

# Financial Standard

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## Australians up on luck, down on savings

Tuesday, 31 August 2010 12:25pm

A new report adds to mounting research that many Australians are ill-prepared for retirement with only one in 10 likely to have enough money to maintain their lifestyle once they quit the rat race.

The Investment Trends September 2009 Retirement Income Report, which surveyed 2,178 people aged 40 and over, found that 67 per cent of pre-retirees believed they did not have enough savings for their retirement.

"Only nine percent of respondents feel they have enough super to achieve the income level they would like in retirement and this is alarming," said Mark Rantall chief executive officer of Financial Planning Association.

"Increased consumer education and ultimately engagement with their superannuation portfolios is imperative if we are to strengthen the retirement savings of Australians and reduce demand on the aged pension."

Financial planners have made their own attempts at engaging consumers, according to certified financial planner Matthew Walker from WLM, yet consumers themselves are going to have to take control of their financial interests more if they want the rewards.

"Super is one of the largest assets outside the family home when retirement occurs, every single working Australian has super. Fundamentally, every person should be invested in their super but they just aren't," he said.

"From a financial planner's perspective, it is important to get people engaged for their own financial well-being at any age. Younger people can use super to put insurances through, improve their cash flows and get better tax outcomes while older people can minimise income tax through transition retirement strategies."

Additional results from the report found that average super balances are really a poor measure of adequacy of retirement savings for any given group of people as, in most cases, the higher balance members drag the average to them.

For example, the average super balance for those within a year of retirement averaged at \$330,000, yet Investment Trends found the median balance was only \$109,000 - well below the average.

What's more, Australians in accumulation phase usually estimated they'd need \$49,000 per annum to retire comfortably (on average).

Survey respondents said that it was the rising costs of living that were the greatest threat to their retirement savings followed by poor health and the GFC.

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This story was found at: <http://www.financialstandard.com.au/news/view/29652>

Printed: **Tuesday, 31 August 2010 10:27pm**