

THE CUSTOMER JOURNEY THROUGH RETIREMENT PLANNING:

Mapping the complexity of the Australian retirement planning ecosystem

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ACKNOWLEDGEMENTS

This research report is the first of two key reports detailing the findings from the first stage of the research conducted in 2018, which comprises of insights from consumers (focus groups with near- and recent-retirees) and key informants (interviews with members of the Australian retirement planning ecosystem). The qualitative phase forms stage one of a three-year project conducted by Melbourne Business School investigating the Australian Retirement Ecosystem. This project, entitled 'The Orford Initiative: Improving the retirement outcomes for Australians by optimising their retirement income and financial security' is funded by the Orford Foundation in collaboration with the Melbourne Business School. The project team acknowledges the invaluable support of the Orford Foundation. Please read the 'Retirement planning in Australia – an ecosystem perspective' research brief for further information on the background and motivations of this study; <https://go.mbs.edu/orford/>.

Project team

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Research approach

The team adopts an engaged research approach to all projects. Engaged research is based on authentic partnerships with communities and organisations to craft a research program that creates value with and for communities or organisations and that has aligned academic outcomes.

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TABLE OF CONTENTS

3	EXECUTIVE SUMMARY
6	INTRODUCTION
9	CUSTOMER JOURNEY MAPPING THROUGH THE RETIREMENT PLANNING ECOSYSTEM
13	METHOD
14	Focus groups
18	Key informant interviews
21	CUSTOMER JOURNEY MAPPING OF THE AUSTRALIAN RETIREMENT PLANNING ECOSYSTEM
39	OVERARCHING THEMES
49	CONCLUSION AND NEXT STEPS
49	Expressions of Interest – Roundtable Forum
50	REFERENCES
51	APPENDICES
51	Appendix 1: Focus group distribution strategy
52	Appendix 2: Focus group attendance
53	Appendix 3: The Australian Retirement Planning Ecosystem – inclusions and recruitment process
55	Appendix 4: Key Informant Interview Profile

EXECUTIVE SUMMARY

Despite Australian and global trends identifying consistent growth in ageing populations, people are saving less for retirement (Brüggen et al. 2017). This dichotomy has motivated the present study, which investigates the dynamics of the Australian ‘retirement planning ecosystem’ and consumer issues and barriers that limit their engagement in retirement planning and saving. Stage 1 of this three-year study took an exploratory qualitative approach, running nation-wide focus groups with 168 near- and recent-retirees, and conducting 69 key informant interviews (representing 61 unique ecosystem voices). Findings revealed from the outset that retirement planning was considered a life-long ‘customer journey’, rather than confined to a single activity.

The customer journey perspective is important in this context for several reasons:

- In the heavily regulated retirement planning context, centred around a mandated offering (i.e. compulsory superannuation), it is not effective to consider interactions with one provider in isolation – rather, the various players within the retirement planning ecosystem who influence the individual, and each other, should all be considered.
- Focussing on only one key interaction, or interactions with one provider in isolation, may not explain why an individual disengages with retirement planning.
- Journey mapping enables us to identify various providers who interact with individuals at different times; interactions with one provider (e.g. government, media) may influence interactions with another (superannuation fund, financial adviser).
- Journey mapping also enables us to identify all important interactions that contribute to the individual’s overall experience.

- Earlier interactions along the journey may impact later interactions – i.e. a negative interaction in the journey may cause disengagement from later stages of the journey.
- Journey mapping allows us to pinpoint negative interactions and their impact, which allows us to tailor interventions effectively to overcome key barriers.
- Retirement planning is a complex and confusing context, which is perceived by many as boring or a low priority (particularly for younger people). It is crucial to create seamless and positive experiences – when individuals do interact throughout the retirement journey, it is important that they reach, educate and engage consumers.

This research report maps six key steps or touchpoints along an ‘ideal’, hypothetical customer journey, and describes the nature of typical interactions therein. Following the ideal customer journey would involve 1. Selecting and managing one superannuation account when entering the workforce, 2. Engaging with statements and online communications

EXECUTIVE SUMMARY

from the outset, as well as making voluntary superannuation contributions when feasible, 3. Transferring superannuation accounts whenever a change in employment occurs, 4. Seeking financial advice relatively early in the journey to set clear retirement goals and means of achieving them, 5. Developing a retirement plan later in one's career (in the pre-retirement stage), and 6. Converting to a comprehensive decumulation strategy (which may include longevity products/annuities where appropriate), with optional access to government support much later in retirement.

In reality, the customer journey is quite different. Due to a lack of knowledge or interest in retirement planning early in life, individuals often rely on their employer or industry to allocate them to a default superannuation account. Low engagement prevails the early-to-mid stages of the customer journey, leading to the creation of multiple accounts, and limited knowledge of superannuation account balances, projections and required independent actions (e.g. voluntary contributions). Individuals delay seeking retirement planning advice until later in life, when they realise the relevance and

urgency of managing their financial situation; at such time they engage in advice seeking from trusted personal contacts, as well as various combinations of advice from the media, their superannuation fund(s), consumer advocacy groups and industry bodies, as well as one (or multiple) financial advisers. This 'shotgun' approach to advice seeking results from a lack of trust or perceived competence with any one member of the ecosystem. When individuals do seek advice, they are often met with incomprehensible financial jargon, and feel unable to engage in meaningful interactions as a result. Due to earlier disengagement, individuals create an additional step in the retirement planning journey – merging superannuation accounts – which is often characterised as time-consuming, burdensome, and difficult. As individuals then enter the pre-retirement phase, they feel a sense of urgency to 'turbo-save' for retirement, which can unfortunately be interrupted by legislative changes (superannuation contribution caps) and key life events including health issues and redundancy, meaning their retirement savings goals are not realised. Faced with fear and uncertainty in retirement, retirees attempt to 'hold on'

to what they have accumulated by living with unnecessary frugality. Many also have a reliance on, or perceived sense of entitlement to, the aged pension, which they aim to access from their commencement of retirement.

Deviations from the 'ideal' retirement planning journey reflect various frictions and barriers articulated through six overarching themes; 1. Various life events create competing priorities to retirement savings, often with life events taking precedence due to their immediacy or importance; 2. Individuals have low general financial literacy, which means they do not conceptualise the importance or benefit of early and life-long engagement and do not possess the necessary 'vocabulary' and comprehension to navigate through meaningful interactions with members of the ecosystem; 3. Low perceived relevance of retirement planning, as benefits can only be accessed or realised in the very distant future (resulting in hyperbolic discounting and disengagement until later in life); 4. low consumer trust in institutions due to the vested interests and biases of those in the finance sector (which has been highlighted in recent government enquiries); 5. Expectations regarding an

EXECUTIVE SUMMARY

individual's entitlement to the aged pension as payment for their lifelong tax contributions; and 6. The emotion-laden process of ageing, exiting the workforce, finding meaning and purpose later in life, and dealing with the uncertainties of financial security, and longevity in the face of fragility, health concerns, and cognitive decline.

The findings from this qualitative stage give rise to several potential interventions that seek to reach, educate, and engage Australians in retirement planning. Interventions include:

- Sources of credible/trustworthy information as a means of facilitating engagement
- Messaging strategy targeting comprehension, language, relevance, and engagement
- Integration of emotion to relay relevance and facilitate engagement

- Feasibility/demand for digitalisation (use of apps, website, video, gamification)
- Enhanced consideration/ shift in consumer mindset towards decumulation (how to better conceptualise retirement needs, navigate uncertainties of retirement, and evaluating the feasibility of longevity products that aid in this process).

Interventions will be explored in the second stage of the research project, taking an experimental design approach. Over the coming months we will hold roundtable forums with interested representatives of the retirement planning ecosystem to engage in discussion over the findings and interpretations from stage 1 (qualitative) and seek feedback regarding strategy and direction for stage 2 (experimental design). Interested parties are invited to contact the researchers.



INTRODUCTION

INTRODUCTION

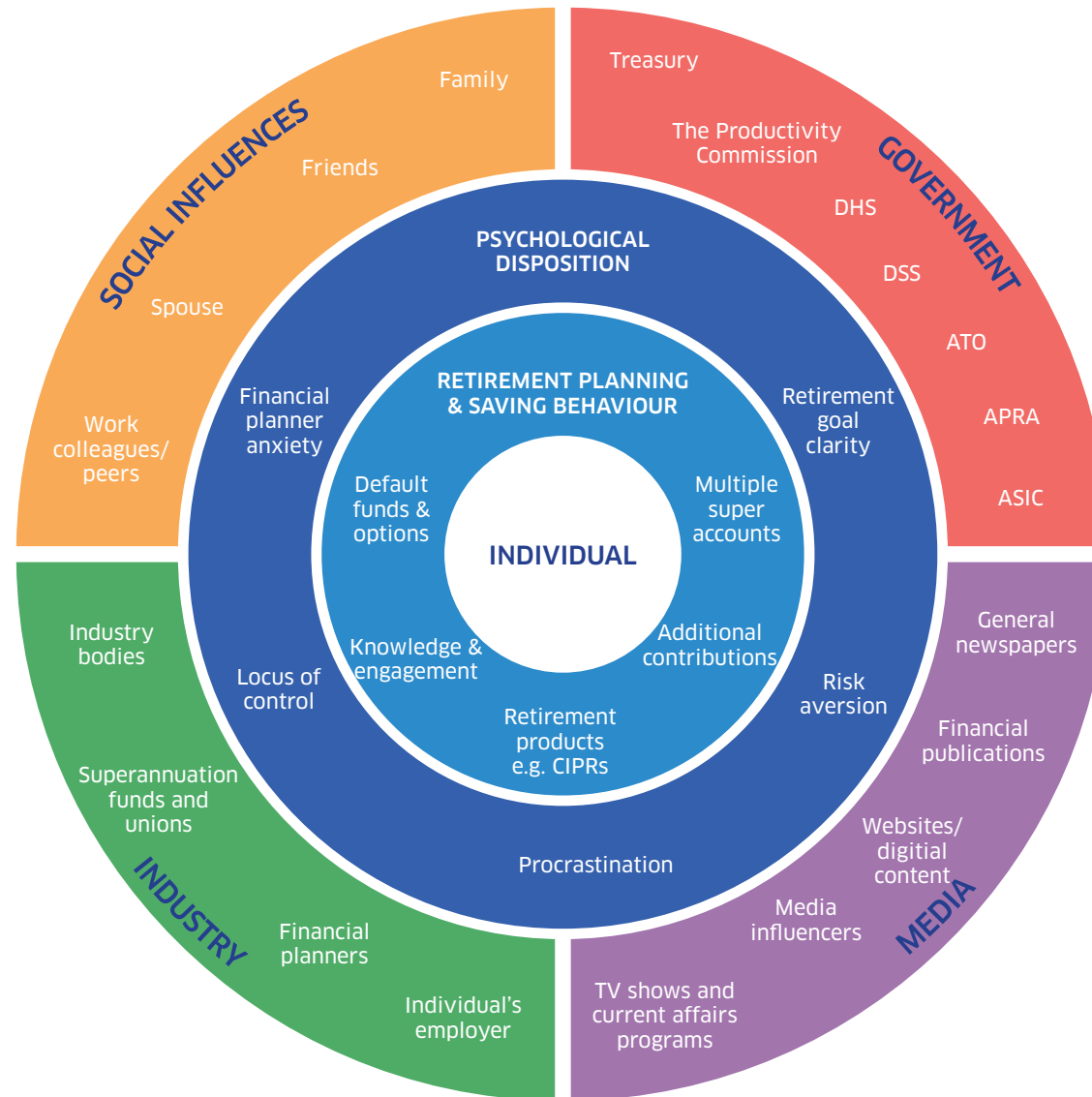
Australia is experiencing an ageing population (consistent with worldwide trends), thanks to increased life expectancy resulting from medical and technological developments. The focus on the retiree, therefore, has never been more important (Hesketh et al. 2011; Heybroek et al. 2015; Yeung 2018). With this shift also brings a greater likelihood of outliving one's retirement savings, making adequate retirement preparedness even more paramount. Research indicates that people are saving less in general, and particularly so for retirement (Brüggen et al. 2017). Many Australian retirees are financially ill-prepared for retirement (ASFA, 2017; Burnett et al. 2013; Heybroek et al. 2015). This dynamic led us to commence a 3-year study to understand the dynamics and key issues within the retirement planning ecosystem in Australia.

The researchers conceptualise various providers, contributors, voices, and regulators related to retirement planning as members of an 'ecosystem'. The ecosystem perspective considers how a community of subjects (individuals, firms, government & regulatory bodies, industry bodies, unions, the media) exist within a given environment or context comprising of various interactions, relationships and interdependencies between them (Pilinkienė & Povilas 2014; Frow et al. 2016). In doing so, the ecosystem perspective allows us to observe the various sources of information, influence, and interactions between providers and consumers as well as interrelationships between providers. An initial framework of the Australian Retirement Planning Ecosystem is depicted in figure 1.

The ultimate aim of this study is better understand how to communicate and engage consumers in the retirement planning process, and what products, policies or structures within the retirement planning ecosystem will aid in Australians achieving financial security in retirement. To comprehensively grasp the complexity of the retirement planning ecosystem and consumer perceptions, barriers and drivers of retirement savings, we conducted an initial exploratory stage of research of interviews with key informants representing facets of the retirement planning ecosystem, as well as nation-wide focus groups with near- and recent-retirees. This is the first of two major research reports detailing the qualitative findings from research conducted in late 2018.

INTRODUCTION

FIGURE 1: “AN INITIAL FRAMEWORK OF THE AUSTRALIAN RETIREMENT ECOSYSTEM” (ALTSCHWAGER & EVANS 2018)



CUSTOMER JOURNEY MAPPING THROUGH THE RETIREMENT PLANNING ECOSYSTEM



CUSTOMER JOURNEY MAPPING THROUGH THE RETIREMENT PLANNING ECOSYSTEM

While the initial intention of the qualitative consumer phase was to ask near and recent retirees about their experience with retirement planning, focus group participants had difficulty in articulating one unique or defined moment of 'planning for retirement'. Instead, what emerged from the data was a multifaceted and lifelong series of interactions, perceptions, and behaviours, not only with a superannuation fund (or multiple funds simultaneously and/or over time), but also with government departments, the wealth management industry (financial planners/ advisers/ counsellors, banks, stockbrokers, accountants), the media, and social connections (family, friends, colleagues etc). Key informants also conceptualised retirement planning as a journey, for example:

The most difficult thing is it isn't a one size fits all – the complexity around the stages of retirement are significant. Those first stages of retirement - everyone can imagine themselves there but it's those next phases where perhaps the people are less active... perhaps they have to activate an aged care plan. What does look like and what does that cost? ... There are not great options for people in that space. I can understand why

people aren't planning for it, but I think that it is a big part of people's life journey and people are living for longer. There's lots of things to consider. So, the earlier people are planning and talking about these things, the better. (G4; Government)

This led us to explore retirement planning from a customer journey perspective. Customer journeys reflect the various interactions (touchpoints) between consumers and one or more providers in pursuit of a specific outcome or goal (Lemon & Verhoef 2016; Halvorsrud, Kvale, & Følstad 2016). In this instance, the outcome is an individual achieving financial security and independence in retirement. Central to this approach is considering the various interactions from the viewpoint of the customer (Følstad & Kvale 2018). Journeys are commonly depicted through customer journey maps, which provide a chronological, visual depiction of key interactions (Halvorsrud, Kvale, & Følstad 2016). Customer journey mapping has historically been reserved for experience-centric services that aim to engage consumers in immersive and entertaining experiences (see Følstad & Kvale 2018 for a recent systematic review), which may explain the absence of retirement planning as a research context in this space.

While some might argue the limited value in trying to optimise an experience in which consumers have minimal interest or enjoyment (i.e. retirement planning), customer journey mapping is a useful framework in this context. The mapping process enables us to identify touchpoints that aim to delight or engage customers as well as interactions that are, or ought to be, seamless, trouble-free, and/or reassuring (Halvorsrud, Kvale, & Følstad 2016). Customer journey mapping has been utilised in a range of settings, including the public sector (Crosier & Handford 2012) and healthcare (Spurrell et al. 2019). In addition, negative experiences for this style of service may cause irrevocable damage and severing of relationships. As Lemon and Verhoef (2016) argue, interactions at one point in time have influence on the nature of interactions in the future – e.g. if a barrier is created early in the customer journey, this negative interaction may cause a permanent sever in the ecosystem which may never be recovered. Given the importance of a positive and effective journey for the consumer (i.e. achieving financial security in retirement), and the tendency to disengage from the outset, customer journey mapping is perhaps even more important in this context.

CUSTOMER JOURNEY MAPPING THROUGH THE RETIREMENT PLANNING ECOSYSTEM

I don't trust [financial planners]. I've had a bad experience with one, so – I find they've got an [vested] interest... That's their job – I would not go and see a financial planner. (Group 2; Metro VIC)

In all respect, I actually won't go near a financial adviser. We got burned a long time ago when we were young in our thirties and I won't go near them. Just do your own research. (Group 12; NT)

Customer journey research strongly focuses on interactions between consumers and a provider (e.g. financial planners). However, as we take an ecosystem perspective of retirement planning, we acknowledge the varied and complicated set of interactions that occur within and beyond a single provider. Lemon & Verhoef (2016) conceptually identify four customer experience touchpoint categories:

- **Brand-owned:** interactions “designed and managed by the firm and under the firm’s control” – i.e. products, offerings and communications.
- **Partner-owned:** interactions “that are jointly designed, managed, or controlled by the firm and one or more of its partners” – e.g. an intermediary, distribution partner, agency, consultant.
- **Customer-owned:** “customer actions that are part of the overall customer experience but that the firm, its partners, or others do not influence or control” – e.g. how an individual considers their own situation, perceives relevance of offerings, and uses offerings.
- **Social/external/independent:** “the important roles of others in the customer experience. Throughout the experience, customers are surrounded by external touch points (e.g., other customers, peer influences, independent information sources, environments) that may influence the process” (Lemon & Verhoef (2016), p. 77).

These categories support the value of journey mapping beyond an individual provider (particularly through their acknowledgement of the importance of peers, other information sources, and the contextual environment), however Lemon & Verhoef (2016) do not empirically implement this approach. A number of other papers discuss the merits of considering the consumer journey through the ecosystem, rather than dyadic interactions with one provider. For example, Tax et al. (2013) explores the notion of service delivery networks, identifying that from the consumer perspective, multiple organisations can contribute to an overall interconnected service experience. Chandler and Lusch (2015) argue for the perspective of service systems, which encapsulates the larger context through which various ‘actors’ interact through time and space. Similarly, Baccarani & Cassia (2017)

CUSTOMER JOURNEY MAPPING THROUGH THE RETIREMENT PLANNING ECOSYSTEM

focuses on how resource integration occurs within service ecosystems. These papers are all conceptual in nature. This study is the first (to our knowledge) to map the customer journey across numerous providers in the retirement planning ecosystem context. The value of this approach lies in the ability to identify key interactions along the journey where positive or negative experiences can occur. Even if a single member of the ecosystem connects with an individual in one unique and specific interaction, research indicates that the individual may perceive providers (ecosystem members) as a collective, as each member contribute to the individual's overall journey (Baccarani & Cassia 2017; Tax et al. 2013). The implication of this perception is that a barrier or negative experience with one member of the ecosystem could tarnish perceptions of the collective. Through the ecosystem

approach, we can identify who the individual interacts with at various stages, where they seek information, and what barriers may arise for them throughout each stage of the journey. The mapping process thus aids in identifying problems and provides clarity on what interactions require further attention to deliver a positive customer journey (Crosier & Handford 2012).

METHOD



METHOD

The objective of the study was to gain a thorough and representative cross-section of the diverse range of views apparent both in the Australian retirement planning ecosystem, and the transitioning retiree population. A qualitative approach was taken as it allows us to explore how individuals interpret and construct meaning around their experiences (Merriam, 2009). While quantitative survey research is very common, a survey cannot capture or reflect the subtlety and emotional aspects of retirement planning. A detailed account of method strategy and process can be found in appendices.

Focus groups were used to capture consumer insights, while one-on-one interviews were conducted with key informants from the retirement planning ecosystem. A focus group is a powerful tool for collecting socially constructed data through interactions, conversations and debates created in a group setting (Merriam, 2009). Participants can agree with others' comments, add detail or interpretation from their own experience, or disagree with other participants; these interactions provide a depth of insight that may not be achieved through other methods

(e.g. one-on-one interviews) (Merriam, 2009). In addition, of interest for this study was the language used by individuals; how did participants communicate with each other around retirement planning concepts. In contrast, one-on-one interviews were deemed more appropriate to gain insights from key informants, as they may not speak openly about company information or strategy in the presence of others (Merriam, 2009).

FOCUS GROUPS

There is a preference in Australian research/ reports towards the two major East-Coast Metropolitan hubs of Melbourne and Sydney. While we understand from a practical standpoint the justification to isolate research to these centres, in this study we wanted to reflect the views of a broader, more comprehensive and diverse Australian population. We pursued a nation-wide recruitment strategy, conducting focus groups in all Australian states and territories. In addition, recognising the large regional demographic that comprises a significant segment of the overall Australian population, we identified key states with large regional

populations (namely QLD, NSW, VIC, SA, and WA) and conducted focus groups in regional locations. We sought the collaboration of a market research company to facilitate the participant recruitment process. The company we selected had excellent access to a wide distribution of participants and were able to recruit in regional as well as metropolitan areas. Specific regional locations were selected in consultation with the recruiters to ensure participant numbers could be met. While recognising that qualitative research cannot reach the size and scale to create generalisability, we aimed to distribute focus groups to generally reflect Australian geographic dispersion using ABS 2016 Census data. For distribution rationale and population comparisons please see Appendix 1. In total, we conducted 18 focus groups in July-August 2018 across all Australian States and Territories in metropolitan and regional locations reflecting national population distribution; highlighted in figure 2:

METHOD

The segment of interest for this stage of research was near- and recent-retirees;

‘Near retirees’ are those who plan to retire within the next 5 years.

‘Recent retirees’ as those who have retired within the past 5 years.

These groups are the most likely to currently engage and interact with the retirement planning ecosystem as they transition from work to retirement. They are also likely to be paying attention to regulatory changes and media commentary on retirement issues. While retirement planning is ‘front of mind’, it is an opportune time for this group to reflect on their journey, the barriers they have experienced, as well as their expectations and concerns for their retirement future.

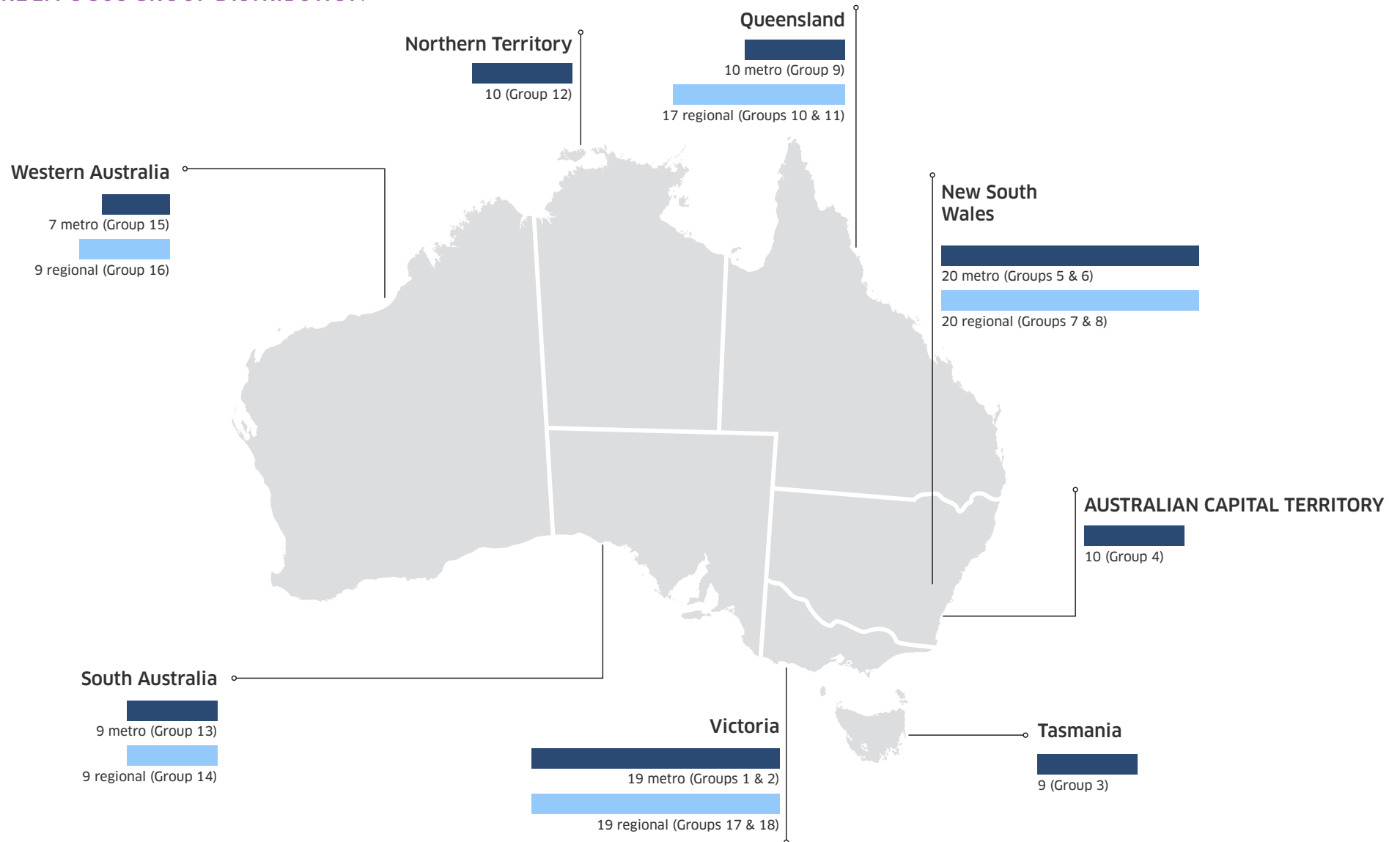
In consultation with the recruiter, we sought to gain a diverse cross-section of near- and recent-retirees. The recruitment strategy included;

- Single qualifier: participants had retired within the past 5 years or intended to retire in the next 5 years.
- Equal representation of 1. near- versus recent-retirees, and 2. gender (50% split)
- No qualifications were imposed regarding participant occupation, age, retirement balances, retirement product use, or level of expertise/knowledge in superannuation or retirement planning – this enabled a broad range of retirees with diverse backgrounds and experiences to participate.
 - Recruitment materials emphasised that no particular knowledge in this area was required.
- 10 participants recruited per focus group (to pre-empt late cancellations/ absentees)

Of the 180 participants recruited, 168 participants attended the focus groups (an attendance rate of 93%). Appendix 2 provides a lists attendance at each focus group.

METHOD

FIGURE 2: FOCUS GROUP DISTRIBUTION



METHOD

FIGURE 3: FOCUS GROUP PARTICIPANT PROFILE

57%

FEMALE (95)

49%

NEAR-RETIREEES (78)

AGE RANGE

49-75

AVERAGE AGE 62.5

43%

MALE (73)

51%

RECENT-RETIREEES (80)

VARIOUS OCCUPATION



METHOD

KEY INFORMANT INTERVIEWS

The second element of the qualitative phase included key informant interviews conducted with members of the Australian retirement planning ecosystem. A detailed account of recruitment steps and justification of 'who' comprises the ecosystem is included in Appendix 3. One hundred and fifteen interview requests were sent, with a 60% acceptance rate. Sixty-nine interviews were

conducted, representing 61 unique ecosystem perspectives (on occasion interviews were conducted with more than one person from the same organisation, or various representatives from within one broad government department).

KEY INFORMANT PROFILE:

33%

FEMALE (23)

67%

MALE (46)

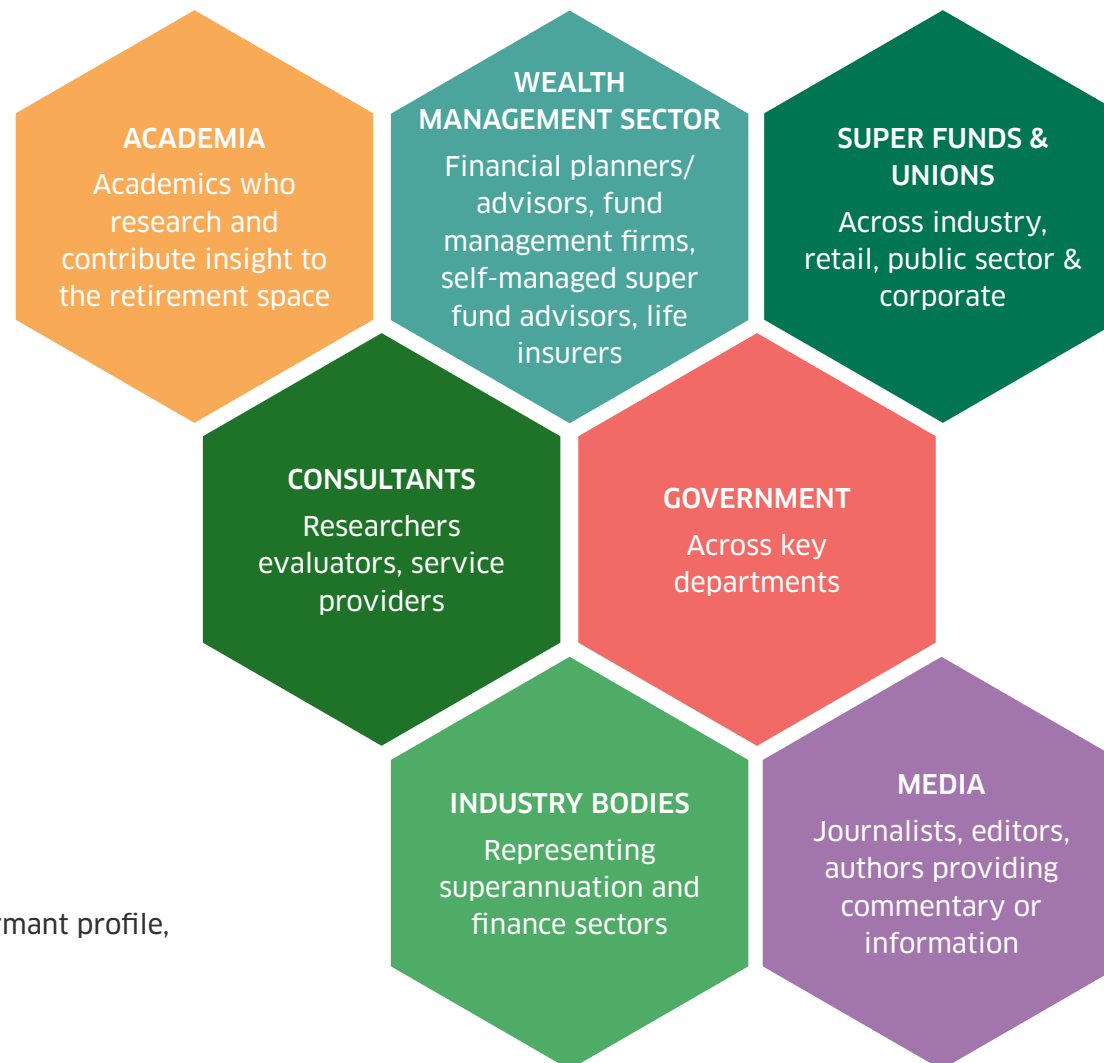
Consistent with national statistics of women in CEO and key management positions (17.1% and 30.5% respectively) (WGEA 2019)

A WIDE VARIETY OF POSITIONS



METHOD

SECTORS (AND SUBSECTORS/INCLUSIONS)



For more detail on the key informant profile, please see **Appendix 4**.

METHOD

RESEARCH PROCESS AND DATA ANALYSIS

Focus group and interviews followed a semi-structured protocol; this assured broad consistency across groups and interview, while at the same time allowing participants to direct part of the conversation and raise topics of particular importance to them without constraint (Matthyssens & Vandenbempt 2003).

Focus group participants were asked about their experience with retirement planning; initially framed from a financial perspective, but with flexibility for them to speak about non-financial topics as well. They shared their behaviours and perceptions regarding various elements of retirement planning and reflected upon interactions with various members of the retirement ecosystem. Focus groups were all conducted in person and moderated by the researcher, typically taking 60 minutes.

Interviews covered similar topics, which enabled us to compare and contrast consumer and ecosystem perspectives on the same issues. Key informants were asked to share their perceptions on key issues facing their

customers and retirees more broadly. They also discussed dynamics, relationships and responsibility of those within the retirement ecosystem. Key informants shared their opinions on the focal changes required in the ecosystem to ultimately improve outcomes for Australians. Interviews were conducted in person or via telephone and ranged from 30-60 minutes.

All interviews and focus groups were audio recorded, professionally transcribed, and cross-checked by the researcher to ensure accuracy and quality of transcription. This produced 995 pages (565,399 words) of textual data.

The researchers use an *inductive approach* to analyse the qualitative data; this means that textual data is read with an 'open mind', without looking for pre-determined themes or topics of interest. This approach allows impactful themes; from the perspective of the *participants*, not the researchers to naturally emerge (Spiggle 1994).

Data analysis involved an iterative process of reading over transcripts multiple times, creating and grouping 'codes' (topics/issues/sentiments) within and across different transcripts (Spiggle 1994). 'Open codes' (broad and diverse codes very closely reflecting key words in transcripts) were used as a first step, followed by a process of distilling and consolidating into a smaller number of more meaningful codes (called 'axial coding'), from which themes (overarching topics which include interpretation or presence of phenomena) were formulated (Gioia et al. 2013). The researchers would also move between the data and external research, both academic and industry, to see how the themes and topics raised in the data compared to other commentary and dialogue in the area (Matthyssens & Vandenbempt 2003).

CUSTOMER JOURNEY MAPPING OF THE AUSTRALIAN RETIREMENT PLANNING ECOSYSTEM



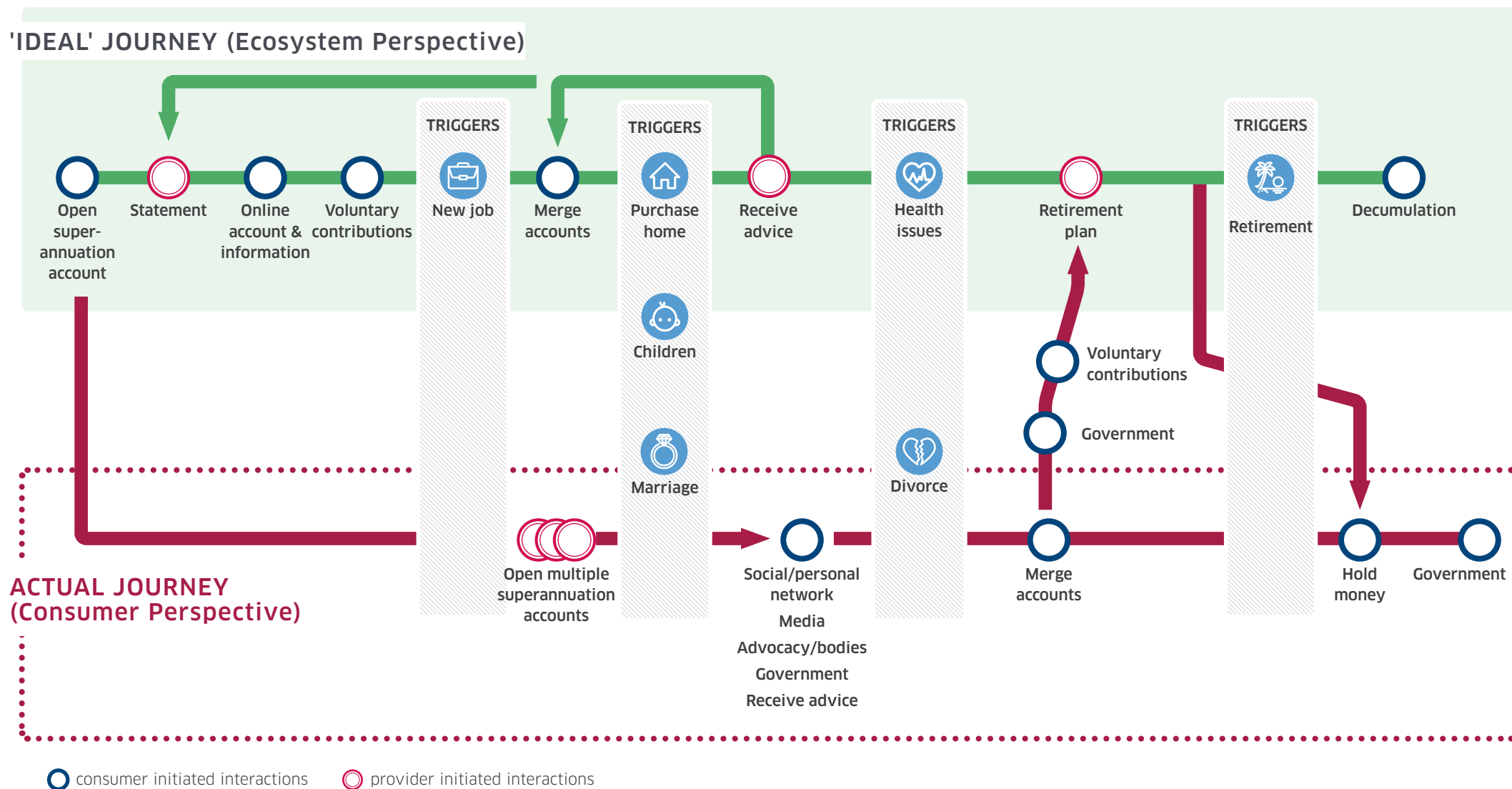
CUSTOMER JOURNEY MAPPING OF THE AUSTRALIAN RETIREMENT PLANNING ECOSYSTEM

Research on customer journey mapping highlights the importance of mapping the 'expected' or hypothetical touchpoints (interactions) along the planned journey from a provider (ecosystem) perspective, as well as the 'actual' journey touchpoints from the consumer perspective (Halvorsrud, Kvale, & Følstad 2016). Following this approach, we map an 'ideal' journey as perceived by key informants in the retirement planning ecosystem (government, industry, media etc.) as well as the 'actual' journey as depicted by focus group participants (near- and recent-retirees). From here we can identify and elaborate upon points of symmetry and divergence.

Interactions initiated by a provider (member of the ecosystem) versus customer are visually distinguished through colour, with 'actual' touchpoints represented as 'deviations' from the expected journey (Halvorsrud, Kvale, & Følstad 2016). We decided to use the term 'ideal' or hypothetical journey (rather than 'expected'), to reflect that ecosystem members were broadly cognizant of the various consumer deviations from the hypothetical journey. Interestingly, while key informants acknowledged considerable consumer deviations, many strategies seemed to still relate to the 'ideal' journey without attempting to first address these deviations.

CUSTOMER JOURNEY MAPPING OF THE AUSTRALIAN RETIREMENT PLANNING ECOSYSTEM

FIGURE 4: THE 'ACTUAL' VERSUS 'IDEAL' CUSTOMER JOURNEY THROUGH RETIREMENT PLANNING



CUSTOMER JOURNEY MAPPING OF THE AUSTRALIAN RETIREMENT PLANNING ECOSYSTEM

Step 1: Open (first) super account

The first step of the customer journey occurs when an individual enters the workforce (in a full-time capacity or meeting current work hours/salary thresholds) and requires a superannuation account. Ideally individuals would exercise choice when selecting a superannuation fund, or at least have an awareness of the fund they are being defaulted into; this is preferable as it implies that the individual has evaluated their options and made an informed decision. However, many members are defaulted into a fund and product selected by their employer/industry/union (Productivity Commission 2018). Key informants acknowledged the high level of consumer apathy towards fund knowledge or selection, and the role that the employer (and industry) still play in selecting and defaulting employees into a superannuation fund.

Most people don't even know who their super is with or how many accounts they have. (M2; Media)

A lot of people don't realise that they don't have to go with the - I use Vic Super but I don't have to put my money in Vic Super. I can get my employer to put it in anything but who - can you even be bothered? That's a real cop out I suppose but I really can't be bothered shopping around to see another fund that might be a quarter percent better or a half a percent better, so I tend to stick with what was set up for me at the start of the job and I just stuck with it for 18 years. I reckon most people probably do that. (Group 18; Regional VIC)

Key informants raised potential problems arising from employers being responsible for selecting superannuation funds for their employees; for example, they may not have adequate understanding of superannuation options, leading to poor outcomes for individuals.

Think of a small business owner who is - they're like 'thank god for Choice' because without it - picking a default fund for staff - how are they meant to pick? So, hence industrial awards and things like that really come into play. (I6; Industry Body)

Step 2: Consumer engagement from the outset – reading statements, creating (and monitoring) online accounts, and making voluntary contributions.

After opening a superannuation account, super funds provide account information with consumers through several sources; two key communication methods include statements (paper or digital) and online accounts. Key informants identified these two methods as key engagement strategies;

We send out annual statements to say, 'okay, this is your benefit'... Now we're sending out a video statement as well. So, the physical statement which gets emailed to most members has all the compliance stuff in it. The video statement is much simpler. It goes for about a minute and it's all animated. It starts off as a bus ride. So, at the start of the year when you got on the bus, you had \$24,000. During the year on your travel - and the little bus moves around this map - you know, an extra \$5,000 of contributions came in. From that, we then had to deduct fees and taxes and that was this much. Investment earnings were added of this

CUSTOMER JOURNEY MAPPING OF THE AUSTRALIAN RETIREMENT PLANNING ECOSYSTEM

much and, when you've arrived at the bus stop at the end, you've got \$35,000. It's just a way again of trying to make people just realise their super is actually growing and it's important and it's easy to understand. (S12; Superannuation Fund/Union).

Ideally consumers would have knowledge of and interest in their superannuation accumulation, read their statements, create/activate their online account through which they can also check their balance, change investment preferences, and keep contact information current. Despite this being a critical engagement strategy, a number of key informants raised concerns regarding its efficiency;

What we send out is a classic example of disengagement... We send an email saying, "Your statement is available to view," and people have got to log on to view it. So, we send out about - last year, it would have been over 30,000 emails. 4,000 people looked at their statements... So, if people aren't even going to look at their statement, you know, what sort of engagement does that tell you? (S9; Superannuation Fund/Union)

Digitalisation and online access were argued as making it easier to access information when it is front of mind, although a number of key informants questioned the extent of its use;

We've got a website with lots of information on it. I wonder how much people actually delve into that. We've recently launched an app where people can see their account balance daily. Every minute if they want to. I don't know why they would want to, but it seems to be a thing... but I guess having the [brand] logo on people's phones is a really sensible way for us to try and get people to think more about. We had quite a significant percentage - nearly 10% of the members downloaded the app in the first four weeks. (S12; Superannuation Fund/Union)

In addition, individuals have the option to make voluntary contributions to their super above the mandatory contribution level (currently 9%). It was widely accepted among key informants that early engagement would affect an individual's overall accumulation, and that only small incremental changes were required to have a large impact in the long term.

People get engaged in their fifties and sixties about retirement. Typically, they could have a much bigger impact if they did a lot less a lot earlier - so how do you help enable people to choose the right investment strategy early, get rid of multiple accounts, sort out insurance - getting it set up earlier and getting the true benefits of compounding? You can actually have a lot more of an impact in your thirties than you can in your fifties. (C3; Consultant)

With regards to contributions, many in the ecosystem thought that voluntary contributions were essential, but only being utilised by a few and only being implemented later in life:

We know that people on very high incomes will often make voluntary contributions into superannuation but that's largely as a tax minimisation strategy rather than really thinking, "Oh well, this is my goal for retirement. This is how much money I want to have in retirement or the income that I want to have in retirement." But, if people don't engage until they're 55 or 60, it's pretty hard to then make a substantial difference to what you can do in your retirement. (G1; Government).

CUSTOMER JOURNEY MAPPING OF THE AUSTRALIAN RETIREMENT PLANNING ECOSYSTEM

DEVIATION 2.1: DISENGAGEMENT WITH FUND COMMUNICATIONS AND PERSONAL CONTRIBUTIONS

In reality, many consumers demonstrate no engagement with their super funds, particularly earlier in their working lives. Focus group participants attributed this to various reasons, from relevance/perceived importance, low interest in retirement savings, small account balances, and competing priorities.

Our generation of people... we weren't educated enough [about superannuation] to be able to - I wish I had my time all over again.

I was nursing at 17 and getting a really good wage and didn't include that in any superannuation and if I look back now, I wish the hell I had of

Even for the generation of young people now in high schools. I've got two young daughters and thankfully they're good savers, but a lot of their friends aren't and they don't have savings accounts and they don't look at what's going to happen in the future. They only live for now and, I mean, that's okay for a certain period of time but there comes a time when you think, "Hang on, I've got to look beyond this and try and set myself up, not so much for retirement but for life." (Group 17; Regional VIC)

Step 3: Merge/transfer accounts when changing jobs

A key event in the customer journey of retirement planning is when an individual gains new employment. This change in circumstance triggers various changes relevant for retirement savings; new salary level, permanency of employment or change of sector. When an individual enters new employment, they have the option of transferring an existing superannuation account to their new employer, or have their employer open a new account with their default fund. Ideally, individuals would evaluate their superannuation account options, and merge accounts so that they have only one superannuation account. Maintaining one superannuation account or selecting a number of accounts based on evaluation and decision-making rather than apathy is preferred. Multiple accounts each incur their own fees, which can erode balances, and likely include default insurance that may lapse or become invalid if accounts are not active.

It's a lived experience that people have multiple super funds and inside those multiples of super funds, having some with low accounts, especially the inactive ones, that are eaten away by administration fees and default insurance. (I4; Industry Body).

Deviation 3.1: creation of multiple superannuation accounts

In reality, many consumers enter new employment without considering how to consolidate or transfer their superannuation accounts. According to the Productivity Commission (2018, p.18), "over a third of all super accounts are 'unintended multiples' – created when a new default account is opened for a member when they change jobs or industries, and the member does not close their old account or rollover their existing balance. Much of this account proliferation appears early in adulthood and persists well into middle age". As a focus group participant from Bendigo suggested, many people may not realise that they do not have to use their employer's default fund. Similarly, a number of respondents discussed not knowing that account consolidation was possible, or how to go through that process.

Male: You can't really transfer? [superannuation accounts] ... I don't know much about them, but I've got money in Australian super.

Female: You can amalgamate.

Female: You need to amalgamate. You need to roll them over to cut the fees down, yes.

Female: You'll be paying more fees.

CUSTOMER JOURNEY MAPPING OF THE AUSTRALIAN RETIREMENT PLANNING ECOSYSTEM

Female: You can do it through the ATO site or the human services website.

Female: If you're a customer, they will chase it and do it for you.

Male: Really? (Group 12; NT)

Perhaps a more focal issue was the perceived difficulty in merging accounts, which inhibited focus group participants from successfully consolidating their accounts (this is discussed in detail in Deviation 4.2 ad hoc touchpoint: Merging accounts). The presence of multiple accounts has become such a pertinent issue that government legislation has been created to manage the process of consolidation.

Preventing multiple accounts from proliferating, those kinds of recommendations are largely sensible. (C4; Consultant)

Event: Purchasing a house

Purchasing property is one of the largest financial events in an individual's life (Commonwealth of Australia 2008). As such, home ownership was raised as a significant and complicated consideration within the context of retirement planning. Key informants raised home ownership as a major indicator of an individual's financial stability in retirement:

One of the real challenges is for the subset of retirees who don't own their own home because the rental assistance they receive on top of their age pension is only about I think \$3,000 a year. You can imagine if you rent in a capital city and you're on a single age pension, which is only a bit over \$20,000 a year and then you get an extra \$3,000 for rent assistance, a lot of your income is going towards your rent. So, there is a split among the population where some people who are retired are actually able to live in reasonable comfort if they own their own home and they get the age pension and they have a little bit of savings on the side. Then there's other retirees who will really just struggle day-to-day because the amount they get is maybe inadequate and the people who are in those kind of groups often have less private savings as well. (C4; Consultant)

Housing certainly is the golden key to retirement. If you fully own your own home, you're probably going to be okay. You'll probably be alright. If you do not fully own your own home - if you go into retirement with a mortgage and you try and pay down your mortgage on a part pension - if you're one of the 70% who gets a full or part pension, our numbers show that you can't do it. (M4; Media)

Key informants also acknowledged subsequent issues that have resulted from home ownership as part of retirement strategy. First, retirees are often reluctant to downsize or enter reverse mortgages to fund their retirement. This could be in response to the perceived security that home ownership provides, or reflect retirees' wishes to leave the family home as an inheritance to their children.

Female: There's been a few unscrupulous companies, where people have come out of it with nothing - when that happened I thought 'how lucky are we, we'll be on the pension, but we'll have our home'...

Female: Well, our financial adviser said, "How do you feel about selling your house and renting? You can make more money out of the money you have from the sale of your house and rent... And I'm thinking... I'm going [gestures hand fanning face] ... I'm sweating. That was the strategy. He said, "I'm looking at it financially, not from the heart like you are."...

Male: Look for another financial adviser.

Female: That's exactly when you need the security of your own home, when you retire.

Female: Yeah, it's your home, you know? (Group 7; Regional NSW)

CUSTOMER JOURNEY MAPPING OF THE AUSTRALIAN RETIREMENT PLANNING ECOSYSTEM

Focus group participants further reiterated these sentiments towards home ownership. However, some participants expressed additional motivations for home ownership; namely using the home as a retirement savings 'tool' in replacement of superannuation. Where superannuation was considered perhaps unstable, less secure, or difficult to understand its value or ease of access, the family home was seen as tangible, secure, and something to be 'held on to'.

I think your prime residence is the best tax-free way of accumulating money that I could recommend to anybody... Forget a super fund. (Group 13; Metro SA)

Key informants and a few focus group participants acknowledged the inherent risks in over-reliance on property, given property market volatility. The term 'asset rich, cash poor' was used to describe retirees who owned considerable property as their predominant source of wealth in retirement, rather than balanced across independent savings and/or superannuation.

In 2003, I decided to buy a house that would fit our retirement plan. So, we bought one back then and we're hoping to sell the principal property and then move into that one at some stage in the future... What's my biggest fear? That we've gambled a little bit too heavily on the property market. So, we've got a lot of money tied up in properties. Who knows if that was wise or not. (Group 9; Metro QLD)

A further implication for the 'asset rich, cash poor' retiree was the potential to better navigate the aged pension means testing. Both key informants and focus group participants discussed the strategy of owning homes of considerable value and/or size, arguably more than what they needed as empty nesters, to both maintain a sense of security from the home as well as qualify for aged pension entitlements.

While you're working, get the biggest and best house you can possibly afford and then trade back as many times as you need to, to make your life comfortable. (Group 13; Metro SA)

One of the ways you might want to access equity in your home is to sell it and downsize. There's relatively little of that going on and obviously reasons include the tax disincentives to doing that. That's also on the age pension side as well and how the home is taken into account in the assets test. That tends to cause over-investment in housing amongst retirees and can lead to inefficient use of housing for the community more broadly... elderly people living in large houses... optimally they would move to something smaller, more manageable... then a family would be able to occupy that place. (A5; Academic)

CUSTOMER JOURNEY MAPPING OF THE AUSTRALIAN RETIREMENT PLANNING ECOSYSTEM

Step 4: Seeking financial advice

Seeking financial advice can be a great opportunity to gain clarity about savings or investment options, monitor the progress of balance accumulation, and develop an informed strategy towards retirement saving to ensure financial security and expected lifestyle in retirement. In an ideal journey, consumers who require financial advice would

1. Seek advice early,
2. Action this advice, such as making changes to investment preferences or modifying voluntary contributions and,
3. Monitor this advice over time and return to the financial adviser to ensure adequacy of their plan as circumstances change.

Key informants who advocated for financial advice identified a range of benefits. These include the ability to filter only relevant information to help clients make decisions and properly conceptualise their retirement needs. Focus group participants who used a financial adviser valued the expertise, ability to navigate a complicated sector, and the assurance an adviser provided them.

Female: I have a financial planner now. Best thing I ever got... they're worth every cent you pay. As you say, you get what you pay for.

Female: ... for your self-confidence that, yeah.

Female: ... for the peace of mind. For me, it's peace of mind. (Group 2; Metro VIC)

The bottom line is whether you like a financial planner or not, they're the ones that know their job... You've got to trust somebody. (Group 1; Metro VIC)

We provide advice but at the end of the day, they make the decision, but we try and give them as much relevant information without trying to confuse people so that they can make an informed decision. It's like going to a surgeon and being told you need this surgery but here are the risks, what are you going to do? You're going to have the surgery because you probably don't really understand the risks, but you trust the surgeon. So, I think it's a similar relationship at the start. I think it's really helping clients prioritise what their goals are... try and focus the mind on what is the key thing that is important to people? Once they decide then, it's much easier to go through the planning process. There's no guarantees they'll get what they want, but there's a bit more confidence because they're taking control and they've made the decision on not having the holiday or having a certain standard of living or working a bit longer because it will give them more certainty. (W2; Wealth Management Sector)

Deviation 4.1: Delayed/absent financial advice seeking, and further information influences

Our research suggests that many people postpone seeking advice until much later in their working lives or choose to not seek financial advice at all.

It's not up until they change jobs that they have to think about it and then they may start getting some information from their new employer about where they put their super and that's probably the only other time that they have some sort of engagement with a super fund up until the point where they get to about 53. Then they start to mention to their friends and they start thinking I need to do something about this, I need to go and talk to someone. At that age, they'll go and find their friends to give them a recommendation on an adviser or an accountant that might be able to help them. Having failed that, they might go to a bank because, although they don't like banks, they feel that the banks are not going to rip them off or, if it does, it will pay it back. (S14; Superannuation Fund/Union)

CUSTOMER JOURNEY MAPPING OF THE AUSTRALIAN RETIREMENT PLANNING ECOSYSTEM

Delayed advice seeking seemed to result from various factors; for example, there was low perceived relevance in seeking advice earlier in life or when account balances are low. In addition, price was a strong factor inhibiting people from seeking advice early, if at all. Price posed an obvious financial barrier, but also communicated to some focus group participants that financial advice might only be necessary for those with a more complicated financial situation (i.e. investments in shares or investment properties).

Female: I think it would be a lot better if we have access that doesn't cost the earth to give advice on how we plan for retirement. We're on a limited income situation but how can we make the most of what we've got? We just don't know...

Female: And, if you've got to go to somebody, you haven't got the funds to pay for that sort of advice and then you're caught in circles. (Group 17; Regional VIC)

I think also one of the reasons I've never been, I've never had enough money... if you've got lots of money, maybe, if you can find a financial adviser you can trust. But I think I can work out where I should put my money and where I shouldn't. I think you'd need to have a lot of income before a financial planner would come into it. (Group 13; Metro SA)

Furthermore, trust in financial advisers was raised as a significant deterrent, a point which has been exacerbated since recent government enquiries into banking, financial services, and most recently superannuation.

Male: I don't trust [financial planners] ...

Female: No, you don't trust them... you take their advice with a pinch of salt.

Male: ... It's alright to listen to them, but I wouldn't take their word as security, as "Oh yeah, I'll go down that track." I just wouldn't do it. (Group 1; Metro VIC)

You hear those stories as well and the banking Royal Commission and all that going on at the moment. Some of the stories coming out of that doesn't give you a lot of confidence in these guys. (Group 18; Regional VIC)

As a result, many individuals postpone seeking financial advice, or seek advice from a variety of other sources. A number of focus group participants reported engaging in 'advice shopping', where they would take advantage of free preliminary advice.

I've been to about 8 financial advisers, all with the free visits. The best advice I've had so far has actually been through a bank and that is an ongoing free visit, no charge. (Group 14; Regional SA)

In addition, focus group participants identified further sources where they sought information on retirement planning; social/personal networks; the media; government departments; advocacy groups and industry bodies. Online searches often helped people find information sources, whether government, news, consumer websites, or even connecting through forums;

I usually just type in 'super' or 'retirement'. One thing leads to another. You get into a forum somewhere along the line and all of a sudden, someone's got the same problem that you've got... they've been there, done that. They already know the answers. (Group 14; Regional SA)

Mine has been Money magazine, ATO, my accountant and Trish Power who wrote Super for Dummies... She had up until recently a free newsletter which is just excellent and lately you have to pay which I think works out at about \$2 a week and I find her really good. (Group 7; Regional NSW)

Male: There's a very good e-newsletter that I get. It's called Your Life Choices.

Female: Oh, I get that too.

Male: That has a lot of good information.

Male: It does, doesn't it?

Female: That's how I heard about this new budget thing with the downsizing. (Group 1; Metro VIC)

CUSTOMER JOURNEY MAPPING OF THE AUSTRALIAN RETIREMENT PLANNING ECOSYSTEM

Social/personal networks were commonly used, particularly with regards to seeking recommendations for good financial advisers. While acknowledging their lack of specialist knowledge in the financial sector, which could prove problematic, participants found value in being able to share thoughts and have frank conversations with someone who had no vested interest or personal motivations for giving advice.

I draw on friends. We're lucky to have a friend who is a financial adviser in Melbourne and we've used him once, but I think most of the discussion is with friends. I think there is a high cynicism around financial advisers and seeking advice, paying for advice. That's not just since the Royal Commission, I think that was there beforehand anyway... (Group 4; ACT)

[I get information from] friends who have been through it... [disagreement expressed from other participants] ... They can give you information about what not to - where not to go to look but where to go to look as well. They might not be telling you what to do or how to deal with it but they're going to be

able to say, "we looked here, and this wasn't very good because tax and these other things, but we also found this one which had more incentives." Some friends who have been through it can lead you to a website that might be able to help you. (Group 7; Regional NSW)

The media also plays a role in sharing information, although is received with some scepticism.

I watch it pretty closely, but I don't believe it. I think a lot of our politics is controlled by the media. (Group 9; Metro QLD)

I think it's good also just to listen occasionally - don't make it a habit - but occasionally listen on the news when they do the business report. In the Saturday paper, they have the writers there - a whole range of them. The old bloke that does all the letters to the retiree - elderly people or young people writing in for some advice. He just does a fabulous overview of how they present information in really plain language. (Group 1; Metro VIC)

A number of participants shared stories they had heard from current affairs programs. While it is important to be critical of providers and aware of malpractices that could occur, stories that are arguably sensationalised can have a detrimental effect if they cause consumer inaction and disengagement from retirement planning broadly.

I watch Today Tonight and Current Affair and you see them on there all the time, all these dodgy financial advisers saying, "Invest your money here," and the next minute he's in Spain. (Group 14; Regional SA)

Various government groups were identified as sources of information; namely ASIC (MoneySmart website), APRA, ATO, and Centrelink.

The ATO have some calculators on their websites. (Group 12; NT)

The tax office can tell you a lot of things. I learn a lot from them. (Group 3; TAS)

Well, Centrelink are one for your age pension information. (Group 15; Metro WA)

I use the ASIC website when I am considering an adviser, just to sort of check them out a little bit. (Group 5; Metro NSW)

CUSTOMER JOURNEY MAPPING OF THE AUSTRALIAN RETIREMENT PLANNING ECOSYSTEM

You can go to the government regulatory authorities like ASIC or APRA. APRA is obviously the supervisor of superannuation. It's not doing a good job, but they can provide information. (Group 4; ACT)

I went on MyGov website, the government website, and it gives you all the things that you can apply for, what you can get, what you can't get, how much you're not going to get (Group 13; Metro SA)

While many focus group participants identified government agencies as knowledgeable, impartial, and reliable sources of information, others believed government suffered from inefficiencies that limited ease of access to information, particularly with regards to Centrelink.

Moderator: Where else do you look for information? Are there any government departments...?

Male: Not that I trust.

Female: Government?

Male: They can't run their own show so why would you follow their advice? (Group 13; Metro SA)

Moderator: Are there any government departments that you think are helpful...

Male: That's an oxymoron. There's no such thing. (Group 11; Regional QLD)

Consumer advocacy groups and industry bodies were also identified, including Financial Planners Association (Group 1; Metro VIC), Self Managed Super Fund Association (Group 5; Metro NSW), Australian Aged Pensioners Group (Group 9; Metro QLD), Seniors Online (Group 18; Regional VIC), and Your Life Choices (Group 1; Metro VIC). While perhaps a lesser known influence relative to personal networks, the media, government, and financial planners, these groups are perceived as unbiased and without vested interest.

Deviation 4.2 (ad hoc touchpoint): Merging accounts

Due to the great volume of individuals with multiple accounts, an additional 'stage' in the actual customer journey is necessary: merging accounts. Many found this process tiresome, difficult, and time-consuming. People also spoke of being charged excessive fees to transfer funds, which inhibited their ability to complete this stage.

30 minutes I was on the phone [to superannuation fund]. Press one, press two, press three, give up... I've got three or four little ones [funds] that I want to roll into the bigger one and I keep putting it off because it's a pain in the backside trying to do it. (Group 18; Regional VIC)

I had all these letters [from superannuation funds] coming to me saying... if it was \$300, it was going to cost you \$178 to change it from this one to this one. I thought, "you might as well keep it," and screwed it up and threw it in the rubbish. I couldn't be bothered. One was quite rude. They actually rang me up and, "What are you doing?" I said, 'I'm still trying to read half this garbage.' (Group 10; Regional QLD)

CUSTOMER JOURNEY MAPPING OF THE AUSTRALIAN RETIREMENT PLANNING ECOSYSTEM

Step 5: Creating a retirement plan

In the later stages of an individual's working life, they begin to shift their mind to retirement; what to do with the money they have accumulated, and what kind of lifestyle they can expect with the money they have saved. If a person has adequately prepared, they will enter retirement affording a similar lifestyle to what they had during their working life. If they are underprepared, they will need to consider obtaining government assistance through a partial or full aged pension.

Current discussion with key informants around this stage of the customer journey focused predominantly on realigning priorities and mindsets towards 'decumulation'; strategies to most effectively utilise the money accumulated during working life. This shift in focus has been prompted by the Retirement Income Covenant Position paper introduced by the Treasury in early 2018, which posits the inclusion of Comprehensive Income Products for Retirement (CIPRs) as part of a superannuation fund's key offering. While many key informants were in support of this shift in focus towards addressing the decumulation stage of retirement, there were various concerns raised regarding implementation of the CIPRs and their feasibility for fund members.

There is a lot of financial advice available in the accumulation phase but, once the people are actually in retirement, there is not a lot of specialised advice once you've retired. So, I think that is a real problem for retirees. (G4; Government)

Compulsory or default CIPR's will hugely disadvantage people on the lowest incomes and with the lowest balances. It's only once you get over a certain balance that a CIPR becomes something that you should even consider. If you've got less than \$100,000 in super, conversation about CIPR just shouldn't even be happening. So, that's a very future conversation given that the average Australian has a lot less than \$100,000 in super and retires with much less than \$100,000 in super. It's not relevant to them. It's a more long-term conversation and it should be something that kicks in at a certain level. (M2; Media)

In addition, focus group participants raised several issues that may conflict with the strategic shift towards the decumulation phase and CIPRs. First, stemming from the previously discussed deviation in the actual journey (D4.1: Delayed/absent financial advice seeking), given the stages of 'advice seeking' are often delayed, general advice seeking and creation of a retirement plan may in fact blur into the one activity. This can be problematic, as articulated by key informants, creating plans later in life will have less impact on overall retirement preparedness compared to those who initiate these plans earlier.

As a consequence of this delay, a number of focus group participants spoke of entering 'turbo-saving mode' pre-retirement. Participants would start to make considerably more voluntary contributions as a means of mitigating previous disengagement with their retirement planning (and low or no voluntary contributions). This behaviour of 'turbo-saving' has caused consumer angst in response to the government introducing contribution caps, or maximum amounts of voluntary contributions an individual can make to their superannuation account per year. This legislation directly conflicts with their pre-retirement savings strategy, leaving consumers feeling that they are unable to adequately achieve their retirement planning goals.

CUSTOMER JOURNEY MAPPING OF THE AUSTRALIAN RETIREMENT PLANNING ECOSYSTEM

The biggest issue when you're very close to retirement is when the government change the rules... when they dropped [the voluntary contribution cap] from nothing to \$35K to \$25K maximum contribution, well that really screwed a lot of people around because they had plans to - 'well, I'll hit 55 and then I'll start throwing a pile of money at it' and then all of a sudden, that's gone. (Group 16; Regional WA)

An additional consequence of low preparedness and account balances for retirement is the increased role of government support (the aged pension) within the retirement plan. In the 'ideal' consumer journey, integration of government would only be an optional step, occurring later in the post-retirement phase (step 6); assuming the 'ideal' state is an individual achieving financial independence in retirement. However, focus group participants reported planning and making decisions around their eligibility for the aged pension.

Female: I thought, "Okay, if I retire at retirement age and then get my super, I have to use my super before I can get the pension because it's deemed as income."

Male: That's right. Stuff it under the bed.

Male: I'm glad I cashed in what little I had.

Female: Yeah, it's really - a good friend of mine did that. She retired and she went, "Yay, I've got this little bit of super." She didn't have a lot. She had a bit and she went, "Right, I can do this," and then she couldn't get the pension for seven months until - like, she paid her house off and everything but she couldn't live. They said, "Right, you've got X amount of dollars. That will last you X amount of weeks and she couldn't get anything until the time was up. It's ridiculous. (Group 13; Metro SA)

Moderator: What will you rely on predominantly in retirement financially?

Female: I would say the house and the pension.

Male: That's the biggest factor - no debts hanging over you.

Female: Yeah, definitely the house and the pension for us.

Female: The age pension plus the income from super as well, the top up. (Group 10; Regional QLD)

Even for those with considerable retirement balances or assets, qualification for the aged pension remained a focal part of the retirement plan. They spoke of 'working around' the boundaries imposed by government;

Male: We used to, particularly with the \$1.6 million cap, you've got to keep a bit of an eye on that and, I'd flick [extra contributions] across to my wife.

Female: [Government] does set the boundaries which we've got to work with. (Group 5; Metro NSW)

Male: We're at a stage where we're actually hiding our money now, just so we can get a pension?

Female: Put this house in that child's name and put this house in that one's name and this property...

Female: That's what we did. We put them in our kid's names. (Group 6; Metro NSW)

CUSTOMER JOURNEY MAPPING OF THE AUSTRALIAN RETIREMENT PLANNING ECOSYSTEM

Event: Retirement

The focal life event of the consumer journey through retirement planning is retirement itself. The individual's focus then shifts towards what kind of lifestyle can be funded in their retirement, and how long will their current balance last. Many focus group participants raised concerns around whether they had accumulated enough to last them throughout retirement; casual or intermittent work was discussed as a means of bringing in additional income.

Well, I have to work really. I don't work much but, you know?... I like spending money and I couldn't just live on the pension. (Group 13; Metro SA)

I can never quite see myself being a hundred percent retired. I'll always find some stream to earn a bit of pocket money. Just for the birthday presents, the grandchildren, for treats. For living on the pension and my super - I'd like it to last as long as it can. (Group 1; Metro VIC)

In addition, the concept of redundancy was raised as an issue prompting unexpected or premature retirement. Given the trend toward 'turbo-saving mode' in the pre-retirement stage, an early retirement can have a significant effect on an individual's ability to meet their retirement savings goals.

When you're planning for your retirement, you might have a, 'I'm going to retire at 60, 65, 70,' or whatever that number is. But with me, it was becoming redundant and not being able to get another job because of age so then retirement was virtually forced upon me. (Group 16; Regional WA)

Beyond financial considerations, the concept of retirement was a confronting and emotional experience for many. Focus group participants shared experiences around isolation, losing their sense of purpose, and missing the social and cognitive stimulation as well as structure that employment provided. Others placed such value on work as part of their lives, that the concept of ever 'completely retiring' was not something they had considered.

I hadn't intended to retire. I was more or less happy in the job that I was in. I was prepared to just keep going, just more out of habit than anything. And then our Melbourne

office was made redundant and so I was out of work and it was a bit of a shock to the system, you know? I didn't know which way to turn or anything, you know? (Group 1; Metro VIC)

Step 6: Convert to decumulation with optional government support in the long-term.

At this stage, the individual converts their superannuation balance in order to withdraw funds (current options include withdrawal of lump sums, conversion to an account-based pension, and/or purchase of annuity/similar products). As mentioned in step 5, top of mind for majority of key informants was the shift towards the decumulation phase and potential implementation of CIPR products. There was considerable disagreement regarding whether CIPRS were the correct solution or implementation of decumulation strategy. There was also an acknowledgement across key informants that the existing suite of decumulation products (namely annuities) had low consumer adoption:

The next big problem, I think, is developing the 'What next?' in terms of product. There's a lot work and effort that's gone into accumulation phase... accumulation is relatively mature, a system that's been

CUSTOMER JOURNEY MAPPING OF THE AUSTRALIAN RETIREMENT PLANNING ECOSYSTEM

working for a while. There are account based pensions now and there are annuity products but the amount of annuity in Australia is so minimal, you know, it barely rates mentioning. Australians are terrified of annuities. (G3; Government)

Delayed engagement with retirement planning, and 'turbo-saving' later in life have significant implications for the ecosystem shift to emphasise decumulation. Decumulation strategies and use of CIPRs require adequate account balances at retirement;

I like the idea that the covenant will be added to the SIS Act and that trustees need to turn their minds to retirement income for their members. I think that's a good thing. The actual CIPR's and how and what and why and when and all of those sorts of questions, I think that is a very difficult area to get any form of consensus on. In terms of if you have to have some sort of longevity funding in there or mechanism to do with longevity, what percentage has that got to be, what is an appropriate minimum balance before someone should be offered a CIPR, all of those sorts of things. (S6; Superannuation Fund/Union)

The CIPR limits - the initial Treasury guidelines said that there should be a product available for people who have around \$50,000 or more when they retire. I think that's been revised up to \$100,000 in the last guidance that was given by Treasury, but I still think that figure is way too low...you've got to get above an amount of money where people just think 'that's not going to last me very long, it's not going to be the bond for me to go into a retirement home, why don't I just use it up? Why don't I just go on a holiday, give some money to the kids, buy a new car?' ... Then once you get up to really big amounts of money then people feel that they can take care of it themselves. They can take quite a lot of risk and they don't need someone else to organise it for them. So, a sweet spot is probably between \$350,000 and \$1 million or \$1.5 million. (A6; Academic)

If an individual has a small balance or was only shifting their focus to 'turbo-saving' in the pre-retirement stage, then they may not achieve (or conceptualise) a sufficient balance to warrant use of a CIPR.

Male: But, once again you have to have a large income [to get an annuity].

Female: Or a regular, steady income.

Male: Because you can't take anymore out than what's put in. It's not like it's a magic bucket that just keeps on topping up so you get your \$400 a week, like you can only get out what you've got in there. (Group 13; Metro SA)

A small number of focus group participants did own or support the premise of annuities or CIPRs, describing it as an investment strategy to maximise your capital, securing an income for life, and particularly viable for those who are very fit and expect to live a long time, or those who are particularly concerned about managing and maximising their money.

The reason you would take an annuity is to get as much income out of your capital as you can because if they're, you know - because you take that risk. You know, you'll get the bigger income if you forfeit it when you die... (Group 9; Metro QLD)

CUSTOMER JOURNEY MAPPING OF THE AUSTRALIAN RETIREMENT PLANNING ECOSYSTEM

Male: we've got a fortnightly annuity off which we are living and its secure, I think. I don't know how secure.

Female: So, somebody else is managing it?

Male: Yes, and it provides a regular income stream for which I'm very grateful. (Group 5; Metro NSW)

Male: If I want to retire at 60 and I'm alive until 75, the annuity pays for me and if I live beyond that, it will still pay me.

Male: ... but the next day you wake up and you're still alive...

Male: You've got to maximise your life to get that benefit out of it basically.

Male: So, don't die early...

Female: Yeah, if you live longer than the 20 years, you still receive. (Group 6; Metro NSW)

Government support via the aged pension ideally is an 'optional' safety net for those who have insufficient funds to last the entirety of their retirement. There was consensus among key informants and focus group participants that the government's intention was to 'ween' individual's off the aged pension by increasing eligibility requirements.

I think there's a push from the government to create as many self-funded retirees as possible so they don't have to pay the pension. (Group 17; Regional VIC)

We've been steered more towards, "You must get super, you must get super," so the safety net doesn't need to be used, so the government doesn't need to give pensions.

Male: They're trying but it's not going to work. (Group 9; Metro QLD)

There's a group in the middle who are going to be partially funded. There's the cohort of people relying entirely on the pension that is going to decrease. The number of people who are going to be partially reliant on the pension is going to increase significantly and more people are going to have more money in superannuation - in a pension product or whatever. I think the government, where it can, tries to change the policy settings to reduce the number of people given access to the age pension. So, I think the ageing population, access to the pension and the adequacy of superannuation benefits. Then that opens up the whole debate about what sort of government supports are available to superannuation as well. (I1; Industry Body)

CUSTOMER JOURNEY MAPPING OF THE AUSTRALIAN RETIREMENT PLANNING ECOSYSTEM

Deviation 6.1: absence of decumulation strategy (or products) and holding on to money and assets.

In the actual journey, individuals make two key (related) deviations. First, there is an absence of 'decumulation strategy', particularly with regards to products that aim to maximise the longevity of funds. Focus group participants reported little knowledge, conceptualisation, or trust in the current suite of decumulation products, specifically annuities.

Female: So, virtually they are playing the odds...

Female: Oh, it's like a gamble. Everything is.

Female: What happens if the person passes away? Does the family get...?

Male: No, that's the thing.

Female: That's the gamble. You gamble that you're going to live long enough to get your \$60,000 back in fortnightly amounts or more and the company is gambling that we'll put the \$60,000 aside and invest it now, but we're gambling that you're not going to be around to collect so much. (Group 2; Metro VIC)

Life insurance, you're betting that you're going to die, and with an annuity, you're betting that you're going to live. (Group 9; Metro QLD)

I have heard of it but it's a little bit fuzzy to me as to what exactly it is. (Group 18; Regional VIC)

Second, there is a strong inherent sense of retirees wanting to 'hold on' to their money and assets, in particular the family home. Many focus group participants spoke of the uncertainties of retirement and feared the possibility of becoming financially vulnerable. This, along with other factors including inheritance motivations, may contribute to this sense of wanting to 'hold on' to money and assets.

My concern, like a lot of people here perhaps, is not having enough. What's enough money to have in retirement? (Group 18; Regional VIC)

The uncertainty in all this is that you don't know how long you're going to live. You can get hit by a bus tomorrow and you haven't spent your money on what you want to. You might live until you're 99 and your super is going to run out. (Group 4; ACT)

The only thing that does worry me a little - I guess a lot of people would worry about it as well - is major health risk and having enough finances to carry on through if it happens. You don't know... So, I guess its long-term finances. (Group 12; NT)

Key informants also acknowledged the unnecessary frugal behaviours exhibited by many retirees, reporting that many retirees pass away with considerable remaining money and assets.

There's a lot of people who are living very frugally and don't actually need to... Do they want to bequeath funds for their family? Some do, but actually the majority don't, but just they're too scared to spend what they've got. (S6; Superannuation Fund/Union)

OVERARCHING THEMES



OVERARCHING THEMES

Six key themes were identified that provide explanation and context behind the deviations apparent between the ideal and actual consumer journey through retirement planning;

1. The role and impact of various life events on consumer decision making; 2. Education and information on financial issues; 3. How individuals perceive relevance of retirement planning throughout the customer journey and implications for engagement; 4. Consumer trust in institutions within the retirement planning ecosystem; 5. Expectations and assumptions; 6. The role of emotion in retirement planning.

1. Life Events

Major life events are those generally experienced in many/all consumers' lives, and which cause significant shifts in priorities and mindsets. Life events influence individuals from both a stress perspective (a major life disruption) and a developmental perspective (where a person is forced to significantly change or adapt) (Luhmann et al. 2012). Three events – gaining new employment, purchasing a house, and entering retirement – were discussed individually within the customer journey map, as they were acknowledged as three of the most important life events influencing retirement planning, from the perspectives of both key informants and

focus group participants. Several additional life events were identified; they are discussed separately here as they 1. Were not overtly acknowledged by key informants as part of the retirement planning journey, and 2. Can arise and manifest in different ways and have varying impacts throughout different stages of each individual's journey. These life events include having children, experiencing health issues, marriage and divorce.

Children were reported as a significant influence on people's perceptions toward retirement savings, although their impact varies and shifts over time. For example, focus group participants spoke about prioritising the cost associated with raising children over retirement preparation.

[Advertising should be aimed at] the 50-year old's and say, "Hey, you've got ten years or fifteen years to make the most of the super that you can," and by that age, the majority of people have raised their kids because during the time you're raising your kids, you haven't got a hope in the world of... [saving for retirement]. (Group 2; Metro VIC)

However, later in life the influence of children then changes to advocate for retirement preparation. Focus group participants talked about the lessening of financial burden as children get older, thus enabling them to contribute more money towards superannuation/independent savings. They raised concerns about not wanting to be a burden on their children in old age and wanting to support their children or grandchildren as part of their retirement saving motivations.

I think 40. Your forties is a good time when you start thinking about the future, you know, because your children are getting older, they're at uni or whatever or in the employment and you think - well, you see your parents or your elders. They're 60 or 70 and you see their problems, so it puts it into perspective for yourself and you sort of think, "Well, that's me in 20 years' time." I think 40's seems to be an age when you start. (Group 16; Regional WA)

Actually, when I learned that I was going to become a grandfather for the first time, that's when I started thinking about superannuation and the rest of it... (Group 15; Metro WA)

OVERARCHING THEMES

I see it as a burden on our children if we don't have enough money just sitting in this account or assets in a house that if we ever had to go into a nursing home, it's going to be astronomical. (Group 13; Metro SA)

Health issues were also raised as key life events that severely impeded an individual's ability to prepare for retirement. Many focus group participants shared their experiences of being forced into retirement prematurely because of health issues (themselves or their partner) occurring in the pre-retirement phase. This can be detrimental to retirement savings if paired with a strategy of 'turbo-saving' near retirement.

I'm in forced retirement because I have breast cancer and I had to leave my position and I haven't been able to find anything, but I would like to be able to be financial enough to know that when I do retire in maybe three or four years' time that I have the money to fund my retirement. (Group 15; Metro WA)

I'll be honest and say I didn't give retirement any thought because I wasn't planning on retiring when I did. So, I wasn't prepared, but I know my son-in-law learnt from me. He's planning his retirement and he started when my forced retirement happened because he saw what it did to me and he thought, "I'm not going to have that problem," and 20 years ago, he started planning for the day he has to retire. I thank the world that I went through, the problems, so he could learn that lesson. I think young people today need to know that they can be forced into retirement due to health or cutbacks in the jobs. They need to start planning from day one. (Group 7; Regional NSW)

Focus group participants mentioned **marriage** as a trigger in their lives to shift their mindset towards retirement planning and saving. Other events seemed to have a greater focus, for example home ownership and raising children, as these involve large and ongoing associated expenses. However, marriage implies considerable tangible and perceived changes in an individual's circumstances;

discussions around asset or savings ownership, potential for purchasing a home or raising children are likely to occur at this stage, with retirement savings intentions and goals raised as an additional discussion point. In addition, focus group participants raised historical superannuation frameworks that limited savings abilities for women who marry or become pregnant. While these frameworks have since been removed, the implications of them on account balances are still ongoing.

Moderator: when did you start thinking about planning for retirement?

Male: When I got married. (Group 13; Metro SA)

Female: When I fell pregnant with my daughter - she's now nearly 40 - but in those days, I had to resign because I was pregnant. There was no such thing as maternity leave and my super got paid out.

Female: A lot of them did when they got married...

Female: once you got married, you were put off at the end of every year and you could reapply the next year and you didn't get paid your holiday pay over the Christmas period of course. (Group 9; Metro QLD)

OVERARCHING THEMES

Marriage was rarely raised by key informants. This is not to say that key informants do not acknowledge marriage as having any impact on retirement planning, but rather in terms of priorities marriage is perceived as less prevalent compared to other life events. The following quote is the sole mention of marriage during the interview stage;

It's helping people on their journey and giving them bits of information at certain times. There's a lot of life stages that people go through - whether it's marriage or divorce or having a child or looking after aged parent. (S4; Superannuation Fund/Union)

Finally, **divorce** was raised by many as a pivotal life event that alters an individual's perceptions towards retirement, and indeed their financial preparedness for retirement. While it was acknowledged that divorce influences men in the relationship, the critical impact discussed was around the implication for women in this life event. This is likely due to the traditional gender roles common in the baby boomer generation, where men were 'bread winners' and women left the workforce to raise children. From the outset this creates inequality between superannuation balances of males and females, which is widely

acknowledged (Institute of Actuaries Australia 2015; ASFA 2017). Then, in the event of divorce, this forces women into significant financial vulnerability.

I think the biggest thing that I find annoying, if you'd like to put it that way, is my husband and I broke up. I had three kids in private school. Had to pay for school fees and god knows what else so you took any sort of work that you could so that you were still here when kids were home and so forth... You needed money for school fees. Forget the superannuation. So, by the time they had gone and then I'd thought about getting a decent job and maybe saving some money, it's almost too late. (Group 10; Regional QLD)

For me, it was when the marriage broke down. I was in my forties... we were in a happy marriage and everything was quite happy and I thought I had a really good life and retirement would be lovely together - but when it does break down, and you realise just how much you're left with, you do think - it does put a panic in you. You know, a panic that sort of stays with you, thinking... "This is not how I planned my life," you know? (Group 16; Regional WA)

When I was married I did not see one bank statement. I did not see one pay packet. I didn't even get the mail because my husband worked in the post office... I didn't know how many bank accounts we had until after we were separated. Ten bank accounts - passbooks - he had, and I did not know how much was in there. To put it bluntly, I got screwed big time. So, I had nothing. (Group 8; Regional NSW)

Overall, the perceived severity of these life events on an individual's ability to adequately prepare for retirement relates to its proximity to retirement; i.e. life events occurring close to or during retirement have greater impact, as individuals have less ability to financially recoup.

OVERARCHING THEMES

2. Education and Information

The second theme encompassing the customer journey is the role of education and information concerning financial topics and planning for retirement. Particularly for the baby boomer generation (including focus group participants), issues were raised concerning education of superannuation from its inception.

Male: Well, in my generation with super - I forget the year that it came in - but we didn't know enough about it and we didn't put a lot of money in because we thought, "Why would we be putting in it?" When you're that age, you're not looking ahead. There wasn't the advertising and there wasn't the publicity and there wasn't the emphasis on looking after yourself when you finally retire.

Female: And there was no education.

Male: No, there wasn't the education. (Group 17; Regional VIC)

Also raised was the difficulties in accessing and comprehending information at various stages of the retirement planning journey. Language was seen as a key barrier between consumers and the retirement planning ecosystem; focus group participants felt that providers used language as a mechanism to dissuade them from making decisions, and

conceptualised interactions as limiting due to providers 'speaking another language', using incomprehensible jargon and 'leaving things unsaid'. They recalled situations in which they felt they 'didn't even know what questions to ask'. This inhibited any meaningful exchange between the superannuation fund, financial adviser, or government department.

A lot of the advice is so technical. I mean, it's not about, 'should you or shouldn't you'. I think a lot of stuff you say, I don't even know the right questions to be asking and I think that if you want people to be better informed to make better decisions, it does start with that you have to know what questions to ask and what language to use because half the time if the terminology you use is not the right terminology, then you don't have people who will volunteer it to you and say, "You've asked X but what you actually need to ask is Y." If you've got somebody who can actually help explore that with you and translate because the technical language - my background is as a social worker. So, I have no experience with investment stuff and all that kind of stuff. I just - it's just foreign language to me. So, for me to actually be on my own and then have to ask the right questions is a losing battle. (Group 4; ACT)

With regards to education interventions, many focus group participants advocated for greater financial literacy to be taught in schools. Key informants generally agreed, however argued that interventions at this age would need to be carefully framed to ensure relevance and engagement. While the topic of retirement might arguably seem irrelevant to teens, content could be framed around more general financial literacy that would have relevance and application to retirement planning later in life.

I remember my son said, 'I've done maths and I've done science, but they haven't taught me how to apply for a home loan or do my tax return'. The education system, I think, has a lot to answer. It doesn't teach financial literacy. (Group 2; Metro VIC)

OVERARCHING THEMES

I think it starts in schools... a lot of people who start working in financial services do a course called PG146. It teaches you about the way in which banks operate, credits operate, mortgages operate, how superannuation operates, compound interest, all of those things... I think teaching people the basics is the most important thing because I think it's hard to give young people, in particular, an appreciation of the value of superannuation unless it's done through the context of a wider appreciation of the role of finances in their life. (I1; Industry Body)

Alternative suggestions included education through an employer, government, as well as accessible/ government provided financial advice to near-retirees;

I think it would be good if there was some, whether the government does a summary or has a seminar or an info night that people should really be obliged to attend if they're contemplating retirement. I think the government is probably the best one because it should be fairly neutral rather than a company because a company will only spruik their own product obviously. (Group 13; Metro SA)

3. Relevance and engagement

Perceived relevance or importance of retirement planning seemed to hinder the customer journey, particularly causing disengagement in earlier stages. This was well-acknowledged by key informants and is also a frequent concept addressed in academic literature - e.g. the concept of hyperbolic discounting, whereby situations occurring in the distant future are given less importance than those in the immediate, at times due to an inability to perceive the future self (Hershfield et al 2011).

It's helping people on their journey and giving them bits of information at certain times. There's a lot of life stages that people go through - whether it's marriage or divorce or having a child or looking after aged parents - once you start seeing your parents age, you realise the cost of aged care and healthcare and how your body deteriorates and how much that costs... It doesn't take you much to see what potentially could be a future and people living on sandwiches every day because they can't afford to buy anything else but bread and cheese. It's quite depressing when you start seeing it, but you don't see that in your 20's and 30's. You start seeing that in your 40's and 50's. (S4; Superannuation Fund/Union)

Focus group participants conceptualised relevance in terms of competing priorities, thinking you have a lot of time to save later, and not wanting to contribute to something that you cannot access for many years.

Female: My first job at 19-20 [years of age], in a government job... Super? Meh, what do I have to even think about that for now? I'm 19, hello.

Male: I was like that when I was working. I wanted the money there and then. I didn't want to wait and put it away until I was ready to retire. I wanted it because I couldn't afford to live, you know?

Female: I don't mind putting it away, but you can't have it until you're 60-something. What? No, that's not happening. (Group 8; Regional NSW)

Other participants, particularly farmers in rural areas, also raised the issue of relevance in a more enduring capacity. Similar situations were expressed by those who were self-employed; any surplus funds were redirected back into the farm/business. This highlights a significant subsector of workers who slip between the cracks of superannuation/ retirement savings legislation, who may reach retirement with little or no superannuation (although likely to have higher independent savings or assets, such as farming property).

OVERARCHING THEMES

Because we were on a farm, your greatest priority is to prepare for the next drought, which is inevitable... Any funds went into farm management deposits and not into super... basically the farm would be the super. (Group 7; Regional NSW)

I've only just, like the last couple of years. Being self-employed, you've always put money back into the business. It hasn't been until I've sold some of the business off that I've actually had spare cash, so to speak, that I've just dropped that into the super fund and started our own super fund with that. But, it's a different system - self-employed - than what it is to have 9% or 10% of your wages that you never see, so you technically don't miss it. (Group 13; Metro SA)

As discussed in step 2 of the customer journey (customer engagement from the outset), early engagement is argued to have considerable long-term benefit, reaping the benefits of compound interest. Therefore, communicating relevance and engagement early in the customer journey is a critical intervention requiring further attention from the ecosystem.

4. Trust in Institutions

Trust was a critical barrier through various stages of the customer retirement planning journey and across various key relationships. Low trust (or confidence) was expressed with government departments (see deviation 4.1: delayed/absent financial advice seeking); focus group participants were worried about the long-term security of the aged pension and felt unsettled by the constant changes made to retirement/superannuation legislation.

The government seems to change rules on a regular basis. So, what might be right this year is not going to be right in five years' time and if the goalposts keep changing, it's very hard to make decisions...

Male: I think if the government stopped messing around with it, it would put people's minds at ease as well instead of changing the rules with superannuation and changing the pension age and it's just so hard to plan. (Group 13; Metro SA)

One of the big challenges for people that have just retired are probably around changes around superannuation. I think that we get a lot of feedback around people trying to understand what that means to an individual's circumstances. So, depending on the government of the day and their changes to superannuation, that is difficult. It's difficult for people to get the right advice. (G4; Government)

This was reiterated by key informants who questioned the ability of government departments to adequately monitor and enforce legislation.

I think there are enough laws in place. I just don't think that they've enforced the laws sufficiently. So, you know, if it takes six years for a financial institution to report a breach which should be reported within 10 days of being found out, then ASIC need to apply penalties for that. You know, and they can't come to arrangements where we won't take you to court and potentially have a \$7 million fine but we'll negotiate something and you put \$300,000 into some charity. You know, companies make far too much money for that to be a deterrent. (W2; Wealth Management Sector)

OVERARCHING THEMES

Focus group participants also voiced low trust in financial planners; this is particularly problematic given that financial planners were seen as a key provider in communicating information and implementing strategies to achieve retirement planning goals. As one participant states, this creates a situation where you are ‘forced to trust someone’;

It's actually quite scary because you sort of think that they might know what they're doing but I don't know... they're pushing their own interests, I suppose. I don't trust that element at all. (Group 3; TAS)

Superannuation is a bit like having your first child. Nobody tells you everything. There's stuff that they don't tell you about and super is similar because you haven't done it before. It's the first time you're doing it and you can make big mistakes, you're low on information, you talk to people - some of it's good, some of it's bad - and by the time you've worked the good from the bad, you're already halfway down this track. We've had advice from our accountant and a stock broker and you put your faith in people you trust, really, and that's all you can really do. (Group 13; Metro SA)

Finally, media was also previously discussed (deviation 4.1) as an information sources. While it was recognised that some media commentary may sensationalise topics; hence, scepticism and trustworthiness of information from media was raised as a concern, it was also apparent that the media does seem to influence perceived trust in institutions. The presence of the media adds an additional information source with questionable trustworthiness, while at the same time fractures the trust felt in providers and government.

The question then becomes, ‘who can people trust for unbiased and accurate information?’. Future interventions should seek to compare perceived and relative ‘trustworthiness’ of various information sources, as an initial step in aiming to initiate engagement. For example, perhaps the issue with government is more around competence than ‘trust’, meaning that information better articulated from this source could have a positive effect on engagement.

5. Expectations and Assumptions

The presence of beliefs, expectations and assumptions are apparent throughout various stages of the customer journey through retirement planning. These range from beliefs that the current designation of contribution levels or withdrawal percentage limits are ‘magic’ numbers calculated to achieve adequate accumulation levels and decumulation rates, thus ensuring financial security in retirement; to assumptions that property investment is the most secure and tax efficient method of saving for retirement. These beliefs and assumptions can be used as heuristics to ease consumer decision making (Benartzi & Thaler 2007), however they can be problematic if they are inaccurate, dated or misleading.

I think people sort of assume that because there are minimum drawdowns for the government or for, you know, tax purposes, that there must be some kind of design in where those numbers came from and that therefore, the government recommended amount that they should take out and they shouldn't take out more than that and they can't take out less than that when, in fact, it's purely about the government trying to make sure that people do spend their money, but not forcing them to run out of money before they die. (G1; Government)

OVERARCHING THEMES

An additional expectation held by many focus group participants is the perceived link between paying taxes throughout ones working life and subsequently receiving an aged pension in retirement.

Male: What's cruel is the people that have earned the most money through their life...

Female: Have contributed big taxes...

Male: They've paid tax all their life...

Male: I think most people would say, "Yes, it should be means tested," but then you bring up that argument and they've all paid a really high rate of tax all their lives which is, you know...

Male: But, you haven't paid your tax so you can get it back. You've paid tax so we can have all the infrastructure that we require.

Male: Most people don't look at it that way. (Group 17; Regional VIC)

Male: I think that a large percentage of the population has always planned that 'When I retire, I get a pension.' So, I work all my life and I get a pension.

Female: Pay taxes all your life too.

Male: Yeah, and 'I'm entitled to a pension'. Well, the pension is going and the government is now relying on you to put enough money away to support yourself in your retirement. (Group 12; NT)

A few participants acknowledged that this sense of entitlement was perhaps 'inherited' from their parents, and was now considered a dated notion. Belief in this entitlement to the aged pension would have considerable implications on the perceived need to save or strive for financial independence in retirement.

I remember back when I started working in 72 or whatever it was, superannuation was only just beginning... the old people there were saying, "Whatever you do, son, make sure that you get the old age pension. If you put too much money away, you know what's going to happen. You're not going to get the aged pension and you'll be buggered. (Group 3; TAS)

Female Two: I think it is a historical expectation because previous generations didn't have superannuation. They didn't have so much opportunity to accumulate wealth. Property prices weren't doing the ridiculous stuff they're doing now where then people are inheriting wealth. So, historically I guess the bulk of the population didn't have large lump sums in retirement. They had much shorter retirements as well. They had less - I guess they were simpler in their needs and

they had less demands around expectations in retirement as well. So, I think there was a much greater reliance on age pension probably back then and so everybody saw it, just going, "Well, that's just what you get and I should get this." (C6&7; Consultant)

6. Emotion in Retirement Planning

The final theme reflected through the customer journey is the emotional aspects inherent in retirement planning. Many focus group participants raised fears around the uncertainty of retirement, from a financial perspective (leading to unnecessary frugality in retirement – see discussion in Event: retirement), as well as broader issues around health, longevity, and purpose/quality of life in retirement.

You have to have enough money to last the rest of your life and because there's no ruler that says, "Okay, you're going to finish at 80 and if you dole it out, you know, \$500 a week, you'll be fine," you don't know how you're going to end up. I mean, that would be my worry more than the financial one than anything. (Group 2; Metro VIC)

OVERARCHING THEMES

I guess it's impossible not to worry about money, but I think probably what concerns me more than money is health. You know, I hope that when I do retire, I've still got my good health and that I can actually enjoy my retirement and make those decisions I want to make. (Group 12; NT)

These emotive aspects of retirement may also be key to understanding why individuals disengage in earlier stages of the retirement planning journey. A small number of key informants recognised the importance of managing emotional elements of retirement planning and stressed the need to consider retirement from a more holistic perspective, rather than approaching it as a purely financial issue.

My first job is to get education and calmness because there's a lot of panic that's out there. There's a lot of talk that 'everybody needs \$1 million to retire'... that causes panic, hysteria and it leads to people doing nothing. So, my first job is about reassuring people and giving them a bit of a picture as to where they are now. (W4; Wealth Management Sector)

The key issues facing retirees? I think it's really understanding what retirement is all about and that the transition to retirement - there's a lot more to retirement than just the financial aspects. I think people can easily sit down - well, it's not easy, it's a bit complex - but people can sit down and have an indication of, okay, this is what I'm going to spend, this is how much money I've got and do some planning around that, but retirement is a lot more than that. I think it's the social and the psychological issues around retirement that are probably the bigger problems that people don't really cope with ... The problems come where you start moving away from work - was that your identity, who you were? What do you then when you're retired? The isolation that can actually cause if you don't have other activities. (S3; Superannuation Fund/Union)

This wasn't reported as frequently from the consumer side, with many reporting rude or impersonal experiences with people lacking emotional intelligence:

There's not enough good free advice to various people. I've been to a financial adviser. It was a free one, sponsored by St George and the guy was just totally rude. He said, "How much have you got?" I told him and he said, "Well, that won't last long. Bye." By the time I got home, he'd sent an email saying, "According to your statement, you don't need my advice. Goodbye. (Group 4; ACT)

By understanding the complexities and the emotional as well as rational drivers of consumer decision making within retirement planning, future interventions could aim to more effectively communicate relevance and importance of retirement planning from various standpoints, facilitating engagement from the start of the customer journey.

CONCLUSION AND NEXT STEPS

This was the first of two research reports detailing insights from stage 1 of the Orford Initiative, comprising of qualitative enquiry with near- and recent-retirees (focus groups) and members of the Australian retirement planning ecosystem (key informants). From the outset these insights revealed the importance of considering retirement planning as an extensive and multi-faceted consumer journey including a series of interactions or 'touchpoints' with various members of the ecosystem (including one or more superannuation funds, financial advisers, government, and the media). Each interaction along the journey has implications for subsequent stages, and is plagued with a lack of financial literacy, perceived relevance, engagement, and trust in ecosystem members. Therefore, it is important to consider the customer journey in its entirety and identify barriers or 'pain-points' (negative interactions) that inhibit consumer interaction, engagement, and trust. This research report maps six key steps or touchpoints along an 'ideal', hypothetical customer journey, and describes the nature of typical interactions therein. In reality, the actual customer journey is quite different. Several considerable deviations from the 'ideal' retirement planning journey were

identified, and reflect various frictions and barriers articulated through six overarching themes.

The findings from stage 1 have unveiled various potential avenues for further exploration, which we now aim to investigate through experimental design. Specifically, this second stage of research will examine several key intervention possibilities;

- Sources of credible/trustworthy information as a means of facilitating engagement
- Messaging strategy targeting comprehension, language, relevance, and engagement
- Integration of emotion to relay relevance and facilitate engagement
- Feasibility/ demand for digitalisation (use of apps, website, video, gamification)
- Enhanced consideration/ shift in consumer mindset towards decumulation (how to better conceptualise retirement needs, navigate uncertainties of retirement, and evaluating the feasibility of longevity products that aid in this process).

EXPRESSIONS OF INTEREST – ROUNDTABLE FORUM

In keeping with an engaged research approach, the researchers are interested in running roundtable forums with interested parties from government, industry, the media, and the academy. The objective of these roundtables is to explore and critique the qualitative findings from stage 1, debating key themes and finding consensus on strategic priorities and directions. We would also value feedback and contribution on preliminary interventions proposed for stage 2, experimental design. If you are interested in attending a roundtable forum, please contact Dr Teagan Altschwager; t.altschwager@mbs.edu or Associate Professor Jody Evans; j.evans@mbs.edu

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APPENDICES

APPENDIX 1: FOCUS GROUP DISTRIBUTION STRATEGY

State-based population percentages of metro and regional areas were compared. The following table compares the number of focus groups conducted relative to the populations they represent. Identified from this table are large population clusters (shaded blue) in 2 metropolitan (NSW and VIC) and three regional areas (NSW, QLD, and VIC); 2 focus groups were conducted in each of these locations. In mid-size population clusters (QLD metro, WA metro and regional, SA metro and regional; shaded green) 1 focus group was conducted.

Australian State	Metro groups (#)	Metro population (%)	Regional groups (#)	Regional population (%)
New South Wales	2	21%	2	12%
Victoria	2	18%	2	7%
Queensland	1	9%	2	11%
Western Australia	1	7%	1	3%
South Australia	1	5%	1	2%
Tasmania [^]	1	1%	0	1%
Australian Capital Territory [*]	1	2%	0	--
Northern Territory [*]	1	1%	0	--
TOTAL	10	64%	8	36%

Population % drawn from ABS 2016 Census data on 'persons place of usual residence'.

Small population clusters in Tasmania, ACT and NT were addressed individually;

[^] **Tasmania** has a small combined population, with equal distribution in metro and regional areas. Through consultation with the recruiter, Hobart was identified as the optimal location for the focus group; although the Capital of TAS, from a population perspective Hobart is considered 'regional' in contrast to other Australian capital cities. Regional locations were discussed but not pursued due to anticipated recruitment difficulties.

^{*}**ACT and NT**, given their relatively small populations, are recorded in ABS 2016 data as 'combined' populations (not distinguished by metropolitan/regional). From a recruitment perspective the capital cities of Canberra and Darwin were considered effective locations where recruitment of participants was more easily accessible.

APPENDICES

APPENDIX 2: FOCUS GROUP ATTENDANCE

Group; Location	Total participants
Group 1; Metro VIC	10
Group 2; Metro VIC	9
Group 3; TAS	9
Group 4; ACT	10
Group 5; Metro NSW	10
Group 6; Metro NSW	10
Group 7; Regional NSW	10
Group 8; Regional NSW	10
Group 9; Metro QLD	10
Group 10; Regional QLD	7
Group 11; Regional QLD	10
Group 12; NT	10
Group 13; Metro SA	9
Group 14; Regional SA	9
Group 15; Metro WA	7
Group 16; Regional WA	9
Group 17; Regional VIC	9
Group 18; Regional VIC	10
TOTAL 18 groups	168 participants

APPENDICES

APPENDIX 3: THE AUSTRALIAN RETIREMENT PLANNING ECOSYSTEM – INCLUSIONS AND RECRUITMENT PROCESS

The *Australian retirement planning ecosystem* includes firms, government & regulatory bodies, industry bodies, unions, the media, as well as academia.

Firms include organisations who have direct or indirect contact with consumers (superannuation funds, financial planners/ advisers, wealth management advisers, SMSF advisers, life insurers)

Government and regulatory bodies refer to any government group with input or regulatory power concerning

- conduct of any firm (listed above) within the retirement planning ecosystem
- communication between these firms and consumers (the Australian public)
- regulation around the SIS act or related regulatory interventions (e.g. tax, aged pension)

Industry bodies are groups brought together to communicate the broad needs and interests of firms within a given industry. They can take a lobbying role, a consumer advocacy role, research/thought leadership role, among others.

Unions have historically been a focal player in protecting and communicating the needs of Australian workers with key ecosystem members (namely firms and government)

While **the media** may not formally contribute to decision-making or actions within the retirement planning ecosystem, they serve as a key communication (and translation) tool for the Australian public. Announcements concerning firms and government are translated and critiqued through media commentary into simple, comprehensible language and widely distributed to the public. The media includes a diversity of channels, including:

- the news reported through TV/print/digital
- current affairs/public interest programs which highlight (or sensationalise) relatable ‘human stories’ to personify key issues,

- consumer websites/ niche publications that sit outside of the ‘mainstream media’ environment – this also includes publication of books (personal finance books, self-help guides etc.
- Media influencers – authors, well-known editors, and personalities who provide expert commentary on financial and retirement issues.

Academia refers to academics/researchers who have expertise in retirement/financial topics. While often not communicating directly with the public, academics provide high-level thinking, integrity and rigorous research to provide insight on key issues facing the retirement ecosystem. They provide an impartial, and somewhat removed/external perspective, and often inform or collaborate with industry and government.

APPENDICES

Recruitment of ecosystem members involved the following steps:

1. Identify key sectors, subsectors, and ecosystem voices (Please see *Retirement planning in Australia – an ecosystem perspective*; 2018 Research Brief for more detail on this desk research and four key perspectives identified: academic, government, media, and industry).
2. Identify specific government departments, organisations, industry bodies, consultants, media representatives, and academics comprising each (sub)sector of the ecosystem
3. Retrieve contact information of key informants representing a broad and diverse cross-section of ecosystem members; contact information was found online, via government submissions (e.g. productivity commission submissions), or requests were sent through digital platforms (e.g. LinkedIn) or via media requests. Contacts were also sought through the researchers' and donor's network of contacts.
4. 115 interview requests were sent; 69 agreed to participate (60% acceptance rate).

APPENDIX 4: KEY INFORMANT INTERVIEW PROFILE

Ecosystem segment	Unique voices represented (total participants)	Participant label
Industry bodies	8 (9)	I1; Industry Body
		I2; Industry Body
		I3; Industry Body
		I4; Industry Body
		I5; Industry Body
		I6; Industry Body
		I7; Industry Body
		I8; Industry Body
		I9; Industry Body
Consultants (researchers, evaluators, service provider)	9 (10)	C1; Consultant
		C2; Consultant
		C3; Consultant
		C4; Consultant
		C5; Consultant
		C6&7; Consultant
		C8; Consultant
		C9; Consultant
		C10; Consultant
Superannuation funds and unions	15 (16)	S1; Superannuation Fund/Union
		S2; Superannuation Fund/ Union
		S3; Superannuation Fund/ Union
		S4; Superannuation Fund/ Union
		S5; Superannuation Fund/ Union
		S6; Superannuation Fund/ Union
		S7&8; Superannuation Fund/ Union
		S9; Superannuation Fund/ Union
		S10; Superannuation Fund/ Union
		S11; Superannuation Fund/ Union
		S12; Superannuation Fund/ Union
		S13; Superannuation Fund/ Union
		S14; Superannuation Fund/ Union
		S15; Superannuation Fund/ Union
		S16; Superannuation Fund/ Union

Ecosystem segment	Unique voices represented (total participants)	Participant label
Wealth management sector (financial planners, fund management firms/self-managed super fund advisers, life insurers)	10 (11)	W1; Wealth Management Sector
		W2; Wealth Management Sector
		W3; Wealth Management Sector
		W4; Wealth Management Sector
		W5; Wealth Management Sector
		W6; Wealth Management Sector
		W7; Wealth Management Sector
		W8; Wealth Management Sector
		W9; Wealth Management Sector
		W10; Wealth Management Sector
		W11; Wealth Management Sector
Government	5 (9)	G1; Government
		G2; Government
		G3; Government
		G4; Government
		G5; Government
		G6&7; Government
		G8&9; Government
Academia	6	A1; Academic
		A2; Academic
		A3; Academic
		A4; Academic
		A5; Academic
		A6; Academic
Media (journalists, editors, authors)	8	M1; Media
		M2; Media
		M3; Media
		M4; Media
		M5; Media
		M6; Media
		M7; Media
		M8; Media
TOTAL	61 unique voices (69 participants)	

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