

Your retirement savings may have to work longer than you do

On average, Australians can expect to live to about 80 for males and 85 for females. We expect to start work at about 20 and then retire at 65.*

Which means that, on average, you would have 45 years of work in which to save enough to live on for between 15 - 20 years of retirement.

Closer analysis however reveals a vastly different picture:

- First let's factor in the 'survivorship effect' – i.e. life expectancy increases as you attain older ages. For example, the joint life expectancy of a couple now aged 66 is actually much greater – 93.
- Next let's factor in the effect of involuntary retirement. Four in ten people retire early; not because they choose to but because they have to – due to accident, ill health, having to care for a family member or losing their job. As a result, the average retirement age is not the commonly intended 65; it's actually only 55.*

What this means is that when planning for retirement, we might do well to consider the strong possibility of this scenario:

- Work for 35 years
- Retire at 55
- Check out at 93

That would give you only 35 years of work to finance 38 years of retirement. In other words, your retirement savings would have to work longer than you do.

Of course life may not turn out that way for you and many factors could influence what happens and when, but the point is this. If a long retirement is a strong possibility, then it makes sense to plan for it rather than just hope things work out alright.

A lifestage scenario worth planning for?



This is one of many retirement insights that enable us to help you achieve your goals. Speak to your financial adviser today