[media release:]

corporate
[conversation]

Suite 6 · 26-30 The Parade West
KENT TOWN · SA 5067

P +61 8 8363 1158
F +61 8 8363 1223
E contact@corporateconversation.com.au
W www.corporateconversation.com.au
Corporate Conversation Pty Ltd ACN 073 569 196

For immediate release
March 19, 2008

SAVERS – AN AUSTRALIAN ENDANGERED SPECIES

Australians have lost the essential knack of saving at a time when it's needed the most, according to financial services provider, KeyInvest.

Managing Director of KeyInvest, Mr Ian Campbell, said the ease of immediate purchasing had encouraged many Australians to take on a "buy now and worry later" mentality, which was putting their financial future at risk.

"At a time of rising interest rates and higher costs of living, saving should be a personal finance pre-requisite," Mr Campbell said.

"Unfortunately for many Australians, the art of saving has effectively been put on the scrapheap.

"Gone are the days when a savings account was obligatory for everyone. This is a trend that has very scary implications for all Australians.

"It's important that the current generation of spenders pay some attention to how their grandparents approached savings and spending.

"The prudent savings strategies of past generations, particularly those who grew up in tougher economic times, can prove to be valuable lessons for today's more impatient spenders.

"Grandparents or great grandparents who approached major life events and purchases with a pro-active savings plan are great role models for today's generation grappling with increasing living cost pressures."

Australian Bureau of Statistics figures show the household saving ratio (measured by deducting household consumption expenditure from household disposable income) has been in decline for some time and has remained negative since 2002-03.

Another contributing factor to the lack of saving among the X and Y generations is an increased emphasis on superannuation.

"Superannuation has been correctly promoted as an attractive forced savings tool for Australians," Mr Campbell said.

"However, there is still a pressing need to generate savings independent of super to fund major purchases in working life.

"For some people, the focus on super can take attention away from traditional saving methods such as bonds and saving accounts which provide more flexible, accessible options for funding life events.

“There is no real flexibility in super. It is a long-term savings arrangement that most people can’t access for a long period of time.”

KeyInvest is encouraging Australians to start saving for life events such as home ownership, their children’s education and retirement.

Mr Campbell said the current trend of people approaching these life events with no saving plan was alarming.

“It is extremely easy to set up saving plans for these life events, but unfortunately credit cards and loans are often used as a quicker and easier option,” he said.

Mr Campbell said the subprime situation in the United States should be a valuable lesson to Australians spending or borrowing beyond their means.

The subprime situation saw thousands of home loans handed out to borrowers with less than prime credit standing. Many of these loans are now in default and have been a contributing factor to the negativity in the U.S. and global financial markets including in Australia.

“Subprime is the ultimate wake-up call for non-savers,” he said.

“When people commit to the payment of something that they are unable to pay back, the consequences are dire. By adopting a strong savings mentality, people can avoid slipping too far into debt.”

Mr Campbell said that for many young couples an ideal time to start saving was at the birth of a first child.

“Education of children is a key life event that is not becoming any cheaper,” he said.

“Parents should really think about maximising the benefit of the baby bonus by investing the money into a bond for their child’s future education needs. Something as little as $1000 can get you started. Regularly contributing small amounts to this initial saving can build your investment into a suprisingly large savings account.”

For more information or to arrange an interview contact Corporate Conversation on 08-8363 1158.