80% OF AUSSIES CUTTING OUT THE GOOD THINGS IN LIFE BECAUSE OF OVERWHELMING BILL SHOCK

- Higher than expected bills causing 80% of Aussies to cut back on spending, but younger generations appear to be more thrifty
- Only 15% of over 54s have consider comparing providers to save money on bills
- Two-thirds of long-term homeowners don't consider refinancing, saying they don't believe it can save them money

Australia, June 10 2021: 80 per cent of Aussies are cutting spending on everyday treats to cover their bills, with Gen Z the most proactive when it comes to saving money, according to new research from comparison and advice service Compare Club.

The third quarterly Bill Shock Index found 73% were shocked by a bill in the past quarter, and in response, people are more likely to avoid going out to dinner (50%), spending on entertainment (43%) or saving (35%) versus simply comparing and switching their services – an action that could save them hundreds, if not thousands of dollars every year.

While everyone experiences some level of hip-pocket pain, it is most common for young Aussies to feel the sting, with 87 per cent struggling. In the past three months, 92 per cent of Gen Zs have scoured for ways to cut daily living costs so that they can pay their bills.

This is a vastly different approach to those over 54, where more than half (54%) reported experiencing bill shock (up 8% from last quarter), **but only 12 per cent switched service providers in response to higher bills.**

The research also revealed a number of surprising money-saving trends among homeowners, with long-term mortgage holders more likely to miss out on savings than first-time buyers.

Savvy first-home buyers most likely to switch and save
Australians who have been on the property ladder for more than five years are half as likely to switch providers (27%), compared to first-time homebuyers (59%) who are scrimping and saving to make ends meet.

Recent buyers are 10 per cent more likely to be cutting back on going out for dinner and spending on entertainment, as well as putting off paying off debt or growing their savings.

Ingrid Lee-Scott, 24, a first-time homeowner, has recently experienced bill shock at her new apartment in Melbourne because of an unexpected water bill and rising energy costs. She has significantly reduced household spending to pay her bills, such as buying cheaper groceries and avoiding going out for dinner.

"There are some things that just have to go from your life to make ends meet," said Lee-Scott. "I'm relying on my friends and family to help me get through this period, which is very stressful".

Homeowners missing out on easy savings
For around half of first homeowners, their frugal financing tactics also include comparing and switching bill providers wherever possible to get costs down. With a mortgage to service,

among other expenses, Ingrid is now exploring where she can change services to save money.

"Owning my own home and managing the flood of costs has been a big learning curve for me, and my biggest cost is my mortgage. I'm single and just starting my career, so to get finance, I had to make some concessions on my loan, but now that I'm thinking about my cash flow, I can't wait till I'm at the point where I can look at refinancing," said Lee-Scott.

Younger buyers aged 25-34 are also twice as likely to compare and switch bill providers next quarter (40%) than over 54-year-olds (15%), as a way to save money, cut spending and help pay off debts.

Mortgages can be the biggest source of savings but are often overlooked
CEO of Compare Club Andrew Davis believes that refinancing your home loan is too often overlooked when seeking ways to save money.

"There are significant savings to be made for homeowners, regardless of how long they've owned their property. For example, an average mortgage holder of $450k, who reduces their interest rate by 0.80%, would result in average annual interest savings of $3,600, and over $108k over a 30 year loan term," said Davis.

"What's concerning is that most Australians (57%) who have owned a property for more than five years have not yet considered refinancing, despite record low interest rates, with more than half believing that switching wouldn't save them a penny (54%)."

Despite the majority (68%) of homeowners spending a third of their income on their mortgage the fear of complexity appears to be the biggest barrier to refinancing, with a quarter (26%) saying it's just too difficult.

Those most likely to refinance are Australians with multiple properties and have experience in the property market (75%). 'It's the people 'in the know' who are most willing to invest a small amount of time for a massive return," said Davis.

"As more people become aware of the possibility of paying less interest on their mortgage, they will have more money to spend on 'living' making them happier and boosting the economy as a whole."

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Methodology
The June 2021 Bill Shock Index is based on a survey of 1,500 Australians aged 18-55+ conducted via Pollfish in May 2021.

About the Bill Shock Index
The Bill Shock Index is a quarterly analysis of Australians' relationship with their bills, a barometer of how different demographics are feeling about their finances, the value they are getting from their services and insights into the triggers and motivations for re-evaluating their personal finance choices.

About Compare Club

Compare Club is one of Australia's largest and fastest growing comparison and advice services that helps Australians save money by navigating complicated and important financial decisions, as well as offering brokering and marketing services to a broad range of industries. Compare Club's panel of experts offer bespoke advice to over 1 Million customer enquiries per year on key financial decisions, including health insurance, electricity & gas bills and home loans, and Compare Club is locally owned and employs 200 passionate staff across Sydney, Melbourne, Brisbane and another 50 staff in Indonesia and the Philippines.