

Shift in financial freedom driven by Gen Z

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The first Financial Freedom Report from Insignia Financial has found younger Australians are driving the shift in financial priorities, with financial independence overtaking holidays and home ownership.

Conducted by social research company, McCrindle, the report showed achieving financial independence was the top priority for Australians surveyed (55 per cent), followed by taking regular holidays (50 per cent), maintaining a good work/life balance (45 per cent), home ownership (45 per cent) and building a trusted group of family and friends (44 per cent). The report highlighted how these changes have come during a post-COVID environment and where cost of living pressures have mounted for numerous Australian households.

The report was also released alongside the inaugural Financial Freedom Index (FFI), which aims to measure how Australians are “positioned to live a life of financial independence and freedom, which allows them to achieve their dreams”.

Based on three elements – Foundation, Behaviour and Attitude – Australians scored a 49 out of 100 on the FFI, signalling an opportunity for more support despite a genuine desire to achieve financial freedom.

Attitude received the highest score (59), followed by Behaviour (48) and Foundation (40), with Gen Z and Gen Y also recording the highest scores among the generations with 52 and 55 respectively. This was followed by Gen X with 47, Builders with 45 and Baby Boomers with 44.

“It’s clear Australians have changed their priorities in life from the traditional dream of owning a home to living their dream lifestyle, which, is under pressure from the current economic climate,” Renato Mota, Insignia Financial chief executive, said.

“This Report sets some important benchmarks that helps us understand and support the aspirations and dreams of Australians for years to come.

“Australians are deeply aware of their financial wellbeing because it ultimately enables them to achieve the things that matter most to them, whether that be travel or spending time with loved ones. Financial independence means something different to everyone, and as part of our ambition to create financial wellbeing for every Australian, we want to help bring this to life.”

The report also revealed females are more motivated to achieve their financial goals than men (55 per cent compared to 44 per cent), with younger females singled out for their dedication to actively planning their financial futures.

However, a lack of financial literacy and knowledge still remains, with 31 per cent of Australians surveyed reporting they received no financial education in their childhood. Females were also more likely to have a disadvantage, with 20 per cent of Gen Z females compared to 11 per cent Gen Z males reporting receiving no financial education.

“We know financial literacy shapes the relationship people have with money, so in order to encourage financial wellbeing, Australians need to receive practical education and guidance, especially in their youth,” Mota said.

“Many Australians would have appreciated more financial education in their younger years to enable them to make more informed financial decisions and Insignia Financial are keen to contribute to reducing this education gap.”

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