INTRODUCTION

The COVID-19 pandemic has had a profound impact on the world economy. Overseas evidence suggests that older people are disproportionately vulnerable to the consequences of financial crises, especially those with limited incomes, pensions or superannuation funds, inadequate health care or who are dependent on market-linked investments. Financial well-being (i.e. when a person can meet their expenses and has some money left over, is in control of their finances and feels financially secure, now and in the future) is considered important for providing older people with a sense of security and the freedom to make choices without stress. Financial well-being is closely associated with general well-being and is reported to have a greater impact on general well-being than the combined effect of job satisfaction, physical health and relationship satisfaction. The current and long-term financial well-being of older Australians during the COVID-19 pandemic is yet to be determined.

1.1 COVID-19: The Australian experience

Australia has a national health system and has employed stringent methods to limit transmission of COVID-19 including internal and external travel restrictions, lockdowns, social distancing, mandatory mask wearing and subsidised vaccinations and rapid antigen testing.
Presently, 93.7% of Australians aged 16 and above have been double vaccinated. Despite these measures, older Australians have proven especially vulnerable to the health impacts of the COVID-19 pandemic as well as to the unintended downstream effects of strategies designed to mitigate the contagion, in particular self-isolation and restrictions on elective surgery. Australia has a population of 25.7 million and recorded its first COVID-19 case in January 2020. By 1 February 2022, Australia has reported 2.58 million cases and 3,835 deaths with people older than 60 years representing 7.4% of cases nationally (0.19/2.58 m) but 87.1% of deaths (3339/3835).

1.2 COVID-19 and retirement funding: The Australian experience

Retirement in Australia is funded either through government age pension, compulsory superannuation and/or voluntary savings. Current data on the COVID-19 pandemic and the financial well-being of older Australians are limited, but modelling suggests that COVID-19 has impacted superannuation returns thereby leaving some retirees vulnerable to short-term financial constraints and possibly affecting the long-term viability of the Australian pension/superannuation scheme. Financial resilience and feeling financially comfortable is reported to have fallen since the start of the COVID-19 pandemic, with the financial well-being scores of older Australians now mirroring the lower scores typically reported in younger Australians. Older Australians, compared to other age cohorts, are also more likely to have switched superannuation options during the pandemic with a preference for more defensive options, such as changing from growth to cash, possibly affecting long-term sustainability. To ameliorate the effect of the COVID-19 pandemic on the financial well-being of older Australians, the Federal Government has provided cash stimulus payments valued (at the time of this article) at up to AUD$2000. In addition, it has reduced by half the mandatory annual drawdown from superannuation funds (i.e. a fall from 4% to 2% per annum if <65 years, up to a fall from 14% to 7% per annum if >95 years). Indirect support for the most disadvantaged older Australians has come from the injection of funds (AUD$650 m) by the Australian Federal Government to support the aged care sector against the impact of COVID-19.

1.3 Socio-ecological model, financial well-being and older people

The socio-ecological model developed by Bronfenbrenner has been used to understand the factors affecting the capacity of individuals to leverage personal and environmental resources. It proposes that individuals are nested within a tiered structure of ecological systems comprised of family, friends, community, society and culture and that it is the interactions between the individual and these ecosystems which influence development and, in turn, behaviour. The model encompasses a life-course perspective and recognises that individual development is affected by demographic factors, life stage, historical trends and the generational cohort.

The socio-ecological model has been used by a limited but growing number of authors to examine the personal and environmental factors that influence healthy ageing. This has revealed protective factors and adaptive processes that enable older people, in the face of disruption, to achieve self-mastery, psychological well-being and goal attainment. More recently, the socio-ecological model has been used by Salignac et al. to examine the individual and environmental factors that influence financial well-being. Salignac et al. interviewed 72 Australians and used an ecological systems and life-course approach to explore the individual and environmental factors influencing financial well-being and how it changes with life stage. The study included nine focus groups divided into three age cohorts (retirement age >65 years \( n = 21 \), working age 26–64 years \( n = 22 \) and young people 18–25 years \( n = 12 \)) and an additional 18 one-on-one interviews (ages not reported). Irrespective of life stage, Salignac et al. identified three dimensions of financial well-being: (i) meeting expenses...
and having some money left over, (ii) being in control of one’s money and (iii) feeling financially secure. In addition, they revealed that these dimensions operated at three ecological system levels:

“(1) at the individual level (i.e. financial capability, employment, health and well-being, gender, education and skills); (2) at the household/family/peer level (i.e. family and care responsibilities; parental influence; and couple dynamics); (3) at the community and societal level (i.e. cost of living, financial institutions and community organizations, access to financial products, government policy and financial markets...)”

Salignac et al. also undertook a sub-analysis involving 21 retirees. They found that retirees manage financial well-being at the individual level by reducing expenses and standard-of-living expectations, but at the risk of increased vulnerability to sudden expenses such as unexpected house repairs. No observations were reported at the household level, but at the community and societal level they found that policy changes to the rules governing superannuation by the Australian Government resulted in retirees feeling less in control, more worried about the future and less financially secure. These findings remain to be fully investigated and, moreso, given the COVID-19 pandemic and its potential impact on financial well-being.

1.4 | Context and summary

The aim of the present study was to examine the impact of COVID-19 on the financial well-being of older Australians at the individual, household and community and societal socio-ecological levels.

2 | METHODS

2.1 | Study design

This study used a phenomenological research design and a socio-ecological systems approach to analyse the data.

2.2 | Participant recruitment

Thirty participants, older than 65 years, were recruited through a random sampling process using the Australian Council for the Aged (COTA) Plug In database. This is a database of volunteers aged over 65 collated by COTA from members interested in participating in research. The study excluded retired finance professionals such as stockbrokers, accountants, investment bankers, bank officials and financial advisors in order to gain unbiased insights from everyday Australians. The final sample had 16 female and 14 male retirees (22 ranged 65–79 years and eight >80 years) who agreed to participate in the study. In addition, 29 of the participants were retired as either pensioners or self-funded retirees while one participant was working part-time. Seventeen participants reported retirement income up to AUD$50,000 per annum and 13 participants reported income in excess of this per annum. All of the participants resided in metropolitan areas of Australia (10 each from Adelaide, Sydney and Melbourne). Ethics approvals were obtained from the University of South Australia Business School’s Research Ethics Committee (05/2019).

2.3 | Apparatus and protocol

A semi-structured interview format was used to investigate the impact of the COVID-19 pandemic on financial well-being with interviews conducted during July 2020. Participants were asked ‘Have your finances been affected by the events surrounding COVID-19?’ Interviewers introduced themselves prior to conducting the interview, and there were no repeat interviews. Each participant was presented with an information sheet explaining the background of the research and the researchers involved in the study, and informed consent was sought prior to the interviews. Interviews were conducted by a senior lecturer (BL) and professor (KL)—with PhDs in finance and psychology, respectively. The researchers have extensive experience in conducting qualitative interviews and both were working from their home offices at the time of data collection. Interviewees were not prompted by any other person during the interview, which lasted approximately 25 minutes. They were conducted by phone and were digitally recorded. They were subsequently transcribed by a third-party transcription service. Final interview transcripts were individually posted to and returned by all participants to validate authenticity.

2.4 | Data analysis

Inductive thematic analysis was undertaken using Braun and Clarke’s six-step approach. Each transcript was first checked for consistency, and then read and reread by
the authors to familiarise themselves with the raw data. Transcripts were then coded and compared by all authors of this paper using Excel. Initial themes were derived from the data, and broad descriptive themes were identified. Preliminary themes were later reviewed to generate an overarching theme with subthemes. The themes were mapped against how they were applied to each socio-ecological level. In the final step, themes were assigned to socio-ecological levels and corresponding quotes identified. Quotes are labelled F = female and M = male, followed by the participant age group (i.e. 65–79 or 80+ years).

3 | RESULTS

Two COVID-19-related themes emerged from the interviews: (1) COVID-19 and increased financial stress and (2) COVID-19 and frustration with digital banking (see Tables 1 and 2, respectively, for illustrative quotes at each socio-ecological level). A model of the proposed interaction between themes and the socio-ecological system is presented in Figure 1.

3.1 | COVID-19 and increased financial stress

A hallmark of the current crisis is the extraordinary volatility of the financial markets. The analysis of responses revealed that at the individual socio-ecological level many participants felt financially worse off because of COVID-19. This was attributed to the consequential decline in interest rates, the increased volatility in financial markets and the loss of rental income. Highlighting the vulnerability of self-funded retirees to market returns, similar concerns were reported at the onset of the 2007 Global Financial Crisis regarding poor financial returns and the negative impact on financial well-being. As with the previous financial crisis, self-funded retirees in the present study were especially concerned about their financial well-being, particularly those reliant on interest income, market-linked pension income and rental income. To assist tenants experiencing rental distress because of COVID-19, most Australian states have introduced short-term moratoriums on rent increases and eviction for non-payment. It is estimated that a quarter or more of all private rental providers in Australia have lost income during the pandemic.

At the household socio-ecological level, all participants were concerned about the negative impact COVID-19 has had on the financial well-being of their children and families as well as the broader community

| TABLE 1 COVID-19 and INCREASED FINANCIAL STRESS: thematic responses according socio-ecological level to the question: ‘Have your own finances and the finances of your family, friends, colleagues, relatives or acquaintance been impacted by the events surrounding COVID?’ |
|---|
| 1) Individual level |
| ‘Self-funded retirees are now getting less income from bank interest rates. Our supplementary savings and super funds have lost. We are going to curtail a bit of our spending’ (M, 65–79) |
| ‘The share market has mostly gone south and if you are relying on that as your income then it has had a profound impact’ (F, 80+). ‘We have decided to be a little bit less expansive’ (M, 65–79) |
| ‘We invested in a student accommodation and since international students cannot pay, we are affected. Under the government legislation, we cannot evict our tenants. Nonetheless, we still have outgoings and so we are out of pocket. Further, the tenants have applied for a rent reduction for when good times come back. We have agreed assuming they will eventually catch up and pay the rent. As of now I don’t know what the rent ruling is. We are very lucky we have no mortgage’ (F, 65–79) |
| ‘I am probably lucky because I receive a defined benefit pension. As far as my pension is concerned it has not directly affected me because it is a fixed amount’ (M, 65–79) |
| ‘If you tell your friends and acquaintances “our super has dropped like a stone,” they’ll say “yeah, mine has too,” but we all sort of have this attitude I think of grit your teeth and wait and hope it comes back up again’ (M, 65–79) |
| 2) Household level |
| ‘People of our generation are being called to support the generation below in many ways including financially. My daughters have both been affected and we are contributing to their households’ (M, 65–79) |
| ‘Casual workers who had started working prior to the lockdown in March 2020 have been told to go without any prior knowledge of re-employment’ (F, 65–79) |
| ‘Businesses have reopened since but they don’t have the resources to be flexible with their casual workers, especially for people that have children. I know at least two who have lost their casual roles’ (F, 65–79) |
| ‘Financially those casual workers may take such a hit that might be an issue once they have reached retirement, which makes life much more difficult for the very young generation Z because they’ll have to carry those that are actually struggling now’ (F, 65–79) |
| 3) Community and Society Level |
| ‘I have friends on the full pension and that’s all they’ve got. However, the rising cost of fruit, veggies, utilities and medications has impacted them. For many it’s a choice between paying for rent, food or medication’ (F, 65–79) |
| ‘The government has been handing out stimulus packages, but self-funded retirees have been forgotten in all the government stimulus packages. Self-retirees are not necessarily rich’ (M, 65–79) |
of working Australians. They also expressed concerns about the long-term financial consequences of the pandemic, particularly for casual workers and businesses in the retail, hospitality and tertiary education sectors. Most Australian households have reported lower earnings because of COVID-19. Botha et al. found that 36% of Australian households have experienced at least one labour shock due to COVID-19, 34% had insufficient money to meet future financial needs and 29% lacked funds to meet emergency needs. In addition, 21% were concerned about current spending, 18% loss of financial control and 16% the impact of money concerns on psychosocial well-being. Families facing financial hardship are likely to seek assistance from family networks. Several of the participants in the present study reported financially supporting their adult children. Such largesse can be open to abuse. Limited overseas evidence suggests that elder financial abuse has increased since the COVID-19 pandemic. Published findings examining elder abuse in older Australians is currently lacking.

COVID-19 has increased the cost of living and many Australian households are under strain. The analysis of the responses of older people in the present study revealed that at the community and societal socio-ecological level they were very concerned about the increased cost of living. Although this increase has been partly offset by reduced spending on travel, entertainment and hospitality, several participants reported that they have reduced, or plan to reduce, their expenses owing to fears of outliving their savings. This was a particular concern among self-funded retirees. A similar curtailment in spending was observed after the 2007–2009 Global Financial Crisis when retirees on market-linked superannuation were forced to cut back on expenses and lifestyle. Several participants reported that service and government agencies have demonstrated increased consideration and flexibility during the COVID-19 crisis which was viewed positively. An illustrative example is the ease of gaining payment extensions for utility and other services as well as the Australian Government stimulus payment to pensioners and the reduction in the minimum drawdown requirement on superannuation funds. The Government actions were received positively by several of older Australians who took part in this study, especially by those on market-linked pensions, with one participant reporting that it had worked in his favour, ‘Our advisor told us to decrease the amount we get from our superannuation. This will allow our capital to build up’ (M, 65–79). Conversely, several of the self-funded retirees highlighted that they were not eligible for the stimulus package distributed by the government and one participant stated, ‘The government needs to bring something to the table because without the self-funded retirees [the] government’s bill on the aged pension would be much higher’ (M, 65–79).

### 3.2 COVID-19 and frustration with digital banking

The trend to digital banking has accelerated since COVID-19 with the closure of bank branches and the move towards digital only transactions. The analysis of responses revealed that at the individual socio-ecological level, many participants were hesitant about digital banking and were especially concerned about digital security. Most participants were familiar with the use of credit/debit cards and online shopping, but many, especially women, were less confident with digital banking. Using credit/debit cards evoked several concerns including:
fear of losing the cards, forgetting personal identification numbers (PIN), overspending without realising, feeling helpless when transactions failed, not knowing whom to contact and/or having to speak with unhelpful customer support staff and feeling self-conscious about using a card to make small transactions when cash may have been more appropriate. Several participants also mentioned that they had difficulties using credit/debit cards owing to medical conditions such as visual impairment, motor impairment (especially accessing keyboard numbers) or having mild dementia. A few participants reported that keeping a record of expenses was easier when using cash and hoped that businesses would revert to accepting cash post-COVID-19. Most participants were resigned to having to become familiar with digital banking systems and acknowledged a greater need for community support. As one participant recommended, ‘You could train people who could then get paid to help people with whatever online engagement activities they have to deal with’ (M, 80+).

There were only a few responses at either the household or community and society socio-ecological levels regarding COVID-19 and frustration with digital banking. At the household socio-ecological level, most male participants reported that they did most of the banking transactions on behalf of their female partners, with several raising concerns about over-reliance and what would happen if they were not around. At the community and society socio-ecological level, some concerns were raised about the move to a cashless society and its impact on vulnerable community groups.

4  |  DISCUSSION

4.1  |  Policy and practical implications

The fear of outliving savings was a major concern among older Australians. However, whether for most older Australians this fear is realistic remains uncertain. To inform policy and allay concerns, more information is needed regarding the percentage of older Australians who do outlive their savings and to better identify groups at risk. The additional impact of the COVID-19 pandemic on the financial well-being of older Australians needs to be investigated further. It is likely that the COVID-19 pandemic will have a minimal impact on older Australians in secure housing and on Government pensions; however, the effect on self-funded retirees still needs to be quantified. Furthermore, little is known as to the use made of the changes to the mandatory annual drawdown from account-based pensions and annuities, allocated pensions and annuities and market-linked pensions and annuities. This policy change requires evaluation.

A second major concern among older Australians was adapting to digital banking with a particular concern regarding financial scams. The need to improve digital literacy and thereby digital banking skills in older Australians is well-recognised. A limitation is that programs tend to be localised and small. There is a need to evaluate programs, identify best practices and develop programs with national reach. It is noted that the Australian Government does provide digital literacy training through Centrelink, but knowledge of this support is limited. Older people are...
known to turn to family, older friends and trusted others to manage their digital banking. This can leave all parties at risk, and, at present, safeguarding policies are lacking.

4.2 | Strengths and limitations

This study relied on volunteers from a large community organisation and did not include especially vulnerable participants. This may have obscured the financial problems which have been experienced by some vulnerable Australians during the COVID-19 pandemic. The strengths of the study were twofold. First, the sample was a broad cross-section of retirees. Second, the sample excluded older people with a professional background in finance.

5 | CONCLUSIONS

Having enough money in retirement together with a safe environment in which to manage their finances creates a sense of security for older people. However, this study finds that the presence of COVID-19 created a sense of fear in older Australians that their savings might not be enough to support them through their later years, resulting in decisions that may have a negative impact on their financial well-being. The fear of outliving savings has been previously described in older Australians. In addition, this fear is exacerbated by a support environment that is (or perceived to be) insensitive to their needs, exposing them to possible financial scams and excluding them from the digital banking environment. Despite these concerns, many of the participants expressed confidence about their ability to manage the financial impact of the COVID-19 pandemic. It is clear however that gaps exist in the support provided to older Australians, especially self-funded retirees, which if addressed, could enhance their financial well-being. Also, government and financial institutions have an important role in promoting and providing personal services to older people especially in supporting the transition to digital banking services. This will enable older Australians to better understand the online environment, including the dangers it presents, and will assist in building and maximising their financial capability and financial well-being.

CONFLICTS OF INTEREST

No conflicts of interest declared.

ORCID

Arti Jhuremalani https://orcid.org/0000-0003-2578-1774

REFERENCES

1. Ghilarducci T, Farmand A. Older workers on the COVID-19 frontlines without paid sick leave. J Aging Soc Policy. 2020;32(4–5):471-476. doi:10.1080/08959420.2020.1765685
2. Li Y, Mutchler JE. Older adults and the economic impact of the COVID-19 pandemic. J Aging Soc Policy. 2020;32(4–5):477-487. doi:10.1080/08959420.2020.1773191
3. Jacobson G, Feder JM, Radley DC. COVID-19's Impact on Older Workers: Employment, Income, and Medicare Spending. Issue Brief Oct 2020.
4. Clark RL, Lusardi A, Mitchell OS. Financial fragility during the COVID-19 Pandemic. AEA Pap Proc. 2021;111:292–296. doi:10.1257/pandp.20211000
5. Netemeyer RG, Warmath D, Fernandes D, Lynch JG Jr. How am I doing? Perceived financial well-being, its potential antecedents, and its relation to overall well-being. J Consum Res. 2018;45(1):68-89. doi:10.1093/jcr/uxx109
6. Australian Government [Internet]. Department of Health; [reviewed 2022 Feb 6; cited 2022 Feb 7]. Available from: https://www.health.gov.au/sites/default/files/documents/2022/02/covid-19-vaccine-rollout-update-6-february-2022.pdf
7. Zhao Y, Yue J, Lei P, et al. Neutrophil-lymphocyte ratio as a predictor of delirium in older internal medicine patients: a prospective cohort study. BMC Geriatr. 2021;21(1):1-9. doi:10.1186/s12877-021-02284-w
8. Babidge WJ, Tivey DR, Kovoor JG, et al. Surgery triage during the COVID-19 pandemic. ANZ J Surg. 2020;90(9):1558-1565. doi:10.1111/ans.16196
9. Australian Government [Internet]. Department of Health; [reviewed 2022 Feb 6; cited 2022 Feb 7]. Available from: https://www.health.gov.au/health-alerts/covid-19/case-numbers-and-statistics#cases-and-deaths-by-age-and-sex
10. Ruthbah U. The retirement puzzle. Aust J Manage. 2021;25:3128962211014577. doi:10.1177/03128962211014577
11. Porter E, Bowman D. Shocks and Safety Nets: Financial Wellbeing During the COVID-19 Crisis. Brotherhood of St. Laurence; 2021.
12. Wu S. Portfolio choice for retirement savings: The impact of market volatility during the COVID-19 pandemic; 2020. Available from: https://cepar.edu.au/sites/default/files/1-2-Wu.pdf
13. Services A.G. Pension bonus top up; 2021. Available from: https://www.servicesaustralia.gov.au/individuals/services/centrelink/pension-bonus-top
14. Australian Tax Office. Support of individuals and employees; 2021. Available from: https://www.ato.gov.au/General/COVID-19/support-for-individuals-and-employees/
15. Mills A, Ng S, Finnis J, Grutzner K, Raman B. Hidden in Plain Sight: The Impact of the COVID-19 Response on Mature-Age Low-Income People in Australia. Brotherhood of St Laurence; 2020.
16. Bronfenbrenner U. Toward an experimental ecology of human development. Am Psychol. 1977;32(7):513-531. doi:10.1037/0003-066X.32.7.513
17. Satariano W. Epidemiology of Aging: An Ecological Approach. Jones & Bartlett Learning; 2006.
18. Salignac F, Hamilton M, Noone J, Marjolin A, Muir K. Conceptualizing financial wellbeing: an ecological life-course approach. J Happiness Stud. 2020;21(5):1581-1602. doi:10.1007/s10902-019-00145-3
19. Gallagher S. What Is Phenomenology?. In: Phenomenology. 2012:7-18. Palgrave Philosophy Today. Palgrave Macmillan. doi:10.1057/9781137283801_2
20. Braun V, Clarke V. Using thematic analysis in psychology. Qualitat Res Psychol. 2006;3(2):77-101. doi:10.1191/1478088706qp063oa
21. Zhang N, Wang A, Haq NU, Nosheen S. The impact of COVID-19 shocks on the volatility of stock markets in technologically advanced countries. Econ Res Ekon Istraž. 2021;6:1-26. doi:10.1080/1331677X.2021.1936112
22. Kendig H, Wells Y, O’Loughlin K, Heese K. Australian baby boomers face retirement during the global financial crisis. J Aging Soc Policy. 2013;25(3):264-280. doi:10.1080/08959420.2013.795382
23. Pawson H, Martin C, Sisson A, et al. COVID-19: Rental Housing and Homelessness Impacts—An Initial Analysis. Australian Council of Social Service; 2021.
24. Botha F, de New JP, de New SC, Ribar DC, Salamanca N. Implications of COVID-19 labour market shocks for inequality in financial wellbeing. J Popul Econ. 2021;34(2):655-689. doi:10.1007/s00148-020-00821-2
25. Chang ES, Levy BR. High prevalence of elder abuse during the COVID-19 pandemic: risk and resilience factors. Am J Geriatr Psychiatry. 2021;29(11):1152-1159. doi:10.1016/j.jgp.2021.01.007
26. Raynor K, Panza L. Tracking the impact of COVID-19 in Victoria, Australia: shocks, vulnerability and insurances among residents of share houses. Cities. 2021;1(117):103332. doi:10.1016/j.cities.2021.103332
27. Higgins T, Roberts S. Financial Wellbeing, Actions and Concerns—Preliminary Findings from a Survey of Elderly Australians. Institute of Actuaries of Australia Biennial Convention; 2011. https://sitesearch.ist.psu.edu/viewdoc/download?doi=10.1.1.458.5042&rep=rep1&type=pdf
28. Bevin EN. 300 bank branches to be permanently closed; 2021. Available from: https://au.sports.yahoo.com/nearly-300-bank-branches-to-be-permanently-closed-011646959.html
29. Lowies B, Helliar C, Lushington K, Whitall R. The financial capability of older people. doi:10.25954/5c60fc60ab24b: University of South Australia; 2019.
30. Australian Government [Internet]. Services Australia [reviewed 2022 Feb 7; cited 2022 Feb 7]. Available from: https://www.servicesaustralia.gov.au/ageing

How to cite this article: Jhuremalani A, Potter R, Lushington K, Lowies B. COVID-19: Financial wellbeing of older Australians in times of crisis. Australas J Ageing. 2022;41:440–447. doi:10.1111/ajag.13061