

MEDIA RELEASE

Rising cost of living a key factor leading to retirement crisis of confidence

SYDNEY 15 March 2018

- The rising cost of living, unemployment, and a perceived lack of funds in superannuation blamed for lack of confidence in affording a comfortable retirement.
- 30% of Australians have little to no confidence they will have enough money for a comfortable retirement, 33% of Australians have some confidence, and 37% have a higher degree of confidence.
- 29% of Australian pre-retirees feel they can't do anything more to financially prepare for retirement.

More than six in ten Australians (63%) do not feel confident that they will be able to retire comfortably and many feel there is nothing that can be done to encourage them to do more to prepare financially for retirement. These are the alarming findings of the first Qantas Super CSBA Retirement Confidence Index (RCI) launched today.

The RCI asked more than 1,000 Australian pre-retirees and retirees to rate their confidence in having enough money to retire comfortably.

The research found that 55% of Australians felt that external factors beyond their control such as the cost of living, the Australian and global economies, and government regulations make it difficult to better prepare for retirement.

The RCI is the only Australian Index that will track retirement confidence quarterly. Commenting on the launch of the Index, Qantas Super CEO Michael Clancy said, "Through the RCI we are hoping to bring insight into the financial barriers Australians are facing and provoke a conversation about the changes that are needed to address this crisis of confidence in retirement. Australia's superannuation system is amongst the best in the world, but this has not translated into the adult population being confident about their financial future. We have to understand why and address these issues."

Overall findings from the RCI

- The overall average rating from the first survey was 5.2 (average retirement confidence rating of Australians on a scale from 0 to 10).
- The survey found that 37% of the population have a higher degree of confidence, however a notable 30% have little to no confidence, and a further 33% have only some confidence.
- The RCI found that Australians with lower retirement confidence are over-represented by the following segments: 40-59 age bracket, female, lower education levels, non-owner occupier housing status, low income earners or not currently employed, and those with no investments outside superannuation.
- Conversely, Australians with higher retirement confidence are over-represented by the following segments: >60 age bracket, male, higher education, owner occupier, high income, retired, and those with \$20K+ in investments other than superannuation.

How much is enough?

- Knowledge regarding how much money is needed for a comfortable retirement was low – only 43% of Australians said they know how much money they will need.
- In addition to the overwhelmingly low knowledge around how much money is needed for a comfortable retirement, only 39% of Australians feel they can rely on their superannuation and other investments for financial wellbeing in retirement.

Michael Clancy commented, “These results speak to a strong need to improve the financial literacy and capability of the Australian population, so they are equipped with the knowledge to improve their situation. In particular, taking action during early life stages will help combat this crisis of confidence and better prepare Australians for their retirement, while reducing the economic burden on the country in the future.”

Influence of external factors

- The majority of Australians (55%) agree that external factors (e.g. global, economic, government, regulatory) make it difficult to prepare for retirement.
- Generally, there are equal concerns registered across all demographic segments aside from retirees, who are less concerned that external factors make it difficult to prepare for retirement (20% disagree, twice that of non-retirees).
- The main external factors making it difficult to prepare for retirement are living costs, the Australian and global economies, and government regulation (including changes).

Do Australians feel they have the ability and power to change their prospects for retirement?

- A significant proportion of non-retired Australians (29%) feel they can't do any more to financially prepare for retirement as they are already doing as much as they can.
- 13% of the working population, and 22% of unemployed, believe a higher paid job (or any employment) would help them better prepare financially for retirement.
- Only 7% of the working population feel they can better prepare financially for retirement by saving more.

Michael Clancy commented, “A really practical way to help improve confidence is to try to prioritise saving more now. Even if it's just contributing a little bit each month to your super account, it can make a difference. It all adds up.”

More information www.qantassuper.com.au/confidence

About Qantas Super

Qantas Super is one of Australia's largest corporate superannuation funds. It exists for people who are working, or have worked for the Qantas Group, and their spouses. Qantas Super has been working for its members since 1939, and now has almost 32,000 members and about \$7.7 billion in assets under management.

About CSBA

CSBA is an Australian market research and customer experience (CX) consulting firm established in 1997. CSBA is a leading provider of CX research and industry benchmarking programs, providing independent research and advice to superannuation funds, financial services organisations, Australian businesses, and government organisations.

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