

Media release

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New parents feel highest level of financial stress before baby arrives, AMP study shows

Over half new parents unaware of what happens to their super when they go on parental leave

New research from AMP has revealed parents worry more about money in the lead up to having a baby than any other time.

The results from the AMP's Financial Wellness study revealed planning for a baby causes greater financial stress than having a child, with 71 per cent of those expecting a baby in the next 12 months experiencing financial stress, compared to 45 per cent of those who have had a child.

Interestingly, only 28 per cent of people felt financially secure the year before they had a baby, this improved to 54 per cent the year after.

The research highlighted the leading role employers play in helping reduce financial stress for parents-to-be, by communicating parental leave benefits as early as possible and helping staff engage with their super.

When it comes to financial stress for new parents, the AMP study found:

- One-in-five primary caregivers takes employer-funded leave but doesn't know the specifics of their benefits
- Half of the parents-to-be taking maternity leave have no idea what happens to their super
- 67 per cent feel they shouldn't have to think about super during parental leave, and
- 68 per cent believe being paid superannuation during parental leave will bring peace of mind.

AMP Director of Workplace Super Ilaine Anderson said:

"Having a baby is one of the most joyful times in your life; but planning your baby budget can be one of the most stressful.

"You can understand why expectant parents are stressed about money. Planning for a baby often means looking ahead to a time where you are earning far less and spending far more.

“The study found financial stress for expectant parents can impact psychological wellbeing, and for pregnant women, compound the stress they are already feeling ahead of the birth of their baby.

“Employers can help reduce this stress by providing a checklist of their parental leave policies and the government benefits which may be available to them well before the baby is born.”

“They can also help their employees understand the longer-term implications to their retirement savings by taking extended leave, and the measures they might be able to take to help mitigate negative impacts,” she said.

New parents confused about super

The Financial Wellness research showed super was not top of mind for those impacted by parental leave, with 68 per cent saying super is the last thing on their mind when having a child.

Ms Anderson said it’s important for employers to lead the way in helping their staff engage with super.

“Saving for your retirement may seem like the least of your worries when preparing for a baby. However, it is important for new parents to consider the impact parental leave will have on their overall super balance.

“Women still retire on significantly less super than men, due to a range of factors, but taking time out of the workforce to have a family is one of the main reasons for the gap.

“Our research showed employers can help parents by including superannuation payments in paid parental leave or by giving staff information about reallocating some of their pay into super,” she said.

How employers can help ease financial stress for parents expecting a baby

- Communicate parental leave policies early in the pregnancy to help parents plan ahead
- Offer flexible working arrangements to help women during pregnancy and when they return from work
- Help employees understand the impact parental leave has on their super
- Consider including super payments in paid parental leave, and
- Help employees understand how they can reallocate some of their pay to super.

Additional findings on expectant parents’ attitudes towards super:

- 67 per cent were unaware super is not included in government parental leave schemes
- 71 per cent were unaware employers are not required to pay superannuation to employees on unpaid parental leave
- 83 per cent were unaware employers are not required to pay super for employees on paid parental leave, and

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- 89 per cent were unaware, even during periods of unpaid parental leave, some employers will still pay superannuation.

About the research

AMP commissioned global insight and research consultancy, The Behavioural Architects, to undertake the research for Financial Wellness in the Australian Workplace. The results were gathered by online interviews with over 2,000 Australian employees. To ensure the research was reflective of employed Australians, the results were post-weighted against data from the Australian Bureau of Statistics (ABS). The Financial Wellness study is conducted by AMP every two years and has been running since 2014.

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