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# Family Finances

## Report October 2019



Research to investigate current family finance **attitudes, priorities, issues and needs**

**You're safe  
in the hands  
of Aviva**

**RED C interviewed a representative sample of 2,000 adults aged 18+ on behalf of Aviva, our largest sample to date.**

**The interviews were conducted online from 28 June - 7 July 2019.**



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# Introduction & overview

The significant progress made by the Irish economy in recent years has had a positive knock-on impact for many individuals and households. But just how widespread is the uplift in financial fortunes across the country and do people believe it is set to continue?

These are some of the questions we set out to answer in the Aviva Family Finances Report 2019. Our latest report, the fifth in the series, provides further evidence of a general sense of financial well-being. Asked if they feel in control of their finances, 63% say yes compared to just 18% who say no. The gap this year is 45 points which compares favourably to a gap of 26 points in 2016 (52% - 26%) and provides a good indicator of just how confident many people have become about their financial position in recent years.

Our new report also points to non-financial gains. For the first time in our surveys, the number of people who say their work-life balance is better now than it was a few years ago exceeds those who say it is not, at 46% to 41%. It points to a happier and much more contented workforce than at any time in our five reports.

However, if many people across the country feel they are now benefiting from greater affluence, there is nevertheless a matching sense of realism and more than a little underlying caution evident from our data.

Fewer than one-quarter of Irish adults believe the Irish economy will fare better in the next six months, with over two in five believing it will fare worse.

Despite the fact that a recent report published by the Central Bank of Ireland showed that Irish households are, on paper, richer than at any other time in the history of the State, our survey clearly points to widespread caution and concerns about the future<sup>1</sup>.

An explanation for this wariness is likely to be found in changing perceptions towards external threats to the Irish economy. Whereas people in 2018 appeared to discount possible future storms related to Brexit or the impact of trade wars instigated by the United States, our research points to an emerging consensus that international factors beyond our control pose a clear and present danger to the health of the Irish economy and in turn to the financial fortunes of individuals.

In response to a set of new questions posed in our latest survey, more than three-quarters of people believe Brexit will have a negative impact on the Irish economy. People are now very much focused on the outcome of Brexit given the volatile and ever-changing political situation in the UK in recent months.

Similarly, a large majority of people in our survey are worried that the strong economic recovery of recent years will be followed by another downturn.

These are some of the key findings in our latest report, with polling conducted online by RED C in July based on a representative sample of 2,000 adults aged 18 plus, our largest sample size to date.

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1. <https://www.centralbank.ie/statistics/data-and-analysis/financial-accounts>

One of the big numbers evident in this wave of our research is the number of adults who expect to be buying a property in the next five years. Approximately 1.4 m. adults expect to be “on the move” during that period. The increases are coming from both first-time buyers and those homeowners looking to downsize. Unfortunately, both these categories are likely to be after the same type of properties which, unless supply increases, will have an impact on price.

A consistent feature of our polling over the last three years has been the insightful narratives provided by breaking down households into three categories – Comfortable, Struggling or Neither. Our latest survey shows that the number of people who view themselves as living comfortably – for the first time in our polling – exceeds those who are struggling to get by, at 29% to 27%. Combined with the 43% (c. 1.5 million people) who are neither comfortable nor struggling, the rising numbers of those living comfortably chimes with the Central Bank’s data on the growing affluence in the country.

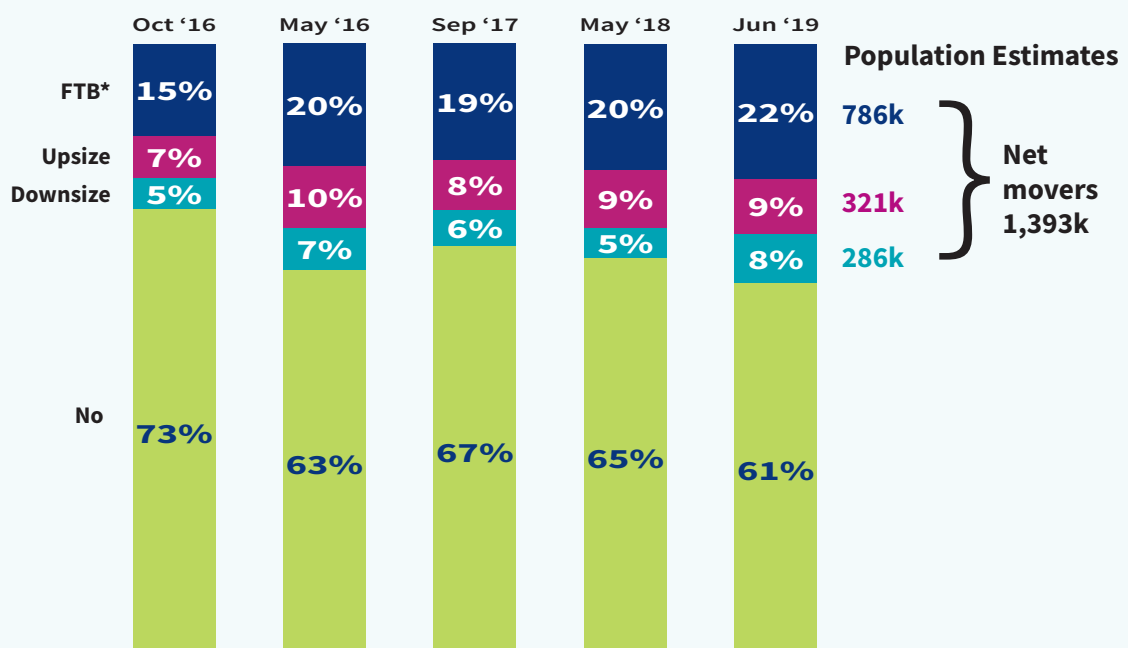
Nevertheless, there are just under 1 million people who remain under pressure financially - a significant proportion of the population and a number which could rise quickly if the economy was to experience problems.

One of the most revealing insights contained in the new report is in the area of personal taxation. Expectations for a reduction in income taxes has fallen to just 27%, down significantly from 41% two years ago. Overall, a majority at 59% now expect income taxes to rise in the coming years, perhaps in response to the wider belief expressed elsewhere that the economy will at some point experience a slowdown.

There has been an increased focus and debate on gender equality issues in the workforce in Ireland and internationally in recent years, particularly in relation to pay and representation at board level in companies. In our survey, whilst over half believe that women are paid the same as men, there is a sizeable minority (33%) who believe the opposite, suggesting much more work needs to be done to achieve a greater level of parity for females in the workforce.

In our previous reports, it was apparent that many people had learned valuable lessons from the previous boom to bust cycle. There is further evidence of this trend in this report. If this is a legacy of previous economic hardship, that is no bad thing.

## Plans on buying a Property in next 5 Years

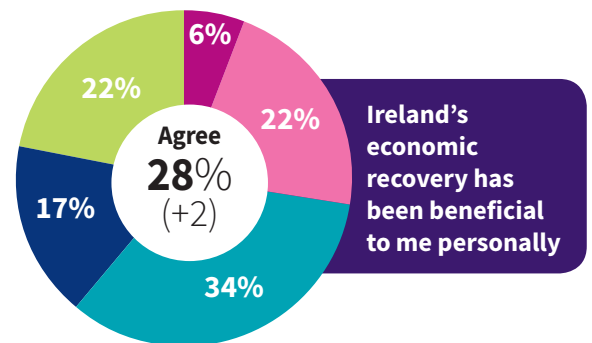
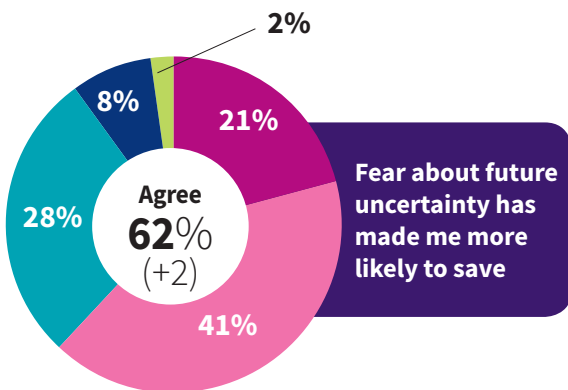
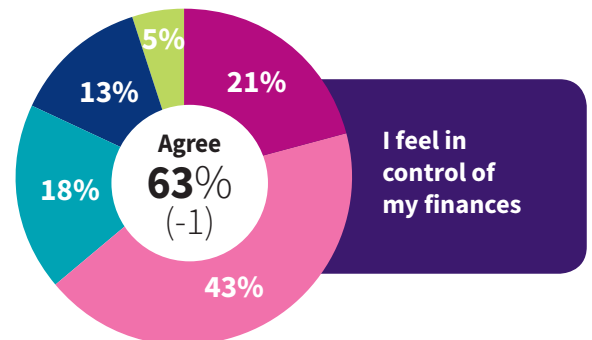
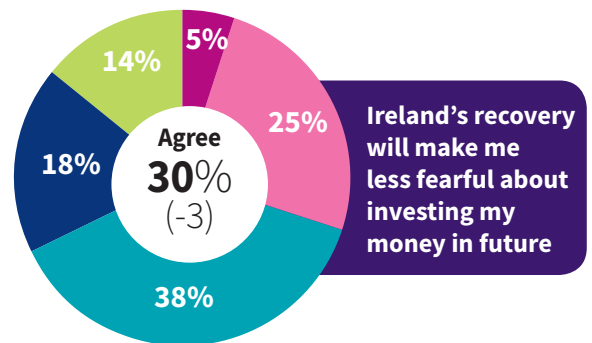
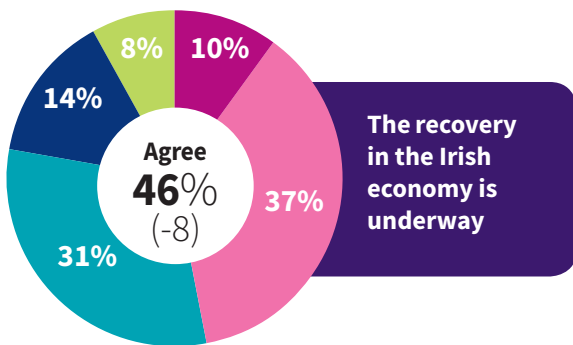


# Sentiment

The Aviva Family Finances report asks a series of questions on attitudes to financial well-being in order to measure and track household sentiment. Overall, attitudes towards general financial well-being remain relatively unchanged since last year with the 64% indicating they are in control of their finances far outnumbering those who believe they are not in control at 18%. This is a gap that has widened over our reports as the economy experienced strong annual growth in recent years and as people have grown more confident about their finances.

Those who believe the recovery is benefiting them personally are slightly up on 12 months ago. However, there is a sharp decline in the number who agree that the recovery in the economy is underway, down 8 points at 46%. This is underpinned by continued growth, albeit by a small percentage, in the number of consumers more likely to save out of fear of future uncertainty.

( ) vs May '18

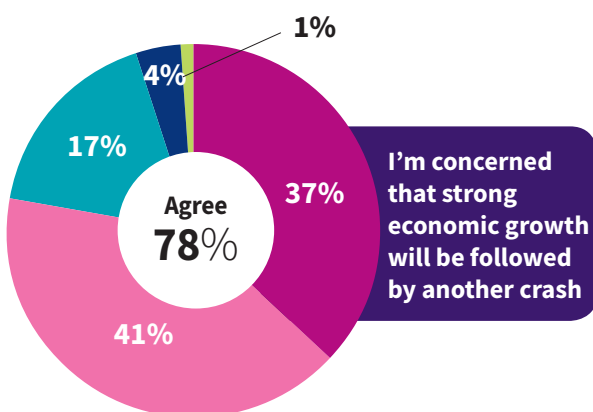
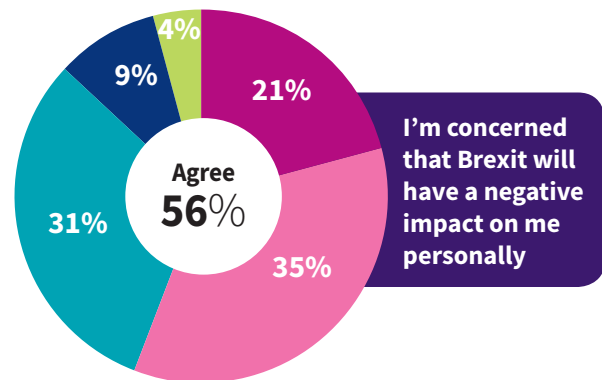
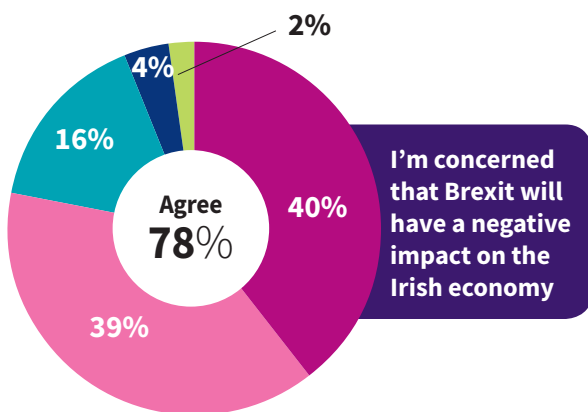


# Attitudes to Brexit

In a new series of questions in 2019, we asked respondents for their views on Brexit. With the clock counting down to the October 31 deadline, the results show a strong concern among 78% that Brexit will impact negatively on the Irish economy. At 56%, the numbers who believe Brexit will impact them negatively in a personal way is lower, but it is still a very sizeable majority when measured against the 13% who believe it will not impact them personally and the 31% who don't know.

These findings suggest a rising anxiety nationally about the impending impact of Brexit both on the Irish economy and on them individually.

In our third new question, we ask if the period of strong economic growth experienced in Ireland over the last few years will be followed by another economic crash. The finding here is also emphatic with 78% concerned there will be another crash, with only 5% who are not.



*Strong concern evident that Brexit will impact negatively on the Irish economy, but also on individuals. Similarly, there is a strong fear that strong growth will be followed by another crash.*



# The comfortable

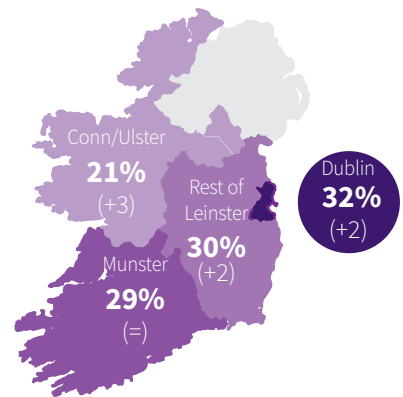
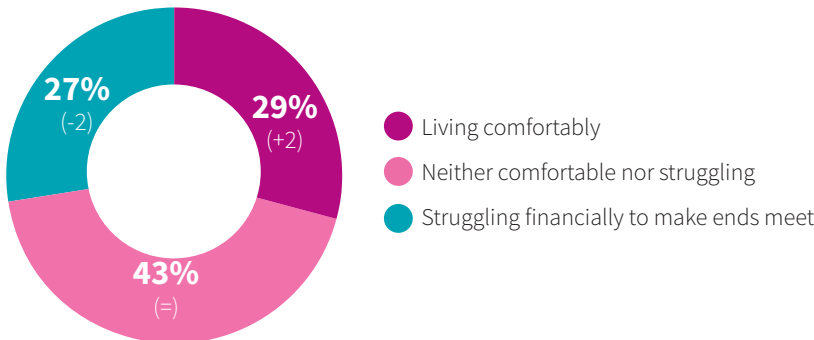
To more clearly understand the finances of households, the Aviva reports have consistently tracked households according to three categories – Comfortable, Struggling or Neither with respondents asked to self-categorise.

In our latest report, the proportion of those living comfortably has for the first time gone above those who are struggling to get by, 29% to 27%. Those who are fortunate enough to be living comfortably are more likely to be in the social class ABC1, at either end of the adult age spectrum,

have a mortgage rather than renting, male rather than female, and have attained higher education standards. Over the last 12 months, there has been a sizeable dip, down 11 points, in the numbers of comfortable in the youngest age group of 18-24.

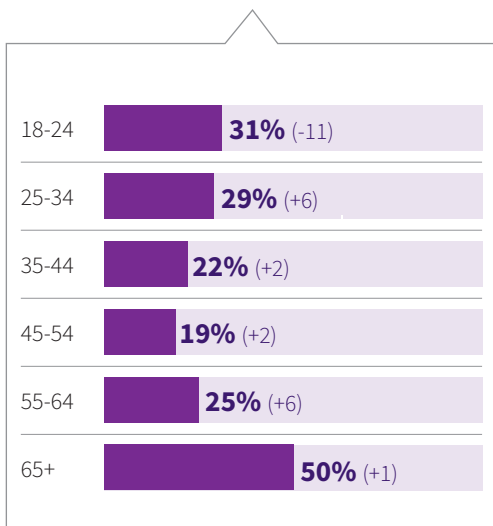
However, the survey has seen more positive results from those aged 25-34 and 55-64, both of which increased by 6 points. Those in the age group of 35-54, many of whom may have children, and those residing in Connacht / Ulster, are the least likely to be living comfortably.

## Current financial situation

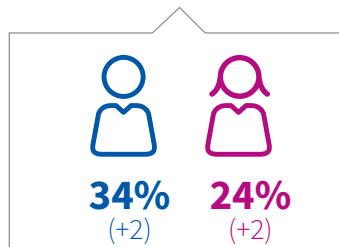


( ) vs May '18

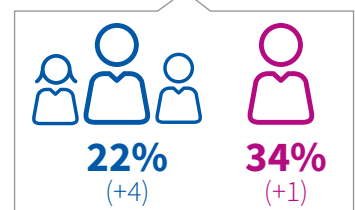
### Age



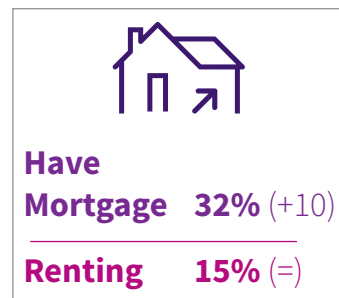
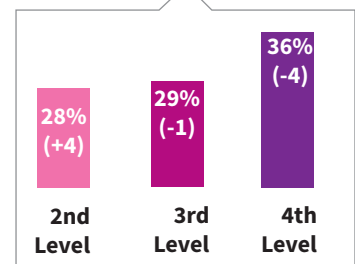
### Gender



### Have Kids



### Education Level





# The struggling

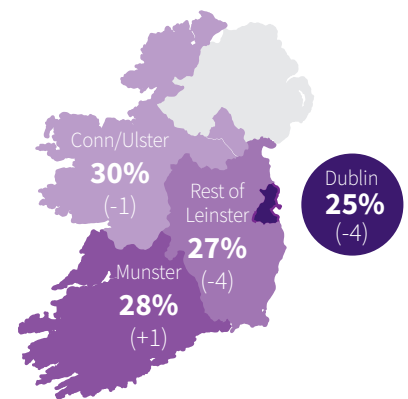
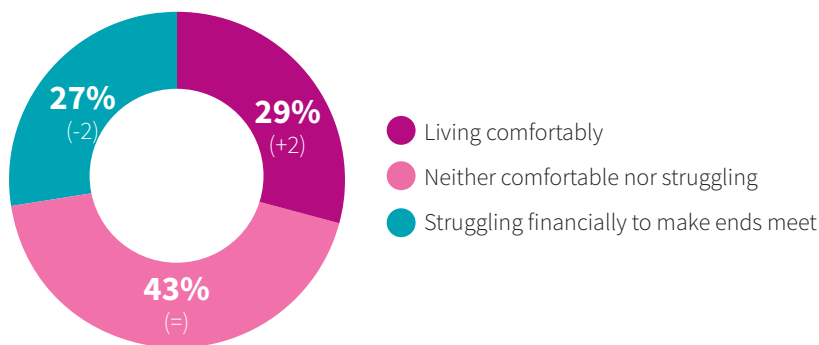
Over the last 12 months, there has been a slight decrease in the number claiming to be struggling to make ends meet, down 2 points, most notably in the 35-44 age group which is down 8 points from last years' survey. However, almost four out of 10 people between the ages of 45-54 say they are struggling, an increase of 3 points on last year.

When you delve more deeply, females are more likely to be struggling than males, by 31% to 24%. In terms of education, the numbers struggling who attained no further than a second level education

also fell. The improvements by males and those with lower education standards come at a time when the economy had a record 2.3 million people in employment<sup>2</sup>.

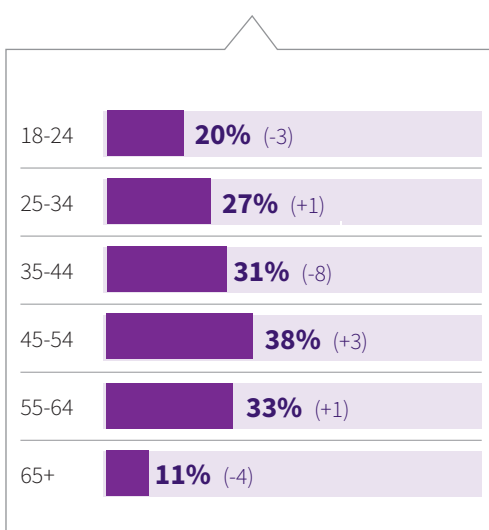
In keeping with our reports since 2016, many people in the over 65 category continue to enjoy the good times. Only 11% of people in this age category were struggling, an improvement of 4 points since the last report.

## Current financial situation

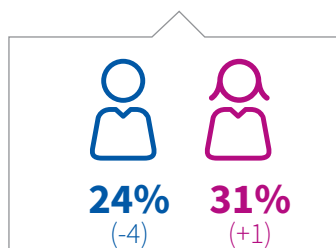


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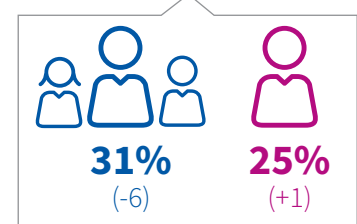
### Age



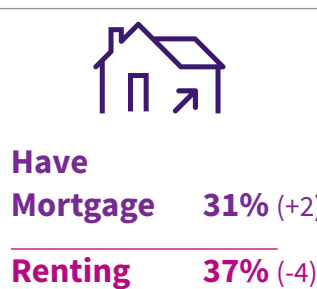
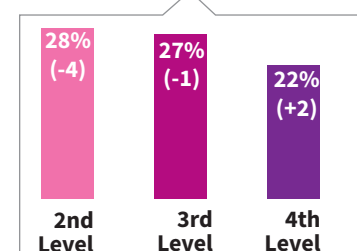
### Gender



### Have Kids



### Education Level



2. <https://www.cso.ie/en/releasesandpublications/er/lfs/labourforcesurveyquarter22019/>

# Attitudes to work

The mixed signals in our survey are evident again in people’s attitudes to their jobs. Our polling here shows there is both positivity and insecurity.

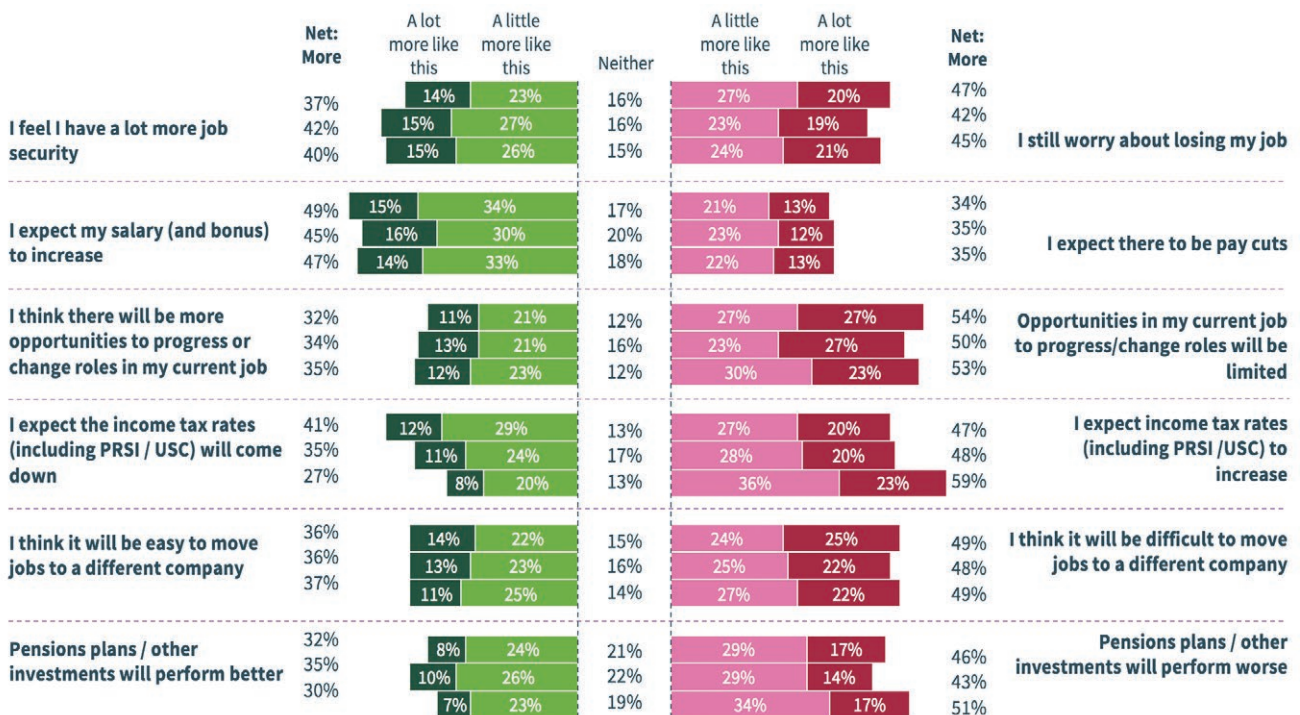
Workers in Ireland have experienced good growth in their salaries in recent years compared to their counterparts in the EU. In the 12 months to June 2019, average weekly earnings grew by 3.5%, the highest rate of growth in a decade<sup>3</sup>. Against this backdrop it is not surprising that 47% of people expect their salary to increase against 35% who expect pay cuts.

One of the recurring themes in our polling is the impact the last economic downturn has had on

attitudes to work. Across all five reports, there is lingering insecurity among many people about their jobs. While the numbers who felt secure or insecure about their jobs was equal 12 months ago, this year the proportion who are worried about losing their job is higher once again than those who feel secure in their employment, at 45% to 40%.

As we have already seen, expectations for income tax cuts have faded away over the last year with just over one in four believing they will happen. There is now a solid majority, six out of 10, who expect income taxes to increase.

May '17  
May '18  
June '19



3. <https://www.cso.ie/en/releasesandpublications/er/elcq/earningsandlabourcostsq12019finalq22019preliminaryestimates/>

# Attitudes to work-life balance

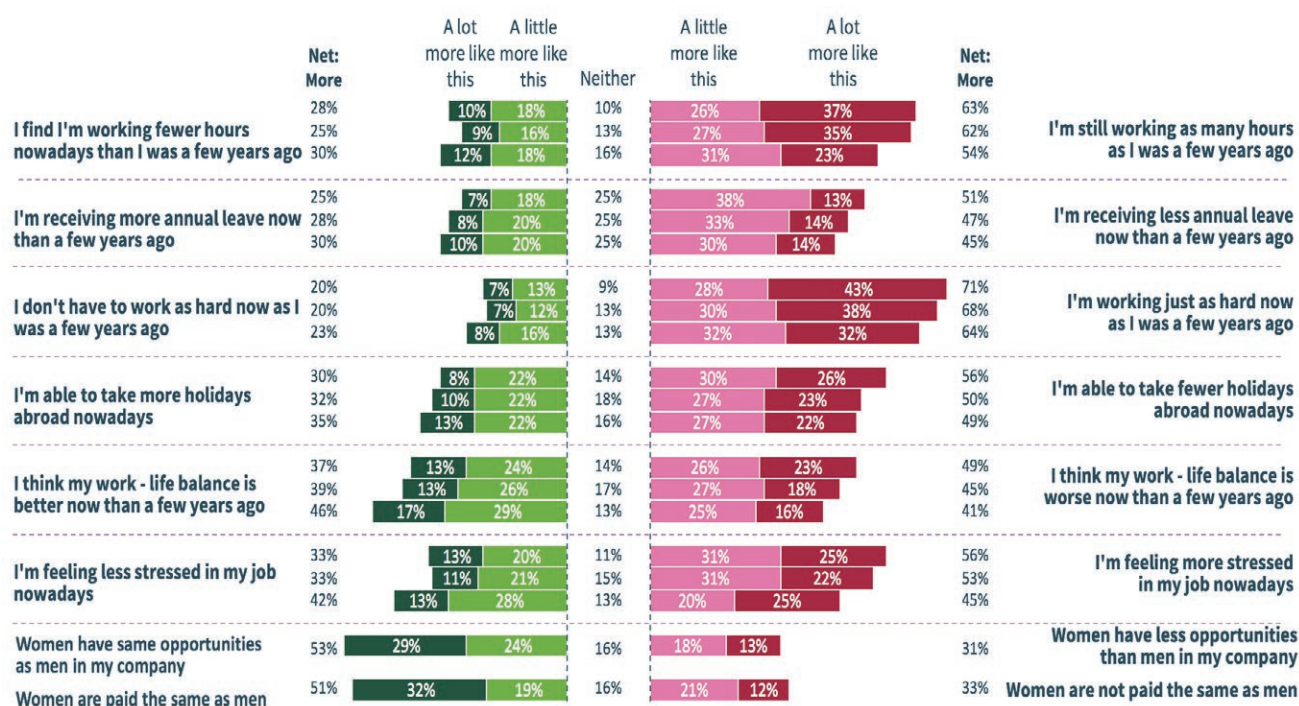
Even as the economy recovered and grew again in recent years there was nevertheless a general feeling of stress and imbalance with regards to work and personal lives. One of the most positive findings in 2019 is the improvement in people's attitudes to work-life balance.

For the first time, the number who say their work-life balance is better than a few years ago at 46%, up 7 points outnumbers those who say it is not at 41%, down 4 points.

Our findings on work-life in general show a much happier workforce this year than in 2017 or 2018. Some 42%, up significantly by 9 points, feel they are less stressed in their job compared to 45%, down 8 points, who are more stressed. For context on the extent of improvement in positivity, the gap between those feeling less stressed over those feeling more stressed was 23 points in 2017.

A high proportion of those surveyed agree with statements relating to equal workplace opportunities and levels of pay, but there are sizeable minorities of 33% and 31%, respectively, who do not believe women receive equal pay or opportunities at their workplace.

May '17  
May '18  
June '19



# Savings and Investments

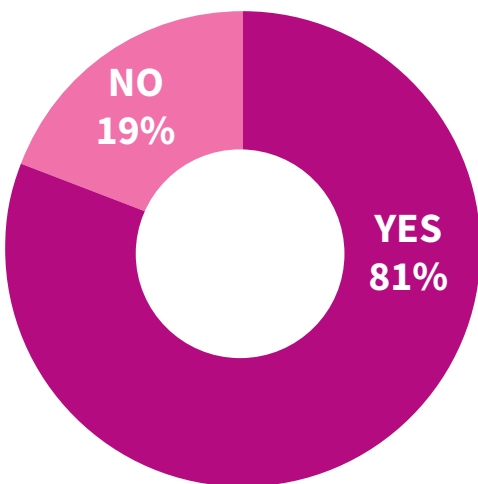
Savings products continue as the most popular form of financial product and are held by 66% of the adult population, with average annual savings of €6,000. The dichotomy, however, is that 54% of those surveyed consider a pension as an important financial product to have, yet only 34% have one. For many, it seems a pension is aspirational, but they have not yet gotten around to starting one or they do not have the means to do so at this point of their lives.

Eight out of 10 of those surveyed hold some form of savings or investment product and the average monthly saving per household is almost €500. Those saving between €501 - €1,000 per month increased by 4 points this year.

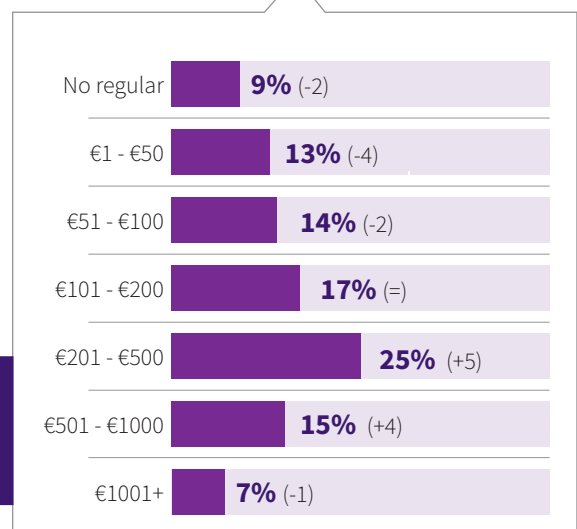
Interestingly, renters are saving on average more than those paying a mortgage at €493 per month as opposed to €432, with €608 for those who own their own homes outright. However, average savings across the board have reduced from last year's survey. This is not surprising given that we are almost in a negative rate of return cycle

Those struggling unsurprisingly hold less savings and investment products and hold significantly more debt products with a credit union loan being held by 37% of them and loans from family and friends held by 1 in 6.

## Any Savings or Investments?



## Amount Invested Monthly (Household)



**Average savings**  
€498

**Home Ownership/Monthly Savings**  
 Owned Outright: €608 (€673)  
 Owned with Mortgage: €432 (€580)  
 Renters: €493 (€630)

( ) vs May '18

# Home ownership

The housing crisis remains one of the country’s most pressing social and economic issues of recent years. At Aviva, we have tracked annually the expectations of both those who own their own homes and those who do not.

Our desire to own our home has hardly wavered since this survey began in 2016, with 90% admitting that their preference is to own their property. There has been an increasing trend of first-time buyers coming into the market since 2016, increased by 7% over the period.

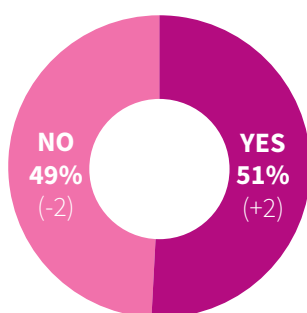
Just over half of those who do not currently own their own homes plan to buy in the next five years, an increase of two points. There is a five percent increase in those looking to downsize in that timeframe, meaning that approximately four in 10 adults believe they will be in the property market in the next five years. Among this group, 65% say

they hope it will be their ‘forever home’. These first time buyers expect to be paying a mortgage for 24.3 years.

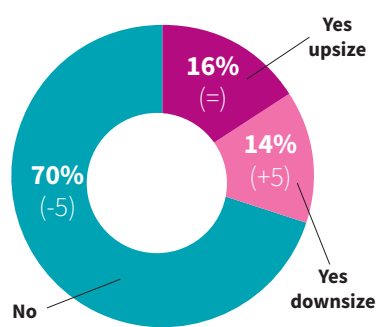
Of those who own their own property, there has been an increase in those who expect to move over the next five years. This is driven by a jump in the number of people looking to downsize, up five points.

Overall, 39% of Irish adults expect to be in the property market over the next five years, up 5 points. This development could see first time buyers and those trading down in greater competition with each other for similar properties. There has been a slight uplift in those living with their parents/friends at 11%.

**Plan on buying a property next 5 years**

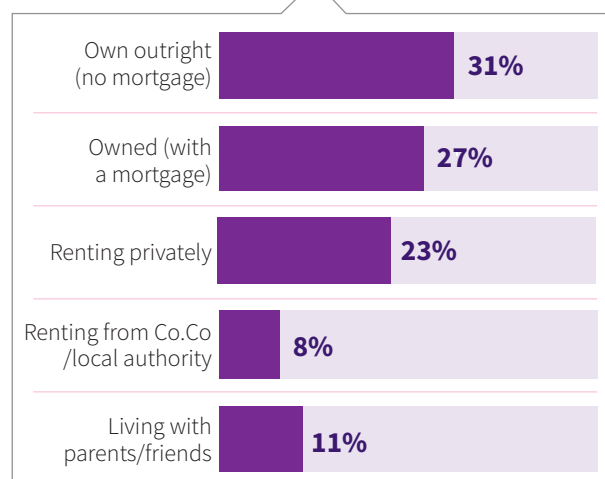


**Plan on upsizing/downsizing next 5 years**



x Age	Upsize	Downsize
18-34	36%	3%
35-54	22%	8%
55+	4%	23%

**Home ownership**



# Conclusion

Overall, the Aviva Family Finances Report 2019 reveals a general positivity among many people about their current financial well-being. This should come as no surprise. The Irish economy is expected to have grown by over 6% per annum over the four years 2016 – 2019<sup>4</sup>. In 2018, household income in Ireland grew by 4.4%, the fourth fastest increase in household income in the OECD<sup>5</sup>. On an aggregate basis, people have more money in their pockets now than at any time since the final years of the Celtic Tiger era.

Notwithstanding this renewed sense of financial well-being, many people's outlook is tempered with realism about the challenges that may lie

ahead. There is also acknowledgement of the nature of the Irish economy and business model. As a small, open economy with a high level of exports, new questions in our latest survey show that most people are cognisant that the country remains vulnerable to external shocks and events beyond these shores and beyond our control.

In our previous reports, it was apparent that many people had learned valuable lessons from the previous boom to bust cycle. There is further evidence of this trend in this report. If this is a legacy of previous economic hardship, that is no bad thing.

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4. <https://www.esri.ie/publications/quarterly-economic-commentary-winter-2018>

5. <https://data.oecd.org/hha/household-disposable-income.htm>



# About Aviva

Aviva provides retirement income, life cover, protection, general insurance and investment and savings products to corporate and individual customers. The business has one million Irish customers and over 1,600 employees based in Dublin, Cork and Galway.

The company has strong Irish heritage, having had a presence in Ireland since 1780. Aviva Ireland is part of Aviva Group plc, which has a presence in 16 markets in Europe, Asia and Canada. It provides around 33 million customers with insurance, savings and investment products.



You're **safe** in the **hands** of **Aviva**

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