

Retirees regret not saving more: survey

Published 2:38 PM, 7 Apr 2011

AAP

About half of retirees regret not saving more for retirement and most say stable investment returns are more important than higher returns or lower costs, according to research.

Wealth management researcher Investment Trends found 46 per cent of retirees wished they had saved more before retiring, when it conducted an online survey of 974 retirees in November and December 2010.

Many Australians still have unrealistic expectations for their retirement savings, Investment Trends chief operating officer Tim Cobb said in a statement on Thursday.

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

But retirees and pre-retirees put stable returns and income transparency above high returns when considering retirement income products.

"These results turn established wisdom on its head, with stable returns proving much more important than higher returns or lower costs," Mr Cobb said.

More than half of retirees had felt the brunt of the global financial crisis, with 35 per cent reporting they had somewhat less income than before, and 14 per cent reporting their income had dropped "substantially".

Many experienced large and unpredictable fluctuations in their retirement savings, Mr Cobb said.

Seventy-seven per cent of survey respondents want their retirement income products to offer protection against market falls, while 86 per cent want stable returns and 91 per cent want tax effectiveness.

Investment Trends' survey revealed a big mismatch between Australians' expectations before retirement and the reality of life for retirees.

Most Australians anticipate they will need an income of \$56,000 a year during retirement - \$17,000 more than the average annual living expenses of retirees.

They also underestimate their life expectancy and the associated retirement savings needed, the researcher said.

Retirees currently in their 80s expect to live to 95 years of age, with only one in eight reporting they are in poor health.

Comment

Be the first to comment on this story.

<http://www.businessspectator.com.au/bs.nsf/Article/Retirees-regret-not-saving-more-FP6FV?opendocument&src=rss>