

# Financial advice increases confidence in retirement

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**A new study has found a correlation between the Australians that are most confident about their retirement and those that have accessed financial advice.**

According to investment manager Vanguard's inaugural *How Australia Retires* study, having a financial plan and access to advice are the main drivers of confidence among Australians in retirement.

Vanguard Australia's managing director, Daniel Shrimski, said the study highlights both the opportunities and challenges facing Australians on their journey towards retirement.

"One of the key findings in this report is that having a plan is one of the most effective ways to not only achieve a successful retirement, but to alleviate the emotional burdens and anxieties that Australians can feel towards retiring," Mr Shrimski said.

For younger Australians, in particular, who are redefining the traditional path towards retirement with career breaks, parental leave and travel, having a plan is paramount to ensuring these pauses in paid work don't impede their ability to accumulate enough superannuation and save for retirement.

Vanguard said that almost two in three working-age Australians have never engaged a financial adviser to help map out their retirement strategy. Among the Australians who have never sought professional advice, 75 per cent reported not being confident in being able to fund their retirement.

On the flip side, 44 per cent of Australians surveyed who have received professional financial advice are extremely or very confident in funding their retirement.

More than half of the respondents who use a financial adviser also engage with their super fund and are twice as likely to have a detailed plan as those who do not use a financial adviser.

The study, which canvassed 1,800 working and retired Australians aged 18 years and older, also found that 52 per cent of participants surveyed who presented as highly confident about their retirement readiness feel that they know what

they need to do to achieve the retirement outcome they desire and are optimistic about this phase of their life.

This cohort is also relatively likely to use budgets and prioritise their savings.

However, most Australians who presented as having low confidence about their retirement readiness do not have a plan and feel the most unprepared.

Vanguard also found that they do not tend to make regular additional super contributions and are generally less optimistic and more likely to feel disinterested, anxious or worried about this later phase of life.

Among the Australians surveyed who are generally older and who have typically taken less action to prepare, only 27 per cent feel optimistic about retirement and just 23 per cent feel very confident.

“The study also provides evidence that Australians display low engagement and understanding when it comes to superannuation, with half not knowing how much they pay in annual fees, and one in four not knowing what their current superannuation balance is,” Mr Shrimski said.

“An opportunity, and perhaps a need, therefore, exists for the superannuation industry on the whole to improve member engagement, to simplify fee structures, and to support stronger retirement outcomes.”

The survey also found that while younger Australians are generally relatively confident about their retirement, this confidence wanes as they get older and the longer they go without a retirement plan.

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