



Inflation pushes retirement preparedness to 10-year low as retiree concerns mount

Retirement preparedness among Australians has reached its lowest point in 10 years, according to the ¹Brighter Super & Investment Trends 2024 Retirement Income Report.

The report, is a comprehensive snapshot of Australians' retirement needs, conducted in July and August 2024. It reveals the gap between pre-retirees' expected retirement income and what they believe they will need in retirement has widened to 31%.

The average number of concerns confronting retirees has also risen dramatically in the past 12 months. Inflation is now the top concern for pre-retirees, while health is the number one concern for retirees.

"The report makes it clear that inflation and cost-of-living pressure are having a major impact on both retirees and those approaching retirement," Brighter Super Head of Retirement Jennifer McSpadden said.

"What is also clear is the unique role super funds play in securing Australians' financial futures," she said. "It reinforces the direct link between receiving financial advice and securing a better retirement outcome but finds a significant number of Australians have unmet advice needs."

Seeking advice pays off for pre-retirees

The report reveals that pre-retirees who seek information and guidance on retirement and act on it, feel more prepared.

"Taking action positively correlates with a greater feeling of preparedness," says Dr Irene Guiamatsia, Head of Research at Investment Trends.

"Pre-retirees who seek and then act on information about retirement feel more prepared than those who take no action at all. The challenge for super funds is to motivate large numbers of members to take specific actions—like making voluntary contributions and seeking advice - that can lead to genuine financial readiness, not just a sense of preparedness," she said.

Super funds receive high composite satisfaction scores from both pre-retirees (59%) and retirees (71%). The report also identifies super funds as the most popular source of retirement information for pre-retirees but finds significant advice gaps.

However, half of all super fund members are unaware that their main super fund offers financial advice. Two-thirds of pre-retirees are not sure whether their super fund offers pension products, while four out of five pre-retirees report advice gaps on retirement planning, growing their superannuation and investment strategies.

One third of pre-retirees are uncertain about what action they will take when they reach the preservation age when they can gain access to their superannuation.

Some pre-retirees are considering making voluntary contributions to super or delaying their retirement to ensure they have enough for a comfortable lifestyle once they finish work. Others are consulting a financial adviser to maximise their retirement savings.



Almost half of pre-retirees feel unprepared for retirement

Concerns about financial readiness have increased sharply with only 29% of pre-retirees feeling they are prepared for retirement in 2024, compared with 41% in 2023. The number of pre-retirees feeling unprepared for retirement rose to 47% in 2024, a 7 percentage-point increase on 2023.

Retirement confidence has declined dramatically in the past 12 months with the funding gap between anticipated income in retirement and what pre-retirees think they will require rising to \$1300 a month, with 62% of pre-retirees expecting a funding gap.

In 2024, only 23% of pre-retirees believed they would be able to live comfortably in retirement (down from 33% in 2023), while 34% expect they will be able to afford only basic living expenses, with little left over for extras.

Pre-retirees nominate the rising price of goods and services as their number one concern (57%) followed by not enough money to retire on (50%).

Retiring later than planned and making voluntary contributions to super were the most common actions pre-retirees said they would consider closing the retirement income gap. The survey found 17% of people had retired later than planned.

While health has become the top priority for retirees, inflation and rising cost of living prices are now their second biggest concern.

Despite these financial pressures, retiree confidence remains steady, with 60% expressing confidence in their retirement finances, an increase from 58% in 2023.

However, the proportion of retirees reporting they were living comfortably fell 7% points over the past 12 months to 53%.

The Government Aged Pension remains the primary safety net of choice for retirees, with almost three-quarters indicating they would rely on it if their savings were depleted.

Super balance and home ownership bring retirement comfort

Building up super is critical for pre-retirees with the survey finding a direct correlation between the size of their super balance and their preparedness for retirement.

Of respondents with less than \$100,000, only 16% said they were prepared while 69% of those with balances between \$1million and \$2.5 million and 78% with balances above \$2.5 million said they were prepared.

Home ownership is also critical to retirees' comfort in retirement. Retirees who own their homes are significantly more likely to live comfortable retirements than those who are still paying off a mortgage or those that are renting.

More than half (58%) of retirees who owned their homes outright reported living comfortably in retirement. Only 30% of retirees paying off a mortgage say they are living comfortably. Renters face the toughest challenge, with just 18% feeling comfortable.

For pre-retirees home ownership also influences retirement readiness. Those who own their homes outright also feel more ready for retirement (46%) than those who are paying off mortgage (31%) while renters feel the least prepared (9%).



Advice retirees would give to their younger selves

Retirees rank contributing more into super as the number one piece of advice they would give their younger selves in preparing for retirement. Other advice would be to reduce spending and moving to investments with higher returns.

Many retirees are happy with their choices with 39% saying they would not do anything differently.

Brighter Super moves to close information gap and boost retirement product offering

Ms McSpadden said Brighter Super was making a significant investment in member education, including webinars and face to face events around Queensland and had appointed former Sunrise host David Koch as Retirement Advocate to encourage members to engage with their super fund and seek financial advice.

Brighter Super in October won the member education category in the Super Review 11th annual Super Fund of the Year Awards, 2024.

Brighter had also unveiled a new retirement income product, Retire Easy, and boosted its Retirement Reward.

¹ Methodology

The information in this document is based on a quantitative online survey of 5,315 Australian adults aged over 40 conducted by research partners Investment Trends between July and August 2024. Comparisons have been drawn from previous surveys conducted by Investment Trends. The survey was conducted in two phases, a main industry-level survey of Australian adults sourced from a broad-based survey of the Australian adult population, supplemented with respondents from the Investments Trends opt-in panel.

An additional sample of respondents was invited to the survey from a range of Investment Trends' institutional clients. They reflect the demographic profile of members holding an account with these institutions and were included in the survey, where appropriate, to conduct detailed analysis of particular sub-groups for which they are representative. The maximum sampling error (centre of the range) at the 95% confidence interval is +/-1.2%. Analysis of subgroups will have a higher sampling error. Where appropriate respondents were post weighted slightly to ensure distribution by sample, age, gender, location, superannuation fund type superannuation balance and age pension coverage.

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About Brighter Super

Brighter Super is a 100% member-owned, Queensland-based superannuation fund that manages more than \$33 billion in retirement savings for over 285,000 members, as of 1 October 2024.

Rebranded in July 2022 following the merger of LGIAsuper, Energy Super, and the acquisition of Suncorp Super, Brighter Super is proudly the fourth largest non-government financial institution[^] in Queensland.

Dedicated to being right by your side, with a focus on performance, low fees, and advice to empower members to retire confidently.

For more information call Brighter Super on 1800 444 396 (within Australia).

[^]based on assets under management of non-government financial institutions in Queensland



About Investment Trends

Investment Trends is a specialist financial services market research organisation providing business insights and decision support information to many of the world's leading financial services organisations. We combine analytical rigour and strategic thinking with the most advanced market research and statistical techniques to help our clients gain competitive advantage.

Our research coverage spans ten countries across Australia, Asia, Europe and the US.

Our clients include industry regulators, leading local and global banks, investment platforms, leverage trading providers, fund managers, superannuation and pension funds, product issuers and manufacturers and financial advisory software providers.