

30 August 2016

## Australians rely on hope as a retirement strategy

**The majority of Australians have no idea how long they will be retired, despite retirement being a regular thought for one in five Australians<sup>1</sup>.**

According to the BT Australian Financial Health Index, 29 per cent of Australians cannot give an estimate of how long they will be retired, while 26 per cent of Australians expect to be in retirement for 20-29 years. Just 8 per cent of Australians expect to be retired for less than 10 years.

Melinda Howes, General Manager of Superannuation, BT Financial Group said many of us don't have a clear idea of how long we will be in retirement because we have not planned for this phase of our life.

"Clearly none of us know how long we will live in retirement, but health and lifestyle are good indicators. Importantly, making a plan and sticking to it will give more control over how and when we retire," added Ms Howes.

The index shows that 41 per cent of pre-retirees (aged 55-64) think about the prospect of retirement either 'often' or 'daily'.

"It's not surprising that those closest to retirement are thinking about it the most, but the big difference is between worrying and thinking about it, plan, to taking action, getting advice and feeling confident about retirement," said Ms Howes.

Thinking about retirement is a common occurrence for many Australians, according to the index. One in five Australians (not retired) say they think about retirement either 'every day' or 'often'.

A further 58 per cent of Australians reported 'sometimes' or 'rarely' thinking about retirement, with only 21 per cent saying they never thought about retirement at all.

### More focus on retirement

Despite the uncertainty around how long Australians may be in retirement, the index reveals Australians are thinking more about their own retirement.

Seven per cent of Australians expected to retire before age 55 years in 2012, however by 2015 this number had grown to 10 per cent.

This trend is further supported by other data which shows a decline over the past two years in the level of worry and concern about retirement finances and an increase in the number of Australians who are now excited about the prospect of retirement planning.

Drawing on three years of data, the number of Australians who say they worry about their finances in retirement has fallen from 44 per cent in 2013 to 40 per cent in 2015. At the same time those who feel

---

<sup>1</sup> Australians who have not yet retired

### Media contact

Lisa Parrett

0432 933 796

[lisa.parrett@btfinancialgroup.com](mailto:lisa.parrett@btfinancialgroup.com)

excited and energised when planning for their retirement has grown from 14 per cent to 21 per cent of Australians.

“It’s great to see more Australians engaged with super, but the reality is, we can all be more proactive in affecting the outcome.

“It’s really a great time for more Australians to seize the day, take stock and make a super plan,” said Ms Howes.

BT’s tips to make sure you are super confident:

1. **Think retirement.** You may not know exactly what your health or finances will be doing in thirty- or so years’ time, but you certainly will need both. Consider how you will meet these obligations in retirement, how you would like to spend your time and money and have in place a contingency, should things go wrong.
2. **Plan for life.** We are all different, but we can use the extensive research and data on superannuation to help us make some assumptions about life expectancy. For example, according to backward looking mortality data from the Australian Bureau of Statistics (2012), a 65 year old female lived to 87 and a male, to 84. Accounting for health improvements, we can expect to live a few more years beyond this. So we need to ensure our finances can meet our expenses and needs for life.
3. **How much do I need?** If you’re not sure how much you need in retirement, a good start is to refer to the Association of Superannuation Funds of Australia retirement standard. ASFA<sup>2</sup> estimates total spend per year for singles and couples from modest to comfortable lifestyles, ranging from \$23,651 per annum for a single person on a modest lifestyle, to around \$59,922 for a couple wanting a comfortable lifestyle. Of course you might need less or more, depending on the lifestyle you expect in retirement.
4. **Make a plan.** Failing to plan is planning to fail. Get some help and speak to a financial adviser who is trained to take you on a financial journey that includes discussing retirement. Remember: You may not know the answers to questions because you don’t know the right questions to ask.
5. **Super saving and super spending.** Investing before and after retirement are not the same. Your investment strategy or how you invest will likely change once you retire, to reflect an aversion to risk. When saving for super you may want to maximise the earnings potential for growth and can take a long term outlook. But when you retire, you are consuming capital, and may want to invest in less risky assets and perhaps even lock in a reliable cashflow. Consider the impact of your time horizon on your investments, both how you invest and the risk you take on.
6. **Stay protected.** Some superannuation funds include some insurance protection. Make sure you know what this cover entitles you to and be sure to top it up if it is not enough. If your luck should change, you have dependents and you do not have time on your side, insurance can make all the difference.

[ends]

---

<sup>2</sup> ASFA Retirement Standard, March 2016

#### Media contact

Lisa Parrett  
0432 933 796  
[lisa.parrett@btfinancialgroup.com](mailto:lisa.parrett@btfinancialgroup.com)