

Media Release

Study reveals Age Pension is not enough – even for homeowners

National Seniors Australia and Challenger explore how cost of living, market volatility and financial advice impact the lifestyle and finances of older Australians.

25 September 2024: With inflation pushing living costs higher, covering daily expenses and planning for the future continues to be a major concern for older Australians, according to new research by National Seniors Australia and leading retirement income provider, Challenger.

The National Seniors Social Survey of 4,700 Australians aged 50 and over revealed that home ownership doesn't guarantee financial security, with nearly 90% saying that relying solely on the Age Pension, without additional income, is insufficient for a basic lifestyle in retirement. Half of surveyed homeowners told us they would need \$10,000 (singles) and \$15,000 (couples) more than the Age Pension per annum to meet these needs. While the Age Pension provides a safety-net, the report highlights that older Australians need more for even a basic lifestyle.

Also an issue raised by respondents is the lack of appropriate information to help navigate retirement. Of those who hadn't received adequate advice, 42% said they wanted to know more about aged care cost calculations followed by investment options (34%), and options to balance spending and saving (22%).

Chris Grice, Chief Executive Officer of National Seniors Australia, highlighted the growing concern among seniors that they don't have the appropriate support to plan for retirement: "We found that calculating aged care costs was the topic most people wanted financial advice about. Older Australians feel anxious about the prospect of needing aged care and the unknown costs associated with it. We must ensure seniors are not left to navigate these challenges alone, without adequate guidance or resources."

Aaron Minney, Head of Retirement Income at Challenger, commented: "Australians need help to best use their savings to live life to the fullest, at every stage in retirement. We're living longer and it's essential for retirees to plan for 30 years or more in retirement. With the right guidance, we can ensure that people are financially prepared for aged care when they need it, and can enjoy an active retirement, knowing they are ready."

Paying for aged care has become a dominant concern for older Australians in 2024 with 60% of survey participants worried about how they cover these expenses while in 2021 Challenger and National Seniors research found that only 38% of people had thought about aged care costs.

Advice the golden ticket to retiring with confidence

Financial advice is associated with positive outcomes for Australians aged over 50 with 41% of respondents (who had already received financial advice) being more likely to feel financially comfortable, to be retired, and own their home outright. However, barriers for Australians in seeking financial advice remain, with cost, perceptions about the independence of advice and difficulty finding an appropriate adviser who meets their needs the main obstacles.

Close to half (46%) of those surveyed were interested in a lifetime income option for at least some of their retirement income. This compares to less than one in 10 Australians who currently have a guaranteed income stream, either directly through an annuity or as part of their (defined benefit) superannuation. One in five said they didn't have enough savings to consider guaranteed income as an option.

“Lack of awareness and understanding about retirement income options has been a real challenge for Australians in or approaching retirement. Our customer research tells us guaranteed income provides peace of mind and significantly increases retirement happiness,” Mr Minney said. “Having a portion of your savings guaranteed to last a lifetime, brings an unparalleled sense of security. This is especially true in an environment of high and variable inflation and share market volatility, with retirees increasingly looking for ways to maintain their lifestyle and ensure they can enjoy their golden years without the risk of running out of money.”

Cost of living pressures and inflation are being unevenly felt amongst older Australians

Increasing living costs and inflation have created a divide among older Australians. Only half of those with less than \$350,000 in savings feel financially comfortable compared to 84% of those with more than \$350,000, highlighting a significant gap of 34%.

When respondents were asked how they would spend an extra \$100 per week, one-third (33%) said they would save the extra money for later spending — such as a holiday or other big-ticket items — while another 29% stated they needed the funds for their everyday essentials.

Specifically, housing costs, including rent and mortgage payments, were a major concern for those feeling less financially secure.

“This research clearly shows that many older Australians are struggling to reconcile the cost of living with their retirement income. It's not just about making ends meet; it's about ensuring that retirees have the financial security to live with dignity and peace of mind,” Mr Grice added:

View the [full report here](#).

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About The National Seniors Social Survey

The National Seniors Social Survey is an online annual survey of approximately 5,000 older Australians aged 50 years and over. The survey was conducted in February 2024, primarily amongst National Seniors subscribers and members but all Australians aged 50-plus were eligible to take part.

About National Seniors Australia

National Seniors Australia is an independent not-for-profit advocacy organisation. With more than 250,000 community members, it sets the agenda to drive positive outcomes and meaningful change for older Australians.

About Challenger

Challenger Limited (Challenger) is an investment management firm focused on providing customers 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.