

# Stretching Your Salary

## How Australians are Managing Cost of Living Pressures

### Feeling the pinch? You're not alone

We've all felt it. The sting at the supermarket checkout. The double-take you do when you receive your electricity bill. Rents rising, house prices steadily creeping up and up. Costs are climbing, wages are stagnating, and it's leaving many Australians juggling budgets and struggling to make ends meet.

How are Australians weathering the rising cost of living? We surveyed more than 1,300 Smart customers in April/ May 2025, and the results tell an interesting story of financial pressure and savings opportunities that could benefit more Australians.

#### Life is getting pricier

**79%**

are moderately to extremely concerned about the rising cost of living

**62%**

feel more financially stressed than a year ago

**42%**

say their living expenses have increased significantly in the past year

#### Worry is widespread

Few people (3%) are unconcerned about the rising cost of living, and some demographics are facing more headwinds than others. **Those aged 46 to 65 are among the worst affected** due to rising mortgage costs and living expenses, while **healthcare and aged care workers are also under significant stress** due to stagnant wage growth.

#### It's tough out there, but there's a way through

While these findings are concerning, there are ways Australians can claw back some of their earnings and ease the sting of rising costs, says salary packaging expert Jan Venter.

"Our goal at Smart is to help people with practical solutions that can help improve financial outcomes and ease the growing cost-of-living pressure that Australians are facing. There are smarter ways to make money go further, without sacrificing the things that matter," explains Jan.

"This report is more than just data – it's a call to action. Whether you're an everyday Aussie trying to get ahead, an employer committed to supporting your people, or a policymaker seeking scalable solutions to tackle the cost-of-living crisis, keep reading for actionable insights."

## DATA SPOTLIGHT

## Results from our national customer survey on the cost of living



### Concern is almost universal Q: How concerned are you about the cost of living crisis?

Almost everyone is anxious, with **less than 3%** of respondents citing **they are not at all concerned**. In contrast, **16%** are **extremely concerned**, **32%** are **very concerned**, **31%** are **moderately concerned**, and **18%** are **slightly concerned**.



### Living expenses are increasing for vast majority Q: How would you rate the change in your living expenses over the past year?

Expenses have increased almost universally across the board, with **42%** of respondents saying they've seen **significant increases** in their living expenses in the past year. A further **35%** noted a **slight increase** in their living expenses, while only around **11%** claimed they'd stayed **about the same**. A smaller group of **12%** reported a decrease in their expenses.



### Financial stress is on the rise Q: How financially stressed are you compared to this time last year?

Well over half of customers are feeling the pinch, with **62%** of respondents reporting feeling **more financially stressed** compared to the same time last year, and **31%** feeling **about the same**. Only **7%** of respondents reported feeling **less financially stressed** than a year ago.



### Essential expenses are the biggest burden Q: What is the biggest pressure on your monthly budget?

The biggest pressures on monthly budgets are essential expenses such as **mortgage payments (28%)**, **groceries (28%)**, and **rent (24%)**. Other pressures include electricity/gas (5%) and health insurance (5%).



### Big purchases are being put off Q: In the next 12 months, do you intend to:

- Go on a holiday
- Significantly increase savings
- Buy a property
- Buy a car

Many milestone purchases are being delayed, with **37%** planning to focus on **boosting their savings** and more than **20%** of respondents **not planning to do any of the above** in the next year.

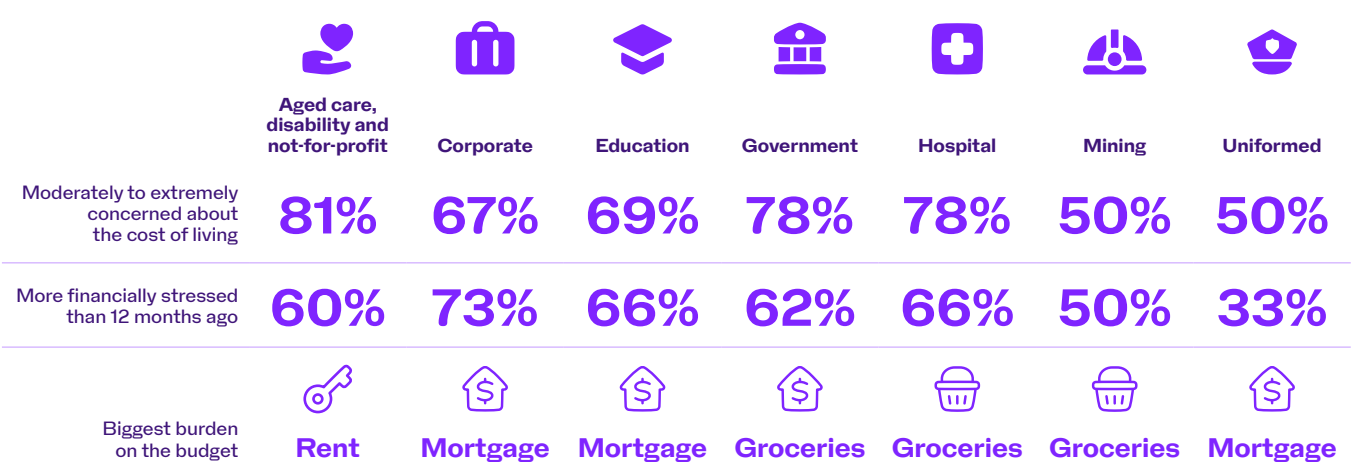


# 62%

of respondents report feeling **more financially stressed** compared to the same time last year



# Who's feeling the pinch?



## What the data suggests for Aussie households

Financial stress is becoming a defining challenge for many Australians. With rising costs limiting household budgets and increasing anxiety, the impact is more than just economic – it’s affecting wellbeing, decision-making and confidence in the future.

As people cut back on spending, businesses are feeling the strain too, reinforcing the pressures of a tough financial climate.

While the challenges are clear, there are steps Australians can take to ease some of these financial pressures. A quiet solution is emerging: salary packaging.

## A SMART SOLUTION

## Thinking smarter in tough times.

### Why salary packaging is a smart solution to the cost-of-living crisis.

Rising expenses are forcing Australians to rethink how they manage their money. Enter salary packaging: a surprisingly easy way to make your money go further.

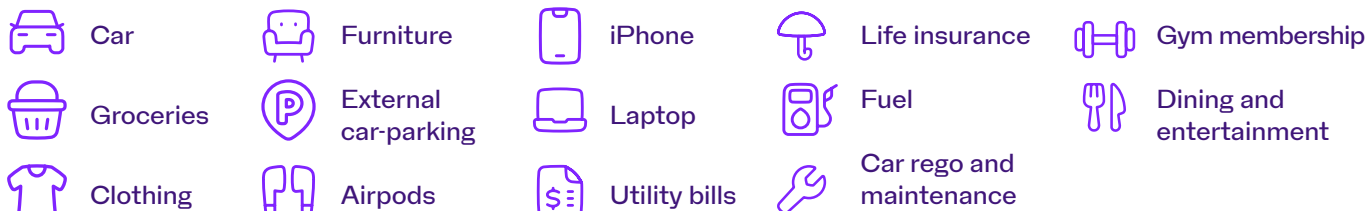
If you know, you know! More than 90% of Smart customers surveyed intend to maintain or increase the amount they salary package and would recommend it to their friends.

#### What is salary packaging?

Salary packaging – also known as salary sacrificing – is an Australian Tax Office (ATO) incentive that lets employees pay for some everyday goods and services from their pre-tax income. This ultimately reduces your taxable income and increases take-home pay.

#### What can salary packaging cover?

Everyone can salary package if their employer facilitates it, normally through a provider. Benefits change depending on the industry you work in and cover all sorts of costs, including:



*Please note that benefits vary by employer and industry and may also depend on your employment status (full-time, part-time or casual).*

#### Who's eligible?

The ATO determines the makeup of each salary packaging benefit and the employee groups entitled to receive them. Employers then decide which benefits they'll make available to their employees.

The best way to understand what benefits are available to you is to talk to your employer or check [smart.com.au](https://smart.com.au).

**Did you know?** There's a misconception that salary packaging is only for high earners. It's actually an option for everyday Australians, too. No matter what you earn, it's worth exploring!

#### A smart solution that delivers

Among those we surveyed who are already taking advantage of salary packaging:

# 98%

want to continue salary packaging the same amount or more

#### This includes:

# 65%

who are likely to keep going

# 33%

who are likely to increase how much they're packaging



## A SMART SOLUTION

## People are catching on

Our findings reveal that 54% of respondents understand salary packaging benefits well, while 38% have somewhat of an understanding, and 8% don't understand salary packaging well at all.

However, the data suggests many people who are taking advantage of salary packaging sought out the solution independently, with just 31% of respondents stating they'd taken it up after receiving information about it from their employer.

"The survey shows a real opportunity for more employers to communicate the benefits of salary packaging and offer more comprehensive options for their people," says Smart salary packaging expert Jan Venter.

## THE OPPORTUNITY AHEAD

## The opportunity

This report highlights Australians' growing financial challenges and the untapped potential of salary packaging to provide meaningful relief.

### It's time to act, together

Whether you're an employee, employer, or policymaker, salary packaging represents an opportunity to make a real difference for millions of everyday Australians.

From easing pressure on essential workers to unlocking better financial outcomes in high-cost regions, salary packaging can be part of a broader response to Australia's cost-of-living challenge.



Jess's Story

### "It's taken the pressure off"

**For Jess Reason, a 33-year-old project manager from Queensland, salary packaging has done more than just help manage rising costs – it's helped her feel more in control of her finances and future.**

Living with ADHD and autism, Jess appreciates the structure salary packaging provides. "It's definitely taken some of the pressure off," she says. "I'm able to redirect those savings towards other important goals, like saving for a house."

By packaging both her super contributions and a novated lease on her LDV ute, Jess saves around \$2,000 a year. The financial gains are great, but Jess also loves the lifestyle perks her new car has given her: "It's perfect for getting out to places I love – Inskip Point and hopefully K'gari soon."

What stands out most to Jess is having options: "It's really good knowing I have choices. It's about balancing my current lifestyle with my plans for the future."

## Take the next step – find out how salary packaging could positively impact you

Across the board, Australians are looking for smarter ways to make their money go further. Salary packaging is one of the most practical, proven tools available, and it's more accessible than many realise.



For **employees**, it means saving on everyday expenses like groceries, fuel and bills – without changing your lifestyle.

You're entitled to this benefit through the tax system. Visit **smart.com.au** to see how much you could be saving.



For **employers**, it's a way to show genuine care for your people's financial wellbeing, and boost retention with no additional cost to the business.

Ask us about creating a tailored offering for your organisation at **smart.com.au**.

### About Smart<sup>TM</sup>

Smart is Australia's leading provider of salary packaging and novated leasing, servicing over 500,000 Australians in 2025, with services available to more than 2 million employees across government, health, education and corporate sectors. Smart is committed to helping Australians improve their financial outcomes through innovative partnerships and services and confidently embrace the future.



#### Survey methodology – What we measured and how

*The report provides a percentage-based analysis of the results from Smart's Cost of Living Survey.*

*The survey objective was to assess current financial pressures among Australians and understand the role of salary packaging in providing relief. The key metrics were rising cost concerns, budget strains, financial stress trends, salary packaging awareness and policy implications.*

*Surveys were conducted via direct email in August 2024 and May 2025 with a combined total of 2,300 respondents. The results in this report reflect the 1,379 responses from 28 April to 18 May 2025. Survey participants included employees from government, healthcare, mining, education and corporate sectors across urban and regional areas.*

**Get in touch** Call 1300 476 278 or visit **smart.com.au**

**Important information** This is general information only. Before entering into any salary packaging or novated leasing arrangement, you should consider your objectives, financial situation and needs, and obtain appropriate legal, tax, financial, or other professional advice based upon your own particular circumstances. This information is current as at July 2025. Smartsalary Pty Ltd, ABN 24 096 796 100, a Smart<sup>TM</sup> company.