

What will your retirement look like?

The Financial Education and Research Centre (FinEd Centre) jointly with Westpac and Massey University released their Retirement Expenditure Guidelines in mid August. It made for some sobering reading.

A report produced in conjunction with Workplace Savings NZ found that nearly half of New Zealand's retirees feel they are not in a strong enough financial position to meet their retirement needs. It also showed that 33 per cent were not satisfied with their retirement and 46 per cent said retirement was not meeting their expectations. FinEd centre director Pushpa Wood described the survey as "a wake-up call" for people who needed to consider what sort of lifestyle they would like to have in retirement.

The report showed what surveyed retirees were actually spending, so the examples are real people in real life. Almost half of those surveyed said they spent more than 60 per cent of their income on basic living costs.

More than one third of retirees surveyed said they almost never ate takeaways. Two thirds said they visited a restaurant only a few times a year, and 22 per cent said they never travelled overseas. Around half of retirees had income in addition to their NZ superannuation and more than a quarter topped up their income with some type of paid employment. Ten per cent said they had a very comfortable standard of living and had no concerns about their financial situation. At the other end of the scale, six per cent said they struggled to find sufficient income to meet their basic living costs

Claire Matthews, Massey University senior lecturer, said comments also suggested a significant number of retirees were supplementing their income through borrowing, often for one-off costs like surgery.

The table below summarises the breakdown of how those surveyed said they spent their money. Of course this does not include their rent, rates or any housing costs as these can vary so much. Those that would qualify for Accommodation Allowances would have this as extra income to help meet their basic housing needs. Some people would also have Community Services Cards to offset medical costs, possibly why some said that they spent nothing on health. This all shows that retirement living could be fraught with money strain.

Many New Zealanders are burying their head in the sand and not addressing their retirement planning needs - hoping that their KiwiSaver fund and any NZ superannuation benefit will support them, however, this just won't 'cut it'!

It's time for people to take control of their financial affairs and seek advice about the best ways to save for their future and be aware that they need to pay for quality, expert advice. If you want to have the financial independence to make choices with your life in retirement and not be beholden to the state, you should seek professional financial planning advice now.

What are retirees spending? : (dollars per week)

	One - Person Household				Two - Person Household			
	No Frills		Choices		No Frills		Choices	
	Metro*	Prov*	Metro	Prov	Metro	Prov	Metro	Prov
Food	55.95	52.43	107.52	96.23	93.67	96.34	216.75	170.51
Alcoholic drinks, tobacco & Illicit drugs	0	0	6.82	10.80	0	0	18.19	26.38
Clothing/ footwear	0	0	14.77	8.86	0	0	24.61	12.31
Household Energy	17.87	17.65	33.30	41.17	30.41	34.52	51.05	51.94
Household contents & services	1.00	2.40	16.43	18.44	6.71	6.91	46.39	46.99
Health	0	0	20.14	21.44	3.59	5.77	41.58	48.32
Transport	4.70	5.49	41.32	33.71	27.89	28.78	103.59	137.30
Telecommunication	9.55	10.63	24.15	21.09	15.20	16.40	42.20	28.50
Recreation & Culture	8.59	8.68	37.21	44.81	35.19	22.57	104.39	89.82
Misc. goods & services	15.72	15.93	45.23	53.56	28.69	32.95	102.80	70.27
Other Exp.	0	0	2.90	0.80	0	0	10.00	11.50
TOTAL	113.38	113.22	349.78	350.91	241.35	244.24	761.56	693.83

*Metro = Metropolitan (Wellington , Auckland)

*Prov. = Provincial towns/regional areas

517 people surveyed, 60% from Westpac customer Voice panel and remainder from a Camorra Research panel

Single living alone NZ Superannuation = \$348.92 pw Two person both qualify NZ Super. = \$268.40 ea. pw

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