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Australian retirees regret savings level

Most unprepared for retirement: report

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A large number of Australian retirees are unprepared for retirement with many regretting not putting more money into their superannuation during their working life, an industry report has found.

Figures from the Investment Trends 2010 Retirement Incomes Report found 46 per cent of retirees would have made extra super contributions, start saving earlier or saved more consistently if they had their working life again.

"It seems that a large number of Australians are underprepared for retirement, with many having unrealistic expectations for their retirement savings," Investment Trends chief operating officer Tim Cobb said.

"Among those yet to retire, around one in four expect to earn 10 per cent a year on their retirement savings, considerably more than recent returns", he said.

Cobbs said almost half of the retirees and pre-retirees surveyed for the report expect to receive the age pension, whereas only 31 per cent of current retirees are in fact entitled to a full or part pension.

"At the same time, the report shows that retirees adjust rapidly to their reduced incomes, with actual spending among retirees considerably lower than the amounts that those still in the workforce anticipate they will need," he said.

The report also found a mismatch between Australians' expectations before retirement and the reality of retirement life for many.

It found that before retirement, Australians expect on average that they will need \$56,000 a year to lead the retirement lifestyle they are looking for.

However retirees spend an average of just \$39,000 a year once they retire, with spending declining to an average of \$32,000 a year after 10 years in retirement.

"While around 47 per cent of retirees say that living in retirement is cheaper than expected, it also seems likely that many retirees are adjusting their lifestyle to fit their means," he said.

"More than half have been negatively affected by the GFC [Global Financial Crisis], with 35 per cent saying that they have somewhat less income than before, and 14 per cent saying that they have substantially less income."

The Investment Trends 2010 Retirement Incomes Report is based on an online survey of 974 retirees and pre-retirees in November and December 2010.

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