

Working longer; living longer.

Are you prepared to work until you're 70 and will your retirement savings enable you to live with comfort into your 90s?

An ageing population with a greater life expectancy

Over the past 50 years there has been a profound shift in the age distribution of the Australian population. We have moved from being a relatively youthful nation, to being one where the number of older people is rapidly growing.

From 1970 to 2016, the proportion of the Australia population aged 65 and over grew from 8%¹ to 15%² (and is expected to reach 22% by 2056²), while for those aged 85 years and older, there was a threefold increase, from 0.5% to 1.8%³.

Preparing for a new world of work and retirement

The challenges of working and living longer need to be addressed on a number of fronts.

Financial planning

With more than 20 years' experience as a financial adviser (and over 30 years' in the financial services sector), Pam Nicholson, Senior Financial Planner at Aon Hewitt Financial Advice, says that people who are self-employed and run their own business, often view their business and its value as their retirement fund.

“As a result, many are not focussed on the superannuation environment—or any other structured savings or investment regime—as a way of further underwriting their own financial future. Invariably what happens is that at some point they have an epiphany as they realise their business is not going to worth as much as they'd expected, or find they are getting tired and no longer want to be running their own business.”

She points out that the most recent ASFA Retirement Standard⁴ suggests that a couple would need to have close to \$60,000 a year to have a comfortable retirement. “The concern of most clients today is to make sure they have sufficient income to last their lifetime. Having someone to guide you along the way for a considerable length of time can deliver substantial benefits. In addition, as legislation and markets change, you have a coach who can help them address the trajectory they're on.”

Mental and physical health strategies

In addition to financial planning, it is just as important to understand and embrace the concept of 'positive ageing'—the process of keeping physically and mentally fit, engaging fully in life as you age.

¹ http://demographics.treasury.gov.au/content/download/australias_demographic_challenges/html/adc-04.asp

² <http://www.aihw.gov.au/ageing/older-australia-at-a-glance/>

³ <http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/2071.0main+features752012-2013>

⁴⁴ <https://www.superannuation.asn.au/ArticleDocuments/238/ASFA-RetirementStandard-Summary.pdf.aspx>

Heather Gridley, Manager and Psychologist, Australian Psychological Society, says that one of the biggest challenges is the pace of change and the increasing uncertainties of 21st century living. “There was a time not so long ago, when it wasn’t unreasonable to anticipate that your marriage would last, your job would be pretty much for life and that you’d have a house. You’d essentially be covered from cradle to grave. All of those certainties have gone, and it will be even scarier for the next generation.”

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Personal wealth management including superannuation and income protection insurance.

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