

# YOUNG NEW ZEALANDERS AND FINANCIAL RESILIENCE IN THE TIME OF COVID-19:

## A LONGITUDINAL STUDY UPDATE

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## About the Fin-Ed Centre

The New Zealand Centre for Financial Education and Research (Fin-Ed Centre) was founded by Massey University in partnership with Wespect, New Zealand, with the aim of improving New Zealanders' knowledge, attitudes and behaviour towards money matters. The Fin-Ed Centre undertakes a variety of teaching and research activities to improve the quality and access of financial education. Key projects, among others, include a 20-year longitudinal study tracking 300 New Zealanders over time to better understand the need for financial knowledge at different life stages. This report is a periodic update to the Longitudinal Study.

## About the Longitudinal Study project team:

**Associate Professor Claire Matthews** joined Massey University in 1996 after 12 years with Trust Bank. Her research interests centre on consumer's financial behaviour, decisions and attitudes, with a particular interest in payment channels including internet banking, and KiwiSaver. Claire has a PhD in Banking on the subject of Switching Costs in the New Zealand Banking Market, and is a Fellow of the Financial Services Institute of Australasia.

**Dr Michelle Reyers** joined Massey in 2018. Her research interests relate to financial decision making and behavioural aspects connected to these decisions. More specifically, she studies consumer financial decision making with a focus on financial capability, considering how the combination of knowledge, skills, confidence and attitude relate to financial decisions. Michelle received her PhD from the University of Pretoria in 2014. She is a CFA® Charterholder and, prior to her academic career, spent 10 years working in the finance industry.

**Dr Jeffrey Stangl** joined Massey University in 2004. He has founded and directed several US and Indonesian based SMEs in the manufacturing, transportation, and gift industries, and the focus of his business career has been start-up innovative companies. Jeffrey believes in the responsibility of extending financial literacy. He was a founding Board Member for the Fin-Ed Centre and is President of the New Zealand Society of Chartered Financial Analysts.

**Dr Pushpa Wood** Dr Pushpa Wood has been appointed as an Officer of the New Zealand Order of Merit in the Queen's 90th Birthday Honours List for 2016 for her services to financial literacy and interfaith relations. Pushpa has a long history of financial literacy advocacy. She was previously the Education Manager at the Commission for Financial Capability and has worked in financial literacy across the school, tertiary, and industry sectors. She was a member of the New Zealand Qualifications Authority's project advisory group reviewing financial literacy unit standards. Her research interests include identifying what motivates people to change their financial behaviour, preparedness of women in planning for their future and testing culturally appropriate evaluation tools.

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The views expressed in this report are those of the authors and do not necessarily represent the views of the Fin-Ed Centre, Massey University.

## Survey at a Glance

This report covers an interim update to the 20-year longitudinal study into how young New Zealanders learn about personal finance. The main longitudinal study, conducted at five-early intervals, launched in 2012 and comprised a cohort of New Zealanders aged 18 to 22 years, at that time. The second stage of the study took place in 2017 and the third stage will take place in 2022. Overall, the Longitudinal Study endeavours to understand issues related to the financial knowledge and financial education experience, both formal and informal, of the participants. Planned interim updates, such as this, enable on-going contact with the participants as well as providing a periodic snapshot of their financial knowledge progression and financial wellbeing. The study previously undertook interim updates in 2014, 2016 and 2019.

Eight years on from the original study, the participants' range in age from 26 to 29 years. Key features of the interim survey follow.

- The survey ran from 20 October 2020 to 24 November 2020.
- As some of the original Longitudinal Study participants had opted out of the study, 275 received an invitation to participate in this interim survey. The number of participants who completed the survey was 146, giving a response rate of 53 percent, which is in line with the response rate to the interim survey in 2019 (55%).
- This interim survey had three key objectives
  - Maintain contact with the participants in the Longitudinal Study
  - Explore participants' financial resilience and the impact of COVID-19 on their financial wellbeing.
  - Measure participants' current financial well-being and behaviour

## Results at a Glance

- The majority of the participants have high levels of financial resilience
  - More than 90 percent report that they would be able to raise funds for an unexpected emergency, with two-thirds being able to meet this expense using savings.
  - More than 60 percent of participants reported that they could live off their savings for three months or longer.
- The impact of COVID-19 on household finances between March and November 2020 was not significant for many participants, with household income and expenditure remaining the same for approximately 60 percent of the participants. However, 20 percent did not report a decrease in income, while at the same time 20 percent noted that expenses had decreased.
- During the first level 3 & 4 lockdown period approximately 40 percent reported a decrease in household expenses, and just less than 40 percent were able to increase household savings during this time.
- The main financial support mechanism used by participants was the Government wage subsidy, with 30 percent of participants indicating that they, or their employer, accessed this support.
- Key lessons learnt by participants from the COVID-19 experience was the necessity of being financially prepared for an emergency, and insights into their own spending habits during the lockdown period.
- In general, our participants are satisfied with their current financial situation and continue to be optimistic about their future financial position in the coming year.
- We continue to see an increasing trend in seeking financial advice and guidance from partners or spouses rather than parents as our cohort matures and one of the key sources of help in acquiring money skills continues to be the internet.

## 1. Background

As in the past, this interim survey has two purposes. First, to maintain on-going communication and contact with the participants in the Longitudinal Study which is critical to the study's integrity. In addition to developing a sense of community and involvement across the cohort, maintaining contact also preserves the lines of communication necessary to preserve links with the participants. The second purpose of the interim updates is to obtain additional insights regarding where individuals learn about financial matters and to focus on their financial experiences contextualized within a topical framework.

Past interim updates have considered economic inclusion, housing affordability and retirement planning. This study sought to understand the financial resilience of our participants, particularly in the context of the COVID-19 pandemic of 2020.

## 2. Methodology

All participants of the full Longitudinal Study who had not opted out of the study received an email on 20 October 2020 to participate in the online interim survey, with reminder emails sent on 2 November 2020 and again on 16 November 2020. The main cohort of the study originally comprised 266 participants, selected at random based on age (18-22 years at the time of the first stage of the study) from six regions; Auckland, New Plymouth, Wellington, Nelson, Christchurch, and Palmerston North and a sub-cohort comprised of 52 young New Zealanders who identified as being of Ngāi Tahu descent. Of these original cohorts some participants had opted out of further participation in the study, and for this interim survey emails were therefore only sent to the remaining 275 participants.

At the time of taking the online survey, participants were aged 26-29 years old. For this interim survey, the online questionnaire comprised a range of questions. Some of the questions were from the 2014, 2016 and 2019 interim surveys, which allows changes to be identified and tracked over time. The new questions sought to obtain an understanding of participants' financial resilience and the impact of COVID-19 on their financial wellbeing.

### 2.1. Summary Statistics

As shown in Table 1, female participants continue to dominate the sample. Participants identified as NZ European comprise 75 percent of the participants. The age range is 26 - 29 with an average age of 27 years.

Almost half of the participants have a bachelor's degree, and a further 23 percent have a higher degree. In terms of income 38 percent earn between \$48,000 to \$69,999, and 28 percent earn between \$70,000 and \$99,999, reflecting the upward trajectory of early career salaries often seen among this age group, who were mostly earning less than \$15,000 eight years ago. The majority of the sample (60 percent) are now either married or living with a partner compared to only 15 percent in 2012.

**Table 1: Demographic information**

Gender	2012	2020	Age	2020	
Male	32%	33%	26	17%	
Female	68%	66%	27	36%	
Prefer to self-describe		1%	28	30%	
			29	17%	
Highest Education		2020	Income	2012	2020
Less than high school		3%	0-\$14,999	69%	3%
High school or equivalent		9%	\$15,000-\$47,999	24%	16%
Vocational or trade qualification		8%	\$48,000-\$69,999	1%	38%
Bachelor's degree		49%	\$70,000-\$99,999	0%	28%
Higher degree		23%	\$100,000 or more	na	14%
Other, please write in		8%	Prefer not to answer	6%	1%
Ethnicity	2012	2020	Marital Status	2012	2020
NZ European	73%	75%	Never married	84%	39%
Māori	5%	6%	Not married, but living with a partner	13%	38%
Chinese	3%	4%	Separated	1%	1%
Other European	3%	3%	Now married or in a civil union	2%	22%
Pasifika	3%	0%	Divorced	0%	0%
Indian	2%	1%	Widowed	0%	0%
Other Asian	4%	2%			
Other	6%	9%			

**Notes:** Table reports descriptive statistics for the sample cohort for gender, age, education, income, ethnicity, and marital status, with comparative figures from 2012 study.

The study has limitations. Notably, the samples are not demographically representative of the NZ population in terms of gender and ethnicity, due to the composition of invitee response. A self-selection bias in the sample is likely, due to the willingness of those more interested in financial literacy and financial matters generally to participate in the study.



### 3. Results

#### 3.1. Financial resilience and COVID-19

The first part of the survey focussed on understanding participants' financial resilience and how the COVID-19 pandemic and lockdowns of 2020 impacted on their financial wellbeing. First, we looked at general financial resilience and we asked the participants how easily they would be able to raise \$3000 for an emergency in one week. Results are reported in Table 2. Almost half of the participants indicated it would be easy to raise funds. Nearly 30 percent would need to make some sacrifice to access funds, while just less than 20 percent would need to do something drastic to raise the money. Only eight percent would not be able to raise the funds.

**Table 2:** Ability to raise money in an emergency

Suppose you had only one week to raise \$3000 for an emergency. Which of the following best describes how hard it would be for you to get that money in that time frame?	
I could easily raise the money	44.5%
I could raise the money, but it would involve some sacrifices (e.g., reduced spending, selling a possession)	29.5%
I would have to do something drastic to raise the money (e.g., selling an important possession)	17.8%
I don't think I could raise the money	5.5%
I don't think I could raise the money even if I had extra time	2.7%

**Notes:** Table reports ability to raise \$3000 in one week to cover an emergency (n = 146).

Next we asked those participants, who indicated that they would be able to raise \$3000 for an emergency (approximately 90 percent of the participants), how they would raise the money, results are reported in Table 3. More than two thirds indicated that they would be able to cover this emergency expense from savings, while 15 percent would borrow from a relative and a further 7.5 percent would borrow from a financial institution or use credit. Almost 10 percent said that they would need to sell an asset.

**Table 3:** Source of funds in an emergency

How do you think you would be most likely to raise that money?	
Use savings	67.2%
Borrow from a relative who lives with you	3.7%
Borrow from a relative who lives elsewhere	11.2%
Borrow from a financial institution or use credit	7.5%
Sell an asset	9.7%
Use some other method	0.7%

**Notes:** Table reports how participants would raise \$3000 to fund an emergency, they were requested to choose the one option that would be the main source of funds for them in this situation (n = 134).

To get another perspective on financial resilience, we asked all participants how long they would be able to live off their current savings, with results reported in Table 4. The results indicate quite high levels of financial resilience as measured by savings among participants, as more than 60 percent would be able to live off their savings for 3 months or more. Just under 10 percent reported that they did not have any savings.

**Table 4:** Ability to live off current savings

How long do you think can you live off your current savings?	
More than 1 year	17.8%
9 – 12 months	5.5%
6 – 8 months	18.5%
3 – 5 months	18.5%
1 – 2 months	17.1%
Less than a month	13.0%
I do not have any savings	9.6%

**Notes:** Table reports response to question relating to how long participants can live off their current savings (n = 146).

The next part of the study focused on the impact of COVID-19 on the financial situation of participants during 2020. First we asked participants how COVID-19 affected income, expenses and savings. As shown in Table 5, income and expenses had stayed the same for about 60 percent of the participants, with about 20 percent experiencing a decrease. Household savings had stayed the same for nearly half of the participants; however, 30 percent reported an increase in savings over this time period.

**Table 5:** Impact of COVID-19 on household finances since March 2020

How has COVID-19 affected the following for you since March 2020?	Decrease	Stay the same	Increase
Household income	21.2%	63.0%	15.8%
Household expenses	19.2%	60.3%	20.5%
Household savings	23.3%	46.6%	30.1%

**Notes:** Table provides responses to the question related changes in household finances since March 2020 (n = 146)

We also asked participants to tell us how their finances were impacted during the first level 3 and 4 lockdown period in New Zealand (23 March – 13 May 2020), or the equivalent lockdown period elsewhere in the world where they were living. The participants were mainly based in New Zealand (91 percent), however 9 percent currently live outside of New Zealand in Australia (4 participants), UK (4 participants), USA (1 participant), Europe (3 participants), and the Philippines (1 participant). Table 6 reports the results and we can see that household income and savings patterns were generally in line with those reported in Table 5; however, during the lockdown period household expenses decreased for 44 percent of participants.

**Table 6:** Impact of COVID-19 on household finances during first level 3 and 4 lockdown

How were each of the following impacted for you during the first level 3 & 4 lockdown period in New Zealand (23 March 2020 – 13 May 2020) (or the equivalent lockdown period experienced elsewhere in the world if you were not in New Zealand)?	Decrease	Stay the same	Increase
Household income	26.0%	65.8%	8.2%
Household expenses	43.8%	37.7%	18.5%
Household savings	19.9%	41.8%	38.4%

**Notes:** Table provides responses to the question related changes in household finances during the first lockdown period from 23 March – 13 May 2020 (n = 146)

Next we asked participants how concerned they were regarding their job security given the potential impact of COVID-19. As reported in Table 7, about a quarter of participants were either concerned or somewhat concerned, while 60 percent were not concerned. A small minority (7.5 percent) had lost their job as a result of COVID-19, but were already employed in a new job.

**Table 7:** Concerns regarding job security in light of COVID-19.

How concerned are you about your job security given the COVID-19 impact?	
Concerned	6.8%
Somewhat concerned	17.8%
Not concerned	60.3%
I have already lost my job due to COVID-19 and remain unemployed	0.0%
I lost my job due to COVID-19 but have already found another one	7.5%
Not applicable I was not employed before COVID-19 and remain unemployed	6.2%
Don't know/ unsure	1.4%

**Notes:** Table reports concern related to job security (n = 146).

We then asked participants if they had sufficient financial reserves to cover any lost income during the COVID-19 lockdowns. As can be seen in Table 8 more than 60 percent of participants did not experience a drop in income. For those who did have an income drop, the vast majority were able to cover this from their financial reserves or savings. Only 6.8 percent of participants needed to rely on others (10 participants), and of this group, 20 percent sought assistance from family, 20 percent relied on their spouse or partner, and 60 percent relied on government assistance.



**Table 8:** Financial reserves/savings to cover lost income during lockdown

During the COVID-19 lockdowns in 2020 did you have sufficient financial reserves/savings to cover lost income?	
Yes	31.5%
No, I had to rely on others (e.g family, friends, government) to provide a financial safety net	6.8%
No, I had to go into debt to cover lost income	0.7%
Not applicable, I did not experience a drop in income	61.0%

**Notes:** Table reports whether participants had sufficient reserves to cover lost income (n = 146).

Participants were then asked to provide insights into the impact on COVID-19 on a variety of elements related to their financial confidence, control and resilience. The results are reported in Table 9. Only 10 percent reported that the COVID-19 experience had negatively impacted on their confidence in managing money and approximately 30 percent felt less in control of their financial future. The COVID-19 pandemic had, however, raised awareness of the need for financial resilience. Almost 60 percent agreed that they would be more likely to set aside money for a rainy day, and the experiences during the COVID-19 pandemic had also increased awareness of financial security among 70 percent of the participants.

**Table 9:** Statements related to the impact of COVID-19

	STRONGLY DISAGREE	DISAGREE	NEITHER AGREE NOR DISAGREE	AGREE	STRONGLY AGREE
The COVID-19 experience has lowered my confidence in managing my money	21.9%	49.3%	18.5%	10.3%	0.0%
The COVID-19 experience has made me feel less in control of my financial future	9.6%	35.6%	26.0%	24.0%	4.8%
The COVID-19 experience has made me more likely to set aside money for a rainy day/emergency	4.8%	13.0%	24.0%	45.2%	13.0%
The COVID-19 experience has made me more aware of the importance of financial security	2.7%	5.5%	21.2%	55.5%	15.1%

**Notes:** Table provides responses to questions related to the impact of COVID-19 (2020: n = 146).

We also looked at whether participants had needed to make use of various financial support mechanisms that were made available as a result of the COVID-19 lockdown. The results in Table 10 showed that the main support mechanism used by participants was the Government wage subsidy (30 percent). A small minority (4 percent) reported that they stopped contributing to their KiwiSaver account.

**Table 10:** Use of financial support mechanisms

<b>COVID-19 impacted on many people’s financial security and there were a variety of ways that people coped with the situation, please let us know whether any of the following are applicable to you (please choose all that apply)</b>	
I or my employer received the wage subsidy from the Government	30.8%
I made use of other government-funded COVID-19 financial support	4.1%
I withdrew funds from my KiwiSaver account under the hardship withdrawal facility	0.7%
I deferred my home loan payments	1.4%
I stopped contributing to my KiwiSaver account	4.1%

**Notes:** Table reports whether participants had used any of the financial support mechanisms, multiple selections were allowed (n = 146).

Participants were also asked whether the COVID-19 pandemic had impacted on their short or long-term plans. As can be seen in Table 11, many participants had their career plans impacted by COVID-19, with many commenting that the COVID-19 pandemic had put a halt to plans to work overseas, others had decided to stay on in their current role as job security had become more important, while there were some who reported having to re-evaluate career choices as the industry that they had worked in was negatively impacted by COVID-19.

**Table 11:** Impact of COVID-19 on short-term and long-term plans

<b>COVID-19 has impacted on many short- and long-term plans, choose any of the following that apply to changes you have made in terms of your planning</b>	
Career planning	54.8%
Study plans	28.1%
Retirement planning	24.7%
Other plan changes	41.1%

**Notes:** Table reports whether participants had made changes to their short or long-term plans, multiple selections were allowed (n = 146).

With respect to study plans, 28 percent of participants noted that there was a change as a result of COVID-19, with some highlighting that they had put off plans to pursue studies overseas, while others mentioned that they would not be pursuing studies at the moment as their job security and income were more important in the current economic environment. In terms of retirement planning, 25 percent noted that their planning was impacted. In general these participants identified that the COVID-19 environment had made them more aware of the need for financial security and having savings plans in place for the future. A few mentioned that they had reduced their contributions to KiwiSaver, while others saw this as a good opportunity to invest more into KiwiSaver when markets fell during the early days of the pandemic. Finally when considering the 41 percent who noted changes to other plans, the majority mention that their overseas travel and holiday plans were interrupted. There were also some who said that the low interest rate environment was bringing forward their house buying plans.

The final question in this section was an open-ended question that asked participants “What is the one key thing that COVID-19 has taught you when it comes to managing your personal finances?”. A range of responses were received but one of the key themes that was mentioned by the majority of

participants was the importance of having savings for a “rainy day” and being financially prepared for the unexpected. There were also a number of participants who highlighted that they had become far more aware of their expenditure, and what elements of their expenditure were necessary versus what they spent on wants, particularly as the lockdown period reduced many opportunities for discretionary spending with one participant noting “My actual necessary expenses are quite low. The amount of money I spend on dining out is horrific.”.

### 3.2. Personal Financial Management

This section of the report focusses on the results related to the questions that have been repeated from previous interim surveys to provide insights into how personal financial management changes and evolve over time among the study participants. We started out by asking participants to provide us with some insights into their attitudes with respect to their financial situation and money management skills, results are reported in Table 12.

**Table 12:** Financial situation, money skills and financial status

	STRONGLY DISAGREE	DISAGREE	NEITHER AGREE NOR DISAGREE	AGREE	STRONGLY AGREE
I feel in control of my financial situation	0.7% (1.3%)	12.3% (8.8%)	13.0% (11.9%)	58.2% (58.5%)	15.8% (19.5%)
I feel good about my money management skills	1.4% (1.3%)	10.3% (10.7%)	15.8% (15.1%)	55.5% (49.1%)	17.1% (23.9%)
I am satisfied with my current financial status	7.5% (4.4%)	26.0% (19.5%)	11.6% (17.0%)	43.8% (43.4%)	11.0% (15.7%)

**Notes:** Table provides responses to questions measuring financial attitudes (2020: n = 146). Percentages shown in brackets reflect responses from the interim study of 2019 provided for comparison purposes (2019: n = 159)

A large majority of participants felt in control of their financial situation, felt good about their money management skills, and were satisfied with their current financial status. The responses related to feeling in control of their financial situation reflect slightly lower levels of agreement than what was observed when these questions were posed in 2019 (74 percent in 2020 versus 78 percent in 2019). There are comparable levels of agreement in 2020 and 2019 related to the statement regarding money management skills, as in both cases 73 percent of participants agreed or strongly agreed that they felt good about their money management skills. In terms of responses related to satisfaction with their current financial situation, we see slightly lower levels of agreement in 2020 (55 percent) compared to 2019 (59 percent). We then asked participants about their financial situation compared to 12 months ago, with results reported in Table 13.

**Table 13:** Financial situation today compared to twelve months ago

COMPARED TO TWELVE MONTHS AGO, MY FINANCIAL SITUATION TODAY IS:	2020	2019	2016	2014
A lot better	28.1%	25.2%	20.8%	13.3%
A bit better	39.7%	43.4%	38.3%	28.0%
About the same	15.1%	18.9%	17.5%	24.5%
A bit worse	9.6%	10.7%	20.0%	28.7%
A lot worse	7.5%	1.9%	3.3%	5.6%

**Notes:** Table provides responses to the question “Compared to twelve months ago, my financial situation today is:” (n = 146). Results are also reported for studies carried out in 2019 (n=159), 2016 (n = 141) and 2014 (n = 143) to provide comparative figures.

There were 68 percent of participants who indicated their situation was better than a year ago, this is in line with the results in 2019 (69%) but higher than 2016 and 2014, where approximately 60 percent and 40 percent respectively reported their financial situation to be better than in the previous year. However, it is worth noting that the number who indicate their situation is a lot worse is higher in 2020 (7.5%) compared to all other years when this question was asked.

We next asked participants what things had occurred in the past year that had impacted on their current financial situation, and results are reported in Table 14. Responses are similar to previous years, with getting a new job being a fairly common factor. Responses related to “Other” factors that had impacted on the current financial situation related mainly to family changes, such as getting married or separated, and having children.

**Table 14:** Factors influencing current financial situation

WHAT THINGS HAVE INFLUENCED YOUR FINANCIAL SITUATION TODAY RELATIVE TO 12 MONTHS AGO?	2020	2019	2016	2014
I've got a new job	34.9%	39.6%	40.5%	48.9%
I've relocated to another town	13.7%	17.0%	16.8%	14.6%
My employer has made changes	13.0%	13.8%	11.5%	11.0%
Changes in Government policy	1.4%	3.8%	3.8%	8.0%
The general economic situation in New Zealand	15.8%	12.0%	10.7%	11.0%
Other	56.8%	45.3%	40.5%	44.5%

**Notes:** Table provides responses to the question “What things have influenced your financial situation today relative to twelve months ago”, respondents could select multiple options. Results are also reported for studies carried out in 2019, 2016 and 2014 to provide comparative figures.

We then asked participants to think about the next twelve months and provide us with their expectations regarding their future financial situation, with the results reported in Table 15. Almost two thirds of the sample expect their financial situation to improve over the coming year, lower than the figure in 2019 (75 percent), but in line with the results of those who expected a better future financial situation in the studies in 2016 (65 percent) and 2014 (69 percent).

**Table 15:** Expectations of future financial situation

COMPARED TO TODAY, MY FINANCIAL SITUATION IN 12 MONTHS WILL	2020	2019	2016	2014
Get a lot better	15.8%	23.9%	21.8%	24.5%
Get a bit better	50.0%	50.9%	42.9%	44.8%
Stay about the same	27.4%	18.9%	27.7%	15.4%
Get a bit worse	6.2%	5.0%	5.9%	12.6%
Get a lot worse	0.7%	1.3%	1.7%	2.8%

**Notes:** Table provides responses to the question “Compared to today, my financial situation in twelve months will:” (n = 146). Results are also reported for studies carried out in 2019 (n = 159), 2016 (n = 141) and 2014 (n = 143) to provide comparative figures.

The next area we investigated related to money management skills. We first asked participants whether they had taken any steps to improve their money management skills (Table 16), and then for those who had indicated they had taken steps, we asked the participants about what specific actions they had taken in the past twelve months to improve their money management skills (Table 17). There were similar results to those observed in 2019 and 2016 with 39 percent taking action to improve their skills in 2019 (42.8 percent in 2019, 41.7 percent in 2016), however this was up from levels observed in 2014 (29.4 percent).

**Table 16:** Money management skills

IN THE PAST TWELVE MONTHS, HAVE YOU TAKEN ANY STEPS TO IMPROVE YOUR MONEY MANAGEMENT SKILLS	2020	2019	2016	2014
Yes	39.0%	42.8%	41.7%	29.4%
No, because my money management skills were already very good	24.0%	17.6%	18.3%	18.2%
No, I didn't think it was necessary	30.8%	35.2%	34.2%	42.0%
No, I couldn't find anything to help me improve	6.2%	4.4%	5.8%	10.5%

**Notes:** Table provides responses to the question “In the past twelve months, have you taken any steps to improve your money management skills?” (n = 146). Results are also reported for studies carried out in 2019 (n = 159), 2016 (n = 141) and 2014 (n = 143) to provide comparative figures.

When considering what steps had been taken we introduced a new category in 2020 “Talked about money matters with my spouse/partner” as the majority of our participants are now married or living with a partner. Table 17 shows that the response levels for most of the other categories were similar to those reported in previous years. However, fewer participants indicated talking about money management with parents and friends compared to 2019, and there was a decrease in the number who reported accessing internet provided information compared to 2019, but this was still higher than what was observed in 2014 and 2016.

**Table 17: Steps taken to improve money management skills**

WHICH OF THE FOLLOWING STEPS DID YOU TAKE	2020	2019	2016	2014
Talked about money management with my spouse/partner*	56.1%			
Talked about money management with my parents	45.6%	50.0%	52.0%	45.2%
Talked about money management with my friends	43.9%	57.3%	44.0%	40.5%
Attended classes, workshops, and/or seminars on money mgmt.	8.8%	10.3%	4.0%	9.5%
Read books and magazines about money management	22.8%	33.8%	24.0%	14.3%
Found information about money management through television, radio and/or newspapers	17.5%	17.7%	16.0%	9.5%
Talked about money management with bank staff	24.6%	25.0%	32.0%	33.3%
Found information about money management on the internet	49.1%	66.2%	38.0%	28.6%
Talked about money management with my financial planners, financial advisers or financial counselors	12.3%	17.7%	12.0%	0.0%
Sought assistance from a budget adviser	1.8%	0.0%	6.0%	2.4%
Other	22.8%	16.8%	18.0%	31.0%

**Notes:** Table provides responses to the question related to the steps individuals took to improve their money management skills, multiple categories could be selected. Results are also reported for studies carried out in 2019, 2016 and 2014 to provide comparative figures. \*New category added in 2020.

We then asked participants which of the sources they consulted was the main source of help. Responses are reported in Table 18.

**Table 18: Main source of money management help**

WHAT WAS THE MAIN SOURCE OF HELP FOR YOU	2020	2019	2016	2014
Talked about money management with my spouse/partner*	36.8%			
Talked about money management with my parents	14.0%	20.9%	35.4%	35.7%
Talked about money management with my friends	10.5%	16.4%	18.8%	19.0%
Attended classes, workshops, and/or seminars on money mgmt.	1.8%	1.5%	2.1%	7.1%
Read books and magazines about money management	1.8%	11.9%	2.1%	2.4%
Found information about money management through television, radio and/or newspapers	0.0%	0.0%	0.0%	4.8%
Talked about money management with bank staff	1.8%	1.5%	4.2%	7.1%
Found information about money management on the internet	21.1%	31.3%	18.8%	9.5%
Talked about money management with my financial planners, financial advisers or financial counselors	0.0%	6.0%	4.2%	0.0%
Sought assistance from a budget adviser	0.0%	0.0%	2.1%	0.0%
Other	12.3%	10.4%	12.5%	14.3%

**Notes:** Table provides responses to the question regarding the main source of help for improving money management skills for those who reported they had taken action to improve their skills (n = 57). Results are also reported for studies carried out in 2019 (n = 67), 2016 (n = 59) and 2014 (n = 42). \*New category added in 2020.



The newly introduced 2020 category, “Talked about money matters with my spouse/partner”, was the main source of help for over a third of the participants in 2020. Parents and friends as a main source of help continued to decline in 2020, following the trend of 2016 and 2019.

We next asked participants whether they had made a major financial decision in the past twelve months and 60 percent reported that they had, compared to 46 percent in 2019, 43 percent in 2016 and 36 percent in 2014. As can be seen in Table 19, in line with previous results, changing jobs was a frequently occurring major decision; however, we see that in 2020 there was an increase in the number of participants who had decided to buy a house compared to previous years.

**Table 19:** Major financial decision

WHAT WAS THE MAJOR FINANCIAL DECISION THAT YOU MADE?	2020	2019	2016	2014
To give up my job to study	5.7%	4.1%	13.2%	11.8%
To change jobs	26.4%	31.5%	28.3%	31.4%
To give up my job to travel overseas	4.6%	11.0%	15.8%	27.5%
To buy a car	25.3%	30.1%	19.5%	15.7%
To buy a house	46.0%	41.1%	22.7%	3.9%
To join KiwiSaver	1.1%	0.0%	7.5%	7.8%
Other	42.5%	38.4%	45.9%	54.9%

**Notes:** Table provides responses to the question related to what major financial decision they had made; multiple selections were allowed. Results are also reported for studies carried out in 2019, 2016 and 2014 to provide comparative figures.

We asked participants what the main source of advice was for the major financial decision with results reported in Table 20, compared to 2019. In previous years the question was asked in a different way as individuals could select multiple advice sources, these responses are given in Table 21 to provide basic comparisons to findings from 2020 and 2019, where only the main advice source was selected.

**Table 20:** Main advice source for major financial decision

WHAT WAS THE MAIN SOURCE OF INFORMATION TO HELP WITH YOUR DECISION	2020	2019
Talked about it with my spouse/partner*	44.2%	
Talked about it with my parents	18.6%	26.0%
Talked about it with my friends	7.0%	5.5%
Read books and magazines	0.0%	1.4%
Found information about it through television, radio and/or newspapers	0.0%	0.0%
Talked about it with bank staff	1.2%	8.2%
Found information about it on the internet	11.6%	19.2%
Talked about money management with my financial planners, financial advisers or financial counselors	9.3%	9.6%
Other	8.1%	30.1%

**Notes:** Table provides responses to the question related to the main source of advice for the major financial decision they had made. Results are only for those who reported having made a major financial decision (n = 86). Comparisons are provided for 2019 (n = 73). \*New category added in 2020.

In 2019 when we analysed the “Other” category we found that 19 percent mentioned getting advice from their spouse or partner. In 2020 we therefore added a new category “Talked about it with my spouse/partner”, and 44 percent chose their spouse/partner as their main source of information to help with a major financial decision. The trend of relying on parents for advice continues to decline.

**Table 21:** Advice sources for major decision in 2016 and 2014

WHAT SOURCES OF INFORMATION HELPED WITH YOUR DECISION	2016	2014
Talked about it with my parents	58.5%	74.5%
Talked about it with my friends	54.7%	43.1%
Read books and magazines	5.7%	9.8%
Found information about it through television, radio and/or newspapers	9.4%	11.8%
Talked about it with bank staff	11.3%	19.6%
Found information about it on the internet	37.7%	49.0%
Talked about money management with my financial planners, financial advisers or financial counselors	13.2%	5.9%
Other	11.3%	17.6%

**Notes:** Table provides responses to the question regarding the sources of advice for those who reported they had made a major decision as reported in the 2014 and 2016 surveys. Multiple categories could be selected.

## 4. Summary

### 4.1 Conclusion

The interim study had three main objectives: to maintain contact with the Longitudinal Study participants in the years between scheduled five-year updates, to explore financial resilience and the impact of the COVID-19 pandemic, and to get an update on participants' financial well-being and behaviour.

With respect to the first objective a response rate of 53 percent indicates a successful outcome in terms of maintaining contact and engagement with our participants (this response rate is in line with what we recorded in 2019).

In the second instance, we find very high levels of financial resilience amongst our participants, with many of our participants relatively unaffected by the financial consequences of the pandemic. Government support mechanisms such as the wage subsidy appear to have played a role in ensuring ongoing financial stability among some participants. There are indications that the pandemic has served as a learning opportunity for our participants both in terms of recognising the necessity of having emergency funds set aside, but also from the perspective of obtaining a better understanding of their spending patterns, with lockdown highlighting the contrast between essential and discretionary spend for many of the participants.

Finally, we find that our participants are, in general, happy with their current financial situation, and most remain optimistic about their future financial situation. We continue to observe changes to the advice sources of our cohort as they mature. Reliance on parents continues to decline, with increasing tendencies to turn to spouses and partners for advice on major financial decisions. We also continue to see reliance on the internet to develop both money skills and, to a lesser extent, seek advice.

### 4.2 Next Steps

Longitudinal Study updates are 5-yearly with periodic topical updates. The next stage of the main Longitudinal study will occur in 2022, followed by further stages in 2027 and concluding in 2032. Interim reports will continue to be undertaken in the years between these main studies to remain connected with the cohort and query the group on topical issues of concern at the time.

## Appendix: Longitudinal Study Surveys and Interim Updates

### 2012 Baseline Study:

Stangl, J., & Matthews, C. (2012). How young New Zealanders learn about personal finance: A longitudinal study (p. 19). Fin-Ed Centre Massey University.

Available from:

[www.massey.ac.nz/massey/fms/Colleges/College%20of%20Business/School%20of%20Economics%20&%20Finance/Long\\_Study\\_Interim\\_Report\\_Final.pdf](http://www.massey.ac.nz/massey/fms/Colleges/College%20of%20Business/School%20of%20Economics%20&%20Finance/Long_Study_Interim_Report_Final.pdf)

### 2014 Interim Study:

Stangl, J., & Matthews, C. (2015). How young New Zealanders perceive political & financial wellbeing: a longitudinal study election year update. (p. 15). Fin-Ed Centre Massey University.

Available from:

<https://www.massey.ac.nz/massey/fms/Colleges/College%20of%20Business/School%20of%20Economics%20&%20Finance/FinEd/documents/LS%20Study%20Update%20-%202014%20-final%2010%20March%202015%20rev2.pdf>

### 2016 Interim Study:

Stangl, J., Matthews, C., & Wilson, B. (2016). Young New Zealanders and retirement planning: a longitudinal study update. (p. 12). Fin-Ed Centre Massey University.

Available from:

<https://www.massey.ac.nz/massey/fms/Colleges/College%20of%20Business/School%20of%20Economics%20&%20Finance/FinEd/documents/187694%20NZ%20Retirement%20Planning%20Study%20v2a.pdf>

### 2017 Longitudinal Study Second Stage:

Matthews, C., Reyers, M., Stangl, J. & Wood, P. (2019). Young New Zealanders ongoing Personal Finance Journey: A Longitudinal Study – Stage 2. (p. 33) Fin-Ed Centre Massey University.

Available from:

<https://www.massey.ac.nz/massey/fms/Colleges/College%20of%20Business/School%20of%20Economics%20&%20Finance/FinEd/documents/Young%20NZs%20Ongoing%20Personal%20Finance%20Journey%20WEB.pdf?B0119589A549B73E64409D98141B1BB2>

### 2019 Interim Study:

Reyers, M., Wood, P., & Matthews, C. (2020). Young New Zealanders and retirement savings engagement: a longitudinal study update. (p. 21) Fin-Ed Centre Massey University.

Available from:

<https://www.massey.ac.nz/massey/fms/Colleges/College%20of%20Business/School%20of%20Economics%20&%20Finance/FinEd/documents/LS%20interim%20study%202019.pdf?FF87D8AB30B1C927EBCCA6BC7D516F87>