

## **WEALTH NO GUARANTEE OF A ‘COMFORTABLE’ RETIREMENT**

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A new report about spending in retirement has found that being wealthy was not necessarily a guarantee of living a comfortable lifestyle.

The joint research by National Seniors Australia and Challenger Limited also found that not everyone on the aged pension found they were ‘constrained’ in their lifestyle spending.

“Being wealthy certainly means people can spend more on their lifestyle, but our research shows that personal priorities and preferences are critical in defining retirement comfort,” said National Seniors CEO, Professor John McCallum.

The report investigated seven lifestyle categories to assess comfort in spending, such as: eating out, holidays, energy bills, quality products, home renovations, household items and appliances, phone and internet connection and quality clothes.

As well as wealth, alleviating people’s worry about outliving savings was also very important to their spending decisions. Even if you are wealthy, being worried about having enough to last will affect your spending patterns and financial comfort.

Challenger Limited’s Chairman of Retirement Income, Jeremy Cooper said it was hard to feel comfortable in retirement if you didn’t have confidence your money will last.

“Financial comfort relates to personal values, not just economic measures,” he said.

“Age matters. Retirement is about spending your money and people spend their money on different things.

“Older retirees felt less comfortable about spending in certain areas than younger ones – areas such as home maintenance and phone and internet services. But they were more comfortable spending on quality clothing and other products.”

Mr Cooper added that more personalised digital tools could identify what was going to make individual retirees feel financially comfortable.

Professor McCallum emphasized that COVID -19 has upended the future for many retirees, who are now experiencing serious financial hardship and distress.

“Our planning of a comfortable retirement lifestyle needs to be reinvented and tailor-made,” he said.

“This is especially important now that information and advice are becoming increasingly digitalised with the strong temptation to standardise it.

“Dealing with these issues is a priority to minimise retirees stress.

“We need to ensure planning for retirement comfort is focused on personally relevant assumptions about future needs.”

To read the full report click here: <https://nationalseniors.com.au/research/retirement/retirement-comfort-personalised-versus-standard-plans>

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