

Media Release

Macquarie University and Challenger partner on Australia's first retirement income study on customers

Research reveals mental health, enjoyment, and financial security as top benefits of guaranteed income in retirement.

2 August 2024: An Australian first study from Macquarie University's School of Psychological Sciences has revealed mental health, enjoyment, and financial security are key benefits to incorporating guaranteed income and annuities into retirement plans.

Partnering with Challenger, Australia's largest retirement income provider, the study focused on ~1000 Challenger customers aged over 60.

Two-thirds of respondents proactively chose to enter retirement (either partially or fully), with 'financial stability', 'enjoying retirement while health allowed' and 'eligibility to access super' the lead factors in decision making.

The study's findings contrasted with the broader Australian population, where reaching retirement age; sickness, injury or disability; retrenchment, dismissal, or unemployment; or access to super are the main retirement triggers¹. Interestingly, retirement attitudes were not significantly impacted by gender or time in retirement.

Proactive retirement: secret sauce to retirement bliss

Commenting on the study, lead researcher Professor Joanne Earl, said timing of when to retire, planning, and choice were revealed as crucial for retirement enjoyment and wellbeing.

"Proactively choosing how and when to retire may be the secret ingredients to wellbeing in our golden years," Professor Earl said. "The findings demonstrate that feeling empowered to choose when and how you step into this next phase of life results in a healthier transition and greater retirement happiness, retirement adjustment, and satisfaction.

"Pleasingly, research respondents are choosing to enter this next stage of life while their health allows them to truly enjoy themselves and explore their passions and purpose. Of those surveyed, 22% noted the choice to focus on what you *want* to do rather than what you *have* to do was the top retirement benefit. This was closely followed by enjoying freedom and flexibility to be spontaneous (20%), family time (17%), and travel (15%).

¹ ABS 2022-23, <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/retirement-and-retirement-intentions-australia/latest-release>

“Financial security came through strongly as one of the key enablers for Challenger customers to have the peace of mind to take this step with confidence.”

Respondents who proactively chose to retire were found to have significantly fewer worries (51%) compared to those who retired out of necessity (32%). Having the financial security to optimise choice was also cited as potentially having longer-term benefits.

Purpose pivotal to retirement wellbeing

Having a purpose proved to be another critical component to life satisfaction in retirement, with more than 50 percent of respondents noting ‘enjoyment’ as their key purpose in retirement, followed by ‘keeping well’ (22%).

When compared to Challenger’s inaugural [Retirement Happiness Index Research](#) launched in April 2024, retirees with a guaranteed income were found to outperform on every happiness metric. Most notably they reported higher levels of financial security (72% v 56%), mental health (85% v 78%), and enjoying good social connections (79% v 70%)².

Challenger Chief Executive, Customer, Mandy Mannix said this Australian first study allowed retirees, and the industry, to have a greater understanding of the role and importance of having a guaranteed income stream in retirement.

“For the first time, we are hearing from real customers about the power of guaranteed regular income. The data clearly indicates that annuities, or some element of guaranteed regular income in retirement can be a gamechanger, and we are seeing this in our broader customer base and increase in annuity take-up,” Ms Mannix said.

“When you know a portion of your savings is guaranteed to last a lifetime, it brings an unparalleled sense of security. In fact, 60% of our customers surveyed said they lived comfortably, and majority did not think they would outlive their savings, regardless of household income. This confidence in receiving a stable “pay check” for life allows you to focus on what truly makes you happy.”

With 10 percent of Australia’s population set to retire in the coming decade, guarantee and longevity of retirement income has become a key priority for the government and industry. Access further insights from the Challenger and Macquarie University study [here](#).

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² YouGov research, 2024, [Happiness Index | Challenger](#)

Editor's notes

About the Research

This research in partnership with Challenger and conducted by Macquarie University under the supervision of lead researcher, Professor Joanne Earl. Data was collected and analysed from 976 complete cases, consisting of 503 male and 473 female Challenger customers.

About Macquarie University

Macquarie University is home to more than 44,000 students and 3000 staff. The main Wallumattagal campus is located within the Connect Macquarie Park Innovation District. Driven by a proud history of collaboration and innovation our researchers engage to find practical solutions to issues we face.

[Research | Macquarie University \(mq.edu.au\)](https://www.mq.edu.au/research)

About Challenger

Challenger Limited (Challenger) is an ASX-listed investment management firm focused on providing members with financial security for a better retirement. Challenger operates a fiduciary Funds Management division and an APRA-regulated Life division. Challenger Life Company Limited (Challenger Life) is Australia's largest provider of annuities.

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