

# The Journey Begins

Australia's Journey to Retirement  
October 2015





## Contents

---

<b>The Journey Begins</b>	<b>3</b>
The journey begins right here	4
Executive summary	5
<b>Key findings and implications</b>	<b>6</b>
<b>Retirement expectations and planning</b>	<b>7</b>
How much is enough?	7
Older working Australians expect to retire later in life	9
<b>Funding retirement</b>	<b>10</b>
House prices - a positive effect on retirement?	12
Whose inheritance?	13
Reliance on the Age Pension	15
Self-managed super funds	16
Uncertainty surrounding Government policies	16
<b>The gender gap - women are less prepared than men heading into retirement</b>	<b>17</b>
Where are the biggest gender differences?	17
Older women have more uncertainty heading into retirement	18
APPENDIX 1 - Survey main findings	20
APPENDIX 2 - Methodology	21
APPENDIX 3 - Comparison to 2014 data	22
References	23

## Contact REST

---

☎ 1300 300 778  
🕒 8am to 8pm Monday to Friday  
✉ PO Box 350, Parramatta NSW 2124  
🖱 [www.rest.com.au](http://www.rest.com.au)



# The Journey Begins

---



## “Unsurprisingly, older working Australians have big plans for their retirement, but what’s worrying is their retirement plans may not match the reality of their superannuation savings”

REST Industry Super’s third annual *The Journey Begins* report provides insight into how working Australians, aged 50 plus and approaching retirement, feel about the change they are due to embark on.

Our research shows that many older working Australians have been thinking about this transition for some time, with five in six responding that they know how much they’ll need to fund their retirement.

However, it’s concerning that over half of respondents expect they will realistically only be able to afford a modest retirement, with three in five admitting that a modest retirement will not be enough to fund their retirement plans. Luxuries like holidays, private health insurance and expensive purchases such as a new car may only be for a privileged few, as older Australians come to realise that living longer with less means making retirement savings work harder than ever before.

What really shone through is this generation’s concern for the welfare of their children, with 72% of respondents planning to help their children financially. Assistance with larger purchases such as helping pay for the deposit on their first house, grandchildren’s school fees or organising to leave a significant inheritance were at the top of these individual’s lists.

Whilst this is admirable, it’s also worrying that respondents planned to fund this primarily through drawing down on their savings and super, essential sources of funding for most Australians’ retirement. Having your cake and sharing it too is not an option for the majority of Australians who need to be reminded that their retirement savings are first and foremost to fund their own retirement.

The critical importance of taking care of yourself before helping others came through loud and clear in our recent Super Mum research, and the importance of taking steps to ensure your own financial position in the approach to retirement has never been more pertinent.

Interestingly, inheritances these older working Australians expect to receive look to be a key factor of retirement

funding. Of the 31% of respondents who expect to receive an inheritance, nine in 10 anticipate putting at least some of this towards funding retirement.

However, a concerning gap emerged when we compared the average inheritance respondents expected to receive with the average inheritance that some respondents had already received. For people who had received an inheritance, the average windfall was \$110,000, while those anticipating a future inheritance expect to receive on average around \$250,000.

This gap is even more concerning when viewed in conjunction with the finding that four in five respondents believe they can’t rely on an inheritance as their parents may have unexpected medical expenses later in life.

Our research also found that older workers appear to have reservations about self-managed super funds (SMSF) as a savings model, with a quarter saying they wouldn’t have started one if they’d known how much work was involved. More than a third said their SMSF had made more money for their accountant than themselves.

At best, this suggests that SMSFs aren’t appropriate for everyone. At worst, it suggests that some in this generation have disadvantaged themselves through experimenting with the DIY approach.

Finally, it was made clear that the intense debate around proposed changes to superannuation regulations have knocked the confidence of older working Australians, with 86% of respondents concerned that government intervention in the sector will actually damage their savings.

REST Industry Super welcomes the Government’s decision to enshrine the purpose of superannuation in legislation, to instil trust in the system and assure all Australians that any future changes will be aligned with the objective of funding retirement income.

# The Journey Begins right here

---

**41%**

2/5 older working Australians believe they will have a shortfall of funds during their retirement

**1/6**

15% Of older working Australians don't know how much they will need per year for retirement

**19%**

1/5 older working Australians don't know the value of their superannuation

**19 years**

Older working Australians are planning for almost 19 years of retirement on average

**\$5,400<sub>p.a.</sub>**

The average funding shortfall older working Australians expect to have in retirement

**81%**

4/5 of older working Australians would prefer to work an extra couple of years than spend their retirement worrying about money

**29%**

Almost 3/10 would consider forgoing receiving an inheritance so they could pass it along to their children

**32%**

of older Australians will need to pass on money they've inherited to their children to help them afford a home

# Executive summary

---

Advances in medicine and healthcare mean Australians are living longer than ever, placing increasing pressure on our pension, aged care and health systems.

This demographic shift means that Australians are expecting to retire later in life, a shift examined in new research commissioned by REST Industry Super into the attitudes, beliefs and outlook of Australians aged 50 and over who are yet to retire (older working Australians).

A third of those surveyed (34%) for this research anticipate they will retire later in life than they would ideally like to and 29% express they would prefer not to retire at all.

One of the challenges facing these older working Australians is how much super is adequate to fund their retirement. Almost one in six (15%) older working Australians surveyed don't know how much they would need annually to fund their retirement and 19% don't even know how much superannuation they have in their account(s).

Together, these figures paint a portrait of a generation that is unsure and potentially underprepared as they approach retirement age.

Of the older working Australians we surveyed who are planning to retire, two in five (41%) believe they will face a shortfall of funds during their retirement, forcing them to rely on the Aged Pension to fund a modest retirement.

The existence of a growing generation of Australians relying on the Aged Pension to fund their retirement is a challenge which will only be exacerbated by the shrinking age-dependency ratio, a measure of the number of dependents (aged under 15 and over 65) to the working population, as identified in the Federal Government's 2015 Intergenerational Report.

This trend is already very visible.

In 1964-74, there were 7.3 people aged between 15-64 for every person under 15 or over 64. Today that figure is 4.5. By 2054-55, this is projected to halve again to 2.7 people.

The findings in this report explore the views and opinions of those nearing retirement age. The report, the third edition in REST's annual *The Journey Begins* series, continues to gain insights and track potential shifts in the older workforce.

The findings presented are from a national online survey of 1,167 people aged 50 and over who are yet to retire, undertaken in August 2015.



# Key findings and implications

---

## Adequacy and the pension

- Four in five older working Australians would prefer to work an extra couple of years than spend their retirement worrying about money. However, half of those surveyed are planning to rely solely on the pension for retirement and two in five believe they will have a shortfall of funds during their retirement;
- Almost one in six respondents say they don't know how much they would need annually to fund their retirement, and 19% don't even know how much superannuation they have in their accounts today;
- Only slightly more than half (55%) of respondents expect they will realistically be able to afford a modest retirement. This is at odds with the retirement many older Australians would like to enjoy, with three in five believing a modest income is not enough to fund their retirement plans.

## Helping out the kids

- 72% of older working Australians with children are planning to help them financially (primarily by drawing down from their savings and super);
- Of the ways parents were planning to draw down on their superannuation to help their children financially, organising to leave a significant inheritance topped the list (36%), followed by helping to pay school fees for their grandchildren (29%), and helping their children afford a holiday (27%) and pay for a deposit on a house (21%).

## Inheritance

- Nearly half of respondents are planning on leaving their children a significant inheritance, and almost a third expect they will receive an inheritance from their own parents;
- However, more than a third of older working Australians say they will need to give their children money they've inherited to be able to afford a deposit for a house. In an indication of concern over their children's financial situation, three in ten would consider forgoing an inheritance and instead passing it along directly to their children.

- Nine in ten (91%) of those who anticipate they will receive an inheritance believe some of the inheritance will go towards funding their retirement while 16% believe all of their anticipated inheritance will go towards funding their retirement.

## Self-managed super funds

- Older working Australians appear to be sceptical about the benefits of self-managed super funds, (SMSF's) with only 12% reporting they are operating one;
- Of this small group who have used an SMSF, a quarter wouldn't have started one if they'd known how much work was involved, and a third say their SMSF has made more money for their accountant than themselves.

# Retirement expectations and planning

---

According to the latest Australian Bureau of Statistics data, Australians are living longer than ever, with a 65 year old woman retiring today expected to live to the age of 87, and a 65 year old male expected to live to the age of 84.

While superannuation continues to be a key component of funding retirement, increasing lifespans create greater uncertainty for older working Australians, leaving them to ask 'how much is enough?'

## How much is enough?

---

A consistent feature of *The Journey Begins* report is the gap between what people think they need to retire on and what they are actually likely to need.

This is a gap that persisted in the 2014 survey with 15% of older working Australians admitting they don't know how much they would need per year for retirement. Some 37% don't know what age they should expect to retire and one in five (19%) don't even know how much superannuation they have in their account(s).

The reality is many people do not save adequately for retirement, reflected in the finding that 81% of respondents would prefer to work for an extra couple of years than spend their retirement worrying about money.

Based on figures presented by the Association of Superannuation Funds of Australia<sup>2</sup> (ASFA), REST estimates that in order to retire comfortably, the average individual will need \$817 per week for expenses and the average

couple \$1,199<sup>3</sup>. For a comfortable retirement, this amount will need to cover everyday expenses such as a car, clothing and private health insurance, as well as leisure activities such as entertainment and holidays.

ASFA believes that Australia's goal should be retirement incomes that allow a 'comfortable' living standard, or one at least equivalent to 75% of average net earnings<sup>4</sup>. The 2050 goals that they advocate for in government policy submissions<sup>5</sup> are that:

- Age Pension expenditure and tax expenditure on super are less than 6% of GDP
- Less than 20% of retired Australians over Age Pension-qualifying age relying solely or almost exclusively on the Age Pension

# 19%

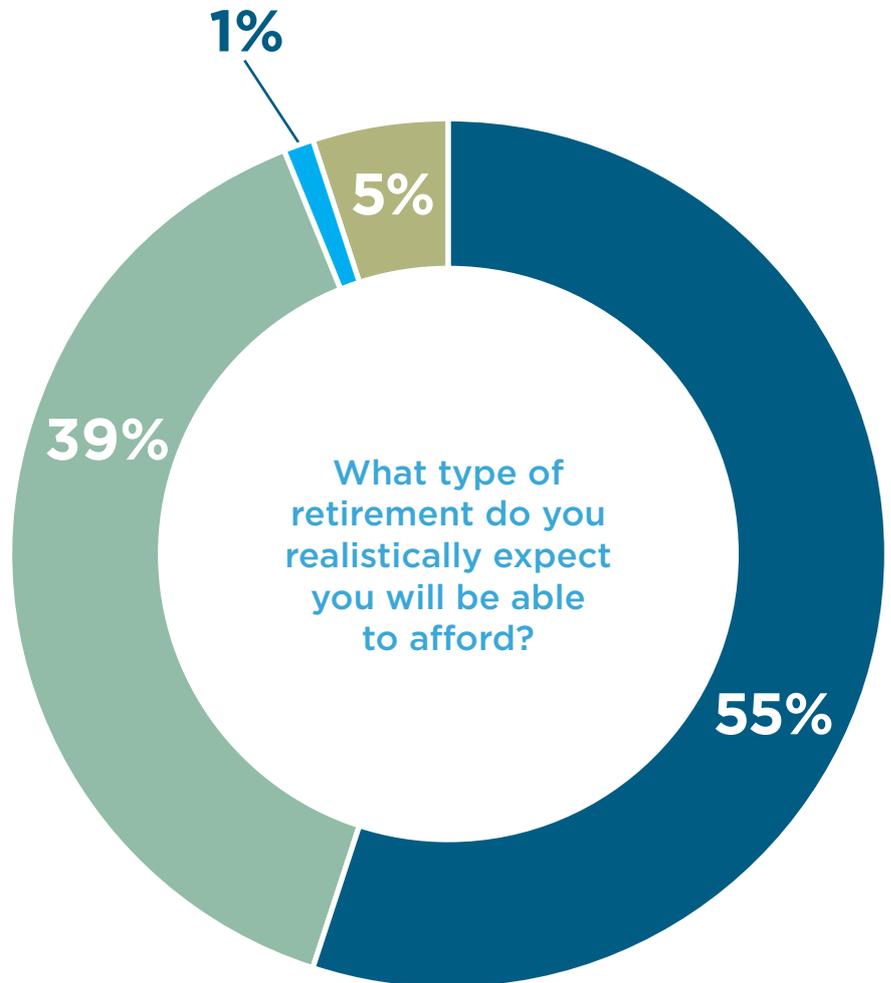
1/5 (19%) older working Australians don't know the value of their superannuation

## How much is enough? (continued)

- Australians retire with an income replacement-rate in retirement in excess of 65%
- At least 50% of Australians are able to cover their expenditure in retirement and have a lifestyle in retirement.

However, the REST research shows that only slightly more than half (55%) of respondents expect they will realistically be able to afford what they consider to be a modest retirement and just 39% of respondents are anticipating they will be able to afford what they consider to be a comfortable retirement.

This is at odds with the retirement many older Australians would like to enjoy. Three in five (60%) respondents believing that what they consider to be a modest income will not be enough to fund their retirement plans.



- Modest retirement
- Luxurious retirement
- Comfortable retirement
- Don't know / not sure

1. The Australian Bureau of Statistics, (2014), 3302.0 Deaths, Australia, 2013 [online] Canberra. Available at: [http://www.abs.gov.au/AUSSTATS/abs@.nsf/Latestproducts/3302.0Media%20Release%20Release12013?opendocument&tabname=Summary&prodno=3302.0&is\\_sue=2013&num=&view=](http://www.abs.gov.au/AUSSTATS/abs@.nsf/Latestproducts/3302.0Media%20Release%20Release12013?opendocument&tabname=Summary&prodno=3302.0&is_sue=2013&num=&view=) [Accessed 18 Sep 2015]
2. The Association of Superannuation Funds of Australia, (2015). Superannuation and the economy. Sydney: The Association of Superannuation Funds of Australia.
3. These figures are based on ASFA Retirement Standard, September Quarter, 2015 The Association of Superannuation Funds, (2011). SPOTLIGHT ON HENRY: A comparative analysis of the Henry Recommendations with the proposed increase of the Superannuation Guarantee to 12 per cent. Sydney: The Association of Superannuation Funds.
4. The Association of Superannuation Funds of Australia, (2011). Spending patterns of retirees as they age - the needs of older retirees. Sydney: Association of Superannuation Funds of Australia. Available at: <http://www.superannuation.asn.au/policy/reports> (Download)
5. The Association of Superannuation Funds, (2014). SPENDING PATTERNS AND LIFESTYLE OF RETIREES Spending patterns of retirees: New ASFA Retirement Standard. Sydney: The Association of Superannuation Funds.

# Older working Australians expect to retire later in life

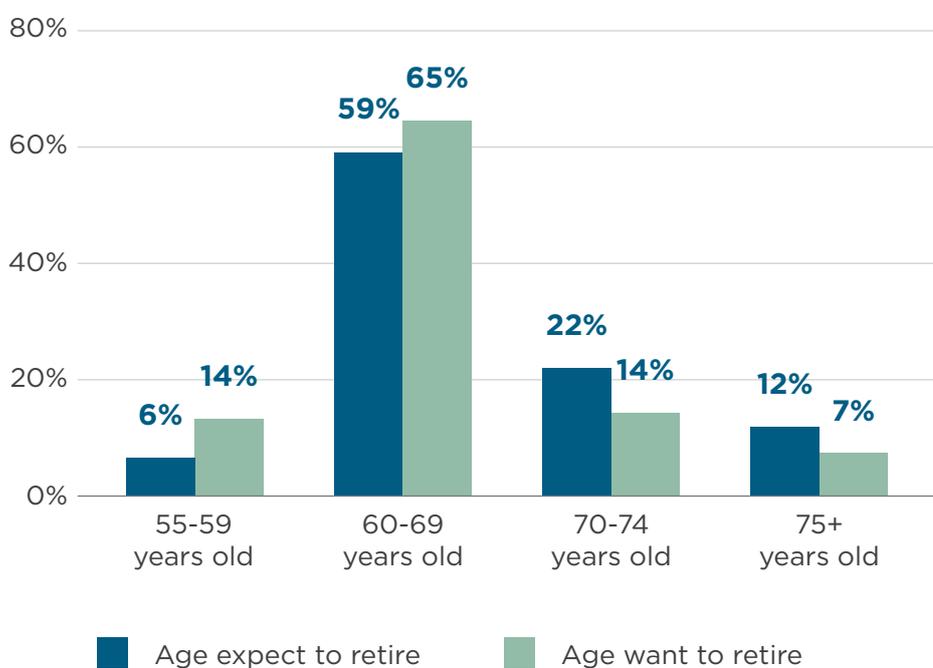
The big question older working Australians face is 'when is the right time to retire?'

The answer for many older working Australians appears to be 'not too soon', with nearly all (93%) of those surveyed believing they still have a valuable contribution to make to the workforce. Many want to work to stay mentally (87%) and physically (82%) active, and three in ten (29%) respondents say they never want to retire.

However, the decision to put off retirement isn't always a choice for older working Australians. A third (34%) of respondents anticipate that they will retire at a later age than they would ideally like to, while the average older working Australian hopes to retire at 67 years of age but expects to retire two years later at 69.

More than a third (35%) of respondents expect to retire at 70 years or older, but only one in five (22%) actually want to retire that late.

## At what age do you want to retire?



# 81%

4 in 5 respondents would prefer to work for an extra couple of years than spend their retirement worrying about money

# nearly 1/5

Nearly one in five older working Australians have accumulated less than \$50,000 in superannuation

A clear gender divide emerges when discussing retirement. The average woman aged 50 and above and still working would like to retire at 65 years of age, whilst the average man aged 50 and above and still working would like to retire at 68 years of age.

The average older working Australian is planning for almost 19 years of retirement, meaning they have made financial plans to cover them until about 88 years of age, while a quarter (27%) of respondents had not thought

about how many years they are planning to spend in retirement.

Amongst those who had thought about how many years they are planning to spend in retirement, 45% are planning for 20 or more years, with a third (33%) specifically planning for 20-29 years in retirement.

## Funding retirement

Growing life expectancy and living costs mean that older Australians are concerned that their superannuation will not be adequate to fund their retirement, forcing them increasingly to rely on other forms of funding such as equity in the family home and the Age Pension.

Only two in five (40%) of respondents believe their superannuation will be able to provide an adequate retirement, while 19% had total accumulated superannuation of less than \$50,000.

Two in five (41%) of older working Australians, who are planning to retire, believe they will have a shortfall of funds during their retirement. On the one hand, the average older working Australian forecasts they will need more than \$49,900 per year during their retirement. However, they believe they will actually be able to provide themselves with an income of \$44,500 per year.

This equates to an average shortfall of \$5,400 annually.

Those who expect to be able to afford a modest retirement anticipate the largest shortfall - \$11,300 per year. This group on average believe it will need more than \$42,700 per year but realistically will have only accumulated enough superannuation to provide an income of \$31,400 annually.

ASFA figures indicate that to achieve a comfortable lifestyle in retirement, singles will need to have a super balance of \$545,000, and couples \$640,000.<sup>6\*</sup>

However, the median value of older working Australians' super is \$125,000 and nearly a third (31%) have a super balance below six figures. Those aged over 50 today have not had the benefit of compulsory superannuation contributions throughout their working lives, meaning older working

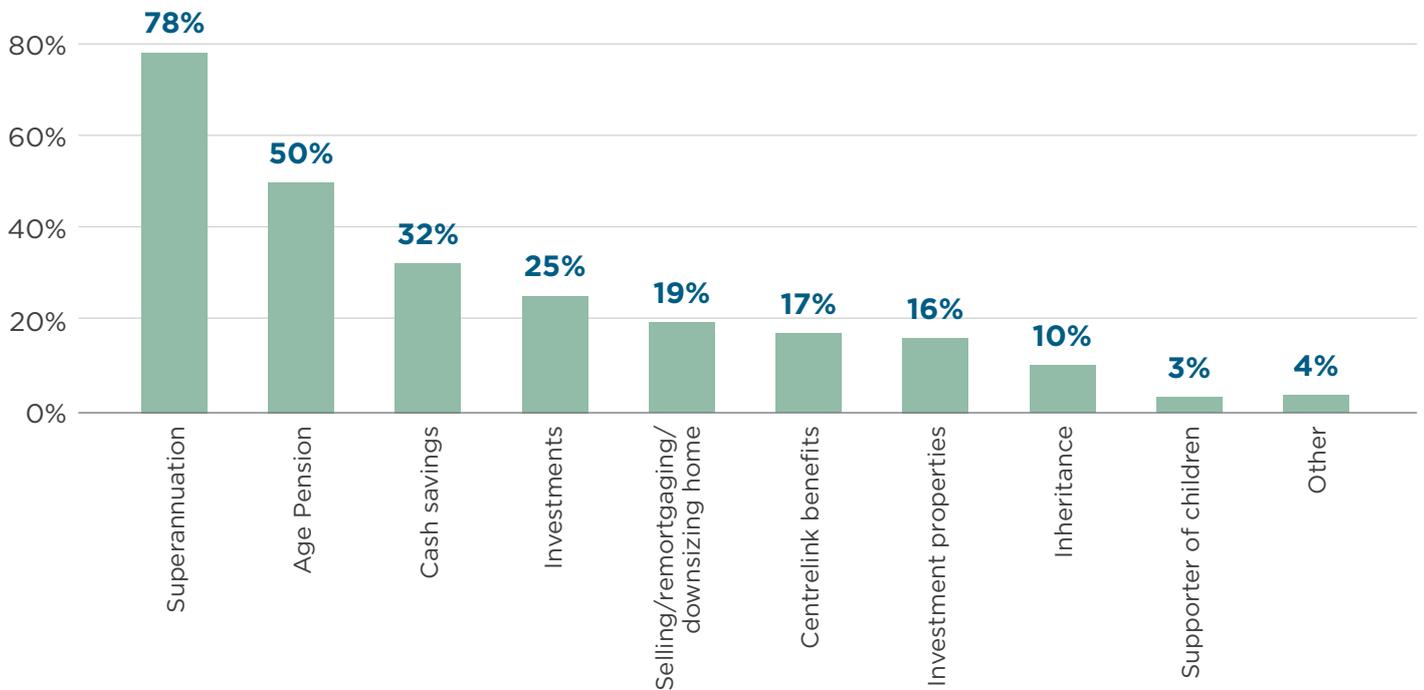
Australians are looking to other sources to fund the retirement they desire.

As the Productivity Commission<sup>7</sup> has noted, the Age Pension is still necessary as current superannuation balances are inadequate on their own to maintain retirement income. However, in the coming decades, workers can be expected to have accumulated sufficient savings to support themselves due to the simple fact they would have worked longer with higher compulsory contributions.

As in previous years of research undertaken by REST, superannuation remains a key part of retirement financial plans with four in five (78%) expecting to rely on superannuation to fund their retirement. Yet despite this intention, half (50%) of respondents realistically expect they will be relying on the Age Pension to fund their retirement and a third (32%) will use cash savings.

**41%**  
2 in 5 older working Australians who are planning to retire believe they will face a shortfall of funds during their retirement

### What are you relying on to fund your retirement?



6. Excluding other forms of saving

\* The Association of Superannuation Funds of Australia Ltd media release: 19 August 2015 'Increase in cost of living and changes to Age Pension means Australians need to save more in super: ASFA Retirement Standard June quarter.

7. Productivity Commission, (2015). Superannuation Policy for Post-retirement. Productivity Commission Research Papers. [online] Canberra. Available at: <http://www.pc.gov.au/research/completed/superannuation-post-retirement/super-post-retirement-volume1.pdf> [Accessed 5 Aug. 2015].

## House prices a positive effect on retirement?

# 32%

Just under a third (32%) of older working Australians believe rocketing housing prices in Australia means they will need to give their children money they've inherited if they are to afford a deposit on a house

Traditionally, one of the main personal assets that can assist Australians financially in retirement is the family home.

The rapid increase in property values, particularly in Sydney and Melbourne, has had a positive financial impact on some homeowners, with 39% of older working Australians relying on the equity in their house to fund their retirement.

However, these assets remain largely untapped as many ageing Australians would prefer not to draw upon the equity in the family home, whether through downsizing or employing a reverse mortgage<sup>8</sup>.

According to the Productivity Commission, this is because ageing Australians are concerned drawing down on equity in the family home will have negative effects due to stamp duty costs and the impact on pension means testing<sup>9</sup>.

Rising property prices have further flow-on effects, as they have made it difficult for the next generation to break into the market. As a direct result, older working Australians are now looking to use their own super and savings to help their children or, more likely, their grandchildren afford a deposit on a home<sup>10</sup>.

Of the 28% of older working Australians planning to help their children pay for a deposit on a house, one in five (21%) are planning to draw on their superannuation savings to do so.

Figures from RP Data (2015)<sup>11</sup> indicate the Sydney property market has recorded price growth of 76% since the beginning of 2009, so it is unsurprising that 37% of older working Australians surveyed in Sydney are planning to help their children climb on to the property ladder.

This is higher than the 32% of respondents living in Melbourne who are planning to help their children on to the property ladder and significantly higher than the average for respondents living outside Sydney and Melbourne (23%).

Indeed, super is being raided not only to help retirees' children afford a deposit on a house but also to leave an inheritance they consider to be significant (36%), help pay for grandchildren's school fees (29%), and help children pay for a holiday (27%) or home renovations (23%).

8. Productivity Commission, (2015). Superannuation Policy for Post-retirement. Productivity Commission Research Papers. [online] Canberra. Available at: <http://www.pc.gov.au/research/completed/superannuation-post-retirement/super-post-retirement-volume1.pdf> [Accessed 5 Aug. 2015].
9. Productivity Commission, (2015). Superannuation Policy for Post-retirement. Productivity Commission Research Papers. [online] Canberra. Available at: <http://www.pc.gov.au/research/completed/superannuation-post-retirement/super-post-retirement-volume1.pdf> [Accessed 5 Aug. 2015].
10. BDO & The Co-op, (2015). Future leaders Index. Whitepaper 1: Spending, savings & debts. [online] p.8. Available at: [https://coop-production-magento.s3.amazonaws.com/media/wysiwyg/2015\\_Future\\_Leaders\\_Index\\_-\\_White\\_Paper\\_1.pdf](https://coop-production-magento.s3.amazonaws.com/media/wysiwyg/2015_Future_Leaders_Index_-_White_Paper_1.pdf) [Accessed 22 Sep. 2015].
11. RP Data, (2015), Corelogic RP Data Home Value Index, Australia [online] Sydney. Available at: <http://www.corelogic.com.au/research/monthly-indices.html> [Accessed 18 Sep 2015] Superannuation. (2015). In: Dictionary.com, 1st ed. [online] Available at: <http://dictionary.reference.com/browse/superannuation?s=t> [Accessed 5 Aug. 2015].

## Which of the following have you done or planning on doing to support your kids financially?

	Help with expenses for my kids	Funding university studies	Help my kids pay for a deposit on a house	Organising to leave a significant inheritance	Help my kids afford a holiday	Paying school fees for my grandkids	Help my kids pay for renovations to their home
My/my partner's savings	47%	54%	49%	47%	53%	53%	48%
My/my partner's super	17%	21%	<b>21%</b>	36%	27%	29%	23%
The equity in my property/ properties	26%	26%	45%	58%	26%	39%	41%
Other	12%	12%	10%	8%	14%	9%	10%
Don't know/ not sure	21%	19%	12%	11%	15%	23%	11%

## Whose inheritance?

With nearly half of respondents planning to leave their children with a significant inheritance, it's clear that this is a topic on older working Australians' minds.

Almost a third (31%) of older working Australians anticipate that they will receive an inheritance – with most anticipating they will receive it from their parents (29%). Nine in ten (91%) of those who anticipate they will receive an inheritance believe some of

the inheritance will go towards funding their retirement, while 16% believe all of their anticipated inheritance will go towards funding their retirement.

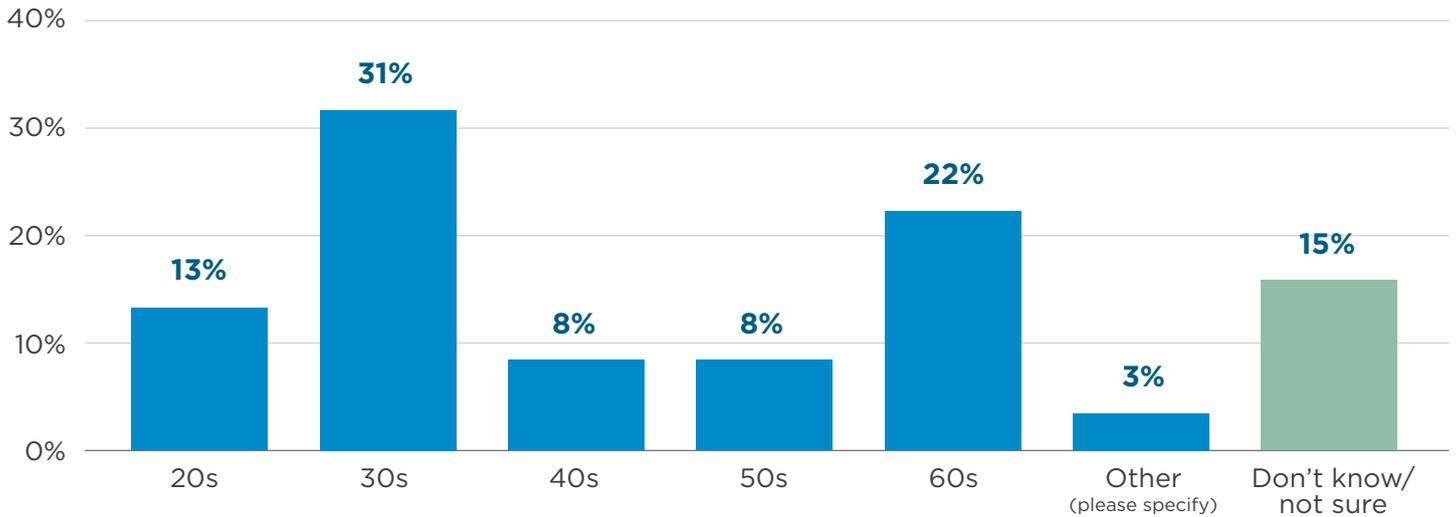
However, just under a third (32%) of older working Australians believe rocketing housing prices in Australia mean they will need to give their children money they've inherited to be able to afford a deposit for a house. Three in 10 (29%) would consider forgoing receiving an

inheritance and instead passing it along to their children.

Further supporting the idea that older Australians will pass down funds to the next generation even at the expense of funding their retirement, 31% of older working Australians believe that it is the 30-40 year age group that needs financial help the most.

## Whose inheritance? (continued)

### At what stage of life do you think people need financial help the most?



Older working Australians also appear to have high expectations when it comes to receiving an inheritance from their parents. Among those who have already received an inheritance from their parents, the average amount received was approximately \$110,200;

of those anticipating receiving an inheritance from their parents in the future, the average amount they expect to receive is approximately \$250,000.

Building on this discrepancy, and emphasising the uncertainty involved

in relying on an inheritance, four in five (78%) of respondents believe they can't rely on an inheritance as their parents might have unexpected medical expenses later in life.

# Reliance on Age Pension

Australian retirees typically rely on a combination of Age Pension, superannuation and other assets to achieve an adequate level of income in retirement.

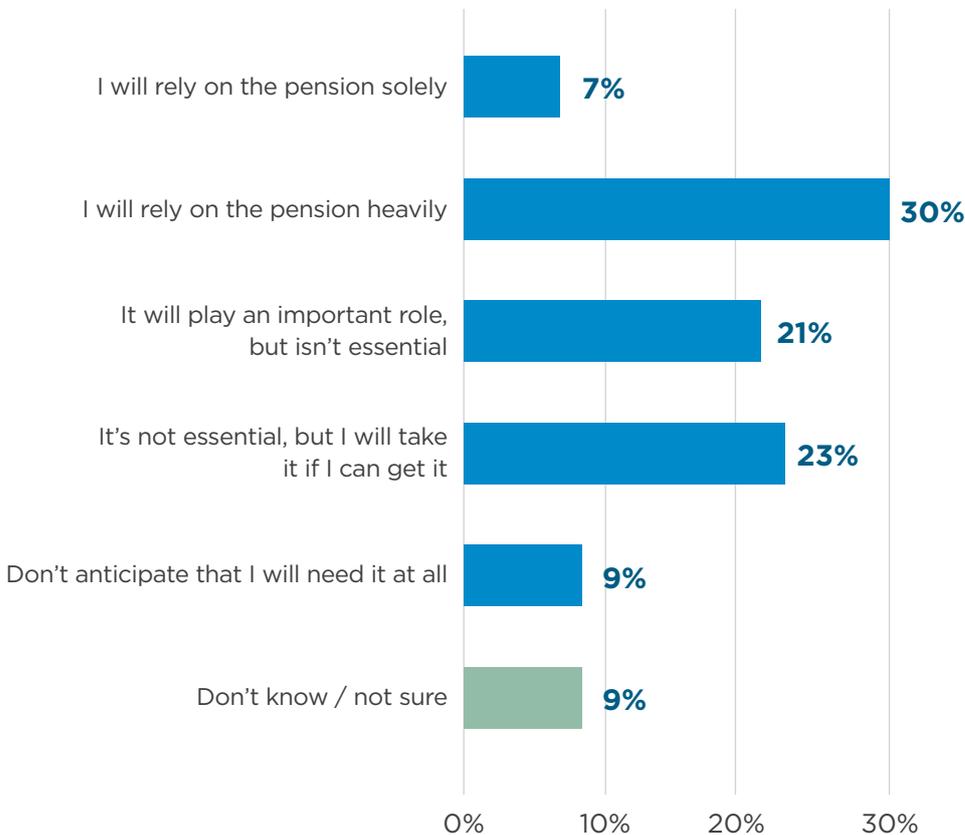
With the compulsory superannuation system decades away from maturity and current superannuation balances inadequate, the Age Pension is anticipated to be a vital source of retirement income for older working Australians.

Currently 37% of respondents rely either solely or heavily on the Age

Pension and only 9% do not anticipate that they will need the Age Pension at all. This is an improvement on the last round of this research, in which 64% of respondents expected to need to rely on the Age Pension to fund their retirement.

Almost 9 in 10 (87%) believe they deserve the Age Pension as they've paid taxes all their life, however 76% believe they cannot rely on the Government to support them.

## To what extent will you rely on a Government Age Pension during your retirement?





## Self-managed super funds

---

Older Australian workers appear to have some serious reservations towards the use of self-managed super funds (SMSF) as a savings plan for retirement. Of the small number (12%) who are using an SMSF, a significant amount either wishes they hadn't entered into one, or they had understood how time consuming they would be to manage.

Eight per cent of those surveyed with a SMSF intend to close it, while a quarter (24%) wouldn't have started one had they have known how much work was involved.

It also appears it is important to do research before signing up to a SMSF, with over a third (34%) of surveyed respondents who have or had SMSFs believing it has made their accountant more money than themselves.

Those with a SMSF are more likely to be planning on relying on the equity in their home to fund their retirement (46% versus 38% for those without a SMSF).

## Uncertainty surrounding government policies

---

In Australia's modern democracy, the Government's role has been to help establish means for individuals to provide themselves with an income in retirement to substitute, or supplement the Age Pension. An example of this is policies such as tax concessions relating to contributions and investment income that should help increase the value of individuals' balances.

However, recent debate about changes to the superannuation system seem to be chipping away at public confidence

in the system, with 91% of older working Australians surveyed saying they do not trust the Government not to change the rules on super.

A similar proportion are concerned about the stability of the superannuation system due to continued Government intervention - 86% say they are concerned Government intervention in the sector will actually damage their retirement savings.

# The gender gap – women are less prepared than men heading into retirement

According to gender pay gap statistics, prepared by the Workplace Gender Equality Agency, full-time average weekly earnings is \$284.20 less for women compared to men (\$1,307.40 for women compared to \$1,591.60 for men)<sup>12</sup>.

With women expected to earn less, work less due to family and child-rearing commitments, and yet live longer, it is no surprise that women are less prepared than men when it comes to funding their retirement.

## Where are the biggest gender differences?

Older working female respondents have far less superannuation than their male counterparts, with the average older working female having over \$100,000 less in their super compared to the average older working male.

Unsurprisingly, this results in women having lower confidence in their

superannuation, with only 35% of women believing their super is adequate compared to 45% of men.

As a result, women are more likely than men to rely on the Age Pension to fund their retirement (53% compared to 46% for men). Interestingly, men are more likely than women to rely

on their super (81%, women 75%) and their investments (31%, women 20%) to fund their retirement, likely due to their higher average superannuation balances.

## What is the total value of your superannuation?



Average value of super is  
**\$171,101**



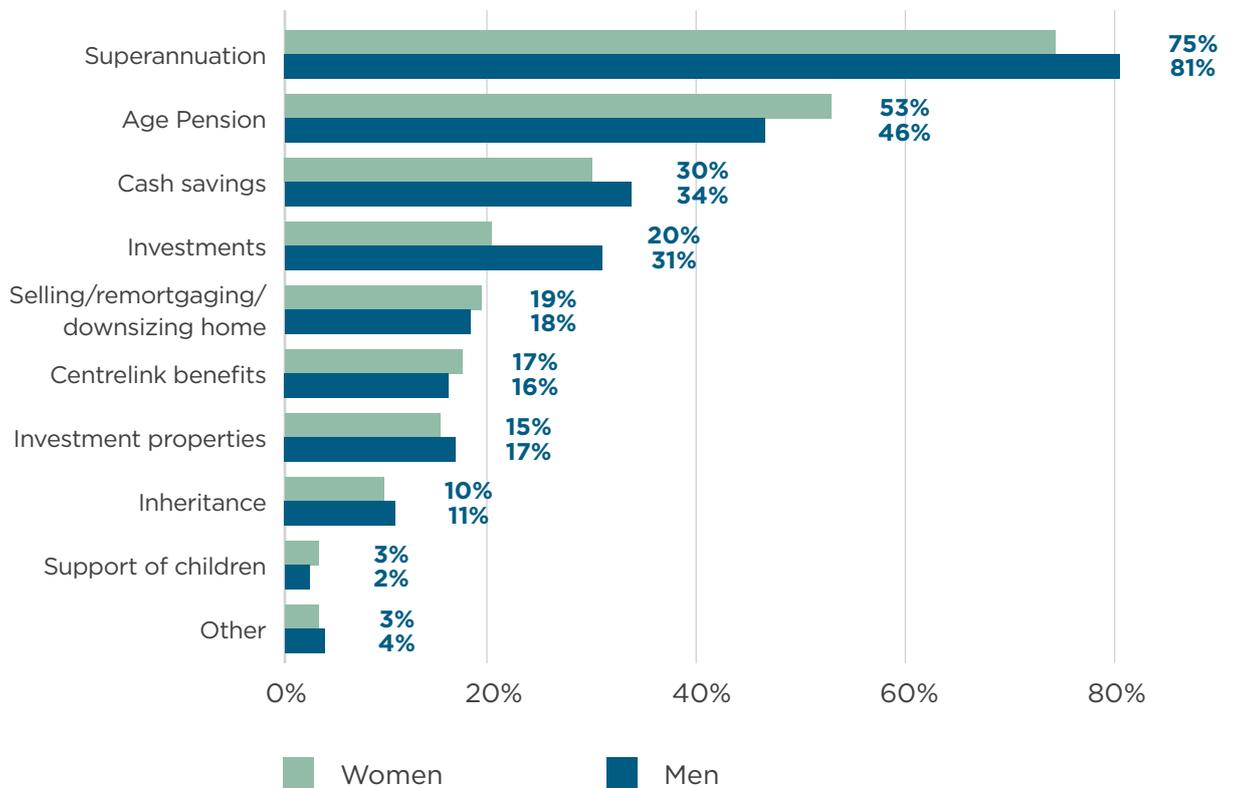
Average value of super is  
**\$275,646**

12. Workplace Gender Equality agency, (2015). Gender pay gap statistics. [online] Australian Government. Available at: [https://www.wgea.gov.au/sites/default/files/Gender\\_Pay\\_Gap\\_Factsheet.pdf](https://www.wgea.gov.au/sites/default/files/Gender_Pay_Gap_Factsheet.pdf) [Accessed 18 Aug. 2015].

## Where are the biggest gender differences? (continued)

Not only are older women more likely to make use of the Age Pension, they are more likely to solely or heavily rely on it to fund their retirement (44%; compared to older working men 32%). Men are more likely to admit that the Age Pension isn't essential, but they will take it if they can get it (29%; compared to older working women 18%).

### What are you relying on to fund your retirement?



## Older women have more uncertainty heading into retirement

Older women are less likely to know what age they want to retire (38%; compared to older men 28%) or should realistically expect to retire (43%; compared to older men 32%). The average older working female also expects a greater shortfall in retirement (\$8,025 per year; compared to average older working male \$3,364).

## How much do you realistically think you will need and expect to have for your retirement per year?



Shortfall:  
**\$8,025 p.a.**

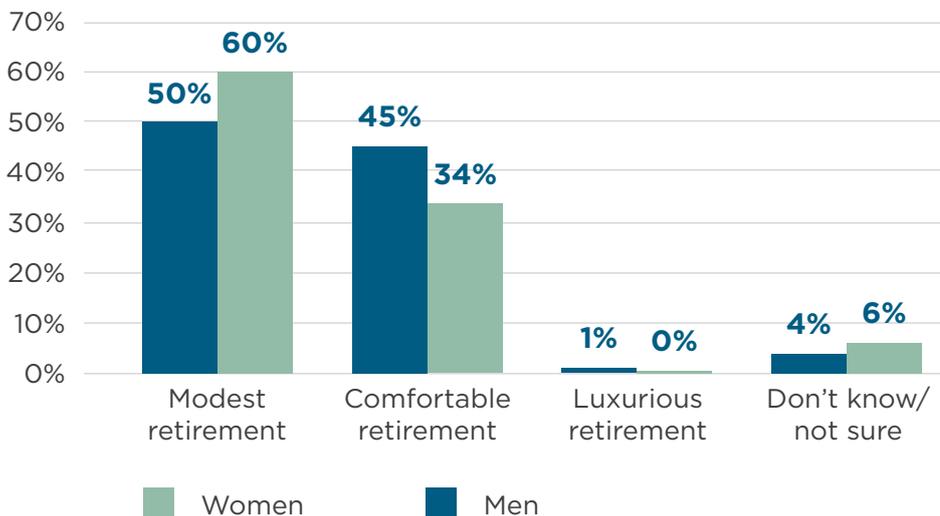


Shortfall:  
**\$3,364 p.a.**

Older working women are more likely to be expecting to afford a retirement they consider to be modest (60%; compared to older working men 50%). However, older working men are more likely to be expecting they'll be able

to afford a retirement they consider to be comfortable (45%; compared to older working women 34%). Less than 1% of older working women expect to be able to afford a retirement they consider to be luxurious.

## What are you relying on to fund your retirement?



# APPENDIX 1 - Survey main findings

---

## Longevity

- Older working Australians are planning to live to 88, and saving towards this goal, with almost half of respondents planning for 20 or more years of retirement and a third specifically planning for 20-29 years in retirement
- The average older working Australian is expecting to retire when they're 67, but are working two years longer than they'd like to
- Older working Australians who are planning their retirement plan to work longer (retiring at 69)
- Nearly a third of older working Australians haven't thought about how long they'll spend in retirement

## Retirement funding

- The average older Aussie worker expects to have a funding shortfall of \$5,400 per annum in retirement
- 81% would prefer to work for an extra couple of years than spend their retirement worrying about money
- Half of older Aussies plan to rely solely on the pension in retirement

## SMSF ownership

- A third believe their SMSF has made more money for their accountant than themselves
- A quarter who have started an SMSF wouldn't do it again because of the work involved
- 46% of Australians with an SMSF are planning to rely on the equity in their home to fund their retirement

## Government and superannuation

- 86% of older Australians are concerned that government intervention in the sector will damage their retirement savings

## Inheritance

- One in five older Australians will use all of their inheritance to fund their retirement
- Nine in ten Australians will rely on an inheritance to help fund their retirement, but four in five believe they can't rely on an inheritance as their parents may have unexpected medical expenses later in life
- Three in 10 (29%) would consider forgoing receiving an inheritance so they could pass it along to their children

## Property

- A third of older Australians believe they will need to give their children money they've inherited to be able to afford a deposit for a house
- 28% of older Australians plan to help their children pay for a deposit on a house
- Two in five older working Aussies will rely on the equity in their home to fund their retirement
- One in five older working Australians rent the home they live in
- While two in five Australians will rely on the equity in their home to fund their retirement, 32% of those who plan to support their children financially claim they'd use this equity to do so
- Interestingly, helping their kids to pay for a deposit for a house was one of the most common ways in which Aussie parents would support their children, at 28%

## APPENDIX 2 - Methodology

This study was conducted by Lonergan Research on behalf of REST Industry Super. It was conducted online amongst members of a permission based panel.

The online survey was conducted amongst 1,167 older working Australians. Screening questions were applied to ensure respondents were aged 50+, were still working (part-time or full-time) and had at least one super account. The fieldwork commenced on 20 August and was completed on 21 August 2015.

Data was weighted to the latest population estimates sourced from the Australian Bureau of Statistics (ABS). To be able to track data and have the ability to make comparisons to previous waves of research, we:

1. Removed those not working from old data sets (eg. those who were homemakers, carers and not working); and
2. Weighted the data to population estimates sourced from the ABS.

This research was carried out in compliance with the ISO 20252 standard.

Demographic profile of respondents below:

Gender	
Male	49%
Female	51%
Age	
50-54 years	31%
55-59 years	32%
60-64 years	24%
65+ years	13%
Location	
NSW	25%
VIC	24%
QLD	23%
SA	14%
WA	12%
TAS	2%
NT	<1%
Work status	
Working full-time	56%
Working part-time	44%
Marital status	
Single	12%
In a relationship	3%
Married/ de facto	68%
Separate/ divorced	14%
Widowed	3%

## APPENDIX 3 – Comparison to 2014 data

Question number and text	2014
<b>14. What is the balance of your super fund?</b>	
<\$50,000	21%
\$50,001-\$100,000	14%
\$100,001-\$200,000	12%
\$200,001-\$500,000	23%
\$500,001 or more	9%
I would rather not say	14%
I am not sure what the balance of my super fund is	7%
Average	\$218,475.95 excluding DK/NS
<b>17. What are you relying on to fund your retirement (please indicate all the relevant items)?</b>	
Superannuation	77%
Full aged pension	31%
Part aged pension	28%
Centrelink benefits	17%
Investment properties	18%
Cash savings	29%
Non-superannuation Investments	18%
Selling/remortgaging/ downsizing home	20%
Support from my children	2%
Inheritance	10%
Other (please specify)	4%
<b>18. Do you own your own home (or any other property) outright (i.e. nothing currently owing on a mortgage)?</b>	
Yes	53%
No	47%
<b>33. How much money per year do you think you will need to lead a comfortable retirement?</b>	
< \$20,000	3%
\$20,000-\$29,999	10%
\$30,000-\$39,999	21%
\$40,000-\$49,999	20%
\$50,000-\$59,999	22%
\$60,000-\$99,999	20%
\$100,000 or more	4%
Average	\$53,394.64 excluding DK/NS

Question number and text	2015
<b>B1. What is the total value of your superannuation?</b>	
\$0-\$49,999	19%
\$50,000-\$99,999	13%
\$100,00-\$199,999	19%
\$200,000-\$499,999	20%
\$500,000 or more	12%
Don't know/ not sure	19%
Average	\$226,101 excluding DK/NS
<b>B4. What are you relying on to fund your retirement?</b>	
Superannuation	78%
Age Pension	50%
Centrelink benefits	32%
Investment properties	25%
Cash savings	19%
Investments	17%
Selling/remortgaging/ downsizing home	16%
Support of children	10%
Inheritance	4%
Other (please specify)	3%
<b>B2c. What is the value of your mortgage on your home that you mainly live in?</b>	
<b>\$0 (own it outright)</b>	<b>52%</b>
\$1-\$4,999	2%
\$5,000-\$9,999	1%
\$10,000-\$19,999	1%
\$20,000-\$49,999	4%
\$50,000-\$99,999	7%
\$100,00-\$149,999	8%
\$150,000-\$199,999	5%
\$200,000-\$499,999	12%
\$500,000-\$749,999	1%
\$750,000-\$999,999	1%
\$1million or more	0%
Don't know/ not sure	6%
<b>B7a. How much do you realistically think you will need for your retirement per year?</b>	
Less than \$20,000	3%
\$20,000-\$29,999	16%
\$30,000-\$39,999	20%
\$40,000-\$49,999	19%
\$50,000-\$59,999	21%
\$60,000-\$99,999	16%
\$100,000 or more	4%
Average	\$49,938.9 excluding DK/NS

# References

---

1. AIST Mercer, (2015). Super Tracker: How the Super stacks up on fairness, adequacy and sustainability. [online] AIST Mercer. Available at: [http://www.aist.asn.au/media/14318/14041-IC\\_AIST%20super%20tracker%20\\_FIN-SEC.pdf](http://www.aist.asn.au/media/14318/14041-IC_AIST%20super%20tracker%20_FIN-SEC.pdf) [Accessed 5 Aug. 2015].
2. Asic.gov.au, (2015). Stronger Super reforms. [online] Available at: <https://www.asic.gov.au/regulatory-resources/superannuation-funds/stronger-super-reforms/> [Accessed 5 Aug. 2015].
3. The Association of Superannuation Funds, (2011). SPOTLIGHT ON HENRY: A comparative analysis of the Henry Recommendations with the proposed increase of the Superannuation Guarantee to 12 per cent. Sydney: The Association of Superannuation Funds.
4. The Association of Superannuation Funds, (2014). The future of Australia's super: a new framework for a better system. [online] Sydney: The Association of Superannuation Funds.
5. The Association of Superannuation Funds, (2014). SPENDING PATTERNS AND LIFESTYLE OF RETIREES Spending patterns of retirees: New ASFA Retirement Standard. Sydney: The Association of Superannuation Funds.
6. The Association of Superannuation Funds of Australia, (2015). Superannuation and the economy. Sydney: The Association of Superannuation Funds of Australia.
7. The Australian Bureau of Statistics, (2014), 3302.0 Deaths, Australia, 2013 [online] Canberra. Available at: <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Latestproducts/3302.0Media%20Release12013?openDocument&tabname=Summary&prodno=3302.0&issue=2013&num=&view=> [Accessed 18 Sep 2015]
8. BDO & The Co-op, (2015). Future leaders Index. Whitepaper 1: Spending, savings & debts. [online] p.8. Available at: [https://coop-production-magento.s3.amazonaws.com/media/wysiwyg/2015\\_Future\\_Leaders\\_Index\\_-\\_White\\_Paper\\_1.pdf](https://coop-production-magento.s3.amazonaws.com/media/wysiwyg/2015_Future_Leaders_Index_-_White_Paper_1.pdf) [Accessed 22 Sep. 2015].
9. Ludlow, M. (2015). Queensland government freezes superannuation contributions to save \$2 billion over five years. The Australian Financial Review. [online] Available at: <http://www.afr.com/news/politics/queensland-government-freezes-superannuation-contributions-to-save-2-billion-over-five-years-20150713-giatw3> [Accessed 5 Aug. 2015].
10. Financial Decisions at Retirement. (2015). [Booklet] Canberra: Australian Securities and Investments Commission. Available at: <https://www.moneysmart.gov.au/media/332959/financial-decisions-at-retirement.pdf> [Accessed 5 Aug. 2015].
11. Murphy, K. (2015). Superannuation tax breaks almost entirely used to benefit rich, report finds. The Guardian. [online] Available at: <http://www.theguardian.com/australia-news/2015/jul/07/superannuation-tax-breaks-almost-entirely-used-to-benefit-rich-report-finds> [Accessed 5 Aug. 2015].
12. Paton, R. (2015). Are we being unfair to Gen Y? Actuaries Digital. [online] Available at: <http://www.actuaries.digital/2015/04/16/intergenerational-aspects-of-public-policy/> [Accessed 5 Aug. 2015].
13. Productivity Commission, (2015). Superannuation Policy for Post-retirement. Productivity Commission Research Papers. [online] Canberra. Available at: <http://www.pc.gov.au/research/completed/superannuation-post-retirement/super-post-retirement-volume1.pdf> [Accessed 5 Aug. 2015].
14. Quine, S. (2015). Actuaries weigh in on Govt Tax Paper. Actuaries Digital. [online] Available at: <http://www.actuaries.digital/2015/06/16/actuaries-weigh-in-on-govt-tax-paper/> [Accessed 5 Aug. 2015].
15. Rose, S. (2015). \$2.5 million superannuation cap call gains support. The Australian Financial Review. [online] Available at: <http://www.afr.com/personal-finance/superannuation-and-smsfs/25-million-cap-on-super-gains-support-20150803-giq518> [Accessed 5 Aug. 2015].
16. RP Data, (2015), Corelogic RP Data Home Value Index, Australia [online] Sydney. Available at: <http://www.corelogic.com.au/research/monthly-indices.html> [Accessed 18 Sep 2015] Superannuation. (2015). In: Dictionary.com, 1st ed. [online] Available at: <http://dictionary.reference.com/browse/superannuation?s=t> [Accessed 5 Aug. 2015].
17. The Treasury, (2015). 2015 Intergeneration report, Australia in 2055. [online] Canberra: The Treasury. Available at: <http://www.treasury.gov.au/PublicationsAndMedia/Publications/2015/2015-Intergenerational-Report/HTML> [Accessed 5 Aug. 2015].
18. Workplace Gender Equality agency, (2015). Gender pay gap statistics. [online] Australian Government. Available at: [https://www.wgea.gov.au/sites/default/files/Gender\\_Pay\\_Gap\\_Factsheet.pdf](https://www.wgea.gov.au/sites/default/files/Gender_Pay_Gap_Factsheet.pdf) [Accessed 18 Aug. 2015].
19. The Association of Superannuation Funds of Australia, (2011). Spending patterns of retirees as they age - the needs of older retirees. Sydney: Association of Superannuation Funds of Australia. Available at: <http://www.superannuation.asn.au/policy/reports> (Download)

Issued by Retail Employees Superannuation Pty Limited ABN 39 001 987 739 AFSL 240003  
Retail Employees Superannuation Trust ABN 62 653 671 394  
Unique Superannuation Identifier RES0103AU  
859.9 10/15 ISS5

