

# Millionaires in Australia are not rich any more.

Three in five Australians (59%) believe that being worth \$1,000,000 doesn't mean you're rich in Australia any more, according to new research from recently completed "Australia today" report.

Further, almost half of us believe you need a household income of more than \$150,000 to live 'comfortably' in Australia today.

## THE POOR MILLIONAIRE

Not long ago Australians believed that if you hit the million dollar mark in net worth, you'd hit the 'big time'. We watched shows like "Who wants to be a millionaire?" and we imagined how glittering our life would be with a million big ones.

But if a million dollars doesn't make you rich any more, what's changed?

The research shows that our expectations of an 'average' lifestyle have evolved in recent decades to include luxuries such as overseas travel, eating out regularly and having the latest technology. And we all think the average Australian should have overseas holidays yearly, be able to afford private schools as well as a decent house and car.

These extras all add up, while at the same time, house prices have risen sharply and wages growth has remained relatively flat. It's a pressurised environment with more on the expenses side of the equation, and less on the income side.

Simply put, one million dollars just doesn't stretch as far as it did, even one decade ago.

## OUR AVERAGE NET WORTH IS STAGGERINGLY HIGH

So how many of us are millionaires today? In reality, most home owners or mortgaged households aren't far off the \$1 million net wealth mark. ABS figures report the average net worth for all Australian households was \$809,900 in 2013-14.

While average household wealth for households renting was far lower – at about 21% (\$183,000) it's actually higher in reality for owner occupied households with a mortgage (\$857,900) and for owner occupiers who owned their home outright (\$1.4 million), representing 13% of households.

## BUT WE'RE NOT RICH... OR MAYBE JUST NOT RICH ENOUGH

Whether you're a renter, a home owner or have a mortgage, we're faring a lot better than most other OECD countries in net wealth. There's a lot of equity out there, but according to the research, the majority of us aren't feeling 'rich.'

Sixty-nine percent feel the cost of living means they're struggling to make ends meet, while others don't feel they're 'rich enough'. Thirty three percent of people earning \$40-\$69,000 per year aspire to greater wealth, 45% of people earning \$70-\$99,000, 55% earning \$100-\$149,000, and 71% of people earning \$150,000 admit to wanting more.

## ARE YOUR WEALTH GOGGLES ON?

It seems decades of post war good living is affecting the perspectives of the average wealthy Australian, of how everyone else lives and how they should live – let's call it 'having your wealth goggles on'.

The wealthy are more likely to want more and more likely to think people need more to live comfortably. They are more likely to think that luxuries are essentials. They have wealth and are more likely to want even more wealth.

Research shows that those with kids (56%), those who live in Sydney (58%) and those on higher incomes – \$150-\$199,000 (61%) and \$200,000+ (75%) are even more likely to agree that you need a household income of at least \$150,000 to have a comfortable life in Australia.

Interestingly, all of the social grades believe that there is an 'elite class' (believed to be around 10% of the population) earning mega bucks (over \$300,000), when in reality only 10% of households in Australia have a gross annual income of \$187,980 or more and only 3% of the population have a personal income above \$192,000.

## SO WHAT DOES A MILLION REALLY BUY YOU?

In Adelaide, you can buy a three bedroom renovated semi-detached cottage with parking in a great location in the city, with around \$250,000 change to buy that nice car you'd like to drive. In Brisbane you can buy a 3 or 4 bedroom weatherboard 'Queenslander', also with a few hundred thousand dollars spare; in Perth you can buy a brand new four bedroom home in the suburbs, again with a little change, and in Sydney a four bedroom renovated home an hour's drive from the city.

You see – a million actually buys you a whole lot.

Of course, if you want to live in a big home 10 minutes from a major city or a metro beach, you may as well double or triple the cost. But in most cities, you can buy a home and a car outright and still have some money left over for lifestyle pursuits.

## FINANCIAL PROFESSIONALS HELP US BUDGET BETTER

This research showed that those with financial professionals were less likely to live pay-cheque to pay-cheque, with 77% of people with financial planners or advisers disagreeing they wait for the next pay day.

Financial professionals can help us see our complete financial picture and help with budgeting, saving and other wealth strategies.

## WHAT CAN YOU DO? REFRESH YOUR PERSPECTIVE

Wealthy or not, there's a way to be more content with what you have – and that's to see people living happier, with less.

So let's set ourselves a challenge to refresh our perspectives.

Maybe we could take a drive a half hour away from where we live and see how we could live comfortably with a million dollars. Or maybe next time we're overseas on that holiday, venture beyond the resort pool into a local village or suburban community. Maybe volunteer to help other less fortunate, or try a week cooking every meal at home, rather than eating out, and see what recipes we can invent.

What is a true measure of wealth? If it's set in a future amount it's time to adjust our perspectives on what really makes us happy: if \$1 million dollars isn't enough, will \$2 million be, or more?

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