# Living longer, living smarter

## With life expectancies in Australia continuing to rise, you need to make sure your retirement savings can last the distance.

Australia has an ageing population. With the Baby Boomer generation reaching retirement age, research shows that nearly one in six people living in Australia today is over 65 years old. As recently as 2012, that number was one in seven.[i]

Not only are more people reaching retirement age than ever before – they're also living longer thanks to advancements in modern medicine and improved knowledge of how to live a healthy lifestyle. And while a long retirement is something to look forward to, it can make a big impact on your retirement savings.

So how will your retirement compare to previous generations?

### 1. You'll be retired for longer

Average life expectancies in Australia have increased significantly for both males and females. Males who are currently 65 years old are expected to live to 86.9 years and females to 89.2 years.[ii] In previous generations, people could expect to live for ten to twenty years after they retired. Now, it's common for people to spend up to thirty years in retirement – and in some cases, even longer.

### 2. Your retirement will cost more

Living longer means you'll need more money to fund your retirement. The Association of Superannuation Funds of Australia estimates that a couple will spend $60,604 each year to pay for a comfortable retirement, while a single person will spend $42,953 pa.[iii] Even if you qualify for the maximum Age Pension and Pension Supplement, those payments will cover a little over half the amount you need for a comfortable lifestyle.[iv] That's why you need to make the most of your super savings.

i Australian Bureau of Statistics, 'Census of Population and Housing', 2016
ii Challenger and Thomson Reuters, 'Retirement and Aged Care Planning 2017-18'
iii The Association of Superannuation Funds of Australia, 'ASFA Retirement Standard', June quarter 2018. Figures quoted are for homeowners.
iv Age Pension rates are current as at 20 September, www.humanservices.gov.au

## 3. Your retirement savings need to keep working hard after you retire

Withdrawing all your super when you retire and leaving it in cash is unlikely to provide you with enough money to fund your retirement. To maintain a healthy income, you need your super to continuing working as hard as possible for you through-out your retirement. That may mean keeping your super invested in a diversified portfolio of assets based on the level of risk you're prepared to take (for example, shares, property, bonds and cash) so it can provide you with regular income.

To give you peace of mind that you won't run out of money, you may want to consider using part of your retirement savings to set up an annuity. An annuity can provide you with regular and stable income that is guaranteed to continue for a certain number of years or for the rest of your life – whatever you prefer. You can even elect for your annuity payment to be increased each year to keep pace with inflation.

**What is an annuity?**
An annuity is a secure investment that provides a series of regular payments in return for a lump sum investment. It can be used with other retirement investments, like account-based pensions, to set up a dependable income that can last through retirement.

## Seek help from an expert

If you want to know how to make your retirement savings last the distance, speak to your financial adviser. They can help you structure a retirement plan that's tailored for your unique financial situation and lifestyle goals.

**Contact your financial adviser to determine whether an annuity is right for you.**

<insert adviser details here>

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