

For immediate release

xx May, 2016

How a \$500 emergency could spell financial ruin for millions of cash-strapped Aussies

- ➔ 30% of Australian's have less than \$1000 available in 'rainy day' savings to deal with an emergency
- ➔ Almost one in eight (12%) had less than \$100 on hand for a setback
- ➔ How to build your 'rainy day' savings

xx May, 2016, Sydney, Australia – Millions of Australians lack enough rainy day savings to cover a \$1000 emergency, a new survey by finder.com.au, one of Australia's biggest comparison websites revealed.

The research found one in five Australians didn't have enough saved to cover even a \$500 setback - that's 3.6 million people nationwide.

Bessie Hassan, Money Expert at finder.com.au, said the findings were 'alarming' - and it was proof that it's very tight for many Australian households out there.

"Minor emergencies like car repairs or a root canal can happen at any time, but for the majority of Australian's such unexpected costs could mean a financial nightmare," she said.

Shockingly - almost one in eight Australians (12%) had less than \$100 on hand for an emergency.

"Those people would be under enormous pressure if something went wrong - not a position anyone wants to be in," she said.

“Many Aussies are living paycheck to paycheck - living with the knowledge of little or no emergency fund can put huge stress of families already under pressure.

“When asked about unexpected situations that had happened to them, almost a quarter (24%) of Australians said they had experienced redundancy,” she said.

Other financial emergencies experienced by the respondents were dental work (18%), illness not covered by Medicare (11%), burglary (11%), accident requiring surgery (11%), had to book emergency flights at short notice (10%), lost wallet/money/passport while travelling (9%), loss of expensive smartphone (8%) and an unexpected bill (8%).

Ms Hassan said fewer than half of Australians had a stash of at least \$5000 to pay for unexpected expenses.

“It’s alarming that only 41% of the population have a sizeable sum set aside for a rainy day,” she said.

Ms Hassan urged Australians to do whatever they could to save a buffer of cash - from working a second job to slashing expenses.

“Every household in Australia needs to have some money set aside to protect them

“Borrowing money in times of financial desperation can put households on a downward spiral.”

Breakdown

Gender

- Men had more savings available than women - with 48% of men having over \$5,000 on hand vs only 35% of women. Women were also more likely (17%) to report having less than \$100 on hand in case of emergency compared to men (7%).

Generations

- Baby Boomers had the most rainy day funds available, with 49% having over \$5,000 available compared to 42% for Generation X and only 27% for Gen Y.
- Gen Y were also the most likely (17%) to have under \$100 on hand compared to Gen X (14%) and Baby Boomers (8%).

State by State

- South Australians were the most unprepared state, with 30% of residents reporting rainy day savings of under \$500.
- Tasmanians (52%) and NSW residents (46%) were the most likely to have over \$5,000 on hand.

How to build your rainy day savings

1. **Have a smart goal:** When setting yourself a savings goal, be realistic – it's not going to happen overnight. Give yourself a timeframe to keep you on track. Doing this will allow you to analyse all your outgoings and deduct this from your income to give you an idea of what you should be aiming for – and what is realistic – to save each month.
2. **Set up an automatic savings plan:** A separate savings account with automatic payments will allow you to directly debit some money from your everyday account each payday. No matter how big or small, the key thing here is that you're saving some cash regularly and watching your emergency fund grow.
3. **Reduce expenses:** Work out where you can cut back. Look at all your outgoings – loans, utilities, petrol, groceries, insurance and come up with a plan to reduce them. Use a comparison site like <http://www.finder.com.au/insurance> to find cheaper deals. There are some very good deals around and you may be paying too much. By doing an audit of all expenses you could save thousands which could be added to your rainy day savings.
4. **Save your tax refund.** As the end of the financial year approaches, consider depositing any refund into a high interest savings account. Do it every year and it can add up big.
5. **Sell unwanted goods.** A great way to get a quick cash injection. Clean out your cupboards and sell any unused clothes, furniture and appliances. Have a garage sale or sell your belongings online. The proceeds can give your rainy day savings a much needed boost.

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