

**Inaugural Finsia – Melbourne Centre Consumer  
Finance, Investment & Regulatory**

**Saver Plus Program  
Post-program Saving Behaviour**

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**Presented by**

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This report provides results from the third follow-up survey of post-Saver Plus saving behaviour (the '2008 survey'). All participants from the first savings period (July 2003 – December 2004) and the second savings period (October 2004 – December 2005) were surveyed to gather information about their saving behaviour over the past 12 months (2007). Participants surveyed had completed the Saver Plus program 24 months or 36 months ago. In total 510 questionnaires were sent and 199 valid responses were received giving a response rate of 39%.

Table 1: Participants by location

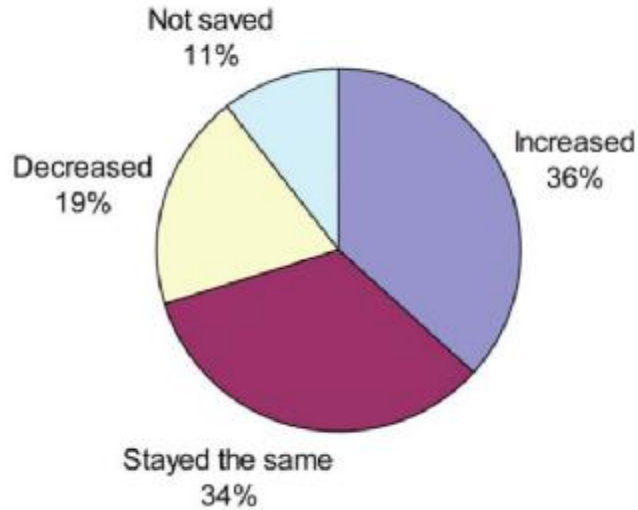
Location	Total	
	N	%
Shepparton	61	30.7
Frankston	26	13.1
Frankston Continuing	45	22.5
Campbelltown	34	17.1
Brisbane	33	16.6
Victoria	132	66.3
NSW & QLD	67	33.7
Overall	199	100.0

Table 2: Participants by phase

	Total	
	N	%
Phase 1	46	23.1
Phase 2	153	76.9
Overall	199	100.0

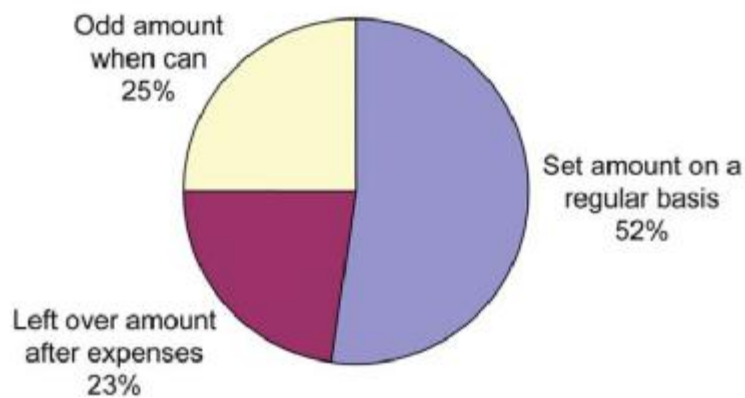
Key findings from the analysis:

Figure 1: Monthly savings deposits for the past 12 months



- § 70% of past participants reported that over the last 12 months their savings deposit levels have either increased or stayed the same.
- § 36% of past participants reported an increase in their level of savings.

Figure 2: Current savings pattern



- § 52% of past participants report that they save a set amount regularly.

Table 3: Interaction between changes in monthly savings deposits and current saving pattern

$\chi^2(4)=40.19, p<0.05$	Monthly savings deposits in the last 12 months have:		
	Increased	Stayed the same	Decreased
Current saving pattern is:			
Set amount on a regular basis	64.4%	64.2%	15.8%
Left over after expenses on a regular basis	23.3%	22.4%	26.3%
Odd amount when I can	12.3%	13.4%	57.9%

- § Saving a set amount on a regular basis is a more successful strategy for saving. The majority of participants, who increased their monthly deposits, saved the same amount on a regular basis. Similarly, most of those who managed to maintain their levels of monthly deposits also saved in this manner.
- § Over 52% of past participants are still saving towards education for their children and 50% of past participants have increased their spending on education compared to 12 months ago.
- § 28% of past participants reported a decrease in overall debt over the last 12 month period (2007).

Table 4: Relationship between income levels and savings levels

$\chi^2(12)=38.895, p<0.05$	Has your household income changed over the last 12 months*				
	Gone down a lot	Gone down a little	About the same	Gone up a little	Gone up a lot
During the last 12 months, have your monthly savings deposits					
Increased	25.0%	24.1%	27.9%	64.7%	64.7%
Stayed the Same	25.0%	31.0%	45.3%	23.5%	17.6%
Decreased	28.1%	34.5%	18.6%	8.8%	0.0%
Not Saved	21.9%	10.3%	8.1%	2.9%	17.6%

\* In this question, the options for the answer choices are as follows: Gone down a lot (more than \$100 per week), Gone down a little (less than \$100 per week), No, our household income is about the same, Gone up a little (less than \$100 per week) and Gone up a lot (more than \$100 per week).

- § There is a significant association between income levels and savings deposit levels. Participants who reported a decrease in income over the past 12 months were more likely to have not saved anything in the past 12 months.
- § 13% of past participants have reported an increased use of bank accounts and nearly 15% reported more use of superannuation.
- § Over 29% of participants reported an increased level of involvement in community activities over the last 12 months.
- § Nearly 89% of participants who hold insurance products were able to increase their savings deposit levels over the last 12 months.
- § Participants reported that the longer term benefits of Saver Plus have been experienced in the following ways:
  - ✓ Continued saving behaviour and achievement of more savings goals
  - ✓ More control over finances
  - ✓ Reduced stress and worry
  - ✓ Children benefiting from increased participation in school and extra curricular activities
  - ✓ Increased levels of confidence
  - ✓ Passing on better financial management skills to children

#### Future Analysis:

- § To explore Paas, Vermunt & Bijmolt (2007) analysis type on our changed financial product usage dataset.
- § Dutch panel data on consumer acquisition of financial products.
- § Latent Markov Model of changes over time.

<i>Product</i>	<i>Levels of ownership in the following years:</i>			
	<i>1996</i>	<i>1998</i>	<i>2000</i>	<i>2002</i>
Bonds	0.04	0.04	0.03	0.03
Shares	0.08	0.10	0.11	0.11
Investment trust	0.11	0.20	0.25	0.21
Unemployment insurance	0.10	0.21	0.22	0.22
Loan	0.24	0.20	0.20	0.15
Credit card	0.29	0.30	0.35	0.41
Mortgage	0.52	0.53	0.54	0.53
Life insurance	0.59	0.60	0.59	0.55
Pension fund	0.62	0.67	0.64	0.59
House insurance	0.62	0.64	0.64	0.66
Car insurance	0.76	0.77	0.77	0.78
Savings account	0.93	0.95	0.96	0.96

Source: Paas, Vermunt & Bijmolt (2007, p. 965)

<i>Product</i>	<i>Results for the following classes:</i>								
	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>
Bonds	0.01	0.01	0.07	0.01	0.02	0.15	0.01	0.02	0.19
Shares	0.01	0.01	0.10	0.02	0.15	0.38	0.02	0.06	0.59
Investment trust	0.04	0.08	0.13	0.08	0.11	0.57	0.10	0.18	0.75
Unemployment insurance	0.00	0.00	0.01	0.20	0.02	0.16	0.30	0.38	0.29
Loan	0.10	0.11	0.03	0.46	0.13	0.10	0.29	0.37	0.11
Credit card	0.06	0.08	0.06	0.32	0.26	0.61	0.04	0.97	0.67
Mortgage	0.00	0.00	0.03	0.00	0.99	0.03	0.99	0.99	0.99
Life insurance	0.17	0.04	0.20	0.77	0.47	0.54	0.97	0.97	0.83
Pension fund	0.28	0.37	0.29	0.85	0.39	0.57	0.94	0.93	0.82
House insurance	0.00	0.01	0.99	0.01	0.99	0.52	0.99	0.97	1.00
Car insurance	0.01	0.99	0.72	0.83	0.71	0.89	0.89	0.93	0.95
Savings account	0.81	0.88	0.95	0.93	0.96	0.95	0.95	0.98	1.00
Average number of products	1.40	2.58	3.58	4.19	5.20	5.47	6.49	7.75	8.19

Source: Paas, Vermunt & Bijmolt (2007, p. 966)

<i>Latent class at t</i>	<i>Results for the following latent classes at t+1:</i>								
	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>
1	0.95	0.03	0.00	0.01	0.01	0.00	0.00	0.00	0.00
2	0.05	0.93	0.00	0.00	0.01	0.00	0.01	0.00	0.00
3	0.01	0.04	0.93	0.00	0.01	0.00	0.01	0.00	0.00
4	0.00	0.00	0.00	0.94	0.03	0.00	0.03	0.00	0.00
5	0.01	0.01	0.01	0.00	0.95	0.01	0.00	0.01	0.01
6	0.00	0.00	0.00	0.00	0.00	0.97	0.00	0.01	0.02
7	0.00	0.00	0.00	0.01	0.00	0.00	0.87	0.11	0.01
8	0.00	0.00	0.00	0.02	0.00	0.00	0.01	0.94	0.03
9	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00

Source: Paas, Vermunt & Bijmolt (2007, p. 967)