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Marriage or 40 – whichever comes first Study suggests Australians ‘drag heels’ on retirement planning

Australians are putting off retirement planning until they get married or turn 40 according to a study released today by AXA in partnership with the Macquarie Graduate School of Management (MGSM).

These two life events are key points at which Australians start to ‘get serious’ about their retirement, yet AXA spokesperson Cam Cimino warns that this current trend to delay or disregard retirement planning could contribute to an epidemic of ‘60-plus poverty’.

“Australians are not treating superannuation and retirement planning as a priority. Very few people actually seek advice at the beginning of their financial lives, putting it off until it’s simply too late,” said Mr Cimino.

“Relying on compulsory employer superannuation contributions until you get married or turn 40 is a dangerous path. By the middle of this century, older people will make up one quarter of our society^j and the pension will be nowhere near enough to secure a comfortable retirement.”

“People must take control of their financial destiny. The sooner they seek financial advice, the better off they will be in the long term.”

The AXA Retirement Planning qualitative study explored what motivates Australians to think about superannuation and retirement planning, as well as examining any perceived risks.

A number of factors meant that retirement planning was not a priority for those in the study, including:

- Anxiety about superannuation being ‘locked away until retirement’. Some participants considered it pointless having lots of money at 65 and then being sick or less fit and healthy and therefore not able to enjoy savings
- Retirement was too far away for younger participants and therefore not a priority
- Not wanting to compromise today’s lifestyle for a distant goal of retirement
- Concerns that financial institutions could ‘go broke’
- Participants did not put any spare money towards retirement savings, rather they funded immediate priorities, for example children’s education or mortgages.

Another finding of the research was that some young women seem to be waiting for their financial ‘knight in shining armor’ – assuming that their future husband will take care of their retirement finances. MGSM Researcher Catherine Rickwood said that she was surprised by this finding.

“These young women believe their financial future will be sorted out by the arrival of a husband. Interestingly, some young men also wait until they get married before thinking seriously about superannuation and attribute their responsible financial approach to their wives who often manage all the household finances,” Ms Rickwood said.



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“Young men seem to feel marriage carries obligation and responsibility, so they expect to plan at that time – but not necessarily when they’re single,” Ms Rickwood explained. “A strong message from the study is that with age or responsibility stems the motivation to plan and provide for one’s financial future.”

Cam Cimino agreed and expressed a concern that not understanding or delaying financial planning meant many Australians would miss out on the retirement lifestyle they desire.

“This data indicates a broader trend in retirement attitudes. Many Australians feel preparing for retirement is too confusing or hard – so they wait. To make the right choices about retirement it’s vital to seek quality financial advice. I’d urge Australians not to leave their financial future to chance.”

“Australians should actively plan for their future. It’s about talking to your financial adviser who can help you decide where you want to go, and how you can get there,” Mr Camino said.

Other key findings include:

- Many participants considered their home to be like superannuation for retirement and expected this to be a significant part of their financial preparation for retirement.
- Men aged 40-55 years were the most active in preparing for retirement.
- Seeing or caring for parents or the elderly in retirement had an impact on many participants’ own attitudes to saving for retirement.
- Female participants in particular felt that the retirement planning information currently available was complex and lacked meaning for their own situation.
- Married women, irrespective of age group, wanted to look after their children as a priority over and above themselves and planning for retirement.
- Many participants wanted control of their money and wanted access to their money “just in case”.
- A number of participants expected the retirement age to increase to above 65 years of age and were worried how this would affect their retirement planning.
- Single women suggested they wanted retirement planning advice from a non-intimidating, independent source.
- Numerous participants mentioned the risk of the government changing tax laws associated with superannuation, thereby reducing their trust in how secure and stable their money was in superannuation funds and inhibiting their desire to save for retirement using this investment vehicle.
- Most participants believed that preparing for retirement was confusing or hard.
- The majority of single participants feared that their retirement lifestyle will be compromised because of a lack of money.
- Numerous participants felt that the amount of money required for retirement was “scary”.

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For more information, or for an interview with Cam Cimino or Catherine Rickwood, please contact:

Ben Handberg – 03 8643 1624, 0411 567 427, bhandberg@ppr.com.au

Carmel Bordignon – 03 8643 1625, 0402 459 010, cbordignon@ppr.com.au

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Our commitment is to provide quality financial advice. Our professional financial advisers can help you to bring your plans to life with appropriate investment, insurance, retirement and superannuation solutions.

Macquarie Graduate School of Management (MGSM) is recognised as a leading business school in Australia and the Asia-Pacific region. Some 1,800 students are enrolled in campuses in Sydney, Singapore and Hong Kong. Established in 1969, MGSM offers a comprehensive suite of postgraduate management programs, including the DBA, MBA and Master of Management, and Postgraduate Diploma and Postgraduate Certificate in Management. MGSM has also built a solid reputation for the delivery of customised corporate and executive education programs.



ⁱ Older people (those aged 65 and over) will comprise almost one quarter (24%) of the Australian population by 2051. Australian Bureau of Statistics, *Older People, Australia: A Social Report*, CAT 4109.0, 1999