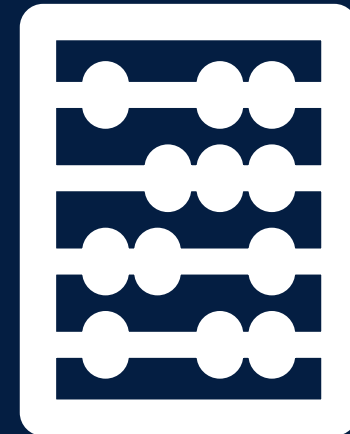


# Savings buffers, housing stress and building resilience in tough times: Insights on making ends meet from Saver Plus data

Presented by Dr Emily Porter  
Anglicare Conference - September 2022



# Acknowledgment of Country

The Brotherhood of St. Laurence acknowledges the Traditional Custodians of the Muwinina land which we are on.

We pay our respects to Elders past, present and emerging, and acknowledge that sovereignty has never been ceded.



# Saver Plus Program

- Established by the Brotherhood of St. Laurence and ANZ in 2003, it's the world's largest financial education and matched savings program
- Over 55,000 people have joined the program, saving over \$27 million
- Participants build a savings habit over 10 months, with ANZ matching savings up to \$500 to help meet their education expenses
- Funded by ANZ and Department of Social Services, the program is available to anyone:
  - aged over 18 years;
  - on an eligible Centrelink payment;
  - having regular income from work or a partner (including Carers Payment, Child Support); and
  - in education themselves or with a child in school



# Research aims

- ① **Understand low-income households budget priorities and constraints**
- ② **Identify risks to savings and how they are distributed across different households**
- ③ **Highlight opportunities for policy and program changes that can improve savings and resilience**

# The data

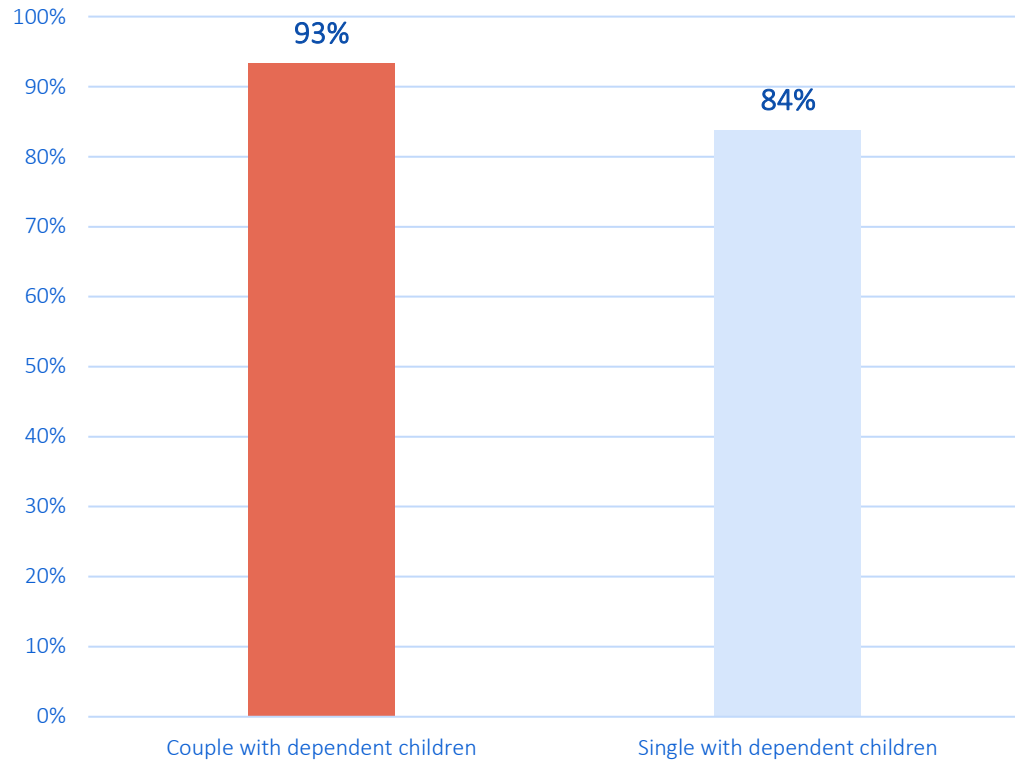
## What we collected

- De-identified data from everyone who applied for Saver Plus between February and May 2022
- A total sample size of 1,771, including 134 applicants who were not accepted into the program
- To ensure we can understand the impact of making ends meet in tough times for low-income households we exclude applicants with:
  - income above the household median of \$95,000 were excluded or below \$1000 per month
  - zero budgeted grocery or utilities (including water, gas, electricity, phone and internet) expenditure.
  - high budgeted savings capacity (>\$4000 per month) were excluded

## Limitations

- The sample is not representative of low-income households generally – Majority meet eligibility criteria
- Applicant budgets are likely to be ‘best case scenario’ budget and don’t account for changing prices, family dynamics, insecure income or unexpected expenses – Savings capacity ceiling
- Budget may understate expenses – 16% did not budget for education expenses, 40% no medical expenses

# Income security of Saver Plus applicants

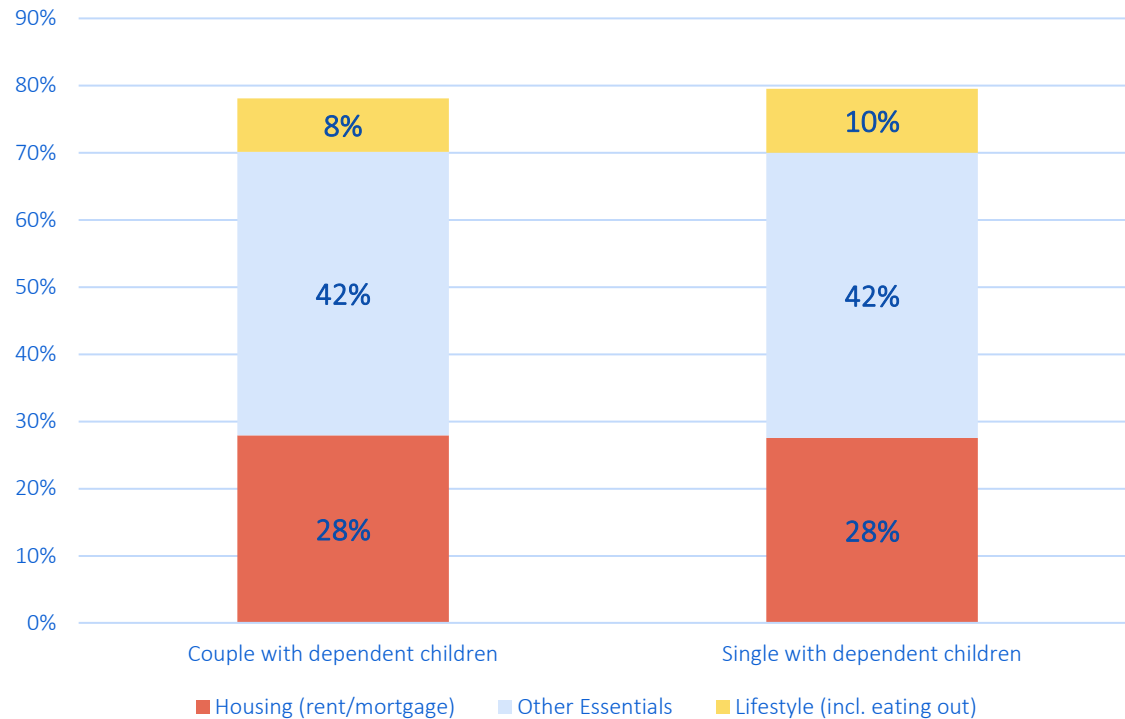


- **Insecure income** = Income from casual, irregular or gig work and child support income
- **Secure income** = Income from part-time or full-time work, partner income and Centrelink
- This definition is likely to overstate income security:
  - We have no information on partner job security
  - Ignores risk of Centrelink suspensions
  - Doesn't account for income from paid overtime from part- or full-time work

# Saver Plus applicants face different challenges

- **90% of Saver Plus applicants are women**
- **65% of Saver Plus applicants are single parent families**
  - 35% live in regional areas (compared to 29% average)
  - 33% are out of the labour force and 57% of single parents relying on Centrelink as their main income source
  - More insecure income due to high rates of child support (44%) and casual work (24%)
  - Average equivalised monthly income is \$2721
- **23% are couple families**
  - Have higher income levels – average equivalised monthly income of \$3153
  - Most likely to be in full time work (23%) – leading to 93% of income being secure
  - Rely on partner income as main income source of income (49%) – compared to Centrelink income (33%).
- **Single person households account for the remaining 12% of the sample – we exclude this group for brevity**

# Housing and essentials taking up the largest share of the household budget

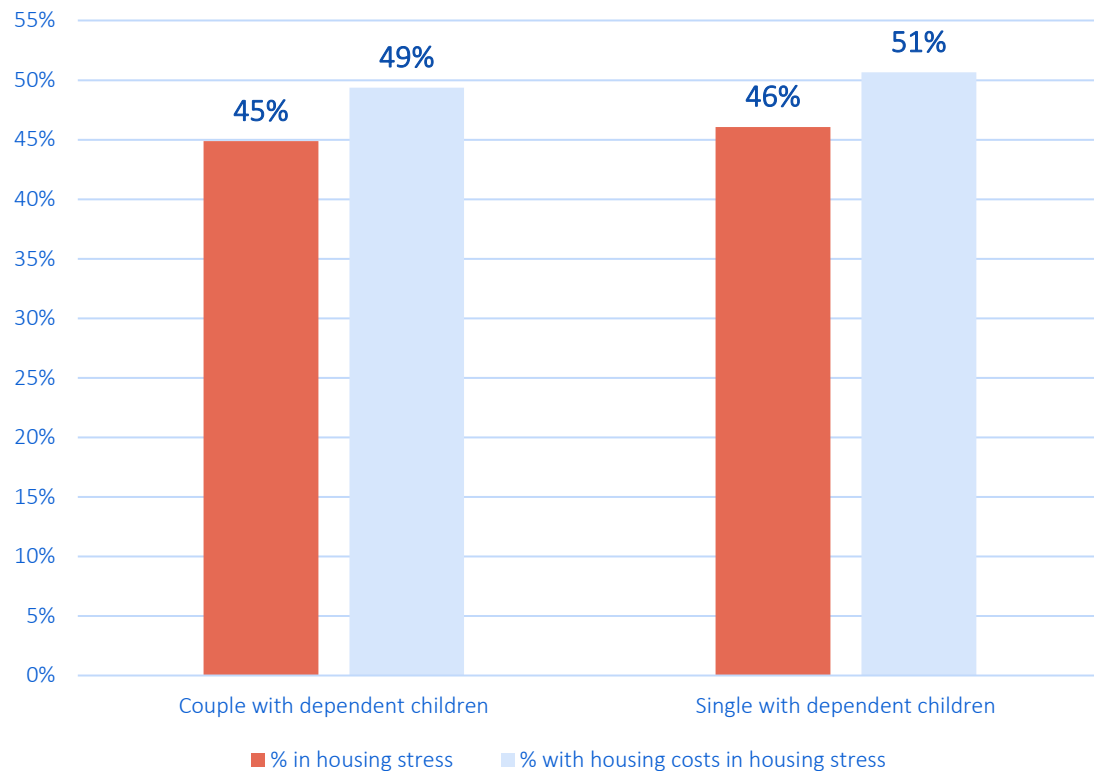


Saver Plus applicants budget on spending:

- Couple families spend 78% of their expected monthly income
- Single parent families' spending is slightly higher at 80%
- Essentials take up 70% income
- Housing represents the largest cost at 28% of income for single parent and couple families.
- Other major budget items include groceries (17% of monthly income), transport (9%), utilities (7%), education (3%), medical (2%) and debt (3%).



# A high proportion of applicants are in housing stress

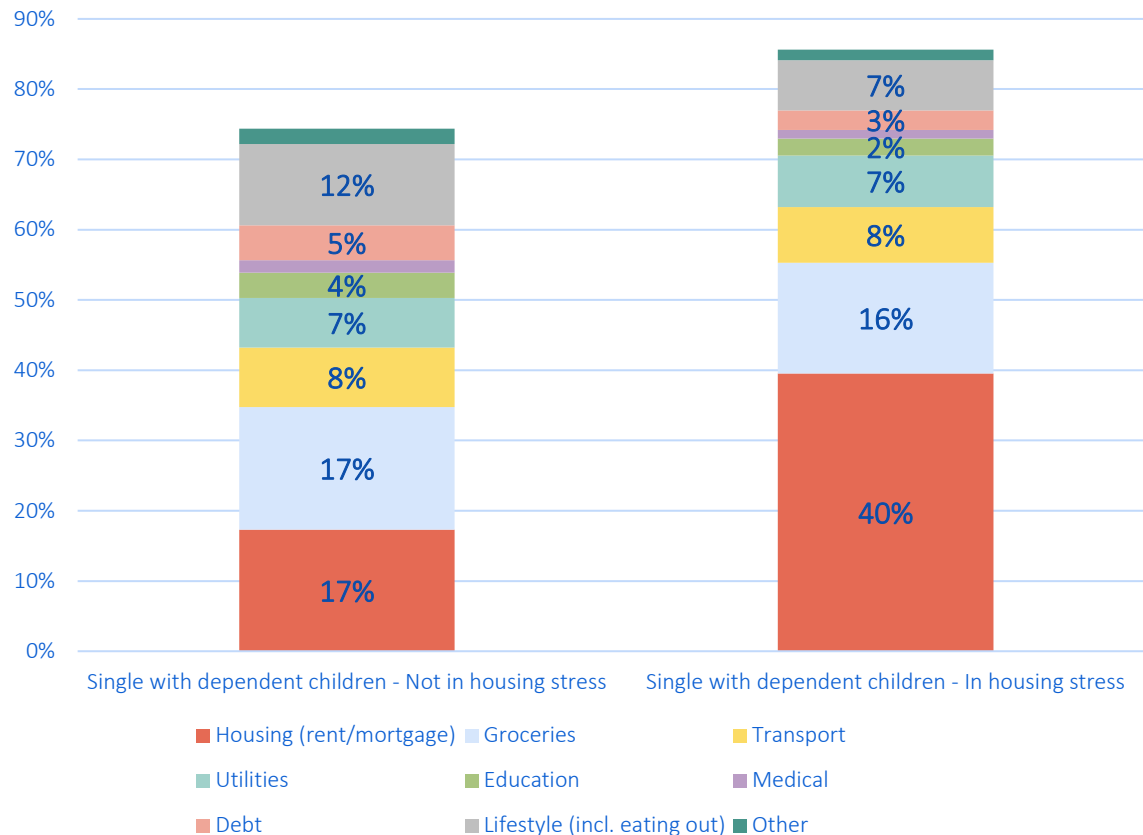


**Housing stress = where spending on rent or mortgage >30% of income**

- 46% of single parent households are in housing stress which increases to 51% when excluding 9% without housing costs
- Couple families have slightly lower rates of housing stress 45%
- Families in housing stress have slightly less secure incomes
  - For example, for single parents not in housing stress 85% of income is secure, which drops to 82% for those in housing stress
- Highest 10% by housing costs spend over 50% of their income on housing

# Housing Stress leaves family budgets Squeezed

Housing cost crowds out other expenditure, creating risks of deprivation and financial stress



- Families in housing stress **spend less on essentials:**

- Groceries (-1.5%) or \$100 less per month
- Education (-2%) or \$600 less per year
- Medical (-1%) or \$300 less per year

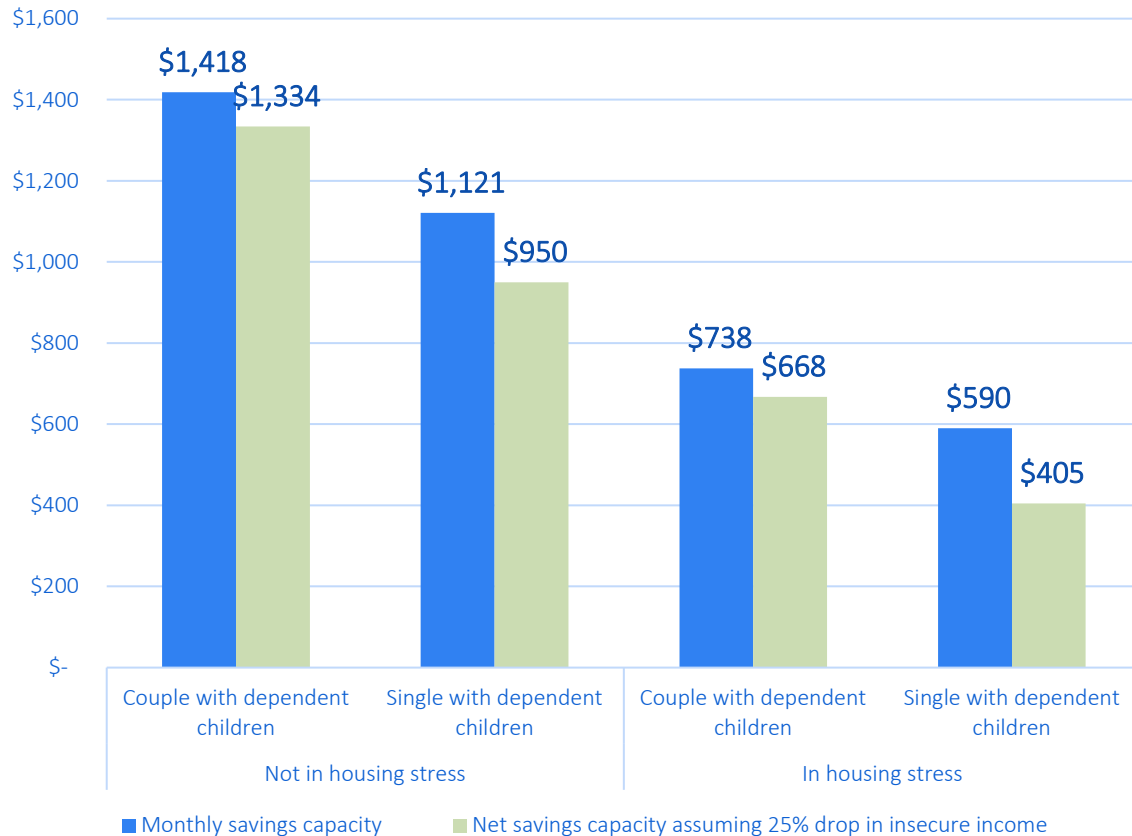
**Rising price of essentials increases risk with families having less discretionary spending buffer**

- Housing stress is likely to **reduce 'quality of life' spending:**

- Lifestyle and eating out (-5% of monthly income)
- Just under \$300 less per year on gifts
- \$400 less per year on hobbies or sports
- Less likely to have pets

**Housing stress can lead to children and adults missing out and creates risks of financial stress around birthdays and Christmas**

# Savings capacity and insecure income



We estimate **savings capacity** – what income is left over after all budgeted expenditure

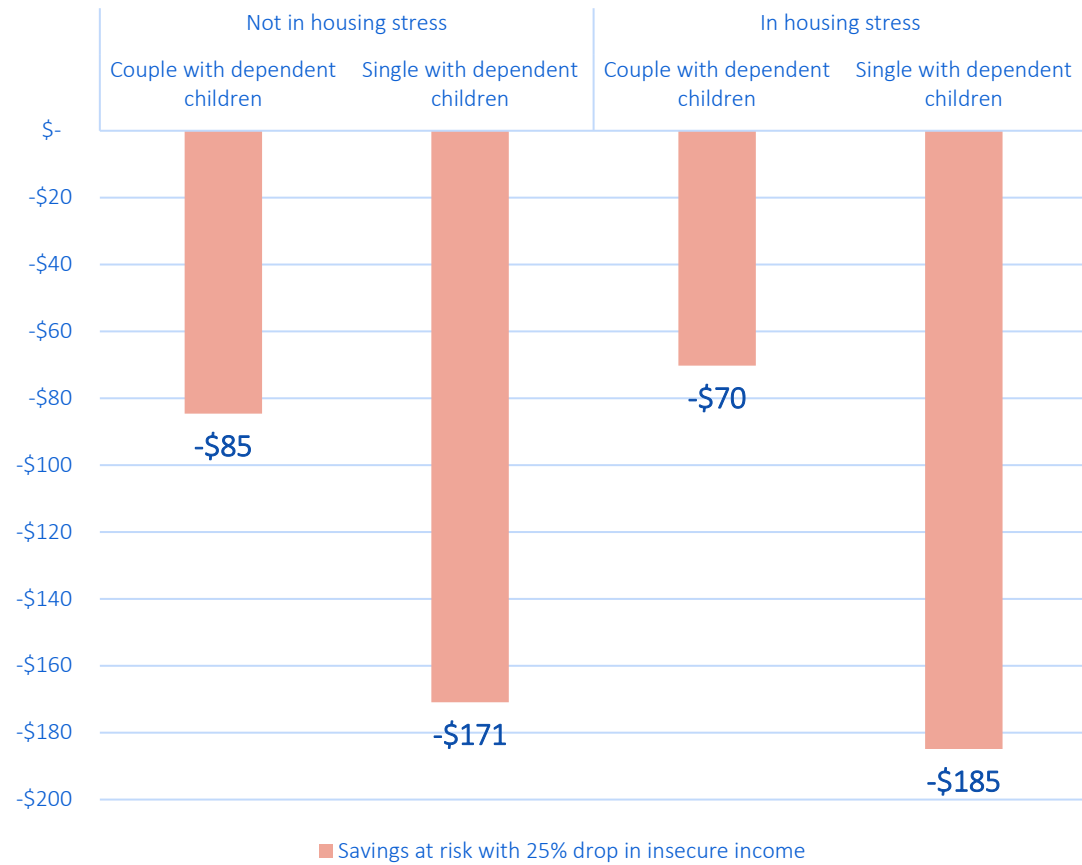
**Saver Plus applicants have relatively high budgeted savings capacity**

**But this capacity isn't evenly distributed**

- Housing costs have biggest impact on savings capacity, with savings capacity around half for people in housing stress
- Couple families with multiple income streams also have much higher savings capacity
- Rising costs of living are likely to make these savings more precarious

We also look at **savings risk**

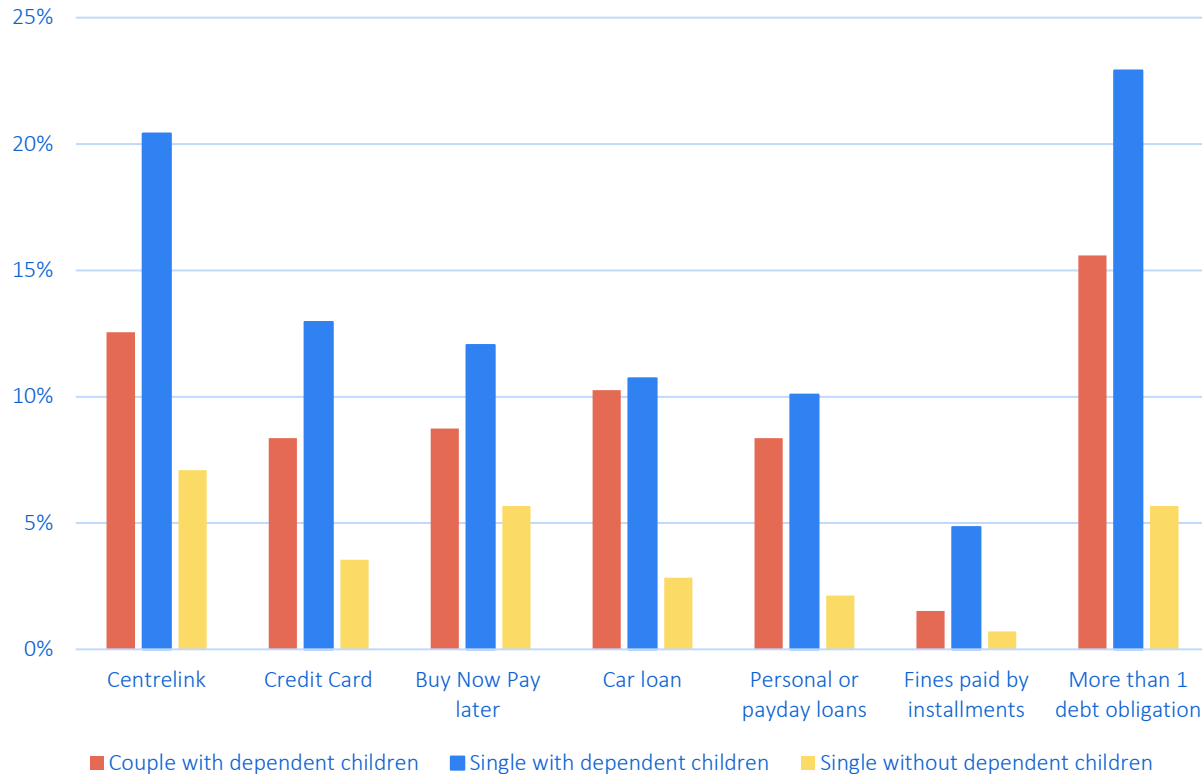
# Single parents' savings are most at risk



What happens to savings potential if participant **lose 25% of their insecure income?**

- Single parents' savings are most at risk due to high rates of insecure income
  - A week's lost income would reduce savings capacity by \$171 for those not in housing stress and \$185 for those in housing stress
  - Single parents spend a high proportion of income on essentials which gives them limited capacity to cut spending to manage income shocks
- Couple families are more likely to be in secure work resulting in halving of savings risks

# High spending and insecure incomes leave single parents vulnerable to debt



- From previous research, we know a high proportion of essential spending and low income security leaves **single parents more at risk of debt**
- We find Centrelink debts are most common – 20%
  - Insecure income makes it hard to estimate income accurately, increasing risk of Centrelink debts
- 23% have more than 1 debt obligation
- 58% of those with a Centrelink debt have other debts
- Single parents more likely to have high debt obligations
  - 13% credit cards, 12% BNPL and 10% payday loans

# Conclusions

- Budget data provided suggests Saver plus participants have good savings capacity. But ...
  - Gaps in budget data suggest 'savings capacity' is likely to be an upper estimate – Saver Plus takes this into account
  - High housing costs limit saving potential and access to goods and services that improve quality of life
  - Insecure incomes leave savings at risk

## **Implications for the cost of living crisis**

- For those in housing stress, we already see evidence of households cutting back on essentials such as medicine and education
- This reduces options for further cuts, and leaves families at risk of skipping essentials
- Single parents have less capacity to increase work hours to adjust to rising costs



# **Saver Plus plays an important role in helping build savings**

- ✓ **Saver Plus helps low-income families take advantage of their capacity to save and build skills!**
- ✓ **Saver Plus improves education and inclusion opportunities**
  - ✓ Some participants use matched savings to make sure their children can attend school excursions
- ✓ **More accurate budgets would help us understand real savings capacity and help participants prepare for shocks**

**Policies and programs to address structural barriers (e.g. insecure incomes and housing costs) are needed to complement the program**

# **Making it easier to build resilience – Policy recommendations**

- ✓ **Affordable housing for all**
- ✓ **A decent social safety net that provides adequate, secure income and incentivises work (e.g. high income free thresholds)**
  - ✓ **Ending the Parents Next program**
- ✓ **Improved access to quality decent well-paid work that allows parents to balance care responsibilities**
- ✓ **Social infrastructure that reduces costs and enables work**
- ✓ **Support for households to cut energy costs and reduce emissions**
- ✓ **Improved security of child support and reduced risk of social security debts**



# Thank you for attending

**Savings buffers, housing stress and building resilience  
in tough times:**

Insights on making ends meet from Saver Plus data

Learn more at [bsl.org.au](https://bsl.org.au)



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change  
that lasts