

MEDIA RELEASE

Research reveals rising cost of living keeps older Australians awake at night

53 percent of older Australians concerned about outliving savings

14 September, 2023: New research by National Seniors Australia and Challenger reveals the majority of older Australians are increasingly concerned over rising costs of living, with four in five reporting it had negatively impacted their lifestyle and wellbeing.

The National Seniors Social Survey of almost 6,000 people aged 50 and over unpacked how cost of living pressures are affecting lifestyle, retirement finances, wellbeing, and the financial security of older Australians.

The research revealed 53 percent are worried about outliving their savings, with those concerned about long-term cost of living struggles five times more likely to be concerned about longevity risk, the risk of running out of money late in life.

National Seniors Australia Chief Operating Officer, Mr Chris Grice said older people are thought to be protected from the more severe impacts of increasing living costs because they usually own their own home but that is simply not the case.

“The findings show the impact of increasing costs of living on financial wellbeing varies for people aged 50 plus,” Mr Grice said.

“The impact on older people’s financial security and quality of life varies depending on age, gender, partner status, health, wealth, home ownership and sources of income.

“The results are clear, increases in cost of living impact older people’s financial wellbeing when it comes to meeting expenses, being in control of finances, and feeling financially secure.”

Long term impacts for most vulnerable

Younger respondents, women and those in poor health are among those more likely to hold long-term concerns about the rising cost of living. Across all respondents, 83 percent believed lifestyle impacts would continue to be felt over the 12 months following the survey.

For most, managing their financial situation meant cutting back. Almost two thirds of respondents (62 percent) chose this as an option they could use to adjust to increasing cost of living pressures. Being able to afford essentials was the highest cause for concern, with health, energy, and grocery expenses the top three pain points.

Challenger Head of Retirement Income Research, Aaron Minney, said cutting spending is not a sustainable long-term strategy for older Australians to manage rising costs of living, with the impacts of this issue set to be long-lasting.

“An important factor for retirement wellbeing is having the financial capacity to maintain living standards that were enjoyed before retirement,” Mr Minney said.

“In general, older people’s sense of financial resilience and financial security have fallen since the start of the pandemic and the increasing cost-of living has further undermined long-term planning and financial goal setting of older Australians.

“Certainty of income is vital to give retirees the confidence to spend and peace of mind that they have the financial security to protect their lifestyle, health, and wellbeing throughout their golden years.”

Retirees want money that lasts a lifetime

The fear of outliving savings is a growing concern amongst older Australians. The latest research revealed an increase in older people worrying over this issue compared to previous studies.

To manage this concern, 83 percent report that they want money that lasts a lifetime, with income that increases with inflation a top financial priority for most. Regular income for essentials (91percent) and being able to afford care and medical costs (86 percent) were also crucial to achieving long-term confidence.

“Financial wellbeing is critical to quality of life in older age and rapidly increasing living costs are undermining the financial wellbeing of retirees,” Mr Minney said.

“Finding ways to mitigate worry and give greater confidence that they will always have the income to meet these essential expenses will improve people’s wellbeing and quality of later life. A guaranteed and adequate income stream provides a lot of reassurance and comfort to older Australians battling rising costs.

“After nearly 30-years of relative stability in the cost of living, retirement planning and financial advice must better address the potential effects of inflation in undermining people’s control over their finances.”

To read the full report [click here](#)

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About Challenger

Challenger Limited (Challenger) is an investment management firm focused on providing customers with financial security for a better retirement.

Challenger operates a fiduciary Funds Management division, an APRA-regulated Life division and an APRA regulated authorised deposit-taking institution. Challenger Life Company Limited (Challenger Life) is Australia's largest provider of annuities.

About National Seniors Australia

National Seniors Australia is a leading independent consumer advocacy group that works to improve the lives of older Australians in the areas of housing, retirement income and legacy, pension poverty, health costs and aged care. Our research is used to inform our policy and advocacy agenda.