



**‘Hope for the best, plan for the worst’  
Insights into planning for longer lives.**

**Professor John McCallum**

**CEO and Research Director, National Seniors Australia**

# DECLARATION OF INTERESTS & ETHICS

- This study with this information was approved by the NHMRC approved Bellberry Human Research Ethics Committee, a specialist international clinical trials HREC.
- **National Seniors Australia shares interest in financial issues of ageing with Partners**
- Over previous years Challenger has had a CSR-type partnership with National Seniors which includes joint research and publication of consumer behavior and sentiments on financial issues. The contract for this has been renewed this year for another 3 years
- **The research reported here is from our National Survey, partially supported by Challenger as a minor sponsor. The finance questions were co-designed with Challenger with the final choice on all items was with National Seniors**
- The report presented here was done independently by National Seniors Research Office without involvement of Challenger staff except as one of the reviewers
- **All survey information shared with Challenger goes into the public domain through publications as soon as practical after the completion of the survey. All publications are available to the public through the National Seniors website and have wide media coverage on release**

# The problems with planning for longevity

- **Australian life expectancy at age 65 increased by 6 years since 1980s**
- **It's new-our parents and grandparents didn't have to plan for longevity!**
- **Our surveys over 12 years show consistent preference for stable income**
- **Age Pension + Superannuation (company pension) + other income**
- **Superannuation is usually in accounts at retirement and then drawn down but subject to market effects**
- **There is limited availability and take-up of financial products which would allow a more stable income to last for life**
- **Experience with superannuation is only just maturing.**

# Productivity Commission

The state of affairs as at 23/1/18

**\$17.4 bn aged care services last financial year and growing – constraining cost growth**

**80% of older Australians get some government services before death**

**70% of public money for services goes to residential care – to 235,000 people**

**30% in-home– over 1m people, c100,000 waiting and 1/3 not all needs met**

**855,800 people, 3% of population are primary carers for older people or people with a disability**

**NSA Social Survey** 5,770 respondents from about 50,000 members with emails

**Assets** Median balance \$300,000  
84% own homes-15% mortgage

**Inheritance** Left as inheritance: 3% all, 41% most, 46% some, 10% none

**Income** Most prefer regular, constant, low risk income - like a wage, if it lasts

# What's happened to the bequest motive?

WOMAN IN HER 70'S

"I helped our with the deposit on the first home for both children. They had a good education and well paid jobs. My current income does not cover the cost of running a home so there will be nothing left to leave the children."

WOMAN IN HER 80'S

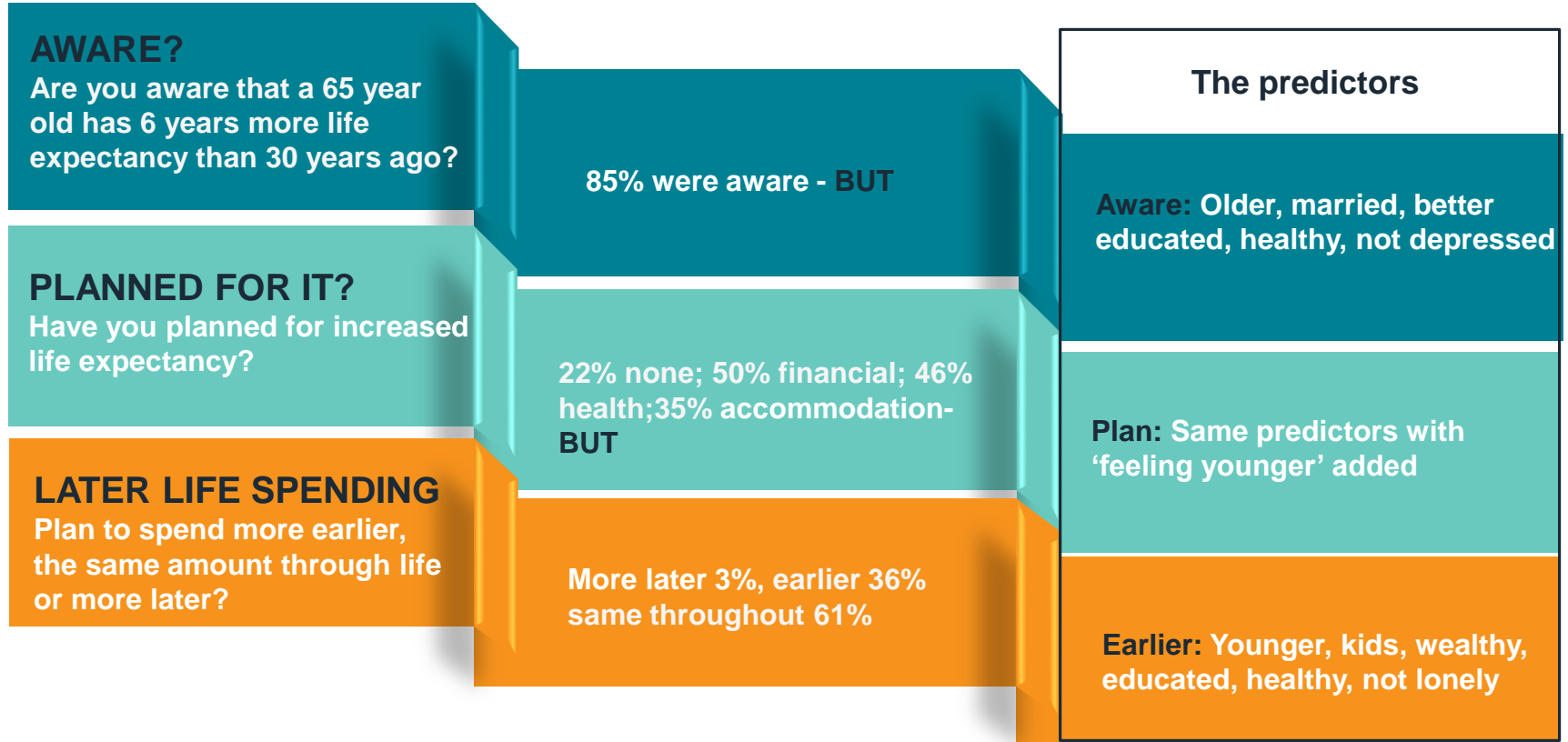
"When discussing trends with contemporaries, we all feel that children are no longer dependent on our estate, whereas in our time, our parent's estates helped us enormously."

COUPLE RECENTLY  
RETURNED FROM ENGLAND

"We're not sure people understand the recent rule changes. Having gone through the revamp in the UK, the Aussie attitude of 'head in the sand' may mean some people have a shock coming to them!"

**Note: Depending only on housing assets has risks with longevity; downsizing isn't always practical, & the home will be the more common location for services, not residential care homes.**

# The current state of planning doesn't look too promising



# Why a quarter of people don't plan at all

**“No money. No plan” woman 64**

**“I’m 80 already!!!” woman 80 felt 45**

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**“I am trying to enjoy every day in a simple way”**

**+VE - Woman 71, felt 55**

**“I know my money will run out before I die. My family don’t need the added stress of me and their children. I hope I am struck by a bus before I can’t care for myself.”**

**-VE - Woman 73, felt 70**

**“Live life within your means and the Lord will take you when he wants to.”**

**Woman 67, felt 65**

**“All this depends on my wife’s medical condition. I take this area day by day.”**

**Man 60, felt 60**

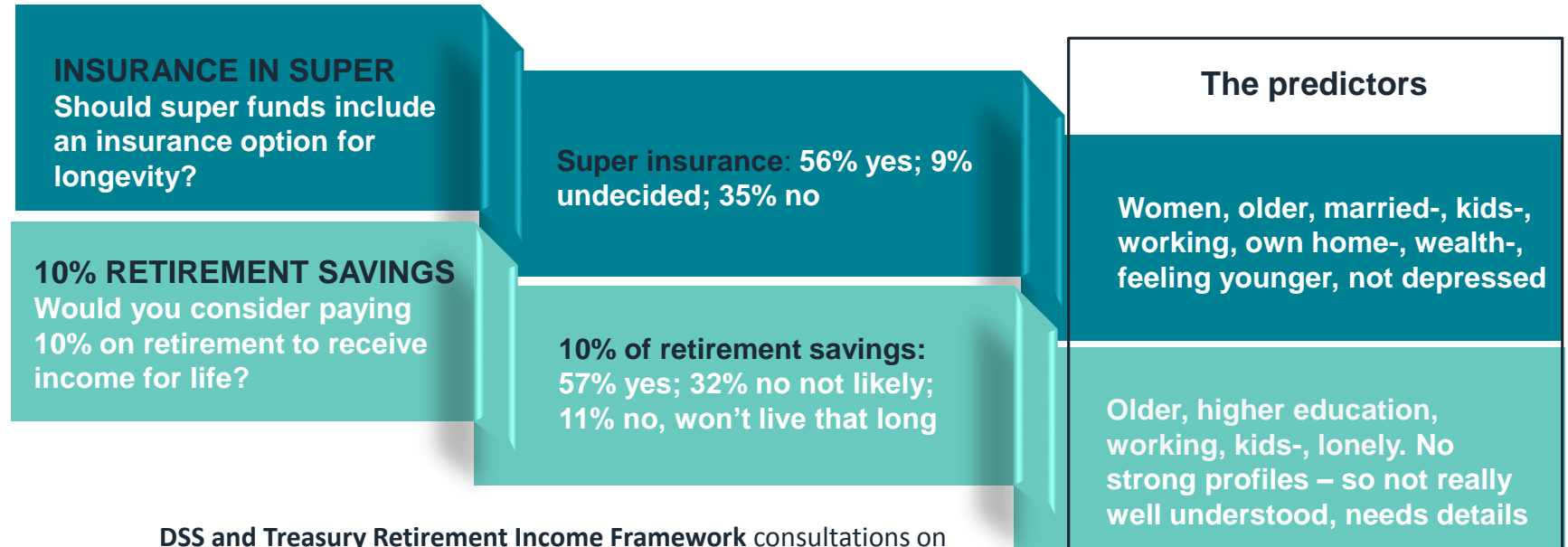
**“My superannuation is almost exhausted. I had only \$17,000 at retirement 14 years ago.”**

**Woman 72, felt 72**



# The 'MyRetirement Framework' - CIPRs

## My Retirement Product Options



DSS and Treasury Retirement Income Framework consultations on pooled lifetime retirement income stream products in 2016-8, most recently on new means test rules to prevent use for social security maximization and enlarging estates, and the Covenant (May 2018).

# More effective retirement income products

## CIPRs have a consumer rationale:

- **Consistent 80% want a stable income, retirement wage, lasting for their full life**
- **A substantial proportion can't manage risks but have major investment in the share market**
- **Frugality is not to leave an inheritance but caution and uncertainty**
- **Sitting on 'deferred ages' so they become an unintended inheritance**
- **Risk of running out of money increases as people get older – 1/3 80+**
- **Older people report more limited choices in spending**
- **Increasing need for self-funding and choice for future health and aged care services.**

# We need much more positive views of ageing

- Residential care [nursing homes] throw dark shadows over old age - who wants to plan for that?
- Over emphasis dementia risks despite relatively low prevalence, focus threats and negatives without positive approaches to 'living with it' so every memory lapse is seen as symptom!
- We are actually moving into an extended middle age into our 70s, including with paid work
- In-home care is positive – 80% to 90%%+ have positive experiences across 7 items assessing quality in National Senior recent study for the Aged Care Workforce Strategy
- We have to WANT OUR FUTURES to want to plan for them! But help needed, even compulsion?

## Social Change

New products needed but people need to be more future positive

## Options

New insurance products have a positive consumer sentiment

## Women's risk

Women in the superannuation era are the most vulnerable & long living

## Help is needed

Australians aren't 'Jack Reacher' we will 'hope for the best' but won't 'plan for the worst' without help!

# References

Current work has public access on NSA Website: [nationalseniors.com.au](http://nationalseniors.com.au)

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5. McCallum, J., Rees, K. & Maccora, J. (2018). *Accentuating the positive: Consumer experiences of aged care at home*. Brisbane: National Seniors. (87 pages) 30/3/18.

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Thank you.