

Millennials unfazed, women worried

Describing "financial security" as a buzzword is ridiculous – it's hardly a fad – but it is a subject that is popping up often right now. Among the research on financial security that caught my eye this week alone two things stood out. First, it seems Millennials aren't particularly concerned. And that contrasts with the second: Australian women are *very* concerned.

One definition of financial security is "having the resources to support a standard of living now and in the foreseeable future". Another is "the peace of mind you feel when you aren't worried about your income being enough to cover your expenses. It also means that you have enough money saved to cover emergencies and your future financial goals."

Both neatly describe an aspirational scenario in which money is not a regular source of undue stress. What is required to achieve that status depends on the individual and their circumstances.

A NAB Special Insight Report published this month found \$830,000 is the average "magic figure" Australians believe would render them "financially free". While it might make some quiver, Generations Y and Z are apparently, in the main, unfazed by it. Research conducted by BT Financial group suggests Millennials are far more confident than the broader population about money, with almost three out of four saying they are optimistic about their future financial position. This is despite two out of five of that group saying it's either "difficult" or "very difficult" to meet their necessary cost of living expenses right now.

Women don't have such a rosy perspective. Melinda Howes, BT's general manager superannuation, presented new research last month suggesting fewer than one in five Australian women feel satisfied they are on track in preparing for their financial future. That was derived from a study of 1026 nationally representative Australian women aged between 18-74. Female Millennials are more optimistic about their financial future than women in general. Half of Gen Y/Z females feel more confident about their financial situation compared with this time a year ago, versus 36 per cent of females overall. More than three out of four Gen Y/Z females feel they'll be in a better financial situation in two years' time, compared with 56 per cent of females overall who say the same.

Millennials have their entire lives ahead of them to earn their financial freedom. *But* they are on the cusp of extraordinary change in the workforce. The casualisation of work and the rise of the gig economy hardly deliver the financial security that full-time



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employment can. Combined with rising living costs, young Australians could be forgiven for harbouring fears about ever achieving financial freedom.

But they don't and it isn't because they're not thinking about it. The BT research suggests they are more disciplined about budgeting than Baby Boomers and Generation X and they're adept at saving. More than one in six Millennials have savings equal to six months' income, 11 per cent have equal to four to six months' income and nearly one in four have equivalent to one to three months' income. That's cumulative, so it's a little over half of all Millennials who have at least one month's income saved.

Is that one reason the younger generation is so confident about money even though two out of five of them are in the midst of financial insecurity right now? Because they recognise the value being disciplined about money will deliver over time? Perhaps, but saving is only possible when a gap can be created between income and expenses. Perhaps the real reason Millennials are confident about money because they don't attach the same significance to financial freedom that previous generations have.

In a study of 1000 Australian Millennial workers by the global HR think-tank Reventure fewer than half the cohort believed financial security was important to their overall wellbeing. This compared with three out of five Baby Boomers.

"Forty-two per cent of workers define wellbeing as balance in physical, mental, social and spiritual life and only 12 per cent said it is having their desire for a house, income and success met," lead researcher Dr Lindsay McMillan said. "What is interesting is that despite this, Millennials are highly driven towards success – twice the rate than that of Baby Boomers – yet do not seem to be motivated by financial security."

Women are thinking about it and what they're seeing isn't pretty. BT's study shows nearly seven out of 10 women acknowledge that superannuation is critical to secure their financial future but more than half of women believe they won't have enough for retirement and almost a third are unsure. Is it any wonder they don't share the Millennial positivity?

Georgina Dent is a journalist, editor and TV commentator with a keen focus on women's empowerment and gender equality.

Super wealthy:

Why do people with tens of millions in the bank keep on working?
By **Nina Hendy**

Cosmetic surgeon Daniel Lanzer earned enough to lead a lavish retirement years ago. But the 59-year-old from St Kilda drives into the office every day without a complaint, even though the days are long.

He's worth more than \$20 million, but he's not saving up for a more extravagant retirement. In fact, he can't imagine ever walking away from it all. Money isn't the driving force any more.

Dr Lanzer employs about 30 doctors and nurses at his successful Melbourne surgery. He also runs two clinics in Sydney and Brisbane. He's performed about 20,000 liposuctions.

The father of 10 children (and 17 grandchildren) has bought each of his offspring a sizeable home. "My philosophy towards money is that I'd prefer to give it to my children so I get to see the smile on their face while I'm alive. I can hardly take the money with me, after all," he said. "I've got no plans to retire, I don't think I ever will. I get to change people's lives every day in my work, and I'm very passionate and proud of the work that I do."

Dr Lanzer isn't alone. There are plenty of Australians with enough stashed away to quit their job and live an enviable retirement – if they wanted to. But they don't.

It's a difficult concept for many to grasp. For the majority heading into an office every day, the goal is simple: work for as long as it takes to save for a comfortable retirement, then tools down for the rest of our days. There's even a whole movement dedicated to achieving the financial independence to retire early (FIRE). But that's not the financial philosophy for everyone.

Australia's richest man still works

The richest man in Australia dons a suit and tie and turns up to the



office every day. Australian packaging and paper company chief Anthony Pratt has a net family worth of \$12.6 billion. Surely he's reached his financial goals and could finally leave it all behind?

But the 58-year-old said he had adopted his late father Richard Pratt's mantra of working as hard as you can and being persistent. To him, it's not about money.

Pratt Industries is booming in the United States, which Anthony

oversaw as the boss. He's been open about the immense pride he feels at building a \$1 billion company from scratch in the US, out of the shadow of his late father.

"I did want to go to America to prove myself," he told the media.

Given life is short, why do hugely successful people put themselves through the stress of earning more when retirement is within reach?

Surely they've got enough to slow down and enjoy life in the slow

Budget tipped to bring

This year's federal budget is tipped to bring big changes to aged care and, as a result, consumers should expect to pay more.

It couldn't come at a more important time. Aged care in Australia is at a tipping point: the industry has built only 35,000 residential aged-care beds in the past 10 years, and another 83,500 will be needed in the next 10 years. What's more, there are more than 100,000 people on the waiting list for a home-care package; two in five aged-care facilities are expected to make a loss this year; and the government is guaranteeing about \$23 billion of lump sum accommodation payments.

There have been several major

Aged Care Guru

Rachel Lane



reviews of aged care in recent times, looking at the sector from many angles: consumer contributions, government funding and workforce development. With most of those reviews complete, attention has turned to this year's federal budget, to see which of the recommendations will become policy.

The most keenly anticipated changes relate to the Home Care Package Program. This has proved so popular that more people are on

the waiting list for a home-care package than are receiving one, so waiting times in some instances have blown out to 18 months. With nearly 105,000 people waiting for a package that meets their assessed needs, hopes are high the budget will deliver a deluge of packages. Another possible change is a new, higher-level package that would provide funding closer to that provided in an aged-care facility. Changes to fees are also likely.

A key recommendation from one of the reviews was the government should make the basic daily fee proportional to the value of the package, and ensure providers charge it. Currently, the basic daily fee is 17.5 per cent of the pension (\$10 a day), with funding ranging between \$22 and \$180 a day. Several home-care providers

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