Business

Superannuation savers worry they will have to work for longer

Millions of Australians believe they will have to work for longer before they retire, but they may be pleasantly surprised.

Anthony Keane Personal finance writer Follow

@keanemoney 2 min read July 28, 2021 - 9:00AM The Australian Business Network 0 comments

Life amid lockdowns has prompted more Australians to check their superannuation, and a significant number now worry they will have to stay in the workforce for longer.

Uncertainty fuelled by the pandemic has prompted fresh focus on retirement saving, new research by Colonial First State has found, but super specialists warn checking it too often can be a problem.

The survey of more than 2000 workers this month found 54 per cent say they check their super “regularly”, up from 42 per cent a year ago. Retirement plans are being reconsidered by one in four people, including 30 per cent of workers aged 55 to 65.

CFS Superannuation chief executive officer Kelly Power said the pandemic caused people to take more notice of super. Last year’s Covid-19 superannuation early release scheme resulted in 3.5 million Australians withdrawing some or all of their nest egg.

“It’s a good thing, from my perspective, that people are more engaged and are starting to see it as their money, particularly younger Australians,” Ms Power said.

“The repercussions of unemployment and lost savings during the pandemic have taken a toll as we can see from our research that a quarter of all Australian workers are rethinking their retirement plans and considering working longer,” she said.

Superannuation and financial markets have been "top of mind" for many in the pandemic.

It's not just the lockdown-hit states where people are worrying about saving for the future.

"Across the country there have been impacts," Ms Power said.

"Even where there are not full lockdowns, there are restrictions," she said.

Financial strategist Theo Marinis said Australians always worried they would not have enough money to retire comfortably.

"Covid and lockdowns have freaked everybody out – it's sad that society is so scared and there's a heightened sense of anxiety," he said.

"Ninety-nine per cent of people who come and see me don't think they can retire, and yet the vast majority can."

Mr Marinis said lockdowns had given millions of Australians more time at home to check their finances, while super had been dominating headlines.

Sharp falls and rises in financial markets, last year's early release scheme and this month's increase in compulsory super payments to 10 per cent had kept retirement saving "top of mind" for many people, he said.

"Even if you don't read the finance pages, you are seeing it on a regular basis anyway outside the finance pages," Mr Marinis said.

More Baby Boomers were retiring with big nest eggs and Australians could also access information about their super easier than previously, he said.

"It's on your phone, it's on your tablet – it's good that people are looking, but don't look too often."

Mr Marinis said checking super balances weekly, or even monthly, could be too frequent for people who were worried about short-term gyrations in asset values.

Ms Power said checking super too often meant people were watching day-to-day performance rather than treating it as the long-term investment it should be.

The CFS Research found two-thirds of workers were positive about recent changes to super including the enlarged 10 per cent Superannuation Guarantee contributions from employers.

Colonial First State's Kelly Power says its good to see people more engaged with their super.

Financial Strategies (SA) Pty Ltd trading as Marinis Financial Group
T 08 8130 5130 | F 08 8331 9161 | A 49 Beulah Road, NORWOOD SA 5067
E admin@marinisgroup.com.au | W marinisgroup.com.au
ABN 54 083 005 930 5067 | AFSL No: 326403

Disclaimer:

Performance data quoted represents past performance and does not guarantee future results.

The information in this article is general information only. It is not intended as financial advice and should not be relied upon as such. The information is not, nor is intended to be comprehensive or a substitute for professional advice on specific circumstances. Before making any decision in respect to a financial product, you should seek advice from an appropriately qualified professional on whether the information is appropriate for your particular needs, financial situation and investment objectives.

The information provided is correct at the time of its creation and may not be up to date; please contact Marinis Financial Group for the most up to date information.