

# Special report: MLC Retirement Survey

Q1 2014

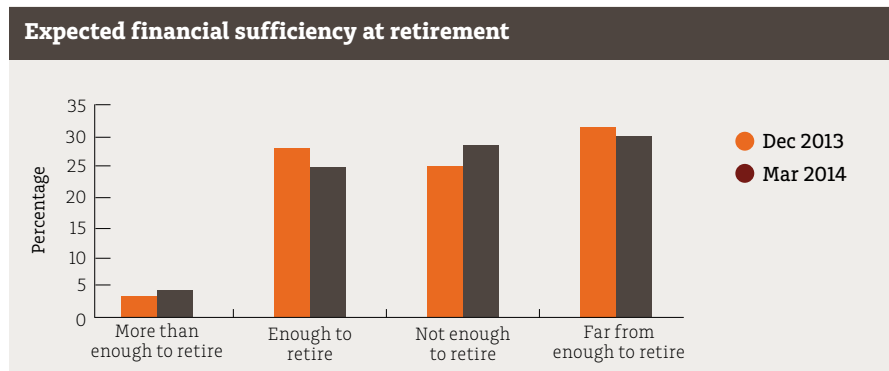
*Less than 5% of Australians think they will have more than enough to retire on. More than half do not expect to have enough money, with almost one third expecting a large financial shortfall. Fewer than one in 10 people have a well considered plan in the event of a major setback.*

By gender, a much larger proportion of women fear they will have insufficient funds to retire compared to men. Unemployment, major health issues, and lack of formal investment plans are the most significant barriers to sufficient retirement savings. West Australians are most confident about their ability to fund their retirement, while Queenslanders are the most pessimistic. Expectations of having enough to retire on deteriorate significantly the closer people are to retirement.

In this report we take a closer look at some of the key drivers of preparedness for retirement. Participants were asked to identify whether they expect to have sufficient savings at retirement to live to their desired standard, how well they had factored in possible setbacks (such as a major illness or another GFC) into the retirement plan, and score the degree to which a range of factors form barriers to having enough savings at retirement.

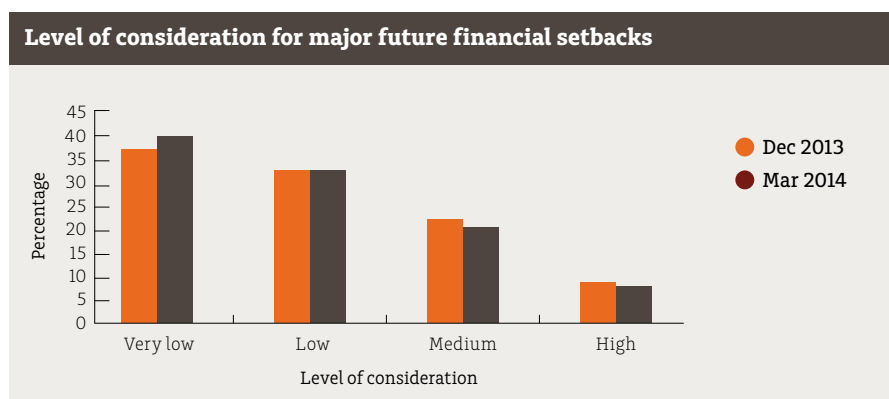
## Enough money to retire on?

Over half of all participants indicate they expect not to have enough money to retire on. Almost one third (30%) of all respondents expect a large financial shortfall at retirement, and over a quarter (28.5%) expect a shortfall to lesser extent. Of those who expect financial sufficiency at retirement, less than 5% think they will have more than enough to retire on. Those in WA are in stark contrast to the other states with 11.3% surveyed suggesting they will have more than enough to retire on. In contrast, those from Queensland and those over 50 were most pessimistic with 41.8% and 42.3% respectively suggesting they would have far from enough.



## Considered a major setback to retirement plans?

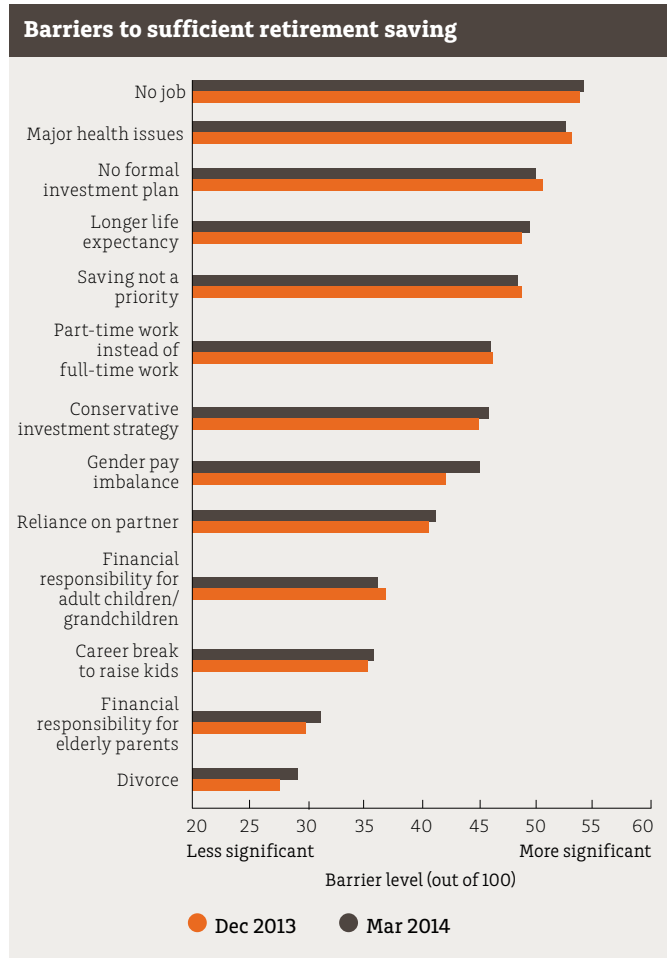
When asked about the degree to which a major financial setback had been factored in, the majority of respondents answered very low (39.7%) and low (32.4%) levels of consideration. Less than 10% of participants indicated a high level of consideration. Professionals and technicians and bachelor/post graduate degree holders have the highest level of consideration for future setbacks whereas participants who are female, defacto, or residing in Tasmania gave it the least consideration.



**Source:** 'MLC Wealth Sentiment survey', February 2014, conducted by Gundabluey Research with analysis by NAB Group Economics, 2,051 respondents, weights applied to age, location, and gender.

### Barriers to sufficient retirement saving

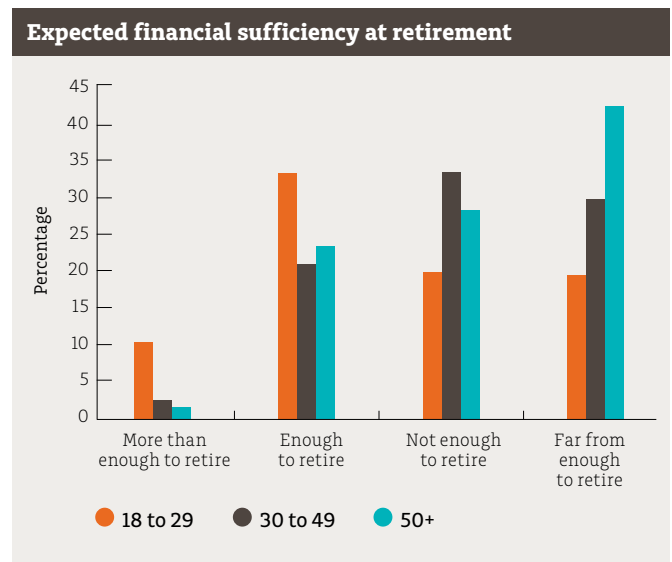
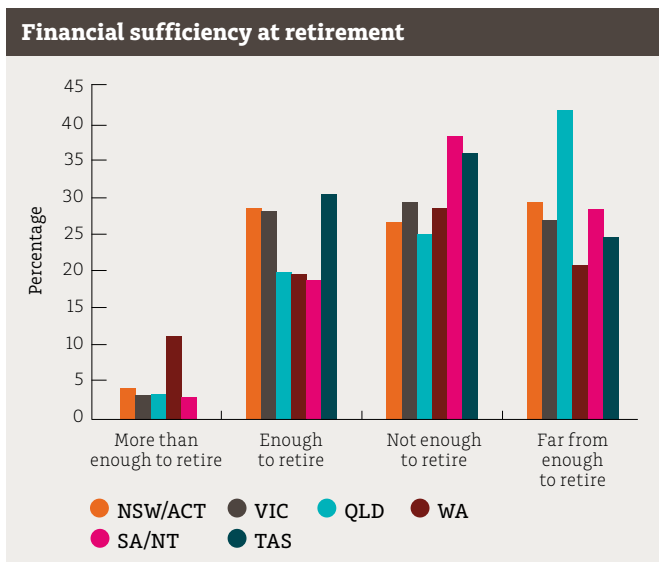
Participants rated unemployment and major health issues as the top two most significant barriers to sufficient retirement saving, whereas divorce and financial responsibility for elderly parents were the least significant barriers. Those aged between 18–29 were most concerned with unemployment as a barrier to sufficient saving, in contrast to those aged over 50 who see unemployment as less of a barrier. This quarter, the least concerned about unemployment impacting their retirement plans are those who listed their marital status as widowed. For most, the leading barriers are major health issues or unemployment. Interestingly one of the chief barriers for 18–29 year olds is time taken to raise kids, which is a view shared by those who have kids.



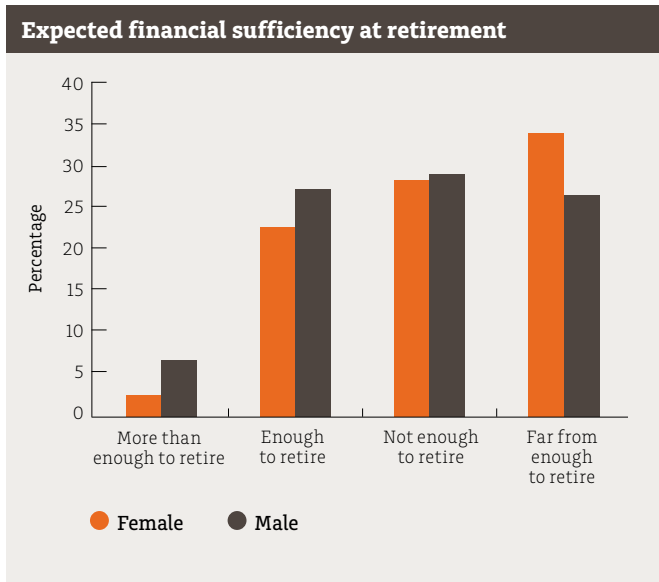
### Enough money to retire on?

**By state:** WA is most confident, with 11.3% indicating they would have more than enough to retire on. At the other end of the scale, Queenslanders feel they will be the least prepared at retirement. If those who indicate enough or more than enough are combined, the large states of NSW and VIC lead, with 32.6% and 31.4% respectively.

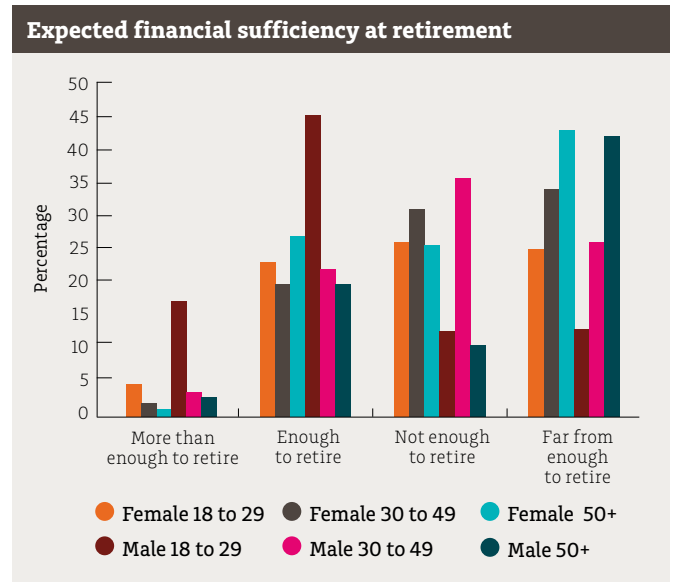
**By age:** The expectation of financial sufficiency deteriorates the closer people are to retirement, hence the relaxed attitude of 18–29 year olds on this issue. A closer look reveals mostly male respondents in that age group driving this result. Those aged 50+ have the lowest expectation of financial sufficiency at retirement, mainly driven by female participants in that age group.



**By gender:** A much larger proportion of women do not believe they will have sufficient funds to retire, compared to men.

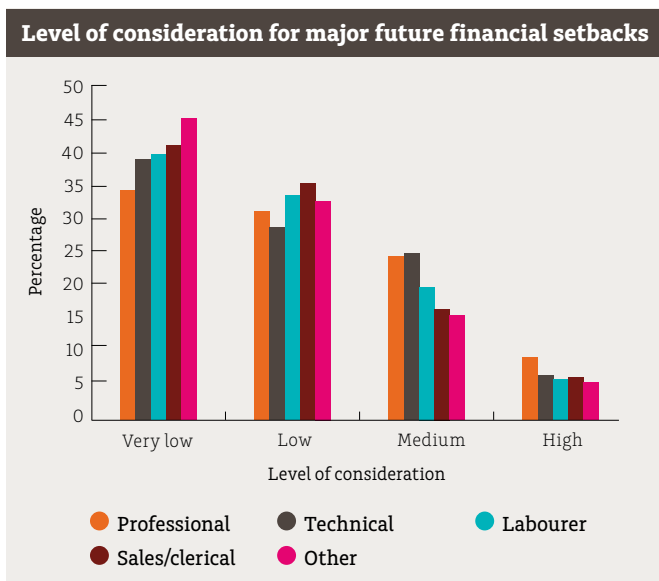


**By gender and age:** A closer look at expected financial sufficiency for retirement by age and gender, shows men dominate the 18–29 category of more than enough to retire. Those aged 50+, both women and men, have the lowest expectation of financial sufficiency.

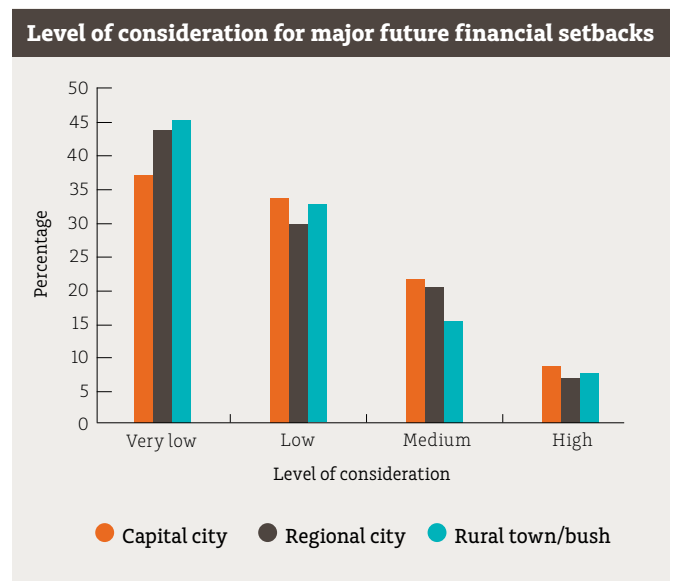


### Considered a major setback to retirement plans?

**By employment type:** Those in professional employment tend to give higher consideration to the possibility of a major setback to retirement plans. When medium and high categories are combined, respondents from professional and technical employment rank highest.

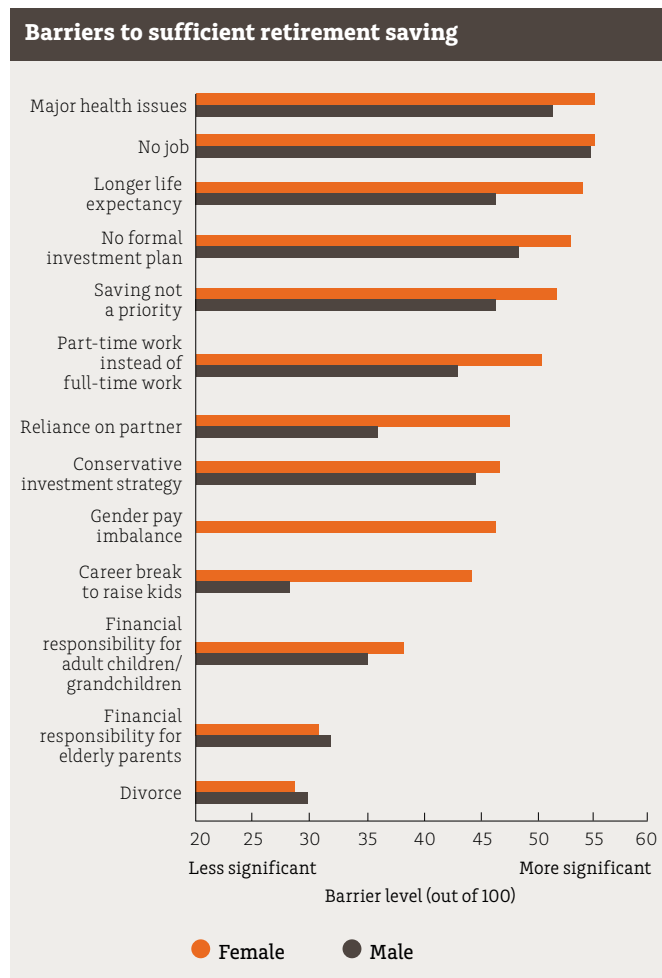


**By location:** The level of consideration given to a major setback event generally rises with population, with those in capital cities giving the highest consideration to a financial setback.

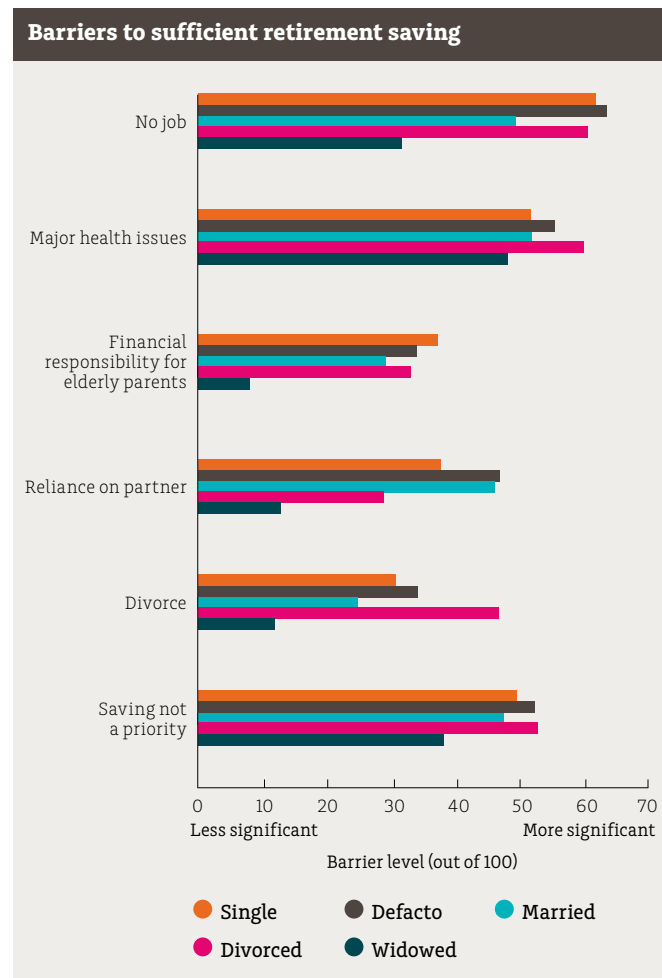


### Barriers to sufficient retirement saving

**By gender:** Unemployment and health issues rank high for both females and males. Key differences emerge where women consider reliance on partner and career break to raise kids as greater barriers. Men on the other hand consider divorce and financial responsibility for elderly parents as slightly larger barriers.



**By marital status:** In most categories, unemployment and health are seen as key barriers. Defactos and married couples indicate a reliance on their partner as being a key barrier, whereas those who have experienced divorce rated it highly as a barrier to sufficient saving in retirement.



### Appendix 1: About the survey

The MLC Retirement Survey aims to assess the investment environment including investor intentions.

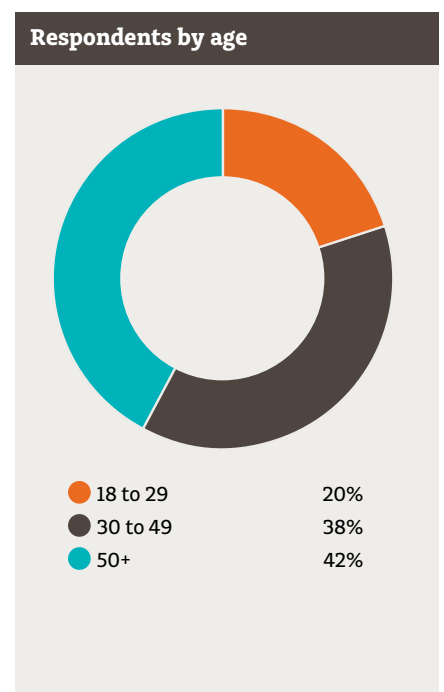
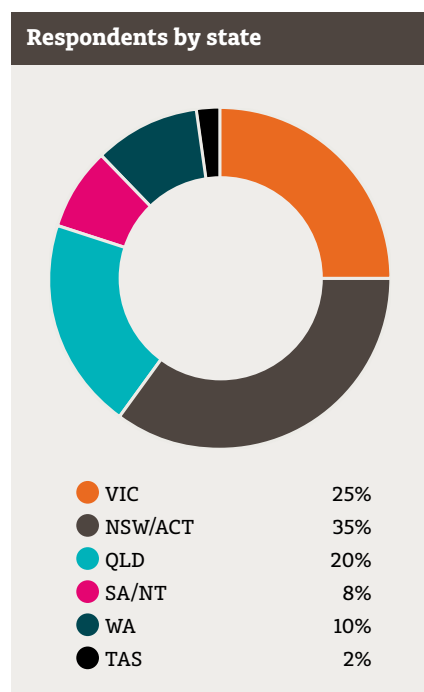
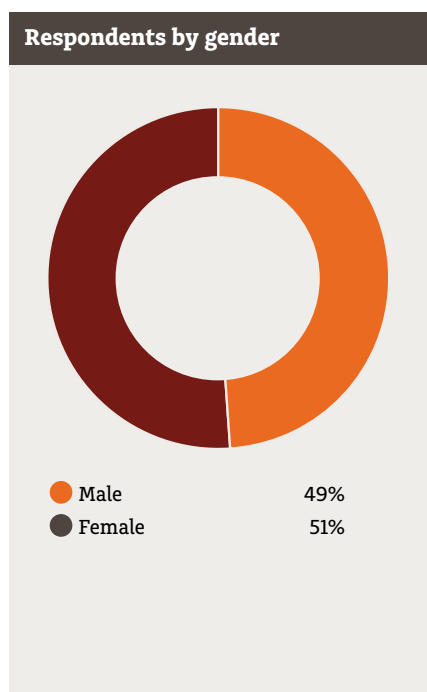
The survey is based on survey participants' responses to three questions related to:

- Perceived retirement sufficiency – asking respondents to indicate if they think they will have sufficient savings to be able to live to their desired standard.
- Setback – asking respondents whether they have factored in a setback to their financial plans.

- Barriers to saving – asking respondents about the extent to which factors are a barrier to sufficient savings.

2,051 respondents participated in this survey, with weights applied to age, location, and gender to ensure the survey reasonably reflects the Australian population. The survey was conducted over the period 7 to 26 February 2014.

The breakdown of our survey respondents – by age, location, and gender – is shown in the charts below.



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