

Big potential for retirement income planning

Most Australians over 40 years of age are keen to invest in longevity products but most have no idea how they work. Furthermore, half of Australians over 40 years of age are not getting advice on retirement income planning. These are findings in a report released by the financial services research firm, Investment Trends.

The Investment Trends 2009 Retirement Income Report based on a survey of 2,861 Australians aged over 40 found retirement income planning was a weak area in the financial planning industry.

More than half of respondents are "interested" or "very interested" in a product that would protect them against outliving their savings. However, just 9% said they had a better than average understanding of longevity products.

The survey also shows that 67% of superannuation savers admitted that they did not have enough money to reach their desired retirement income; however, only 34% had a requirement income plan. Just 10% had a plan taking into account potential falls in financial markets.

"Retirement income planning was among the largest advice gaps, both for planners and accountants," said Mark Johnston, principal at Investment Trends. In addition, the opportunity for accountants to assist clients in this area is considerable after the report found that 29% of respondents with less than a year to retirement stating they would prefer to speak to an accountant.

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