

Despite 25 years of Compulsory Superannuation in Australia, most people remain on the Treadmill to Work Till They Drop.

The Retirement Readiness Report, by the American Academy of Actuaries, the Australian Actuaries Institute, and the Institute and Faculty of Actuaries in the United Kingdom issued this week, concludes that inertia and procrastination are driving a lack of preparation for retirement.

Author and Chartered Accountant Wayne Wanders, said that the overall effectiveness of the superannuation system in Australia needs to be reconsidered in the light of the Retirement Readiness Report's Australian findings, summarised in the infographic, which include:

- the average age of retirement is increasing;
- many people are planning not to retire at all;
- most are planning to retire gradually rather than fully;
- many are planning to retire after they turn 70; and,
- relatively few are expecting a comfortable lifestyle in retirement.

"Despite 25 years of compulsory superannuation, most Australians remain on the treadmill to work till they drop" said Mr Wanders.

"This lack of engagement through inertia and procrastination, means that the compulsory superannuation system is failing in its efforts to get the majority of Australians off the pension."

So what needs to happen?

We need to change, said Mr Wanders. "Doing the same thing and expecting a different result is the definition of insanity".

And there are two key changes that the Government and the Superannuation Industry need to make, sooner, rather than later.

"Right now, people get their annual super statement and it has a balance. But very few people actually understand what that really means for them in retirement. We need to convert that to a payment stream in retirement" said Mr Wanders.



For example, if your balance is \$50,000, at an earnings rate of 5%, this would translate over 15 years into a monthly payment to you of \$395.

Mr Wanders said that “\$50,000 sounds a lot, but when you translate this onto just \$395 a month, then people really understand how little that really is.”

Now obviously the government should set the earnings rate and period of drawdown, so that everyone is comparing apples with apples. Maybe women have a longer period of drawdown as they generally live longer.

“And the other change is that all Australian’s need better education around financial literacy, especially around how financial decisions today impact on future retirement outcomes” said Mr Wanders.

Apart from making people aware that the Australian superannuation system means that the responsibility for their retirement rests with them, Mr Wanders said that this financial literacy education should focus on helping people:

- spend less than they earn;
- increase their income; and,
- invest the difference and make money work for them.

Mr Wanders said people who applied this financial literacy education are more likely to retire when they wanted, and get off the treadmill of working till they drop.

About Wayne Wanders

Wayne Wanders, author of the book “Avoid the Poverty Trap”, and The Wealth Navigator believes that the concept of retirement is about to be “retired”. And because of this, most people are on the treadmill to work till they drop!

So Wayne made it his mission to help hard working Australians to improve the health of their wealth and get off the treadmill of working till they drop. All so that they have the time and /or money to make a difference to themselves and others.

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High res images and interviews available on request

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