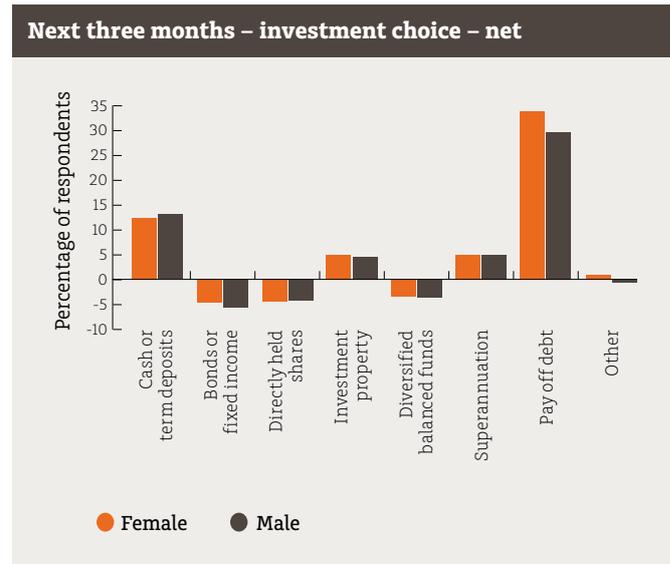
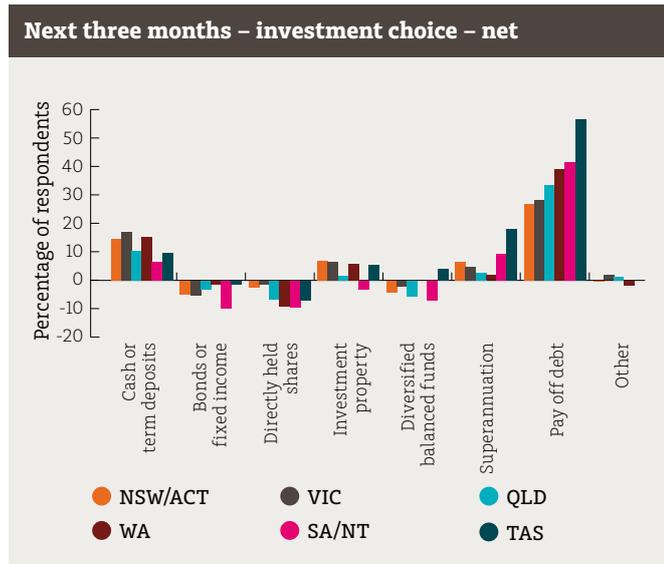
**Marital status:** Those who are widowed have more cash, fixed income, and shares. Defactos concentrated on debt reduction and superannuation.



### Investment strategy – net change over the next three months

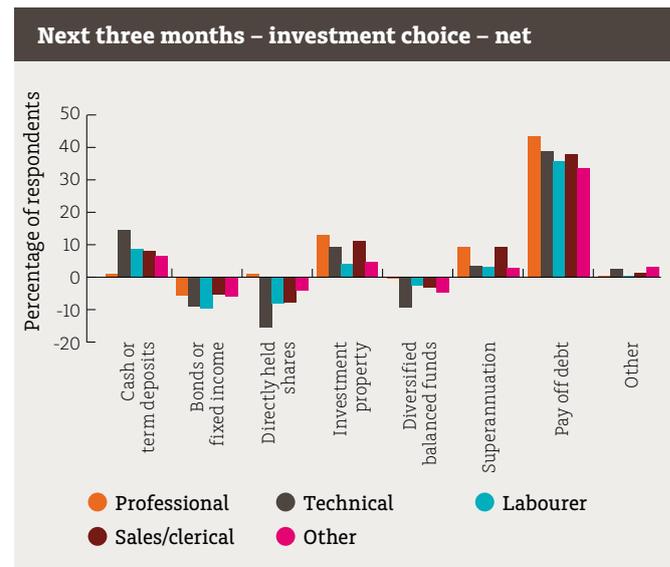
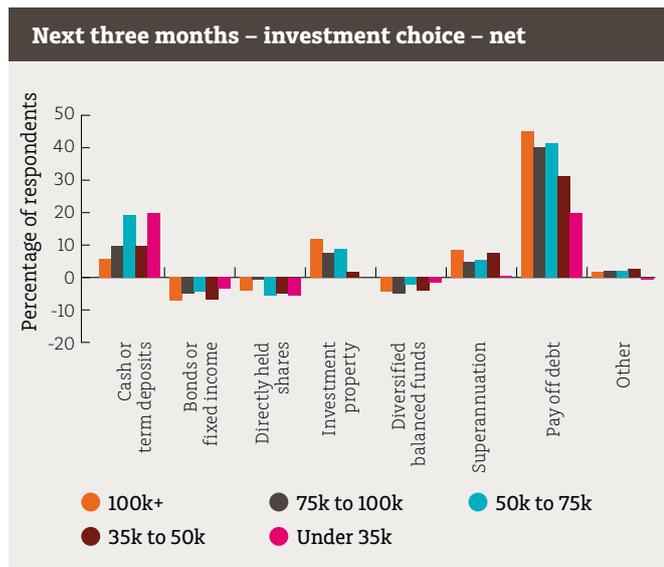
**By state:** SA/NT seeks to divest most in categories outside cash, super, or debt. VIC and NSW are least interested in paying down debt and most interested in property.

**By gender:** Females and males had similar investment intentions this quarter, although females were more interested in paying off debt and investing in property.



**By income:** Higher earners seek debt repayment and property, lower earners seek cash. Debt repayment reduces with income.

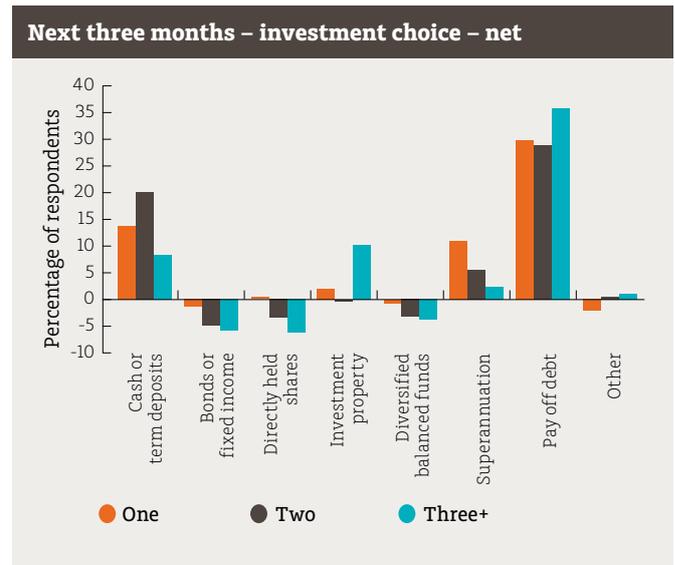
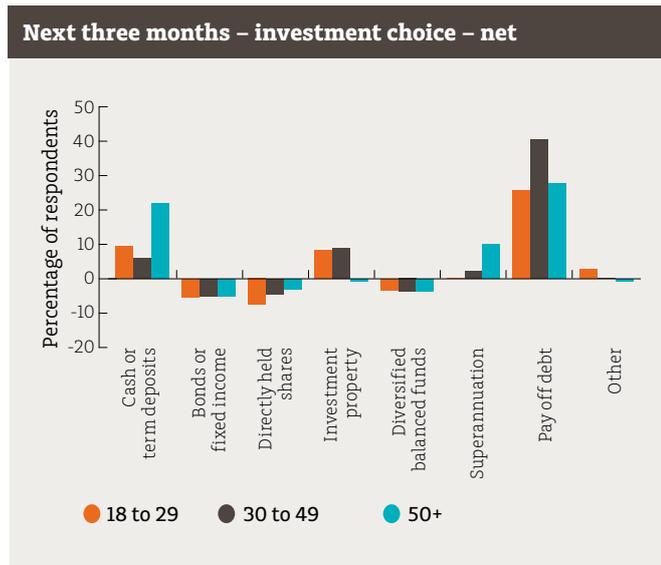
**By employment type:** Technical trades are the least interested in shares and most interested in cash. Professionals are more intent on shares and investment property, but also most keen to pay down debt.



### Investment strategy – net change over the next three months

**By age:** 30-49 year olds are most interested in paying off debt. Those aged 50+ seek cash, while those aged 18-29 are most interested in divesting shares.

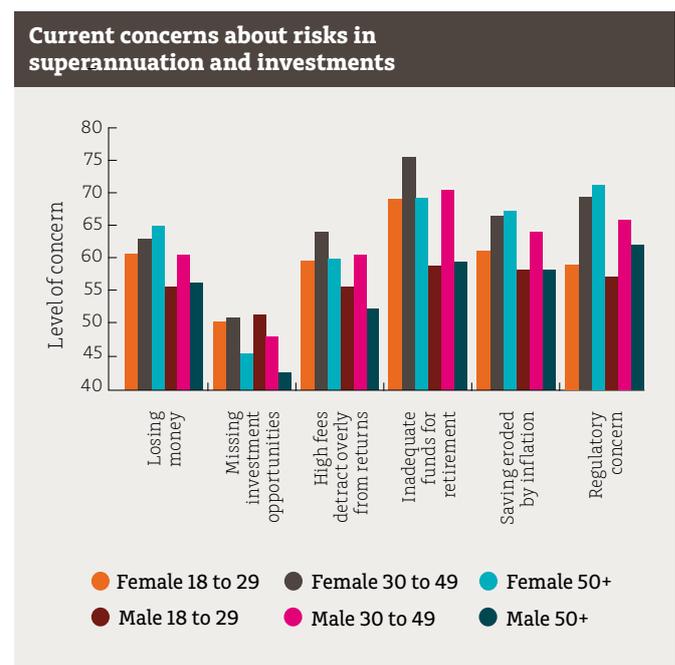
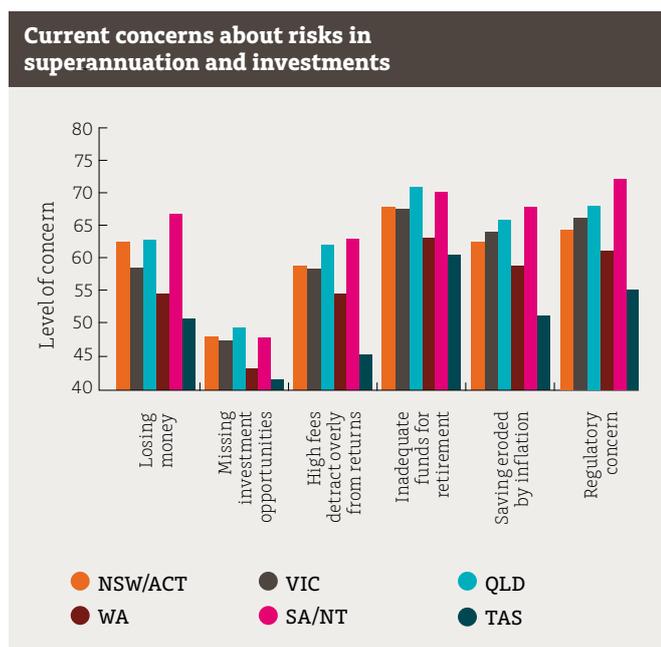
**By household size:** Larger households seek investment property and to deleverage.



### Concerns about superannuation and investments

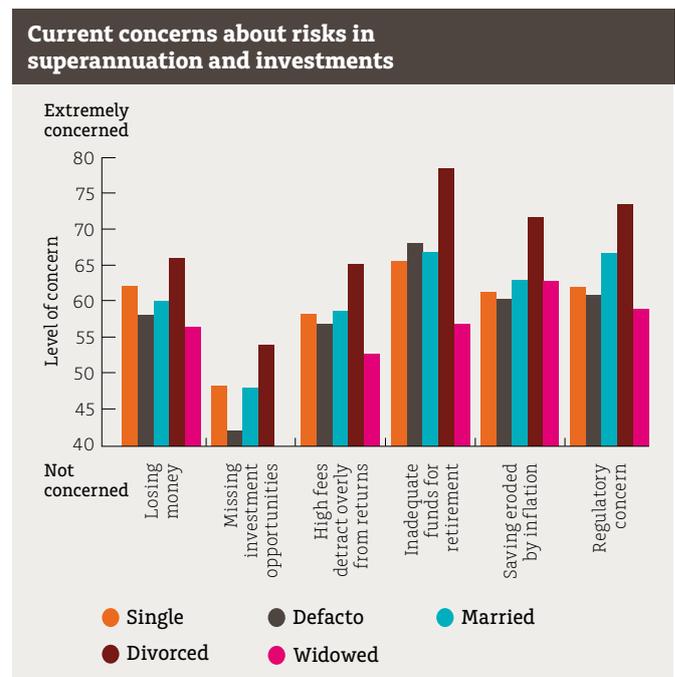
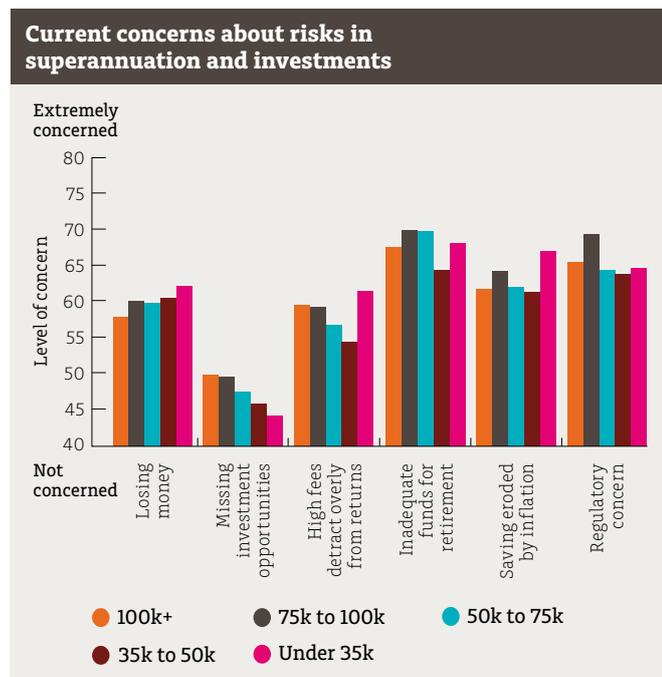
**By state:** SA/NT is the most concerned about retirement risks, especially missing investment opportunities. TAS is typically the least concerned.

**By gender:** Females aged 30-49 are most concerned about having adequate funds for retirement and fees. This group along with those aged 50+ are also most concerned about regulatory issues.



**By income:** Those earning \$50,000 to \$100,00 are most concerned about inadequate funds for retirement. Concern about missed investment opportunities rises with income.

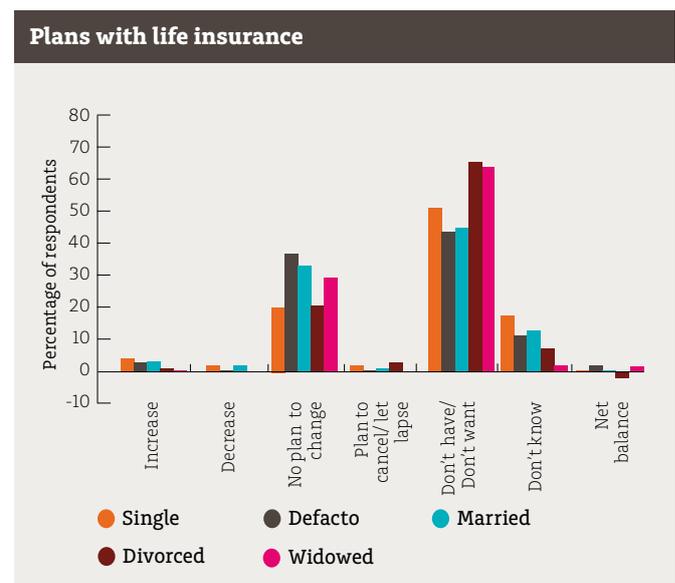
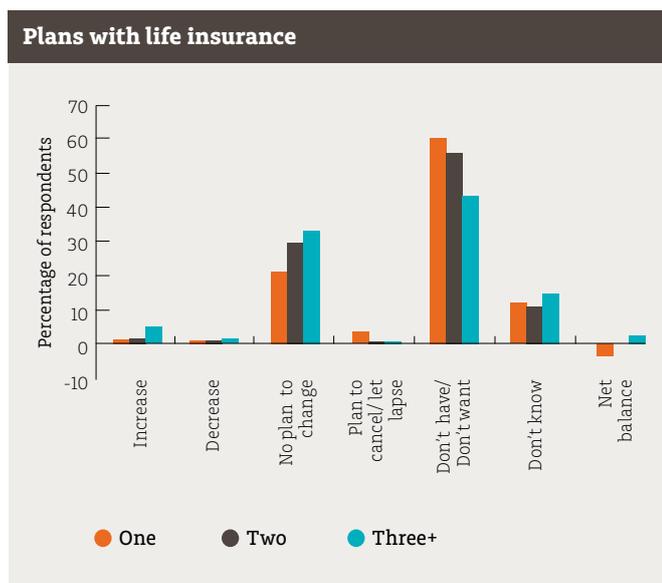
**By marital status:** Divorced people are by far the most concerned across all categories. Widows are the least concerned across most categories.



## Life insurance plans

**Household size:** The larger the household the greater likelihood of holding life insurance.

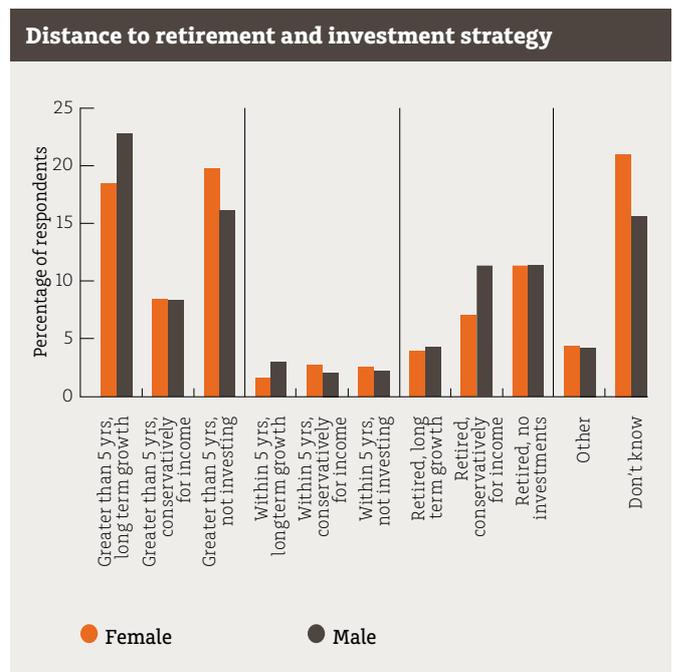
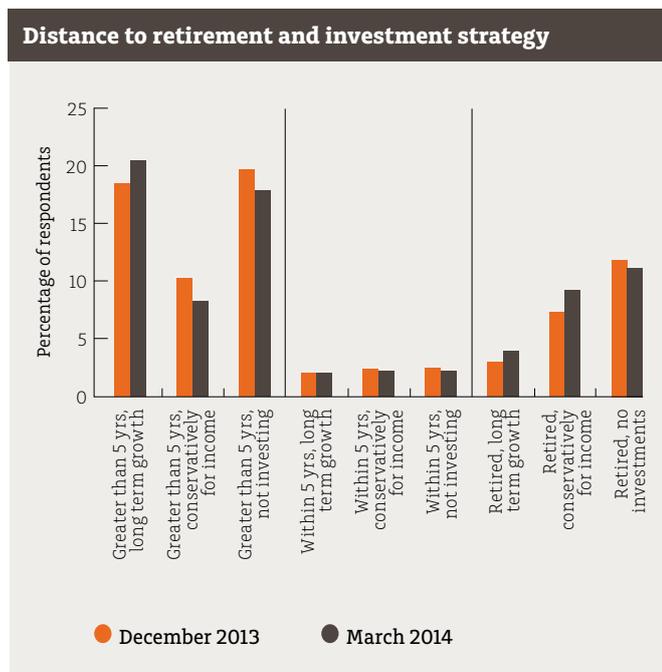
Married and defactos are most likely to hold and add life insurance, divorced are least likely.



### Time to retirement

Those that are further from retirement have shifted towards strategies for longer term investment growth.

Males are more aggressive in long term retirement intentions.



### Appendix 1: About the survey

The MLC Quarterly Australian Wealth Sentiment Survey aims to assess the investment environment including investor intentions.

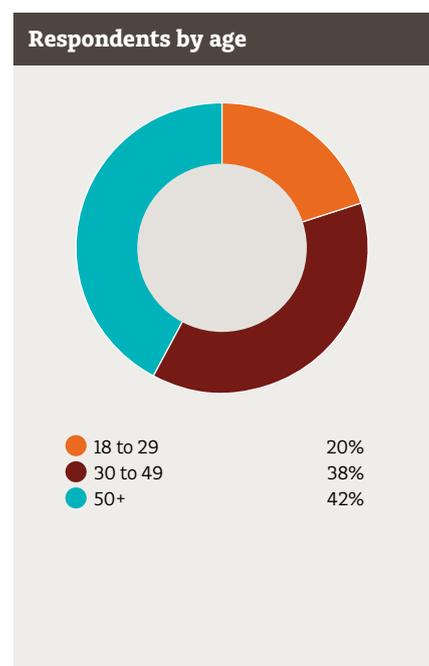
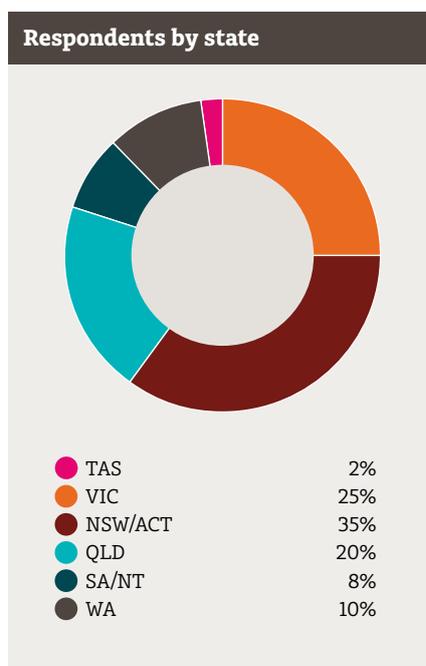
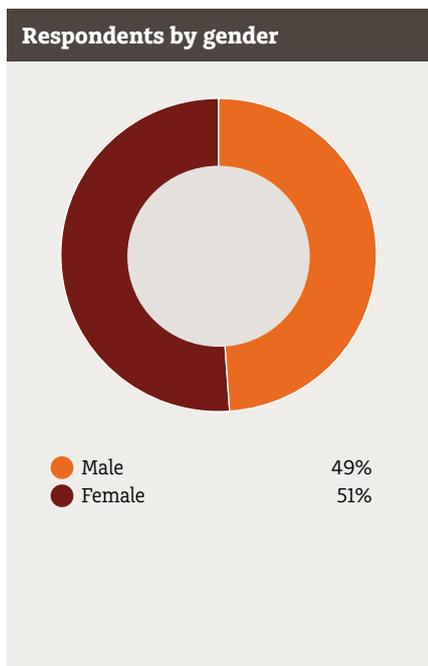
This survey is based on survey participants' responses to seven questions related to:

- Current financial situation – asking respondents to indicate current holdings in each asset class.
- Investment intentions – asking respondents whether they are likely to invest more or less. This is based on respondents' intentions to change their portfolio mix. Net values shown are the difference in intentions.

- Level of concern related to superannuation and other investments.
- Likely change in life insurance.
- Distance to retirement and investment strategy.

2,051 respondents participated in the survey, with weights applied to age, location, and gender to ensure the survey reasonably reflects the Australian population. The survey was conducted over the period 7 to 26 February 2014.

The breakdown of our survey respondents—by age, location, and gender—is shown in the charts below.



# MLC Quarterly Australian Wealth Sentiment Survey

Q1 2014

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