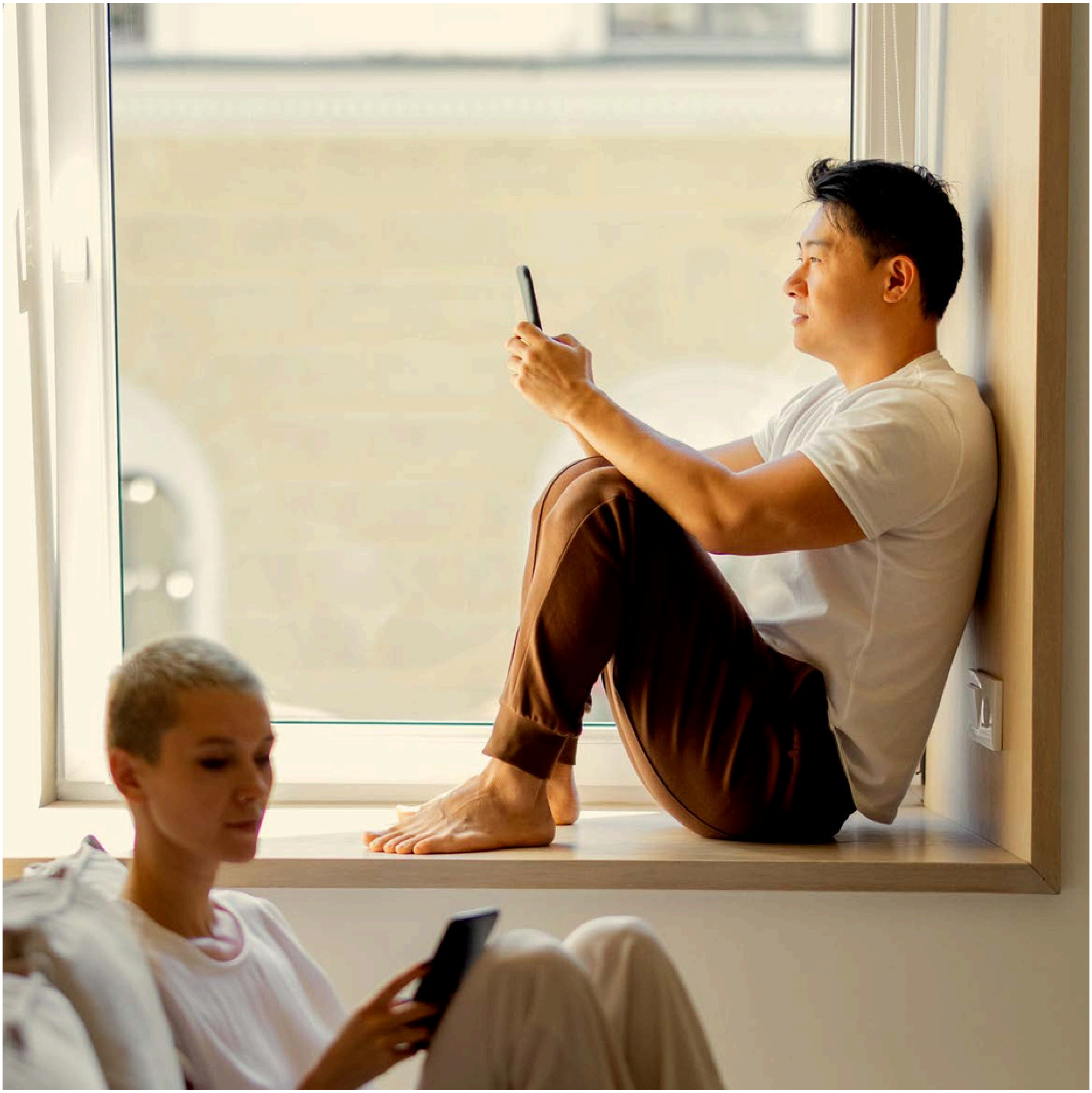
Financial Resilience Index

Balancing today's needs and tomorrow's goals



Introduction

Sun Life is committed to helping more people in our communities achieve financial security and live healthier lives.

Sun Life Asia's second annual Financial Resilience Index aims to explore the financial literacy, attitudes and behaviours of individuals across Asia. By analysing how and why people make the financial decisions they do, and the outcomes they achieve, we can identify the factors that separate the financially resilient from the financially vulnerable and make it easier for more people to achieve financial security.

In 2025, our research shows many people face financial vulnerabilities due to rising living costs and economic uncertainties. Rising costs have made managing everyday expenses, balancing household budgets, and access to healthcare more challenging. As personal budgets have been pushed to the limit, long-term goals have been set aside. Respondents are prioritising their day-to-day budgets over long-term saving, a move that, while understandable, will impact longer term wealth accumulation and retirement savings.

More than six in 10 respondents feel financially secure, a comparable figure to last year (55%), yet the wider findings suggest most are far from financially resilient. More than half of people have no financial plan beyond one year, and only half of people feel confident in their ability to handle a financial emergency, suggesting people may overestimate their security and resilience.

Encouragingly, more people, particularly the more financially resilient, are seeking help to improve their financial literacy to combat the challenging conditions.

Overall, the survey reinforces the need to maintain a long-term outlook in turbulent times, and to develop financial plans that meet current and future needs. Holistic financial planning, with the support of an expert advisor, can empower people to take control of their finances, protect their loved ones and work towards long-term goals, regardless of the economic conditions.

A complete financial plan, with the support of an expert advisor, helps people manage their finances, safeguard loved ones, and achieve long-term goals so they can look to the future with confidence.

David Broom
Chief Client and Distribution Officer, Asia

Survey methodology

Fieldwork conducted in 2025

6

Markets

1,000

Respondents per market

6,000

Respondents from different wealth levels, generations, and both rural and urban settings

Hong Kong
Indonesia
Malaysia
Philippines
Singapore
Vietnam

Criteria for high and low financial resilience respondents

	Low resilience (10% of respondents)	**High resilience (32% of respondents)**
Feels financially...	Insecure	Secure
Financial planning	Plans a few months ahead or not at all	Plans more than 5 years ahead
Coping with financial emergency	Unprepared	Prepared
Self-perceived literacy around personal finances	Poor	Good
Meeting long-term financial goals	Unconfident	Confident

Key Findings

#1

Managing day-to-day finances is increasingly a priority — potentially at the expense of longer-term wealth accumulation

Short-term financial priorities dominate

To build true financial resilience, it is crucial to maintain a long-term outlook. However, in the face of persistent price increases, meeting short-term expenses is now top of mind for most respondents. Managing the day-to-day budget is the leading financial priority over the next 12 months at 60%, compared to 54% in our last survey.

Building emergency funds has become the second highest priority this year, rising to 42% and surpassing retirement savings, which has dropped to sixth place.

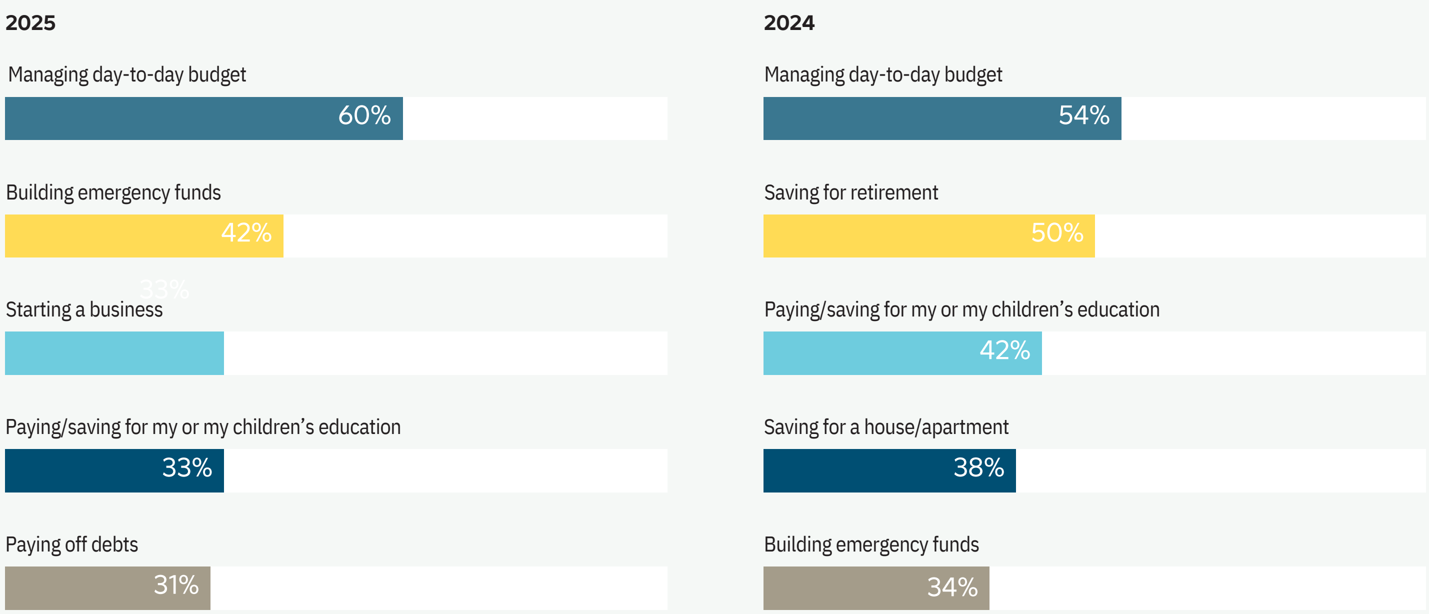
This suggests a shift to more short-term thinking amid inflationary pressures, reflecting the heightened financial anxieties faced by many following years of cost-of-living increases.

Lack of long-term preparedness

Long-term preparedness remains a concern, with over half of people (54%) lacking a financial plan that extends beyond a year. Only 8% of respondents are planning for more than 10 years ahead, highlighting the inadequacy of financial planning timeframes.

Low resilience individuals — categorised in this survey as those having limited ability to withstand financial shocks and limited confidence to meet financial goals — are more focused on paying off debt (42%) followed by building emergency savings (40%). High resilience individuals — categorised in this survey as those having high ability to withstand financial shocks and confidence in their ability to meet financial goals — are more likely to prioritise emergency funds (43%) followed by their or their

Financial priorities over the next 12 months



children's education (39%). This suggests this group is more able to move beyond managing finances today and make long-term financial plans for the future.

Aspirations of financial freedom

Short-term expenses are at the front of mind for respondents for now, but financial freedom remains the long-term aspiration. Asked about their priorities for the next three to five years, 44% of respondents chose saving for retirement as a top priority, followed by saving for a property (40%) and building a financial legacy for their children (37%).

Financial priorities over the next 12 months

	High financial resilience	Low financial resilience
#1 priority	Managing day-to-day budget	Managing day-to-day budget
#2 priority	Building emergency funds	Paying off debts
#3 priority	Paying/saving for my or my children's education	Building emergency funds

#2

Gen Z are the least financially secure and most concerned about money — highlighting inflation's impact on the young

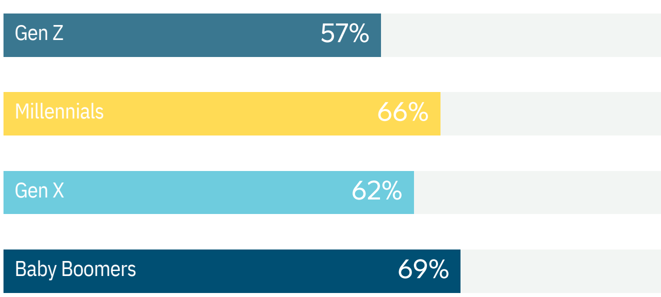
Generational divide in financial security perceptions

Overall, 63% of respondents feel financially secure, an increase from 55% in 2024. However, Gen Z is falling behind in both confidence and preparedness, despite being at the earliest stage of their financial lives.

Only 57% of Gen Z feel financially secure, compared to 69% of Baby Boomers, the most secure generation. Interestingly, Millennials believe they are in a stronger financial position than the older Gen X group, suggesting that financial resilience can vary significantly regardless of age. This shows that financial stability is influenced by a range of factors beyond generational status, emphasising the need for tailored support and education for all age groups to enhance their financial wellbeing.

Just 25% of Gen Z are classified as having high resilience, compared to 36% of Millennials, explaining the gap in self-perceived financial security.

% Financially secure



Balanced is best

When it comes to investing, respondents are cautious — 55% take a conservative approach to investing and just 13% are aggressive risk-takers. The findings suggest that lower confidence and financial security are driving conservatism in investment appetite.

Gen Z investors are best placed to take a balanced approach to risk given their long runway of working years. Yet among all age groups, they are most likely to describe their approach to investing as conservative (59%), highlighting the need for greater financial literacy among young investors around risk-return profiles and matching the right investment products with savings goals.

Overall, high resilience individuals are more likely to tolerate greater investment risk in their pursuit of long-term returns. When asked about their risk approach to investing, 49% say they are conservative with their savings as compared to the low resilience group (69%), suggesting they are aligning their investment strategy with their financial goals.

#3

Most people ask for financial help — but not always from a professional. High resilience individuals more likely to enlist the help of an advisor

Savers seek help from different sources

Most of our respondents (82%) receive help when it comes to making financial decisions. To manage their finances, 45% seek advice from a partner or spouse, 42% ask other family members, while 22% seek financial advice from friends.

A quarter of people (25%) receive help from a professional such as a financial advisor, a figure that is consistent across all generations. This highlights an over reliance on informal support networks rather than professional advisors.

Sources of advice and financial information are wide ranging — 15% of respondents use generative AI tools such as ChatGPT for help with financial queries with younger generations more likely to use AI than older generations (Gen Z 19%; Millennials 18%; Gen X 10%; Baby Boomers 11%).

Gen Z are also more likely to go it alone than other age groups, with 28% receiving no help when making financial decisions, highlighting an additional risk for the least financially secure generation arguably most in need of financial guidance.

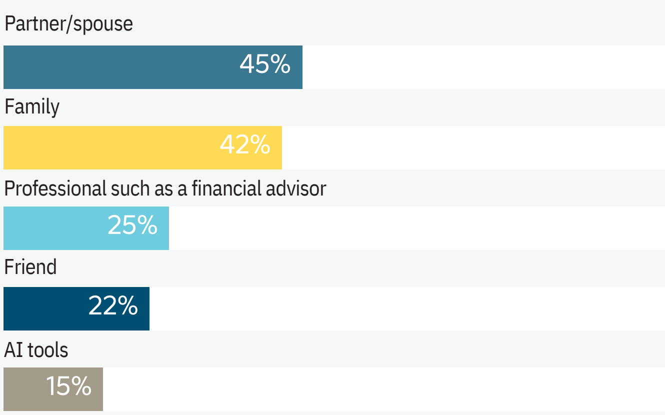
Advisors boost resilience

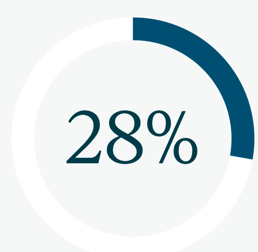
Low resilience individuals are more likely to obtain financial information from family and friends (51%) and social media (47%) than banks and other financial institutions (43%). Higher resilience individuals use financial advisors at a greater rate (40%) than low resilience counterparts (27%), highlighting the role of advisors in building financial security.

Respondents were asked about the benefits of working with an advisor. 51% said explaining long-term risks and benefits simply and a further 37% said personalised advice was a key benefit of enlisting professional help.

Despite the advantages of working with advisors on a long-term financial plan, many respondents avoid professional advice, with 45% saying they prefer advice from family and friends. 41% cite cost concerns while 31% are confident in their own knowledge, which may indicate a misunderstanding of the role that financial advisors play.

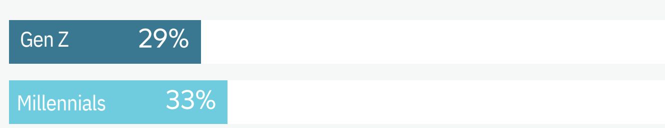
Source of financial management support





of Gen Z receive no help when making financial decisions

% Obtain financial information from financial advisors



#4
Inflation forces significant spending cuts

Most people are feeling the pinch

Across Asia, people are struggling to manage their daily and long-term expenses. 92% of people are feeling the effects of persistent price increases, and 44% note a significant impact on their ability to cover monthly expenses.

Inflation has been felt most at the supermarket, with the biggest cost being food and groceries (72%) followed by energy (60%) and healthcare (47%).

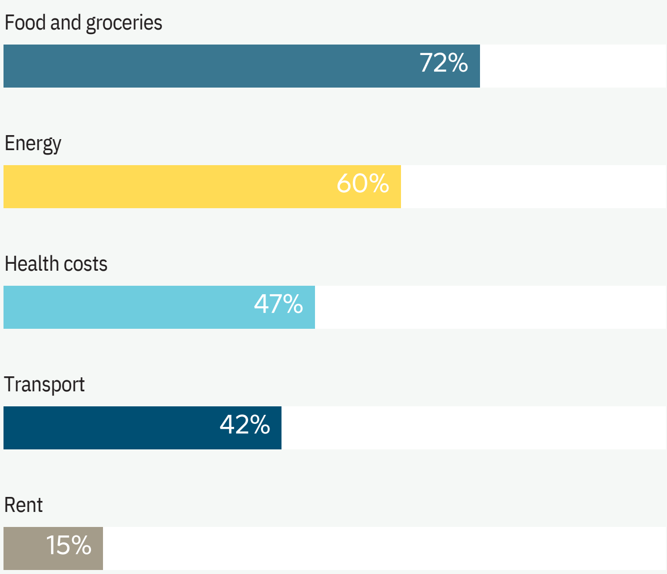
People are responding to the cost of living crisis in different ways. Nearly two thirds (59%) have reduced spending on non-essentials, 29% have skipped or reduced essential purchases, while 28% have dipped into their savings to get by. People are also taking positive action, with 43% improving their personal finance knowledge and 34% making investments to increase financial returns.

The power of financial knowledge

High resilience individuals are more likely to take positive actions to improve their financial situation, such as reading up on personal finance (49%, v 28% of the low resilience group) or making investments to increase returns (45% v 19%).

The findings indicate that while times are tough, many people across Asia are ready to empower themselves with financial knowledge and strategies to boost their long-term wealth, underscoring the value of financial literacy and working with an experienced advisor.

Where inflation has been felt the most



How people are responding to cost of living crisis

Reducing spending on non-essential items	59%
Educating themselves better about personal finance	43%
Making investments to increase returns	34%
Skipping or reducing purchase of essential items	29%
Drawing on savings	28%

#5

People over-estimate their financial resilience, with a mismatch between confidence and preparedness

Many are underprepared for emergencies

Confidence in being able to meet both short and long-term financial goals has declined over the past year, dropping from 72% to 65% for short term obligations and from 65% to 57% for long-term savings. Only half of respondents feel confident in their ability to cope with a financial emergency.

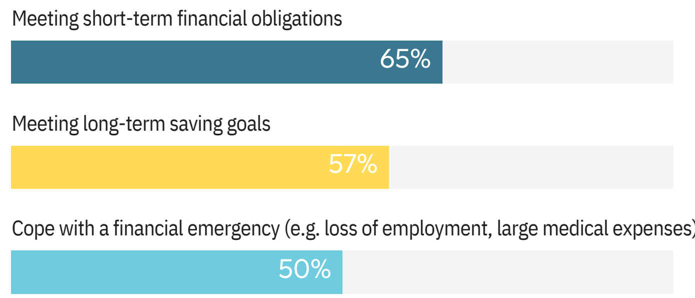
There is a stark difference in confidence between high and low resilience individuals; 83% of the high resilience group are confident of meeting short term obligations and 82% are confident of meeting their long-term savings goals. In contrast, just 25% of the low resilience group are confident of meeting their short-term obligations, and only 13% believe they can meet long-term savings targets.

Further underlining the lack of preparedness for emergencies, 71% of overall respondents say they would be able to support themselves for less than six months if they or their partner lost their job or suffered a debilitating illness without needing external help. 45% of high resilience individuals could support themselves for more than six months, compared to just 11% of the low resilience group.

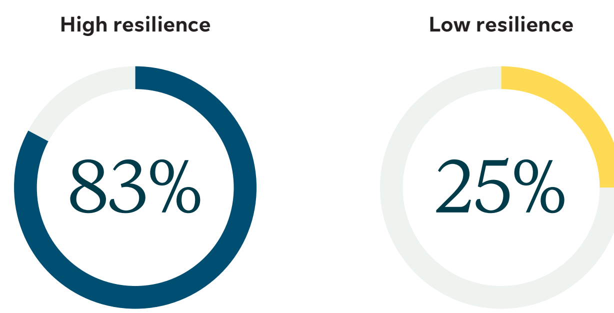
Critical illness protection and emergency savings can provide crucial support and stability in life's more stressful moments.

The findings suggest a clear mismatch between confidence levels and preparedness, and a need for people across Asia to protect themselves from unexpected life events.

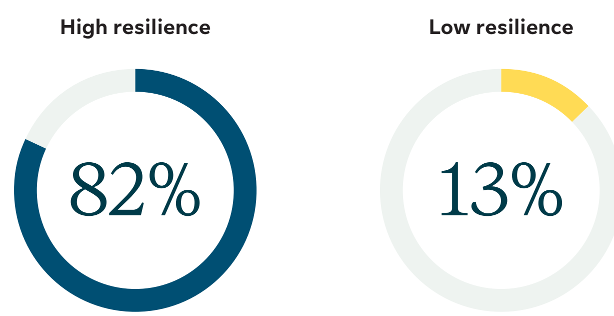
% Confidence levels



% Confidence levels – meeting short-term obligations



% Confidence levels – meeting long-term saving goals



#6

Financial literacy gap to overcome to build financial resilience

People overestimate their financial literacy

People overestimate their financial literacy as well as their financial resilience. Only 6% rate their financial knowledge as poor or very poor, but 15-27% fail to answer basic financial literacy questions correctly.

Even for those who answered most questions correctly, knowledge doesn't always translate into preparedness. Overall, respondents displayed strong knowledge of concepts such as inflation and pensions, but this conflicts with the low savings buffers, lack of emergency funds, and low financial preparedness seen elsewhere in this report.

High resilience associated with stronger financial literacy

Lower financial resilience is associated with weaker levels of literacy, and this was reflected across the range of financial literacy questions.

Unsurprisingly, high resilience respondents showed greater financial literacy than their low resilience counterparts, particularly on subjects including inflation, interest, insurance, debt and risk, underlining the need for broad financial literacy and education across all age groups.

If you invest $1,000 at an annual interest rate of 5%, how much will you have after one year? $1,050

Financial literacy question	% Overall	% High resilience	% Low resilience
If you invest $1,000 at an annual interest rate of 5%, how much will you have after one year? **$1,050**	82%	98%	66%
If inflation is 3% and your savings account earns 1% interest, are your savings increasing or decreasing in value? **Decreasing in value**	81%	93%	76%
Which factor can affect the cost of your health insurance? **Your age**	80%	92%	71%
What is the impact of making only minimum payments on credit card debt? **You will remain in debt longer and pay more in interest**	78%	84%	71%
Which of these investment options is generally considered the lowest risk? **Government bonds**	77%	94%	66%

Recommendations for individuals to improve financial resilience

Save: Even the smallest savings contributions make a huge difference

If you haven't saved money for a rainy day or retirement, now is the best time to start. Even a small contribution of US$ 100 per month can help you develop financial resilience over time due to compounding interest and investment returns. Balance managing your short-term finances with saving for the long-term.

Seek advice: Seek financial help from a trusted financial advisor

In a world full of online information, it can be hard to separate good advice from bad. Seeking financial help from a professional advisor can help you meet your long-term savings and retirement goals. An adviser will create a holistic financial plan to meet your savings, insurance and protection needs.

Review risk: Match your investments with your long-term goals

Advisors create tailor-made financial plans from a range of investment options. They ensure you take on an appropriate level of risk for your age and life stage, and find the right financial products for your individual circumstances. A professional advisor will ensure your investments are fully aligned with your long-term goals.

Develop financial literacy: Lay the foundation for resilience

Many people over-estimate their financial knowledge, impacting their financial resilience. Work on your financial literacy by reading and speaking to professionals. Seek out trusted resources and information that can bolster your resilience and improve your understanding of saving, investing, and insurance.