

ORFORD INITIATIVE IN FOCUS:

How do people make decisions
at retirement about organising
their financial affairs?

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INTRODUCTION

This short research paper takes a deep-dive into the qualitative data collected in stage 1 of the Orford Initiative. Stage 1 consisted of 18 focus groups nation-wide with 168 near- and recent-retirees, and 69 key informant interviews reflecting 61 unique voices in the Australian retirement planning ecosystem. Qualitative research [reports 1 and 2](#) unveil the broader themes resulting from qualitative analysis and contain further details on research design and approach. Through this paper we aim to provide insight into the question 'How do people make decisions at retirement about organising their financial affairs?'

Retirement research in Australia (and indeed globally) leans towards pre-retirement concepts including retirement savings behaviours, given the emphasis and establishment of retirement planning frameworks i.e. Australia's superannuation system. However, an ageing population coupled with unpreparedness for retirement means the potential for outliving one's retirement wealth is an increasing worry for many Australians. Therefore, the spotlight needs to shift onto post-retirement decision making and understanding how to help Australians engage, make informed decisions, and ultimately achieve financial security for the duration of their retirement. Many key informants within the Australian retirement planning ecosystem argue the importance of helping retirees shift their mindset from accumulation to decumulation phase of retirement. For example;

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

Post-retirement strategy refers to an individual's financial planning and decision making to effectively utilise, maintain, and even grow their wealth throughout retirement. The Treasury released a Retirement Income Covenant Position paper in 2018, which posits the inclusion of Comprehensive Income Products for Retirement (CIPR) as part of a superannuation fund's key offering. Despite the emphasis on decumulation and interest in post-retirement decision making from the government and retirement planning ecosystem at large, consumers seem firmly cemented in an accumulation, pre-retirement mindset. Focus group participants were asked about their retirement planning generally, with probing of what they do before retirement to prepare as well as at or during retirement to achieve financial security. Across all groups there was an absence of a fully-realised post-retirement strategy particularly with regards to annuities or other retirement products. Participants highlighted various reasons for this, from simply wanting to stay in the workforce, to entering retirement with little or no retirement wealth, as well as the countless uncertainties of retirement including longevity, lifestyle needs, health costs, the potential for aged care, and unforeseen costs.

Therefore, in this report we attempt to unpack post-retirement decision making and understand 'How do people make decisions at retirement about organising their financial affairs?' while also acknowledging that the question presumes individuals have considerable financial affairs to 'organise' – many do not. For those individuals with limited retirement wealth, post-retirement strategy is a considerably different process. We conceptualise participant responses across a number of decision making 'tiers', from minimal or no post-retirement strategies, to simplistic decision making, and then extended post-retirement decision making and strategies. Several overarching influences of post-retirement decision making and strategy are also discussed.

TIER 1 – MINIMAL OR NO POST-RETIREMENT STRATEGIES

Majority of participants argued that there so many unknowns surrounding retirement that it seems impossible to effectively employ strategies or make decisions. For some, this level of uncertainty meant they employed minimal to no post-retirement strategy.

Moderator: When you're making decisions about retirement, is it just thinking about the now or is it thinking about those later transitions as well? What comes up in your mind?

Male: I suppose you don't really think about it until it happens really because...

Female: You don't want to think about it.

Male: There's no point thinking about it because you don't know really what could happen...

Female: ... whether you're going to make it!

Female: I think people really prefer to stay in their own homes but then, occasionally you can't and at that stage you're looking for a replacement, but I don't think people necessarily plan it. (Group 3; TAS)

Female: It's an unknown quantity [how much you need in retirement] really. You don't really know how long you're going to be...

Female: How long you're going to live...

Female: ... but the older you get the less you're going to need to do.

Female: Also, too, if you need to go to care, that's another expense. That's a major expense.

Female: You might need less money as you get older, but then you need care.

Female: Yes, that's the thing and that's very expensive.

Male: All that money for what can happen to you health wise.

Male: It depends on your health, doesn't it, really? (Group 1; Metro VIC)

In addition, many participants spoke of work as an important consideration for with post-retirement strategy. This manifested in rather different ways; some participants shared that they never planned to retire (at least not completely), and therefore have not made decisions for or beyond retirement.

Male: I think it's important to discuss 'what is retirement?'... My idea of retirement is to just back off from work and maybe do 12 or 15 hours a week. People my age seem to think that as well. They don't seem to think they're going to get to a certain age and just not go to work full stop ever again. They think that they're going to work in a job and hopefully it will work out that they can choose the amount of hours they want to and need to. For both financial and they

realise that it's such an important part of life, the social interaction. (Group 18; Regional VIC)

Female: I've only just started about thinking about it actually - it just sort of crept up on me a bit. But I do - and I enjoy working even though I'm looking forward to more time because I do volunteer work as well which I love and as I said the creative things I love to do, but I also enjoy working and I love interaction with people and I've just cut back to give myself longevity in the workforce and longevity in life. I cut back just to have a bit more time for other things, but I actually really hadn't thought about retirement - I'm not even really thinking about it that much now... I used to sort of think in the last year or two, "I'll work for another five years or maybe ten" and now I just think, I'm just going to keep working until, you know... (Group 11; Regional QLD)

Male: I was thinking about this dichotomy between work and retirement. I've sort of been a little bit retired all my life. I worked when I wanted to work... In relief teaching, you don't have to do it if you switch the phone off and painting houses is something you can organise yourself and start when you like. I just rejected this idea of having

to work to a certain point and then all of a sudden, that's it, get the gold watch and then go out and I don't know what you do - sit in a rocking chair. That's not my idea of life, you know? I just - I haven't really changed as I've got older. I'm still doing the same things, part time working. I've got a yacht, do a lot of exercise and I've got friends. I don't know whether I'm going to regret that I haven't got a lot of money. One day if things go pear shaped, I might regret my decisions but so far, I'm just going along, living my life as I've always done. (Group 3; TAS)

Even for those who were happy to retire, many considered returning to work or engaging in intermittent or contract work as a strategy of financing their retirement. Some felt security in the idea of keeping an income stream, while others saw temporary work as a means for funding large and/or unforeseen cost.

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)

Female: My husband has been retired for eight years but he's gone back to work three times to do different jobs and most of that was to earn enough money to get something specific that we wanted to the house or something, and I'll do the same. I'll do some contract work and I'll pick up jobs and it will be for a particular goal...

Male: That's what I did. Contract work... Work six weeks, get \$6,000, just go off and travel and you're not touching your super. (Group 4; ACT)

Others, however, reported staying in the workforce out of necessity;

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)

Female: God forbid if my children are still at home, supporting them and supporting me and my husband... I worry that I will not be able to retire when I want to, that I'll have to keep working to support myself.

Male: That's right, yes. It's got to be reality to be semi-retired.

Female: Well, maybe that's what I'll have to be, semi-retired, not retired. (Group 6; Metro NSW)

TIER 2 – SIMPLISTIC DECISION MAKING AND STRATEGY

The second 'tier' reflects those who engaged in limited or simplistic post-retirement strategy and decision making. Some participants spoke of seeking financial advice at retirement, however this advice seemed rather limited, for example assistance in converting a super balance into an income stream (account-based pension) or understanding government entitlements.

Male: I didn't do any of that, you know? I just retired and I thought I better get some financial advice and I thought, "Oh well, I'll go to Centrelink. They've got a financial advisor there. It costs nothing". The fellow there gave me a few good tips and advised me the best course of action, particularly with getting an income stream working with the superannuation and it was the best thing ever, getting an income stream. I'm with a very good industry fund and since I've been in the fund, my principal has increased by about 25%. (Group 1; Metro VIC)

*Male: I think a good financial planner will tell you - if you're entitled to something, they'll know it, and they'll push you that way. That's what they're there for, I suppose...
Female: I see a financial planner but I don't know whether what he tells me is right. (Group 16; Regional WA)*

Many explained that financial barriers were a key detractor for receiving financial advice or assistance with retirement decision making. In response, some participants suggested mandated financial advice/information sessions when considering retirement. This would encourage people to consider decumulation strategy and provide information to better understand their post-retirement options and how to maximise their income.

Male: 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 advisor 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)

*Female: Even now, 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. You think now 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: You haven't got the funds to pay for that sort of advice and then you're caught in circles. (Group 17; Regional VIC)*

Male: I think it would be good if there was some, whether the government does a summary or has a seminar or an info night or something that like 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)

With regards to the particular advice received, those with relatively low income or assets were generally advised to focus solely on accumulating their superannuation balance to then draw down throughout retirement. While many seemed to make this decision independently, some participants were specifically advised against investments.

Female: I've been through Centrelink financial planning. That's a free service that they offer and they actually gave me another thick report too. I was really quite surprised and it was quite thorough in what they said. They gave me many, many different options of what I could do over the next 20 years and left me to choose which one would be best suited for me. A lot of them - I must admit they weren't my cup of tea but at least the information was there. I did also go to a bank locally and they did say that in my situation, being on a low income, any extra funds I would be best to put into a superannuation and not put into any investments anyway. Yeah, put as much as you can into your super if you've got anything free. (Group 11; Regional QLD)

Male: I drew some super out when I got to 65, paid off some things I and my next job now is to start pouring back into super

as much as I can for the next four years. My game is to try and get it back and I've spoken with my super man and he said - I think you're restricted to \$25,000 a year or something (Group 18; Regional VIC)

Female: I don't own a house, so I have to rely on my super - I have very little other than my super for when I retire.

Moderator: How do you feel about that?

Female: How do I feel about that? Oh, of course I'm worried. I'm - because, you know, we're all accustomed to a lifestyle. Now, I don't have a very extravagant lifestyle but, you know, I have a lifestyle and if I've got no income and I'm only relying on whatever my super is and possibly a pension because I don't have any assets, you know? The thought that I can't do...what I want...

Female: Changing lifestyle - the very thought kills you, that oh now I cannot - now I - this I cannot do...

Female: Your super, depending on how much you've got in it, that can be your pension.

Female: But I worry that it's not going to be enough. I mean, we've lived on what our income is, and my super is not going to cover nearly what my income is... (Group 6; Metro NSW)

Outside of receiving advice, a common strategy among focus group participants was to enter retirement debt free, and ideally mortgage free. Others felt urgency to pay off debts immediately at retirement with their superannuation. While it could be argued that this is not a 'post-retirement strategy', it is a perfect example of how participants naturally reverted to accumulation strategies when discussing their post-retirement strategy. They perceived an important intrinsic link between their accumulation and decumulation strategies, particularly in this case as a debt free strategy in the accumulation phase has a direct impact on spending required throughout the decumulation phase, thus allowing retirement wealth to last longer.

Male: You try and retire debt free but whether you do that five years before you retire or the day before you pull all your super off or pay the debt you've got left off and it leaves you with your savings and whatever part of the pension you get - from our point of view, we'll just live within those means. Whatever you've got left, you'll just learn to live with that, you know? You could always become an Uber driver, I suppose... (Group 18; Regional VIC)

Male: I've got my house paid off and I don't owe anything so I'm not that expensive to run but you still need income, don't you?

Male: I don't have a lot of super but I paid off our house about 25 years ago and that made a huge difference. My wife - we've been married 52 years. My wife hasn't worked since our first child... We live, believe it or not, quite well on the pension because we don't owe anything to anybody. We can go out for a meal.

Female: I think it comes back to how much you owe as well... A lot of people - more so the youngers - but we tend to buy things we really can't afford and go, "Well, we can pay that off while we're working." Then if your job - like mine - went from a lot of hours down to 32 hours a fortnight and lucky I paid everything off but if I had all that to pay now, I would be so bad and a lot of people I work with are the same. They're my age and they're going, "I need hours. Otherwise I'm not going to have any money." No money to live, to pay the rent or to do anything. These people in the next five years are going to retire and go, "Oh my god." (Group 13; Metro SA)

TIER 3 – EXTENDED DECISION MAKING AND STRATEGY

Participants who spent the most time considering their post-retirement strategy spoke of three key approaches. The first was use of **transition-style products**; strategies aiding in a transition to retirement or reverse mortgage style arrangements as a method of creating an income stream and prolonging their retirement wealth.

Female: The other way to lower your taxable income after you turn 60 is to actually set up a revolving pension fund... where you actually set up a pension fund where you have so much taken out of your wage prior to tax and then you get some of it back but not all of it. (Group 12; NT)

Female: If you're over 65, I think it's right up to the age of 78, if you downsize your house that you've lived in for so many years. I think it's something like \$300,000... you can put that into your super and then you can give yourself back a pension stream from that... it doesn't affect your pension but there is a tiny interest rate on it though. It will be paid after you have gone, the money goes back. (Group 1; Metro VIC)

Female: I did a transition to retirement. I work part time. Drew down a small amount from my super and got the age pension at

65 when I was entitled to it. So, I had three streams of income. I had the same income as if I was working but I was only working three days a week. That's how I worked myself towards retirement. (Group 1; Metro VIC)

The second approach was **post-retirement products**. While there was generally a low uptake of annuities, a small number of participants did own or support the premise of annuities. They described it as an investment strategy to maximise capital, secure an income for life, and was seen as particularly viable for those who 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 you take that risk. You'll get the bigger income if you forfeit it when you die. (Group 9; Metro QLD)

Male: we've got an 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: 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)

However, generally participants reported little knowledge, conceptualisation, or trust in the current suite of post-retirement products - especially annuities. In addition, the concept of a 'CIPR' as introduced in the Retirement Income Covenant seems to have achieved minimal consumer awareness.

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 [annuity] but it's a little bit fuzzy to me as to what exactly it is. (Group 18; Regional VIC)

The third and most common approach reported by focus group participants was **independent investments**. Participants felt that they had greater control with independent investments and valued being able to generate an ongoing income stream to partially or fully fund their retirement.

Male: The way I've always looked at it in terms of managing funds is trying to have some investments outside of superannuation. Female: That's right. That's what we've done as well, yeah, investments outside of superannuation.

Male: Yeah, without necessarily specifying what they are but most certainly looking into that and that can be all sorts of things - shares or whether it be investments in a business. (Group 12; NT)

Male: To me, it's independent income [relying on in retirement].

Male: That's for me where I get it. It's not going to - superannuation is good but that's just staying in the shares and doing its thing and I can't be bothered to touch it. So, I would say that's not the easiest way.

Female: So, you're not living off your super?

Female: For us, it's our own savings. (Group 5; Metro NSW)

Female: I think whatever way it comes, it does help if you have got a small income - whether it's a job, an investment property, you know?

Male: Yes, just coming in. (Group 6; Metro NSW)

Many participants saw the family home as their key retirement investment strategy. Some considered their home a source of income in retirement by buying 'as big as possible' and downsizing as money was needed.

Female: Into the future, my house has been my piggy bank so I just up the mortgage and up the mortgage, but the majority is actually in super. I just have to make choices about whether I pay a mortgage and find another place or keep the house and I'll get some income out of that, so it's both. (Group 3; TAS)

Female: Your prime residence is the best tax-free way of accumulating money that I could recommend to anybody... Forget a super fund. 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.

Male: I've got the same plan, to trade back... I had a rental property which I sold which is keeping me on top of things at the moment, but I'll be the same as you. I'll eventually trade back to a smaller place. (Group 13; Metro SA)

Similar sentiments were expressed about business property; for example the family farm was seen as a substitute to super.

Female: Any funds went into farm management deposits and not into super. So, with children that weren't going to come back on the farm, we also had the comfort or the knowledge that basically the farm would be the super. So, once we started to feel a bit decrepit - he wasn't running up the silo like he used to and was saying, "We're going to have to think about retirement." Then we started to think seriously and admittedly the accountant had been saying for some time, "Self-managed super fund." But as I said, our focus was on preparation for the

next drought - you build up that reserve and then it would come out and you'd build it up again. (Group 7; Regional NSW)

In addition to ownership of a primary residence, participants spoke of investment properties as providing a key source of income throughout retirement.

Male: A lot of people I talk to have the approach that real estate is going to be their saviour so they buy properties and that's their retirement 'I'll flog one of them off' down the track and everyone's happy... but real estate goes up and down and the cost of holding it... that has worked well for a lot of people but not so much the last 5 or 10 years. (Group 16; Regional WA)

Male: We're lucky enough we've got a couple of rental properties. So, we are hoping that will certainly subsidise the super but it's a big unknown with rental properties. I mean, if you get a tenant move out, there's a month gone and, you know, you're back on skid row almost...

Male: We've got friends who just bought a couple of Melbourne townhouses off the plan for their self-funded super. So, they've bought these properties but what's happened to the property market in Melbourne? Down it's

coming. Down, down, down. So, that seemed like a good idea at the time. (Group 18; Regional VIC)

Female: My investments. For me, it's investments because super, there's not a lot in there because I was self-employed, didn't put that much away. I can't access it for ages anyway so it's for me, purely investments. Just sold a property in Sydney, \$2.5 million, that's what I'm going to live off... (Group 3; TAS)

Male: I'm worried about the global economy because I'm living off the returns from investments. I looked at it this month at the end of June and saw I've already lost \$7,000 that month and okay, I'm going to have to cut back on my pension and my superannuation will only do that once or twice a year without penalty. (Group 4; ACT)

While participants shared their investment strategies to achieve post-retirement security and generate income, there was also a strong inherent sense of wanting to 'hold on' to their money and assets (particularly the family home). Many participants spoke of the uncertainties of retirement and feared the possibility of becoming financially vulnerable. They emphasised the need to be conservative

with investments to ensure 'you don't lose all your money'.

Male: Think. Think big conservative, even when you think, you know, don't be swayed by all these - It's amazing how many people who you see on television almost every night, the 7.30 Report and so on, that people who think they've got this legitimate investment scheme and it just collapses... (Group 1; Metro VIC)

OVERARCHING STRATEGIES AND CONSIDERATIONS

Irrespective of the level of retirement wealth or level of post-retirement strategy, focus group participants shared three prevailing considerations with respect to post-retirement decision making. First, participants felt great importance in leaving enough wealth so that they were not a burden on their children.

Male: 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...

Female: If I was hit with something huge - financial burden - I wouldn't cope. I'd have to sell my house and sort of go into camp at my daughter's and my son's - I don't know if they'd like that. Hopefully I won't have to...

Male: I guess if you have to go into a nursing home, I'd be shot. I wouldn't have \$300,000 or \$400,000, even though I own my own home. That would be my biggest worry, probably being a burden for the kids. (Group 13; Metro SA)

Second, many spoke about simply 'living within their means' as a post-retirement strategy. They referred to considerable budgeting, adjusting their lifestyle, and being frugal where necessary.

Male: ... I'll see what I get to [in Super] when I'm 70 and then see what the pension is worth and see how much we get and then you'll just live accordingly, you know? Perhaps go back to one car and you can perhaps do all those things and, you know, learn to eat sausages and mashed potato six different ways.

Male: Like we used to, yeah. As you said, it's all about the lifestyle you're used to. If you want to maintain that, that's fine. I don't know - I think as you get older, perhaps your lifestyle slows down a bit, as you do a bit.
Female: Your needs are different and your lives are different. (Group 18; Regional VIC)

Female: You just have to really adjust your lifestyle. You can't be going out every night for dinner, etc... It's the same as when you're working. I think retirement is about adjusting and working within your means. If you want to have a big holiday, then maybe something else has to be a bit less. If you need to buy a car, then you can't do a holiday that year. To me, it's just about roundabouts and swings and adjusting. I keep a lot of spreadsheets with our retirement income on it each year and what we get and what our bills cost. I do spreadsheets just because I like doing it and I'm in control. I feel I'm in control then of my money. (Group 4; ACT)

Finally, there was an overarching reference at all post-retirement decision making tiers to the role of government support. For some, the aged pension was the sole or prominent means of survival in retirement.

Male: We don't all get a lot from super but my family, my children help us, and a little bit of investment and you know? We survive. (Group 4; ACT)

Male: The pension, a very safe stream of income coming in. I think that is the only solace to a man and a woman, to think about a small stream of income coming in. That is a bit of a financial security and secure feeling of the whole matter. If you have a small income coming in like that. (Group 6; Metro NSW)

Female: That's my main source of income [the age pension], a bit of earnings, a bit of super. (Group 1; Metro VIC)

Many participants reported planning and making post-retirement decisions with reference to how it might affect their eligibility for the aged pension. Some saw it as an entitlement and did not engage in further post-retirement planning or strategy.

Male: I thought about it [planning for retirement] but didn't do anything.

Female: That's - yeah, thought about it a lot but went, "Eh, I'll get a pension and everything will be fine," but as you got older, it's like, "Oh, hang on a minute. That pension's not looking so good..."

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: A good friend of mine did that. She retired and 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, "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)

Others spoke of receiving a part-pension as a way of slowing the drawdown of their retirement wealth.

Male: Pride stopped me from [applying for age pension] and I used up a lot of - not just in the investments but actually using up funds just to live. Then I thought I better go, I was silly really. I paid taxes for 40 years or more...

Female: Depending on how much super you have, you're actually entitled to the pension or part of the pension. Maybe not a hundred percent - but depending on how much money you have in your super... I don't have hundreds of thousands. It's under \$100,000 and I'm entitled to the full pension, but I also draw a little bit out of that just to top up the pension...

Female: The vast majority are on lower super, and they are fully entitled to the pension. They paid their taxes... You wouldn't want to use up your super and then go on the pension. If you're already entitled to the pension, why wouldn't you take it and get the healthcare card and all the rest of it. I mean, there's add-ons.

Male: You've probably got to look a bit more in your pension when you do run out of super.

Female: Yeah, but that's where it's good if you reassessed what you have got in your assets and things like that... because that will balance the pension up. (Group 1; Metro VIC)

Even for those with considerable retirement balances or assets, qualification for the aged pension remained a focal part of their post-retirement strategy. Some spoke of 'working around' the boundaries imposed by government to still secure the aged pension;

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)

SUMMARY

In response to the question *'How do people make decisions at retirement about organising their financial affairs?'*, qualitative data from stage 1 of the Orford Initiative offer the following insights;

- Many participants did not feel adequately prepared for retirement in the first instance, meaning their post-retirement decision making became rather simplistic – i.e. pay off the house, get on the pension, and hold on to whatever wealth you have accumulated. In extreme instances, people described their main concern as receiving the aged pension to (hopefully) cover their rent and bills. For these people, the question of 'how do you decide how to organise your financial affairs' is mute.
- Significant uncertainty clouds the post-retirement phase – individuals question their longevity, lifestyle, economic impacts, changes to government support, health decline, potential aged care needs, and a plethora of additional unexpected circumstances that could arise. In the presence of such uncertainty, many feel paralysed to making any kind of effective decision making. Comments such as 'oh well, I could be hit by a bus tomorrow and none of it would matter, so why worry about it?' begin to emerge.
- Instead, people choose to cling to what they can control – this is why pre-retirement decision making takes precedence for many. Participants stressed the necessity of entering retirement debt free and, where feasible, having an independent income stream from investments, property, or even returning to (or never leaving) work. Many participants, irrespective of their wealth at retirement, felt that they could adjust their lifestyle and 'live within their means' as part of their post-retirement strategy.
- For many, there is still a prevailing reference to (or even a sense of entitlement towards) government support as focal to their post-retirement strategy. This seems to be a significant hurdle in shifting retirees' mindsets towards decumulation strategy. If the aged pension is perceived by the majority as 'universal longevity protection', then the urgency and necessity in implementing a self-funded post-retirement strategy is severely diminished.

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