

4 SURPRISES ABOUT PLANNING FOR RETIREMENT INCOME

Franklin Templeton’s 2019 Retirement Income Strategies and Expectations (RISE) Survey uncovered four findings that may surprise you.

1 Retirement Expenses May Be Higher than Expected

Australians don’t seem to be under any illusions about the cost of retirement. Nearly 3 in 4 pre-retirees are concerned about rising expenses draining their retirement savings. Furthermore, 40% expect their expenses to increase in retirement—well above the 28% who expect them to decrease.

Unfortunately, the experience of retirees doesn’t provide any relief to these anxieties. Concern about rising expenses is even higher among the retiree population, while nearly half of retirees state that their expenses have increased since retirement.

CONCERN ABOUT RISING EXPENSES DOESN’T FADE AFTER RETIREMENT

(‘As it relates to your retirement wealth, how concerned are you about rising expenses (e.g. health-related)?’)

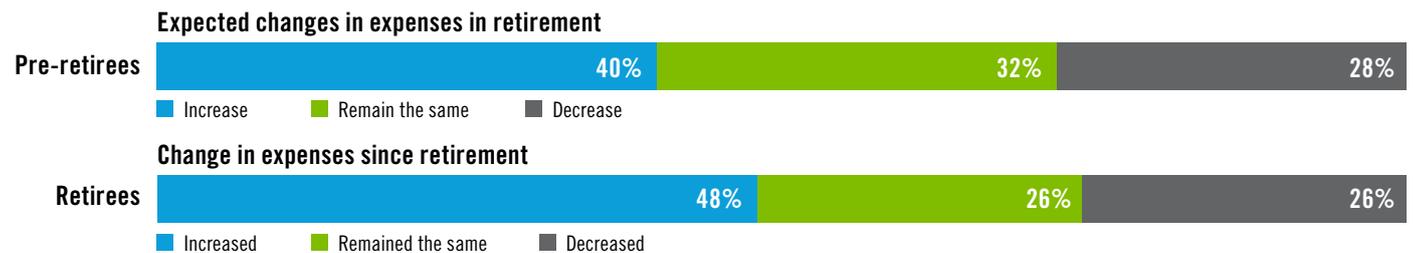


Note: Total n=2,004, Pre-retirees n=1569, Retirees n=435.

Source: Franklin Templeton Retirement Strategies and Expectations (RISE) Survey 2019 – Australia.

HIGHER EXPENSES IN RETIREMENT IS MORE COMMON THAN EXPECTED

(‘How do you expect your expenses to change in retirement?’ / ‘How have your expenses changed since you’ve been retired?’)



Note: Total n=2,004, Pre-retirees n=1569, Retirees n=435.

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Part of being confident in a retirement strategy is understanding what to expect and then planning for that reality. Consider how each type of expense may change over time—do they rise with inflation? Are they impacted by changes in the economy? By anticipating the types of expenses you will likely face, you can plan for the appropriate income to meet those needs.

2 | Health-Related Concerns Are Top of Mind Across All Ages

Planning for retirement isn't just about saving money. It's also about appreciating the reality of factors that can have a major impact on an individual's ability to experience retirement success. Our survey indicates that people are acutely aware of the role health might play.

Which one of the following is your top concern for or during retirement?

(% responding 'top concern')

	Pre-Retirees	Retirees
Health issues	23%	41%
Running out of money	33%	23%
Lifestyle concerns	26%	12%

Which one of the following expenses are you most concerned about paying in retirement?

(% responding 'top expense concern')

	Pre-Retirees	Retirees
Health-related	37%	42%
Lifestyle	24%	14%
Paying off debt	18%	10%

Note: Total n=2,004, Pre-retirees n=1569, Retirees n=435.

Source: Franklin Templeton Retirement Strategies and Expectations (RISE) Survey 2019 – Australia.

What drives these health-related concerns? It could have something to do with not having a plan to pay for these expenses.

Do you know how you will pay your medical expenses in retirement?



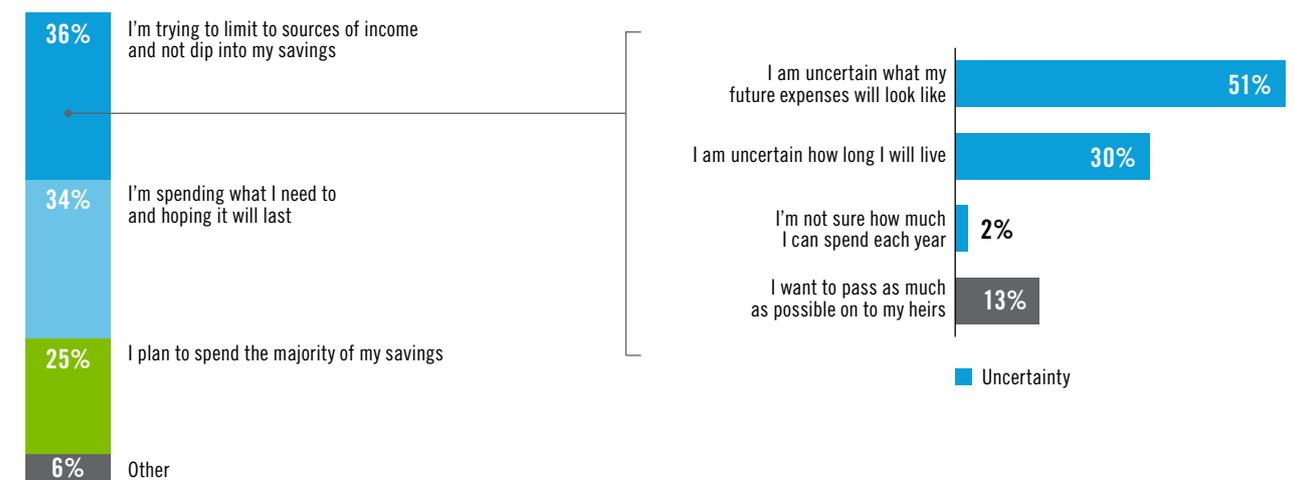
■ Yes ■ No

Note: Total n=2,004.

Source: Franklin Templeton Retirement Strategies and Expectations (RISE) Survey 2019 – Australia.

3 | Retirees' Approach to Spending Their Nest Eggs Is Not Always Strategic

One may assume that once someone is living in retirement they have a plan for how they will spend their nest egg throughout their retirement years. Our results highlight a different story. Over a third (34%) of retirees are winging it, stating they are 'spending what they need and hoping it will last'. And even more (36%) are trying to avoid dipping into their savings at all. When we took a closer look as to why, uncertainty emerged as a common theme—whether it's not understanding how much they can sustainably spend, what future expenses will look like, or what their time horizon is.



Note: Total n=2,004, Retirees n=435.

Source: Franklin Templeton Retirement Strategies and Expectations (RISE) Survey 2019 – Australia.

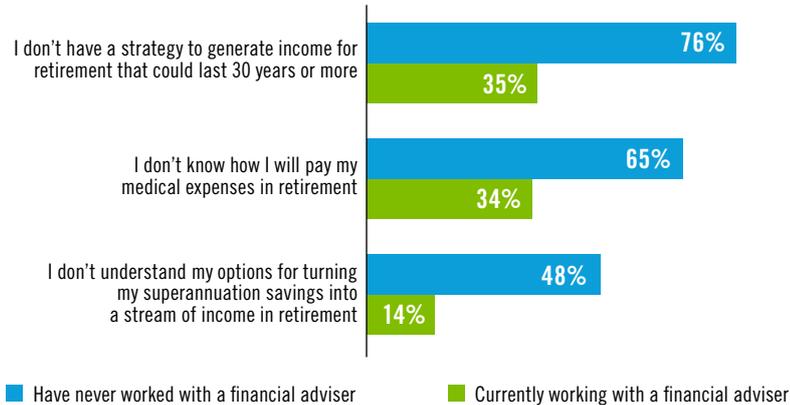
4 | Professional Financial Advice Is Critical in Planning Retirement Income

For most pre-retirees, planning for their retirement income is a daunting task. How much will they need? Where will it come from? What strategy is best suited to their situation? These are not always questions with simple answers.

While a range of resources exist to help plan for retirement income, individual advice from a licensed financial professional appears to be one of the most effective ones. Our survey indicates that working with a financial adviser is strongly tied to better preparation, reduced stress and increased confidence around the transition to retirement.

WORKING WITH A FINANCIAL ADVISER DRAMATICALLY DECREASES UNCERTAINTIES

(% uncertain)



Note: Total n=2,004.

Source: Franklin Templeton Retirement Strategies and Expectations (RISE) Survey 2019 – Australia.

Financial advisers can help individuals with a range of financial matters, but helping line up income for retirement is perhaps the most critical. When asked the most valuable benefit of working with a financial adviser for those who have done so, the **#1** most common response was 'planning for my retirement income'. Financial advisers can help map out your situation and goals, and develop a written retirement income plan so you're prepared for what comes next.

Plan For Surprises

No matter what your stage of retirement, there may be surprises that can catch you off-guard. Having enough confidence in your income sources when you stop working ultimately comes down to knowledge and planning. Work with a financial adviser to help create a custom, written plan to fit your retirement needs and prepare for the challenges.

THREE STEPS TO RETIREMENT CONFIDENCE

- 1 Know your situation**
Identify your concerns and set individual goals.
- 2 Work with a financial adviser**
Professional advice makes a difference.
- 3 Write your plan down**
Having a plan in your head may not be enough. Write it down and revisit and adjust as needed.

ABOUT THE SURVEY

The Franklin Templeton Retirement Income Strategies and Expectations (RISE) survey was conducted online among a sample of 2,004 adults comprising 983 men and 1,021 women 18 years of age or older. The survey was administered between 1 and 7 May 2019, by Engine's Online CARAVAN®, which is not affiliated with Franklin Templeton. Data is weighted to gender, age and geographic region. The custom-designed weighting program assigns a weighting factor to the data based on current population statistics from the Australian Bureau of Statistics.

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