Vanguard

Strong and Steady

How Australia Retires

2025

Retirement Confidence and Sentiment and Their Impact on Retirement Outcomes: Insights from the How Australia Retires 2025 Survey

Background

Vanguard launched its inaugural How Australia Retires report in May 2023, a piece of retirement research exploring Australians' attitudes towards retirement, including how confident they are to retire and the barriers that exist to achieving a successful retirement.

Through this study, Vanguard aims to contribute to a better understanding of the opportunities and challenges facing Australians, so that as an industry we can innovate and evolve in support of members achieving their retirement goals - and living the lifestyle they envision.

Survey data

1. Nationally representative sample of over **1,800 Australians** aged 18 years and over in **February 2025.**
2. The survey sample was evenly split between **working-age and retired Australians**
3. Represented **49% male and 51%** female respondents.
4. **Sampling weights** were applied to the analysis to match the **gender, age, and geographic distributions** of the sample against the general population.
5. Sampling weights for the **working-age and retired sub-populations**.

How Australia Retires 2025

Four explored themes

1. Financial and Retirement Literacy
2. Retirement Expectations vs Reality
3. Housing in Retirement
4. Improving Retirement Outcomes for Australians

Headline: Retirement planning is vital

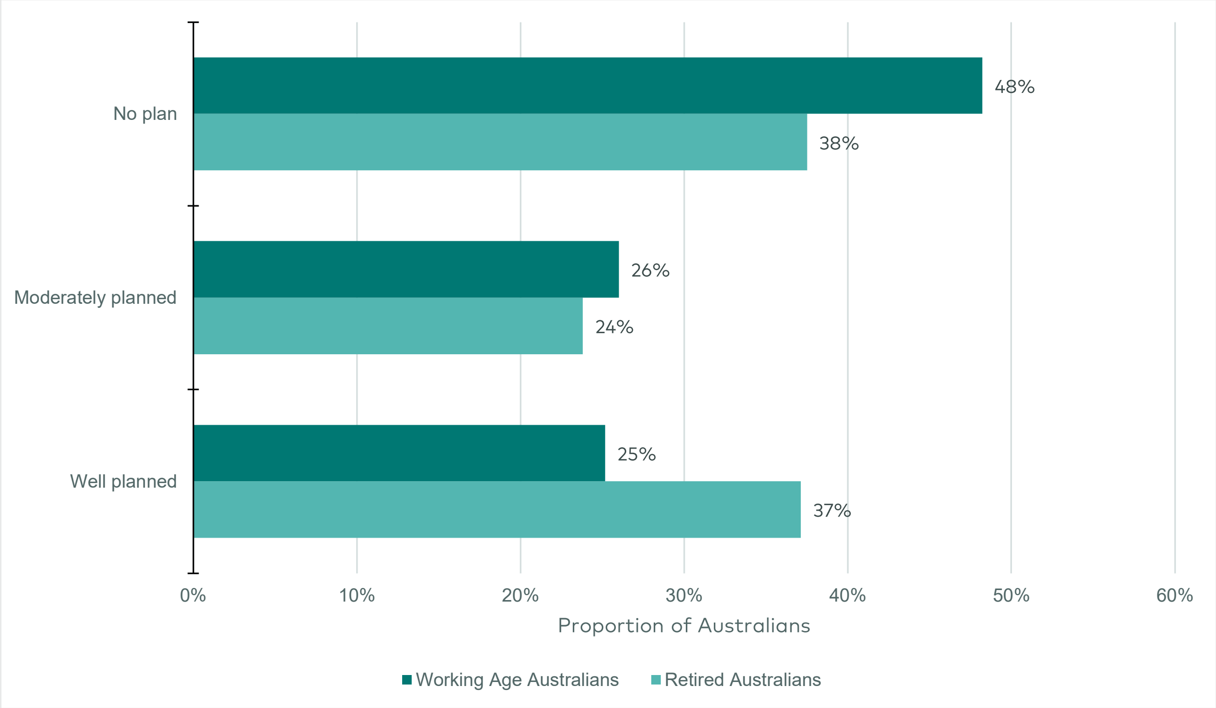
When you think about retirement, which of the following words, if any, come to mind?

Nearly 1 in 2 (48%) working Australians have no plan for how they'll retire.

Having a solid retirement plan is associated with:

1. Increasing retirement confidence ⬆
2. Increasing retirement sentiment ⬆
3. Reducing the ideal vs realistic retirement ages gap ➡ ⬅

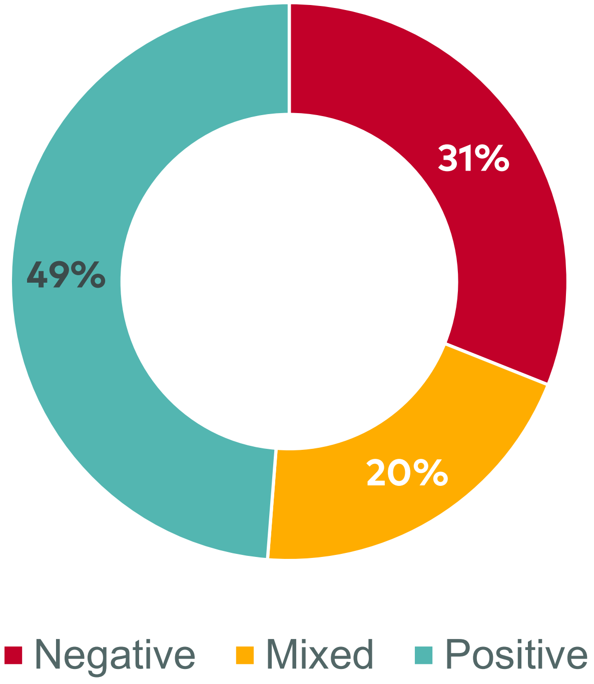
Self-assessed level of retirement planning



Retirement Sentiment (All Australians)

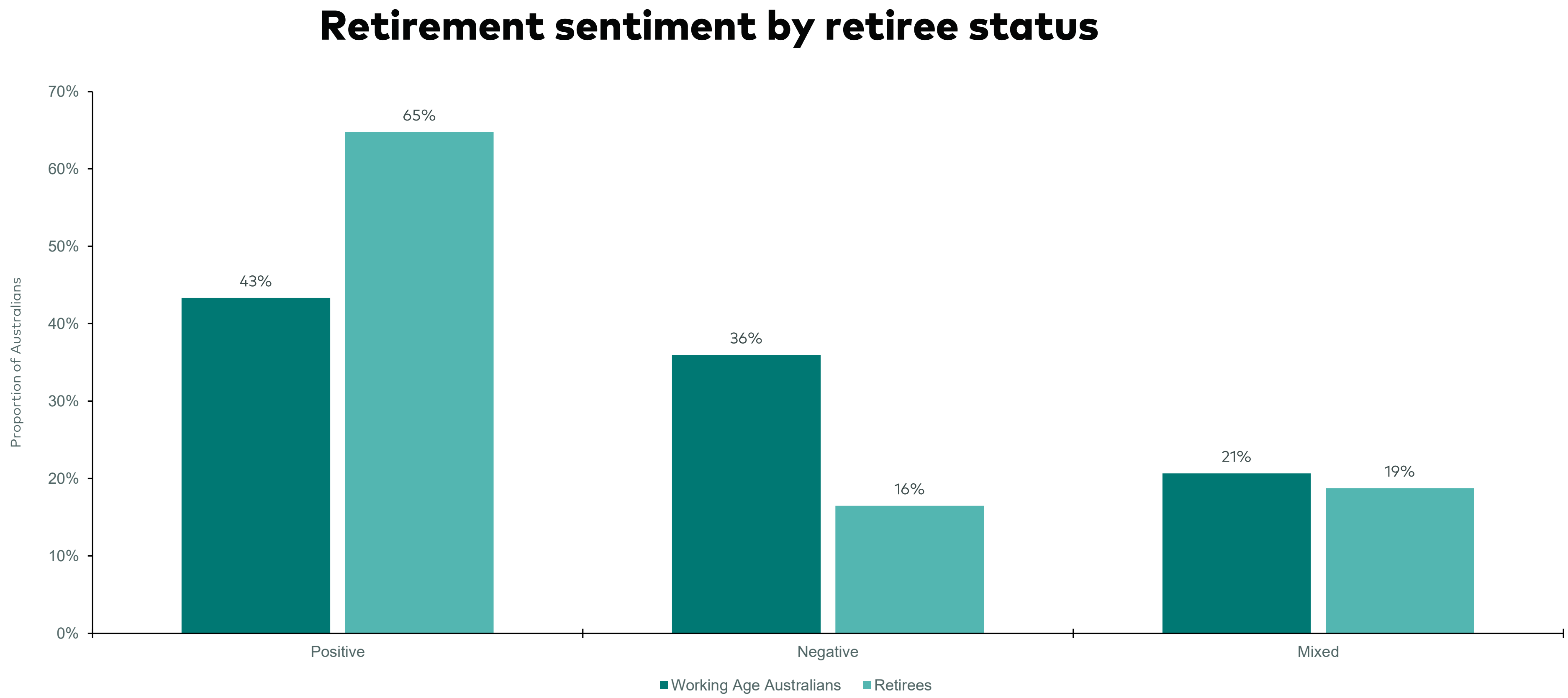
When you think about retirement, which of the following words, if any, come to mind?

Respondents were shown 12 options	
Confident	Positive
Satisfied	Positive
Positive	Positive
Secure	Positive
Proud	Positive
Anxious	Negative
Overwhelmed	Negative
Worried	Negative
Sad	Negative
Disappointed	Negative
None of these	Mixed
Unsure	Mixed



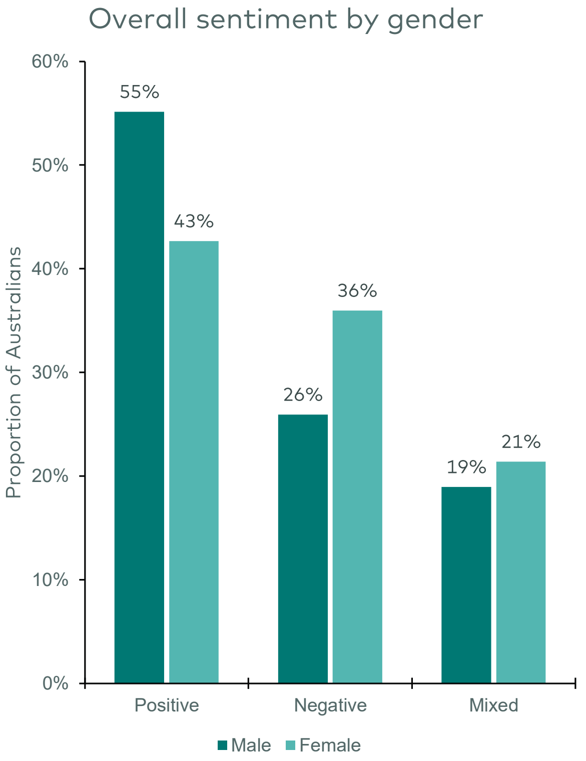
Note: This chart categorises respondents as positive/negative if they chose only positive/negative words, and mixed if else

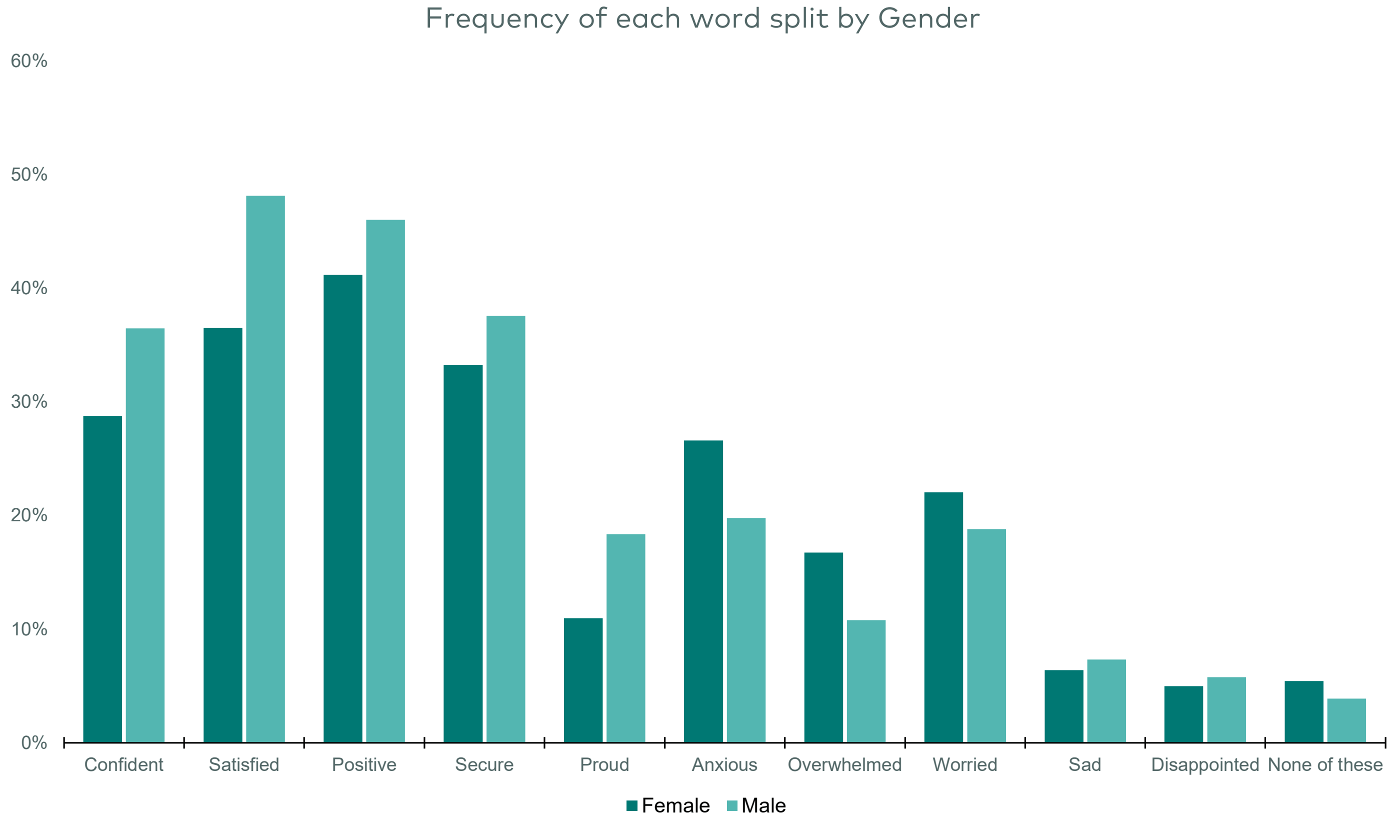
Retirement Sentiment (Retiree status)



Note: The LHS chart use the sentiment categorisation shown on the previous slide, whereby respondents are categorised as positive/negative if they chose only positive/negative words, and mixed if else

Retirement Sentiment (Gender)



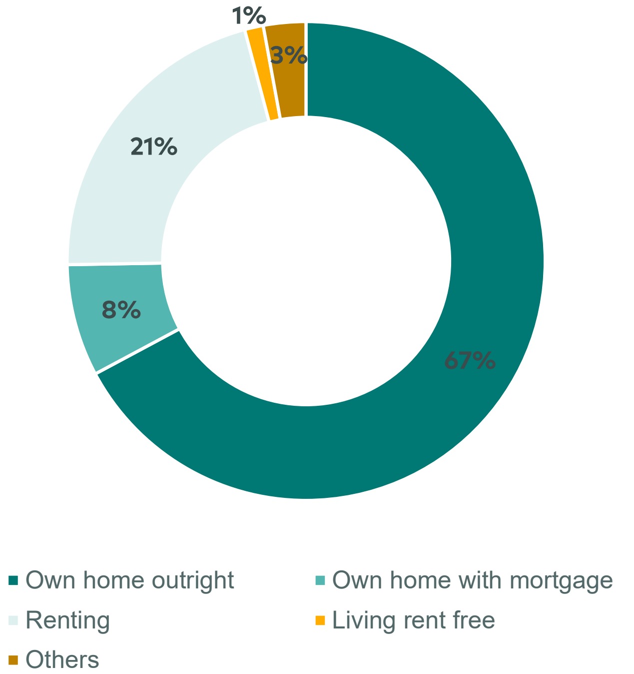


Note: The LHS chart use the sentiment categorisation shown on the previous slide, whereby respondents are categorised as positive/negative if they chose only positive/negative words, and mixed if else

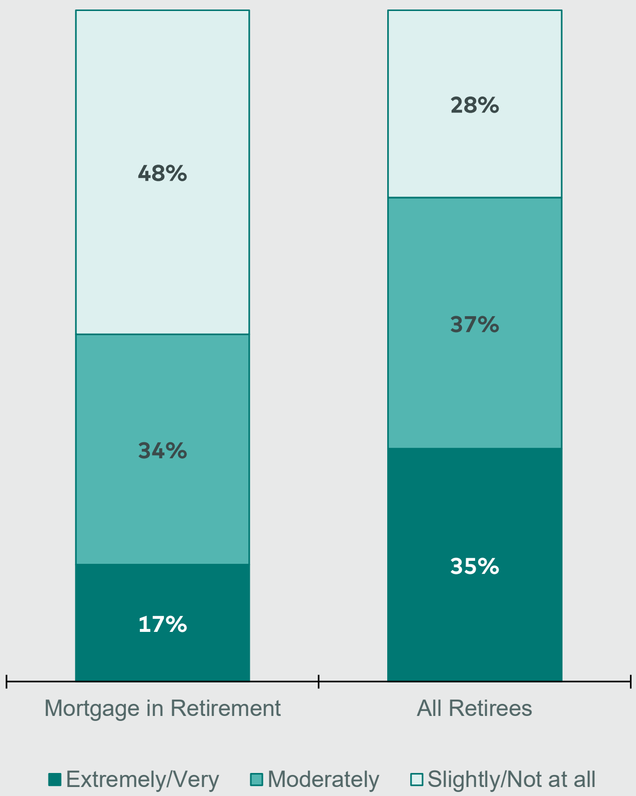
Retirement Sentiment (Other factors)

Having a mortgage in retirement is associated with lower confidence and negative sentiment

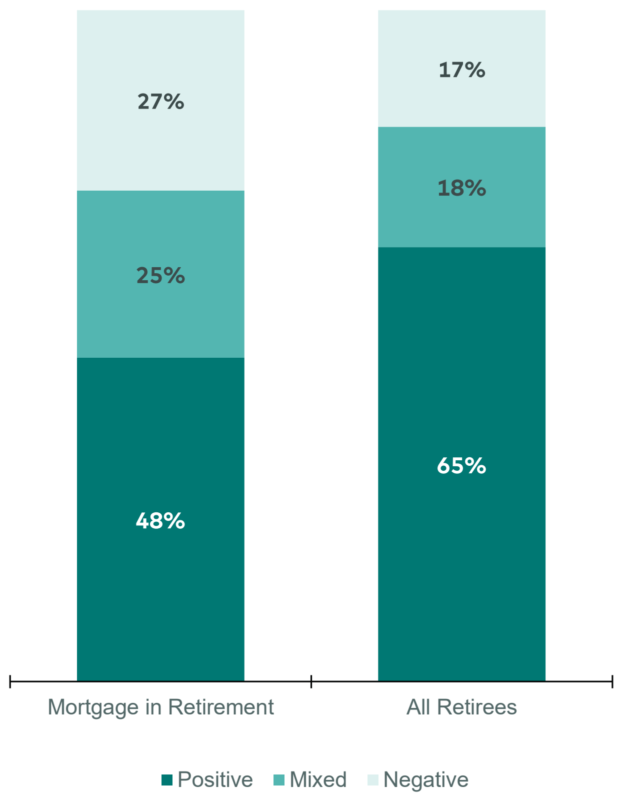
Housing arrangements of retired Australians



Confidence



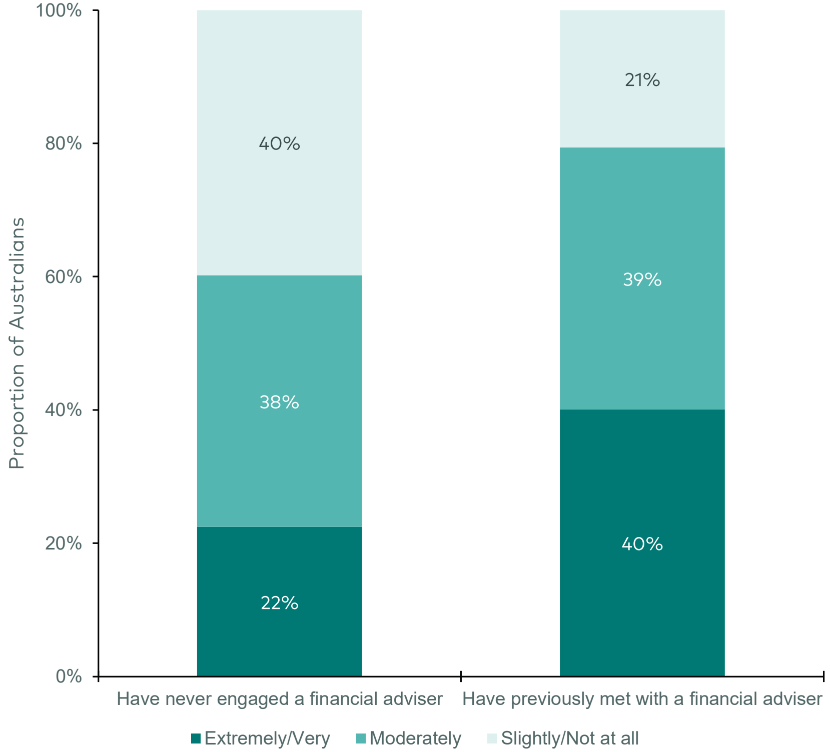
Sentiment



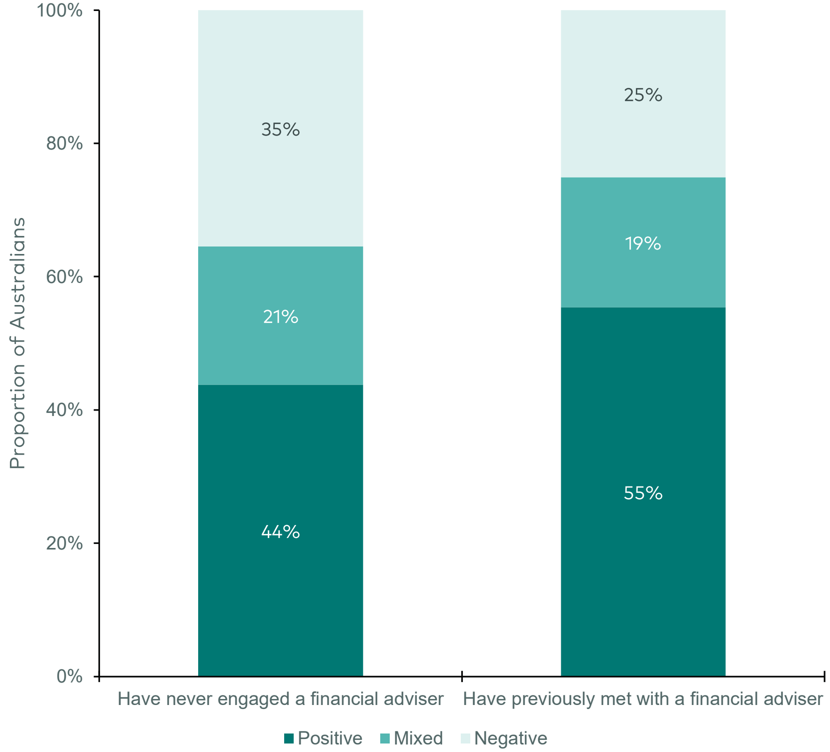
Retirement Sentiment (Other factors)

Engaging a financial adviser was associated with greater retirement confidence and retirement sentiment

Australians' retirement confidence by relationship with financial advisers

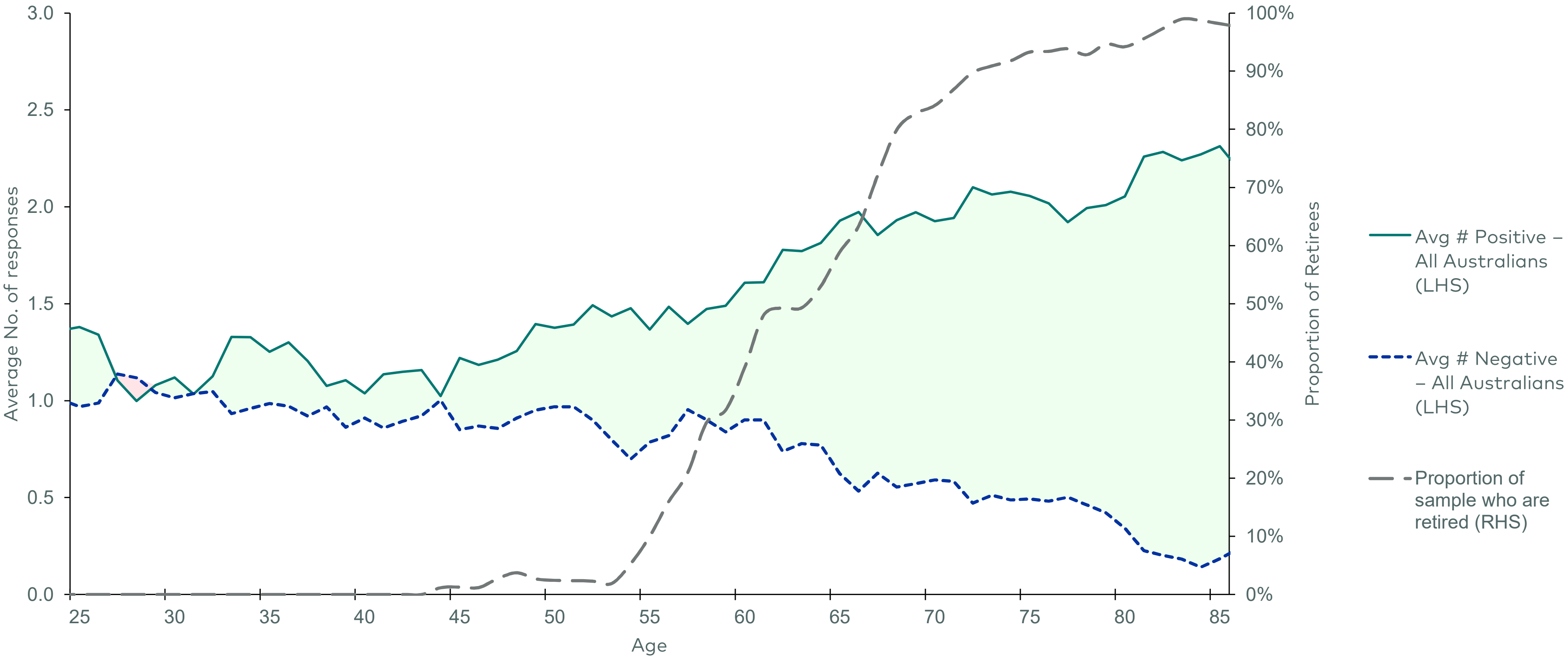


Retirement sentiment by relationship with financial advisers



Retirement Sentiment (Other factors)

Retirement sentiment increasingly positive with age



Methodology

- Use Multinomial Logistic Regression

- **Model Setup**
  - Dependent variable Y (Retirement sentiment)
    - *y = 1 : Negative*
    - *y = 2 : Mixed*
    - *y = 3 : Positive*

  - Independent variables (demographic, financial information)

X =[having an adviser, expecting inheritance, contributing to super, marital status, net wealth, income…]

$$P(Y = j|X) = \frac{\exp(X\beta_j)}{\sum_{k=1}^{J} \exp(X\beta_k)}, \qquad j = 1,2,3$$

Where:

- β_j is the coefficient vector for category *j*
- One category is the base outcome (say *j=3*, Positive), so $\beta_3 = 0$ by normalization

Hence:

$$\ln \frac{P(Y = j)}{P(Y = 1)} = X\beta_j, \text{ j=1, 2}$$

Sam is not a real person, and this scenario is created for illustrative purposes only.

Meet Sam, a typical Australian

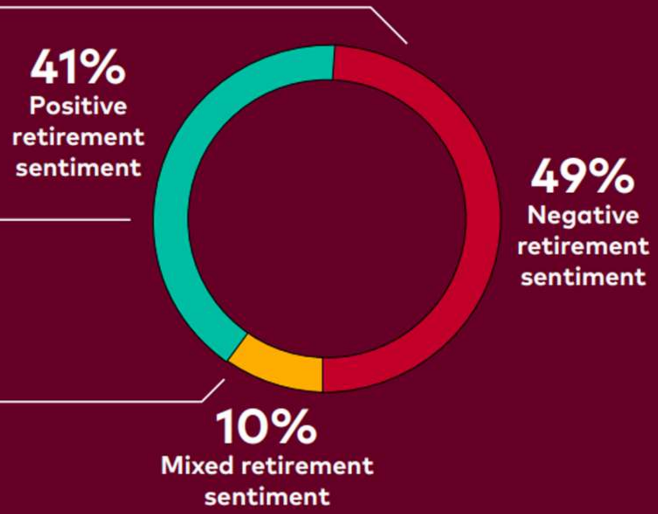
Sam is 38 years old, holds a bachelor's degree and works full-time in healthcare. With an annual income of $80,000 — around the median for similarly aged Australians[19] — Sam has a super balance of $65,000. This is in line with the median balances of similarly aged Australians.[20]

Sam is married, lives with a partner and two children, owns a home with a mortgage and has $35,000 in personal investments. Like many Australians in this age group, Sam has some gaps in financial literacy and does not fully understand the retirement system.

Sam has never made a voluntary super contribution, rarely checks their super balance and has limited engagement with their super fund. Sam has also never sought professional financial advice and has not developed a clear retirement plan, having only a general idea of how to prepare financially for retirement.

Based on our survey findings:

- **Sam has a 49% probability of negative retirement sentiment,** meaning Sam would exclusively choose words such as *anxious, overwhelmed, worried, sad, and disappointed to describe their feelings about retirement.*
- **Sam has a 41% probability of positive retirement sentiment,** meaning Sam would exclusively choose words such as *confident, satisfied, positive, secure, and proud to describe their feelings about retirement.*
- **Sam has a 10% probability of mixed sentiment toward retirement,** meaning Sam would choose a combination of positive and negative words, or select *"unsure" or "none of these."*



**All three percentages have been rounded to the nearest integer, resulting in a total of 101%.*

19 ABS employee earnings and Hours, Australia – Median gross annual income for a 35–44-year-old in Australia (May 2023)

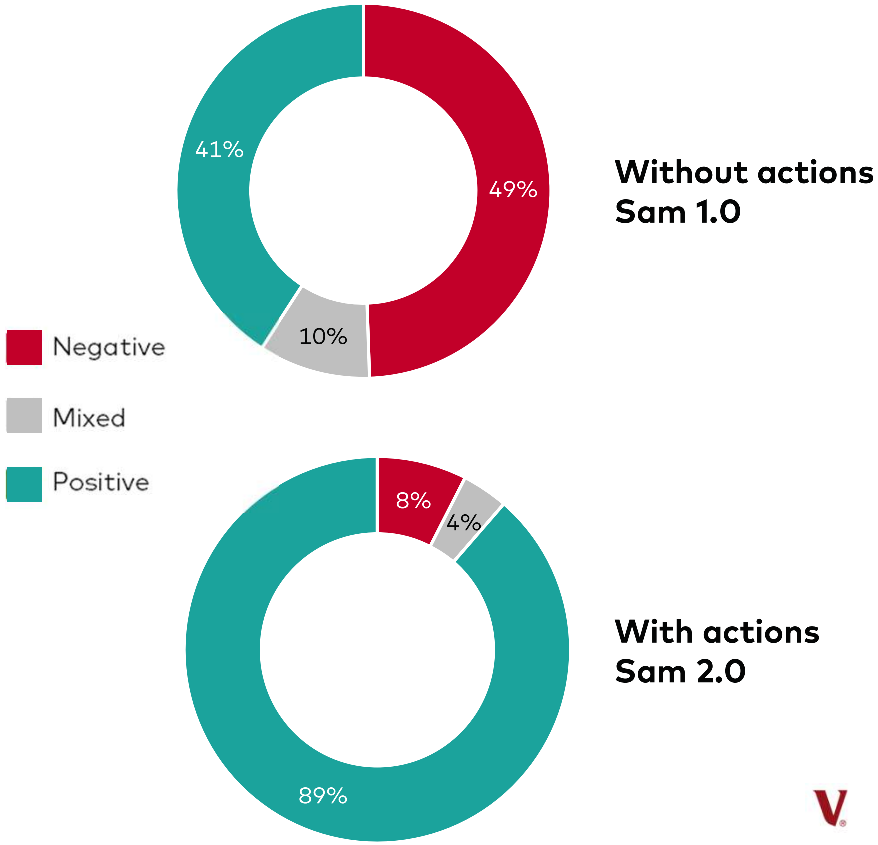
20 ATO Taxation Statistics 2020-21 – Median super balance for all persons aged 35-39 (2020-21)

Improving Sam's outlook on retirement

- We found that five key actions, taken together, increased Sam's likelihood of positive retirement sentiment to 89%, more than double the baseline of 41%:

These actions include:

1. **Having a solid retirement plan.**
2. **Boosting financial literacy.**
3. **Being familiar with the retirement system.**
4. **Making voluntary super contributions.**
5. **Engaging with their super provider at least twice per year.**



Important information

This presentation is based on the 2025 edition of the "How Australia Retires" report, prepared and issued by Vanguard Investments Australia Ltd (ABN 72 072 881 086 / AFS Licence 227263) ("Vanguard", "we").

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