NOT SO SUPER!

Research[1] shows about 20% of retirees are spending their super at 'unsustainable' levels. What does that mean? It means about one fifth of us will most likely outlive our retirement savings. And…

This percentage is predicted to rise as more of us enter retirement! Recent research[2] shows 54% of pre-retirees (55 and over) are financially unprepared for retirement and only 8% are financially prepared.

So WHY are retirees running out of money?

- One of the primary reasons is simply because we are living longer. Australia is in the top 5 countries for life expectancy[3] – if you're aged 64 now you can expect to spend about 20 years in retirement.
- Medical advancements have also meant that many of us are more physically and socially active in retirement than previous generations. That's a wonderful bonus for us but NOT so beneficial for our super balance!
- There has been a seismic shift in expectations of what 'modern' retirement entails – we now want a slice of the 'good life' after years of working. This is having a significant impact on how retirees use their savings.
- Lastly, it has been suggested that our cultural tendency towards a 'she'll be right mate' attitude has lulled us into a false sense of security.

Minimum draw down rates

The government mandates a minimum percentage retirees have to draw down from their superannuation pension balance as an income payment each year. Data supplied from super funds shows that over the past decade 50% of these superannuation pensions are being drawn down at above these minimum rates. Interestingly, the balance 'size' did not appear to affect people's decision on how much to withdraw.

So… How super is YOUR super?

What is the alternative?

We know you've heard this before BUT… the majority of retired Australians rely on the age pension. In 2017 that amounts to a maximum of $669.60 per fortnight each for couples and $888.30 per fortnight for singles[4].

You can certainly see that reliance on the age pension as your sole source of income would probably mean your retirement may not look quite like what you had planned.

So what steps do you need to take NOW?

If you fall into the 'pre-retiree' category (and let's face it, that's ALL of us who haven't yet retired – no matter WHAT age we are now) then planning is the key.

The earlier you start, the better!

Depending on your current age this may involve a short, medium or long term strategy. Statistics[5] show 44.5% of homeowners aged 55-64 had an outstanding mortgage debt in 2013-14 – almost triple the level of 1995-96! Clearly, paying down debt and maximising our retirement savings are key considerations for most of us when planning the lifestyle we want in retirement.

Remember, you are never too young to start thinking about your future. Time and capital growth don't wait for anyone so the time to start thinking about your retirement is right NOW!

We would welcome the opportunity to discuss your financial future at any time – call us for an appointment TODAY.

There are many wealth creation options available to help fund your future retirement. The most effective option? Taking ACTION now is a good start!

1. www.actuaries.asn.au 2. www.vicsuper.com.au 3. www.who.int
4. www.humanservices.gov.au/individuals/enablers/payment-rates-age-pension/39901#a1
5. www.aist.asn.au/media/20734/AIST_Housing%20affordability%20and%20retirement%20incomes_FINAL%2021032017.pdf

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