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## **MEDIA RELEASE**

**Tuesday 7 December 2010**

**Australians avoiding the 'retirement' elephant in the room**

**Planning for retirement should start in our 30's not 50's and  
Australians working longer than ever before.**

**A new report released today reveals Australians are continuing to delay their retirement planning and avoiding a big elephant in the room.**

**The findings come from AXA's research paper Retirement Scope, which surveyed more than 30,000 people in 26 countries.**

AXA's General Manager of Sales and Marketing ; Adrian Emery said the survey found most Australians waited until they hit 55 to start retirement planning; which in many cases is too late.

"Our survey found 73 per cent per cent of 55-60 year olds said they had started preparing for retirement but only 33 per cent of 31-36 year old Australians had started to prepare. This doesn't compare well with the US where 68 per cent of 31-36 year olds said they had already started preparing," he said.

Mr Emery said questions about retirement were a bit like the elephant in the room. Everyone knows it's there; they just want to pretend it doesn't exist.

"We all know that we should be thinking responsibly about life after work, but there's always something else to do, somewhere else to go, or something else to buy, so most of us put off planning until it's too late.

"The message to Gen X'ers is that you are in the box seat. The earlier you start, the easier your experience will be later in life. If you're approaching retirement the message is clear, seek professional help and contact a financial adviser.

"The reality is, as personal health improves, leading to longer lives, our financial health must also improve to keep pace with the extended expectations that longer life will necessarily require," he said.

Leading demographer, Bernard Salt says the next wave of retirees, the baby boomer generation, are going to get a rude awakening when they hit retirement age.

"The Superannuation Guarantee has lulled baby boomers into a false sense of security. Many haven't paid into super all their working lives. And in either case boomers' expectations in retirement will require more funding than previous generations. Boomers don't do frugality."



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He argues that boomers "perhaps don't want to confront the ugly reality of the retirement nest egg. It's a bit like going to a doctor for a health check. Some people would simply rather not know. The scale of boomer's retirement income is the great elephant in the room that no-one wants to talk about but which is going to make its presence known very quickly," he said.

The survey also found:

- Australians were amongst the most likely in the survey to support a government decision to increase mandatory contributions. Forty-six per cent of working Australians said they would support such a move, just 17 per cent of Americans said they supported Government intervention.
- 50 per cent of working Australians surveyed believe that their retirement income will be sufficient, down from 61 per cent in 2006. There was a more positive outlook elsewhere, 57 per cent of Americans and 79 per cent of Chinese workers said their retirement incomes would be enough.
- 48 per cent of retired Aussies said they relied on the pension, compared to 93 per cent in France and 89 per cent in Spain.
- Working Australians were least able to estimate their retirement incomes, with more than three quarters (78 per cent) unable to estimate what their future retirement income would be.
- Only 5 per cent of Australians agree the government should lift the pension age, compared to 11 per cent of French workers who support the idea
- Australians see retirement as a time principally dedicated to leisure, rest and socialising with a more active vision than other countries surveyed.

**Other key findings follow.**

**Editors please note:**

A media doorstep will be held at Southern Cross Station (corner of Collins and Spencer St, Melbourne) on Tuesday 7 December at 9:30am.

**Vision opportunities will be available with the AXA giant 'retirement' elephant.**

Bernard Salt and Adrian Emery will be available for comment from 6am.

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## **AXA 2010 - RETIREMENT SCOPE – KEY FINDINGS**

### **A super solution**

#### **Australians more likely to support an increase in the Superannuation Guarantee**

The AXA 2010 Retirement Scope survey found that of the countries surveyed, Australians are among the most likely in the world to support an increase of mandatory super contributions.

Forty-six per cent of working Australians said they would support a government decision to increase mandatory contributions.

Amongst those already retired, 42 per cent said they wished the government had already increased the guarantee.

In contrast to Australia, American workers showed little support for state intervention, with just 17 per cent of workers advocating an increase in state contributions.

### **She'll be right**

#### **Will she?**

When compared to other benchmark countries, working Australians were least able to estimate their retirement incomes, with more than three quarters (78 per cent) unable to estimate what their future retirement income would be.

The laidback “she’ll be right” attitude which makes Aussies so popular around the world, could also be our undoing.

Almost one third of Australians admit to never reviewing their retirement plans and only 25 per cent said they annually review their retirement plans.

### **Working longer**

#### **More governments want to keep workers working**

Working Australians are strongly opposed to the government increasing the legal retirement age.

The 2010 AXA Retirement Scope survey found there was significant resistance to the idea of working longer or having the legal age for retirement increased by the state as a solution to ensure sufficient retirement income across all 26 countries surveyed.



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Yet more and more governments are turning against popular opinion and increasing the qualifying age for the pension as a way to meet the demands of aging populations and struggling economies.

Australia was one of the first countries to announce a change this year when the Federal Government announced a plan to lift the qualifying age for the age pension from 65 to 67 by 2023.

However the idea of working longer to ensure sufficient income in retirement received little traction from Australian workers, with just five per cent considering it an option.

In contrast, more than double the amount of French workers support the state increasing the retirement age, with a respectable 11 per cent considering it a solution.

In September France's President Nicolas Sarkozy's plan to raise the retirement age from 60 to 62 and the age for a full pension from 65 to 67 was met with such hostility it prompted mass strikes across the nation, lasting more than seven weeks.

### **The grass isn't always greener Retired Australians wished they had worked longer**

Working Australians want to retire sooner than they believe they will be able to.

When asked "at what age do you think you will retire?", the majority predicted 64 years of age. Fifty-nine years of age was nominated as the ideal retirement age.

However, when the question was asked of retired Australian's "at what age would you have liked to have retired?", the majority said 61 years, this is three years later than the average retirement age of 58.

This could be due to the fact that once retired, many realise they have too much spare time on their hands!

### **Retirement shortfall Keeping your retirement dreams on track**

An increasing number of Australians are coming to grips with the idea they won't have enough to live on in retirement, according to a survey by AXA.

The 2010 AXA Retirement Scope survey found only 50 per cent of working Australians surveyed believe that their retirement income will be sufficient, down from 61 per cent in 2006.

Overall, the cross-nation report found that those with higher incomes were most likely to believe their retirement income would be sufficient at 50 per cent. Mid income level respondents were more cautious at 46 per cent and just 31 per cent of low income workers considered their total retirement income would be sufficient.



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As a result, those with high income levels were significantly more optimistic than others regarding their future retirement income.

### **Pension dependence**

#### **Relying on the age pension**

The majority of retired Australians currently get most of their retirement funding from the age pension.

The 2010 AXA Retirement Scope survey reveals that almost half of those surveyed (48 per cent) rely on the age pension in their retirement.

Twenty-nine per cent funded most of their retirement from their own investments and savings, 21 per cent relied on their superannuation, and just two per cent used real estate.

In the US 40 per cent of retirees surveyed relied on the state pension in their retirement, while just 13 per cent used their own savings and investments.

Across most of the European countries surveyed there was a heavy bias toward state pensions, with anything from 80 to 90 per cent of respondents citing it as their main source of retirement income and very low levels of personal investments and savings.

### **Healthy and happy**

#### **Aussies remain positive about retirement years**

Despite increasing talk about 'longevity' risk and the realisation that people will be living longer lives, we generally have a positive, active and responsible attitude toward retirement.

AXA's 2010 Retirement Scope survey revealed 95 per cent of working Australians saw their retirement years as a moment in life they had to prepare for financially.

Eighty-seven per cent of Australians surveyed saw retirement as a time to take care of themselves and an opportunity to get involved in group projects, and 83 per cent saw it as a time to start or create a new activity.

Overall Australians were less focussed on the negative aspects of retirement, such as ill health and dependence (38 per cent), and more focussed on positive aspects of retirement, such as getting involved in new activities and having more time to themselves.

An impressive 83 per cent identified retirement as an opportunity to start a new professional activity or create a new activity.

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