



From Uncertainty to Confidence:
Insights into Australia's Evolving Retirement Needs



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About this report

Data and insights in the report are from research commissioned by Resolution Life Australasia Limited (ABN 84 079 300 379) (part of the Acenda Group) and prepared by CoreData Research on retirement income, June 2025. The CoreData research comprised: 10-minute online survey of 45yr+ consumers (508 participants, February 2025); 8 in depth individual interviews (45yr+) and 3 focus groups (2 part pension eligible, 1 self-funded retirees).

Foreword

Australia stands at a pivotal moment in its demographic and economic evolution. With the proportion of the population aged over 65 set to double by 2060, the nation is experiencing one of the most significant ageing transitions in its history. This shift brings with it a profound challenge: how to ensure financial security for Australians in retirement.

A confident retirement should be within reach for every Australian, but with longer lifespans and rising living costs, retirees face growing uncertainty that their retirement savings will last the distance.

This paper explores the factors that are driving this uncertainty and examines the increasing need for longevity products to match the aspirations of Australia's retirees.

While annuities and other longevity solutions offer powerful tools for income certainty, their adoption remains low, often due to misunderstanding, lack of awareness, or perceived inflexibility. The reality is that modern retirement products are more adaptable than ever, and when used strategically, retirees can transform their concern into confidence.

Tailored advice is critical and financial advisers play a central role in helping Australians navigate this complexity, bridging the gap between aspiration and action. Those with professional guidance are significantly more likely to understand their retirement needs and feel confident about their financial future.

The opportunity is clear. As Australia's ageing population grows, so does the demand for sustainable, predictable retirement income solutions. This is not just a financial imperative - it is a social one. By helping Australians secure income certainty, we also support independence, wellbeing and peace of mind in later life.



Key findings at a glance

What Australians are prioritising as they enter retirement:



Income certainty matters

Almost two-thirds of Australians say guaranteed income is central to feeling secure in retirement.



Comfort is a priority

4 in 5 people now place a "comfortable retirement" at the top of their financial goals.



Confidence is fragile

Only around 1 in 10 feel consistently comfortable with their financial wellbeing.



Pension anxiety is high

Nearly 9 in 10 believe the Age Pension alone won't provide a comfortable standard of living.



Cost of living is inflating the desired retirement balance

Pre-retirees estimate they need close to \$1 million to retire (up 18% in two years). Current retirees report a 31% rise in their perceived required amount over the same period.



There is a solutions awareness gap

Only about 10% say they understand annuities and the role they can play in ensuring a confident retirement; knowledge of key features—such as inflation protection, access to withdrawals, death benefits and pension treatment—remains low.

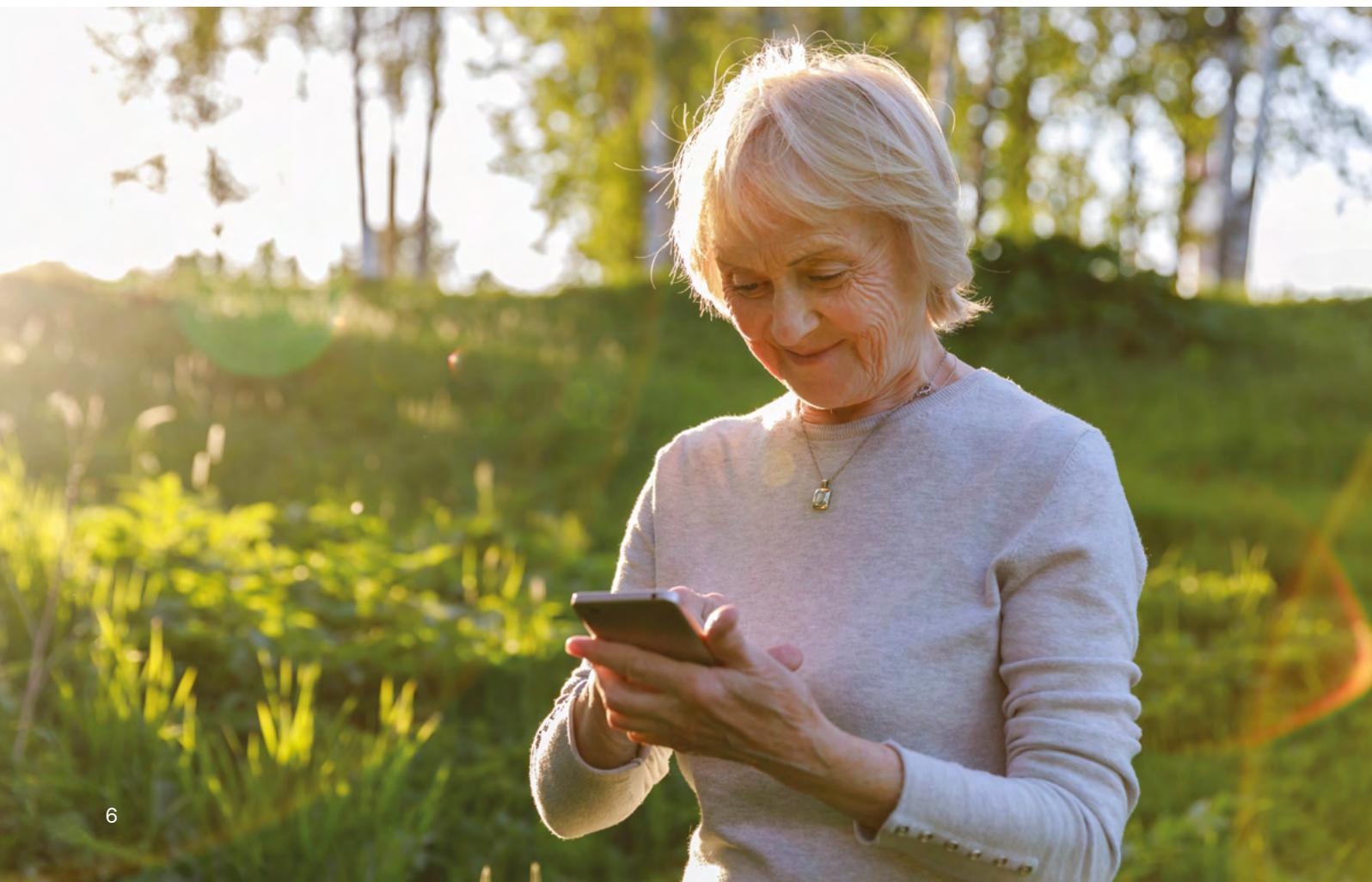
What people retiring in Australia want and worry about

For many Australians, retirement is no longer simply about finishing work. It is about entering a new stage of life, and the years leading up to retirement are critical. Australians in their 50s and early 60s often grapple with questions such as: Have I saved enough? How long will my money last? What lifestyle can I realistically afford?

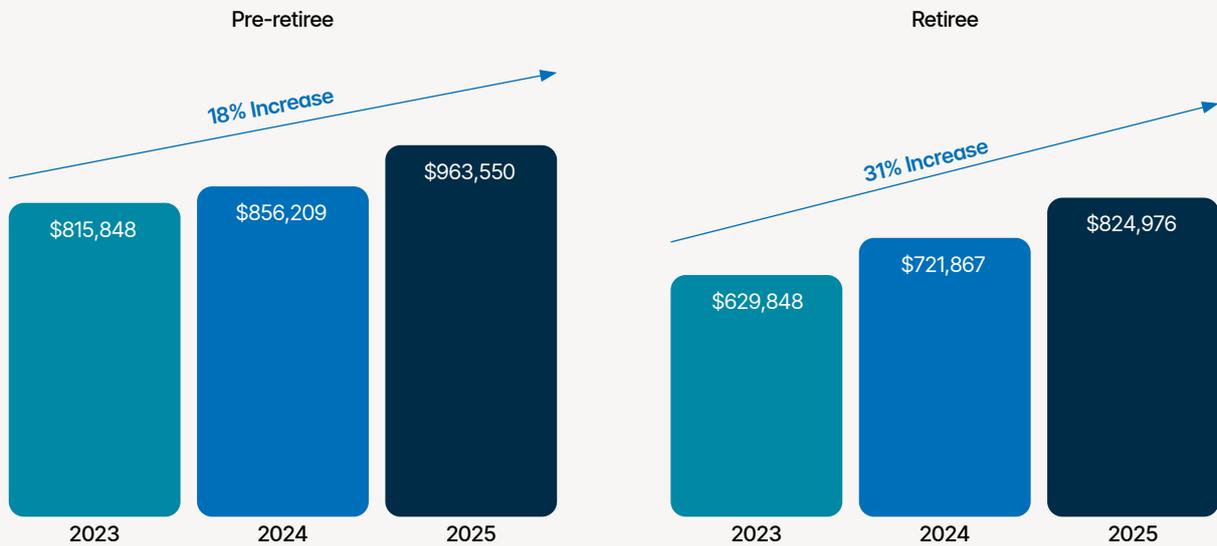
These questions, left unanswered, create significant anxiety. Cost-of-living increases are reshaping retirement income perceptions and fuelling financial stress. For retirees, certainty is not just about money, it is peace of mind and the confidence that their retirement income can cover essential costs with enough flexibility to cover lifestyle needs.

Here is what our research is telling us about achieving a confident retirement:

- Pre-retirees now believe they need close to \$1 million to retire, an increase of 18% in just two years.
- Critically, only one-third feel connected to their financial future, and fewer than half (41%) understand how to reach their retirement goals.
- Around half still lack an understanding of ongoing costs during retirement – even though 54% claim to know how much they will need monthly (CoreData Best Possible Retirement 2025 study).
- Tellingly, only 10% of respondents in our survey (of people aged 45 and over) felt comfortable with their financial wellbeing all the time. Pre-retirees are one and a half times more likely than retirees to report discomfort - highlighting growing anxiety as retirement nears.
- This is reinforced with declining confidence in the Age Pension: while around 60% of retirees still receive some support, our research shows 87% of Australians believe the Age Pension alone is insufficient for a comfortable lifestyle.



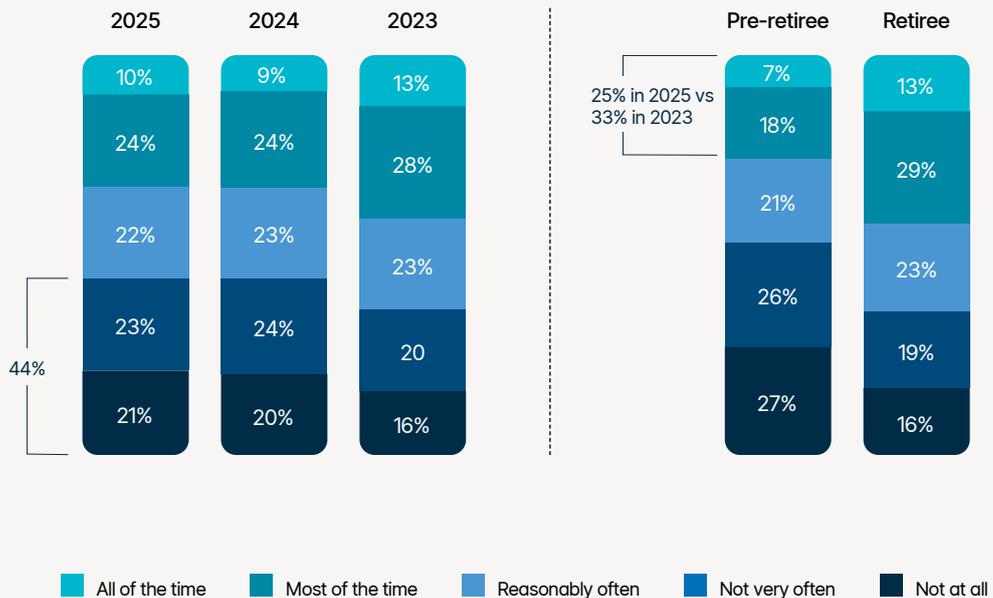
Perceived amount needed for retirement (average)



In just two years, the amount pre-retirees think they need to retire has increased by over \$148K

The difference between what pre-retirees and retirees think is needed is narrowing: from \$186K in 2023 to just \$139K in 2025

How financially comfortable do Australians feel right now?



Why these worries are rational: The retirement risks

The concerns of Australians when it comes to their retirement are far from unfounded. Beneath the surface of day-to-day uncertainty lie structural shifts in costs, longevity, market volatility and policy settings that meaningfully raise the stakes for anyone planning their retirement.

As we examine these anxieties more closely, we see that they are founded in 6 key retirement income risks:

- **Longevity risk:** People are living longer; some retirements will span 30 years or more. For couples aged 65, there is a material chance at least one partner lives into their late 90s. Planning for very long horizons is now important. There is a 25% chance one partner in a relationship will be alive at 98.¹
- **Sequencing risk:** Market downturns in the early years of drawdown can permanently reduce portfolio sustainability by crystallising losses. This can force lifestyle compromises if essentials are funded solely from market-linked assets.
- **Inflation risk:** This is the risk that income from account-based pensions and savings does not keep pace with cost of living expenses.
- **Volatile income:** Many retirees rely on term deposits, dividends and high interest savings for "income," yet these sources are cyclical. That volatility conflicts with the strong preference for income certainty. This is reinforced with declining confidence.
- **Age Pension pressure:** Most people are sceptical that the Age Pension alone can fund a comfortable lifestyle, increasing the need for personal, reliable income streams for life.
- **Social security risk:** As the burden on the public purse grows, the risk of changes to government policy grows, potentially meaning the amount of government entitlements paid out (including the Age Pension) may reduce or changes to eligibility criteria may occur over time.

Taken together, these risks make it clear that the worries expressed by retirees and pre-retirees are not only understandable, they are entirely justified. They converge to create a retirement landscape that is more complex than any previous generation has faced.

¹ Australian life tables (ALT20-22)



The awareness gap: Australians low understanding of annuities

As these risks intensify, the need for solutions that provide certainty becomes more important - yet our survey of consumers aged 45 and over shows that understanding of annuities remains very low. Only about 10% in our survey feel they have a good understanding of annuities. Further, over half of those surveyed have a low understanding of annuities – more than any other financial product that we tested (see graph 4, Supplementary Data section).

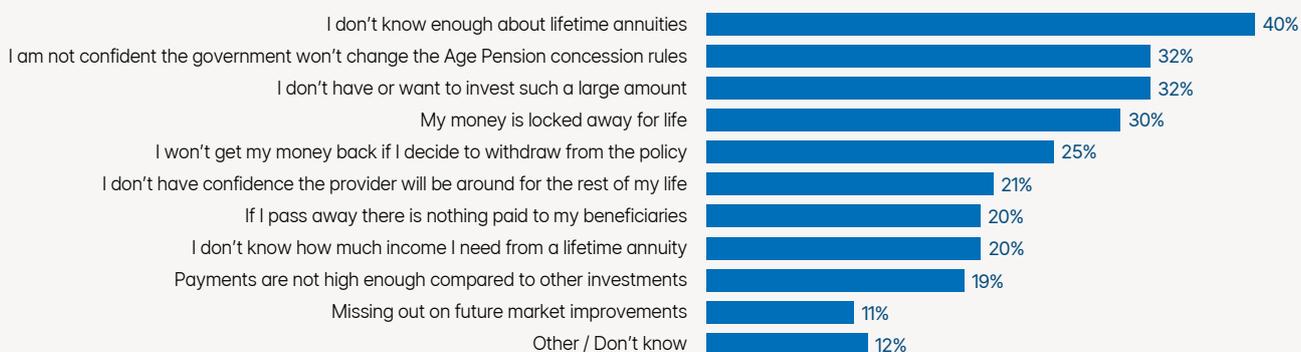
Overall concerns about flexibility and security are key barriers to annuity adoption. A lack of clarity on how products work also fuels hesitation and reduces trust.

Our qualitative research also confirms that there are various practical and emotional factors at play when it comes to consideration of annuities, for example the experience of family and peers, and fears associated with their perceived complexity.

Many retirees have turned to conservative investment options, such as cash, bonds and term deposits to address their need for a reliable and steady income. Although these options can help they are still subject to fluctuations, whereas annuities provide a guaranteed income with additional benefits if desired, for example inflation protection.

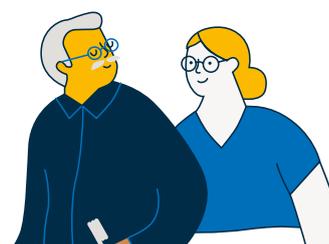
To build out the picture of the annuities awareness gap we can add common misconceptions about the key features of annuities. These range from control of income, ability for voluntary withdrawals, death benefits, and access to the Age Pension (see Ten common myths about annuities). In our survey we asked respondents directly about their attitudes to annuities (see graph below). Not knowing enough about lifetime annuities was ranked the highest.

Reasons for not purchasing an annuity



Base: overall n=508

Bridging this awareness gap presents a powerful opportunity for the industry to support Australians in achieving greater confidence and security in retirement. By simplifying how annuities are explained, addressing misconceptions and highlighting their flexibility and protective features, we can help consumers better understand the valuable role these products can play in managing their top risks, which are driving their retirement anxiety.





What is an annuity

An annuity is a low-risk product that guarantees a regular income, either for a fixed term or for life. They can be purchased by individuals with superannuation or personal savings, or by companies, trusts or Self-Managed Superannuation Funds.

Annuities suit individuals looking for a reliable income in retirement. They are a secure product that provides guaranteed regular payments, estate planning certainty and the opportunity to maximise Age Pension entitlements. Annuities can also feature early withdrawal features if desired.

	Age Pension-eligible group	Self-funded group
Practical motivators 	<ul style="list-style-type: none"> • Annuities as an offering through tailored advice increases consideration • Peer and family experience matters 	<ul style="list-style-type: none"> • Access to concession on Age Pension • Adviser views integral to final decision
Emotional factors 	<ul style="list-style-type: none"> • Fear of complexity • Desire to maximise entitlements • Discomfort around lack of access to funds in an annuity 	<ul style="list-style-type: none"> • Fear of not leaving behind enough for their family • Opportunity cost of other income streams

Ten common myths about lifetime annuities

Lifetime annuities can provide reliable, sustainable payments for a range of retirement lifestyles. They can cover essential living costs, complementing other retirement income sources like account-based pensions, savings or other investments.

Here are ten common myths about annuities



01 I lose control of my money

Typically, retirees will have several streams of income in retirement, and some providers offer withdrawal options within lifetime annuities.



02 Lifetime annuities aren't flexible

Some lifetime annuity providers offer a Death Benefit Guarantee to help with estate planning, or the option for a full Withdrawal Period.



03 Lifetime annuities can't keep up with inflation

Annuity payments can be linked to grow with inflation to ensure income keeps pace with the cost of living.



04 Lifetime annuities perform worse than an account-based pensions

Lifetime annuities prioritise guaranteed income for life, while account-based pensions offer flexibility with market risk. A balanced retirement portfolio often includes both income sources.



05 Having everything in a balanced fund is better

Having everything in a balanced fund risks market disruptions that can have long-term impacts on retirement income.



06 If I die early I lose what's left in the lifetime annuity

Some lifetime annuities carry Guaranteed Periods and Death Benefits such as continued income payments to a residuary.



07 Money in a lifetime annuity is not safe

Insurers who provide annuities are required to maintain high levels of capital reserves by the regulator APRA.



08 My Age Pension will be impacted if the government changes the Centrelink rules

While this risk cannot be planned for, government changes historically only apply to future positions and grandfather those already in place when the change begins to apply.



09 Income from a lifetime annuity is taxed heavily in retirement

If a customer purchases an annuity with their super, they are over 60 and have met a condition of release, the lifetime annuity income will be tax-free.



10 I am better off investing myself

Annuities aren't designed to beat market returns - they're designed to provide sustainable and reliable income that can complement other income streams.





How lifetime guaranteed income can help

With the awareness gap around annuities clearly in view, the next step is to explore the practical role lifetime guaranteed income products can play in strengthening retirement confidence.

Understanding how these products support stability, manage risk and complement the broader retirement income options provides essential context for addressing consumer concerns.

At its core, this is about demonstrating the meaningful value annuities can bring to Australians seeking greater certainty in their later years.

My retirement concerns (The 6 key retirement income risks)	How an annuity overcomes these retirement risks
Will my super last for my entire life and that of my partner? (Longevity risk)	Annuities can provide guaranteed income for life, ensuring you and (if chosen) your partner continue receiving payments no matter how long you live.
I am worried about market downturns impacting my super balance and not being able to recover this before we need it. (Sequencing risk)	Since annuity income isn't tied to market performance, payments remain stable through downturns, helping shield your retirement income from poorly timed losses.
Inflation is ever present – the buying power of my super is not keeping place with the cost of living. (Inflation risk)	With options for inflation-linked or fixed annual increases, annuities can grow your income over time to help maintain purchasing power.
I used to be able to rely on high interest income from term deposits but the rates I am getting are increasingly up and down. (Volatile income risk)	Annuities deliver steady, predictable income that doesn't fluctuate with interest rate movements, supporting more reliable budgeting.
It is hard to see how the Age Pension will keep pace with cost of living and my increasing personal needs as I age. (Age Pension risk)	Some annuities receive favourable Centrelink treatment, potentially improving Age Pension eligibility over time and creating a more stable overall income mix.
Is the Age Pension going to remain the same throughout my retirement or will the Government reduce it or change eligibility as more people retire and live longer? (Social Security risk)	Annuities are independently issued by life insurance companies with guaranteed income that reduces the exposure to potential changes in the Age Pension.



We tested some of the features of annuities as part of our survey of respondents aged 45 and over. For retirees, certainty is not just about money, it is peace of mind. Knowing essential costs are covered eliminates the fear of running out of capital, a concern cited by 40% of older Australians. This assurance fosters independence, supports discretionary spending, and enhances wellbeing.

At the same time, retirees remain exposed to cyclical income sources such as high-interest savings, term deposits and dividends. While popular, these are volatile and counterintuitive when 63% of retirees say income certainty is their top priority.

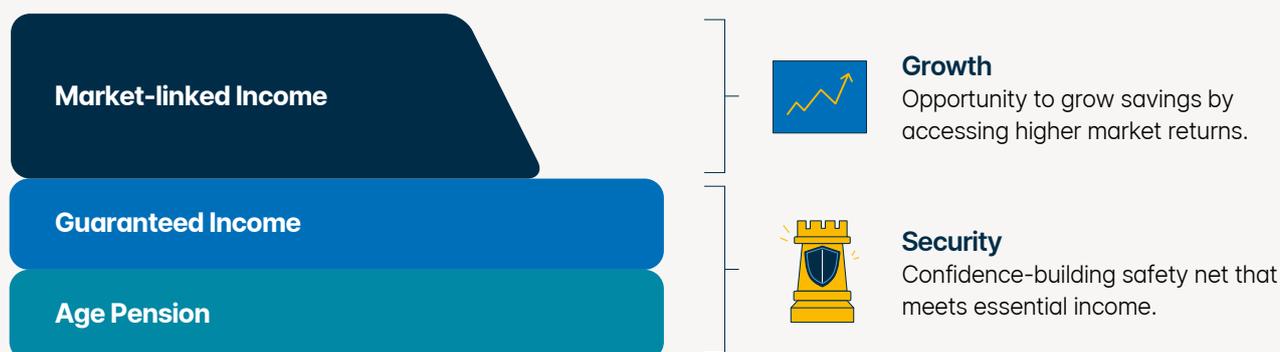
In all this it is important to note that the best use of annuities is when they sit beside an account-based pension. A robust retirement income strategy is ideally a blend of an annuity for essentials and an account-based pension for flexibility and lifestyle spending.

In this way retirement income comes from three streams:

- **Age Pension layer** where income entitlements are received through the Age Pension
- **Guaranteed income layer** (from an annuity) to help cover essential spending needs
- **Market-linked income layer** where the remainder of funds (in superannuation or an account-based pension) offers the flexibility of drawdowns and access to capital.

What is income layering?

Income layering blends different characteristics of income over time to meet a retiree's changing needs, while managing risks like longevity, inflation and market volatility.



Integrating advice: translating concerns into confidence

Our research highlights a core human reality: people want confidence but often feel disconnected from their financial future and are unsure how to reach their goals.

Professional advice helps translate complexity into clarity, aligning retirement income with what matters most to the client. People who work with a planner are significantly more likely to understand their retirement needs.

Australians crave financial advice. By addressing concerns early, advisers empower clients to step into retirement with confidence, rather than fear. The evidence speaks for itself - those with financial advisers are up to 70% more likely to understand their retirement needs and reinforcing the value of professional advice (CoreData Best Possible Retirement 2025 study).

The best advisers position themselves as partners, guiding clients through both financial and emotional aspects of retirement. From a client's perspective the best adviser is someone in their corner, proactively monitoring risks and adjusting strategies so they can continue to live without fear of financial shocks.

Once retirement begins, people's priorities shift from saving to managing and protecting income streams. In this phase, superior strategies that mitigate risks such as market volatility and sequencing-of-returns risk come into play. Options that improve the predictability of income over a lifetime become more important.

In practice, this is about:

- Helping clients prioritise essentials versus discretionary spending and set a sustainable drawdown path.
- Showing how to blend income sources (that is, account-based pensions, annuities and other assets) to balance certainty and flexibility.
- Stress testing plans for inflation, longevity and healthcare events so clients can make informed trade-offs.

Illustrative case study: Income layering with a lifetime annuity

While every individual's circumstances are different, this example demonstrates how combining a lifetime annuity with an account-based pension can create a more stable, predictable income foundation—helping to manage key retirement risks while preserving flexibility.

It offers a practical illustration of how the principles discussed in this report translate into real-world outcomes for Australian retirees. The goal: a confident retirement.

John and June, both aged 67 and own their home and have just stepped into retirement debt-free. With parents who lived into their nineties, John and June are nervous about the risk of their savings running out and want a plan that ensures their retirement nest egg will last 25 years or more. Their highest priority is ensuring they have enough income to cover essentials for life, without ever being reliant solely on the Age Pension.

Assessable assets:	 \$370,000 each Account-based pension	 \$50,000 Cash/Term Deposits
		 \$10,000 Personal assets
Lifestyle needs:	 \$80,000 p.a. lifestyle expense target, with \$60,000 p.a. required for essentials.	

To provide John and June with more certainty in retirement, their Adviser models an income layering strategy. Their adviser recommends allocating \$120,000 each, or just under a third of their account-based pension into a lifetime annuity to provide a guaranteed layer of income above their anticipated Age Pension entitlements. This helps meet their essential spending needs and complements their existing account-based pension and other assets.

Their adviser's strategy will generate \$14,247 of guaranteed income, indexed to CPI, supplementing Age Pension entitlements and reducing reliance on drawdowns from their account-based pension.

Client objectives	How strategy achieves the client's objective
Confidence in meeting essential living expenses + A comfortable level of lifestyle spending	In year one Age Pension: \$28,847 p.a. in year one. Lifetime annuity income: \$14,247 p.a. (indexed with CPI) Account-based pension: \$35,181 Interest from term deposits: \$1,725 Total: \$80,000
Increase in access to Age Pension	An immediate Age Pension uplift of \$7,488 in year one.
Retirement income for at least 25 years	Confidence that even if their account-based pension run out, John and June will never be reliant on the Age Pension alone.



A good outcome for John and June

- The annuity creates a guaranteed lifetime income, which is indexed to CPI, providing security against outliving savings.
- Income layering means John and June's essentials are always covered, while their account-based pension provides flexibility for lifestyle spending.
- The Age Pension boost increases their total lifetime income compared with using their account-based pension alone.
- Certainty is maintained regardless of market volatility.

Case study assumptions

This case study example is provided for illustrative purposes only and does not represent any specific individual's circumstances. Each person's situation is unique and outcomes may differ based on personal circumstances and objectives. The information is intended to assist in understanding general concepts and should not be relied upon as personal advice. Any future changes to the legislation may impact the outcomes.

Timing of retirement: The Illustrator assumes retirement and the commencement of new income streams occur at the start of the forecast, which is aligned with the start of the financial year. All individuals are assumed to remain alive throughout the projection period.

Today's dollars: All results are shown in today's dollars. This means future values have been adjusted to reflect current purchasing power using a CPI is assumed to be 2.5%.

Taxation: Typically, income from superannuation investments is tax-free after age 60 if retired, while other investments may be subject to tax. The illustration tool is limited and does not calculate any tax payable on any income or earnings.

Life expectancy: Life expectancy represents the average age to which a person is expected to live (or in the case of a couple, the age to which at least one person is expected to live). These are based on the Australian Life Tables 2020–2022, published by the Australian Government Actuary, and include 25-year mortality improvements to reflect increasing longevity trends.

Age Pension: Entitlements to the Age Pension will depend on personal circumstances. Age Pension payment rates are determined by either the Assets Test or the Income Test (whichever test provides the lowest payment rate).

Lifetime annuity rates: Income from the annuity rates is based on illustrative rates using market data as of 5 February 2026. Note these rates may differ at the time of requesting a quote.

Assumed rates of return: The illustration assumes a return of 7.75% p.a. on growth assets and 3.9% p.a. on defensive assets for the account-based pension (with a 50/50 growth defensive allocation without the lifetime annuity). Cash income is assumed to earn 3.45% p.a.

Re-weighting the account-based pension: The investment amount of the lifetime annuity is modelled to come from existing defensive assets, to maintain the overall asset allocation. Administration fee of \$100 p.a. plus 0.20% of the account balance. Investment fees assumed to be 0.75% p.a. for growth investments and 0.40% p.a. for defensive investments. Ongoing and Upfront Adviser Fees assumed to be \$0.

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A final word

A confident retirement should be within reach for everyone, but with longer lifespans, rising living costs and declining reliance on the Age Pension, retirees face growing uncertainty that their retirement savings will last the distance.

There is a growing need for longevity or retirement income products to match the aspirations of Australia's retirees. Annuities clearly have a role to play but they require greater consumer understanding and new explanations by financial advisers about how blended income strategies can help address retirees' financial risks.

The message for retirees is to not just rely on existing account-based pensions as their only retirement income stream. The message for advisers is to take a leading role in educating clients about longevity products to give Australia's retirees peace of mind and the confidence to enjoy their retirement.

Supplementary data

In this section we detail some of the critical questions we posed to our survey respondents (aged 45+ years).

Graph 1: How important or unimportant would you say the following financial goals are to you personally?



Important financial goals – ranked 5 to 7 out of 7

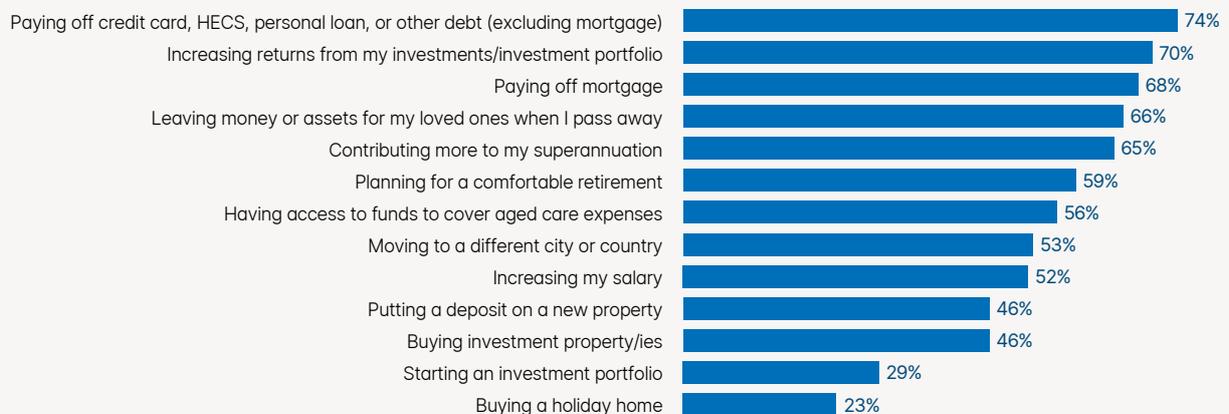


Base: Overall n = 508 | *Only shown to those employed | **Only shown to those with an investment portfolio | ~Only shown to those without an investment portfolio

Graph 2: And how optimistic are you about being able to achieve these goals (previous question)?



Achievability of financial goals – ranked 5 to 7 out of 7



Goals selected as important in A7 (5-7/7), base varies from n=43 to 416

Graph 3: Attitudes towards retirement - to what extent do you agree or disagree with the following statements? (% Agree (6-7))



Attitudes towards retirement

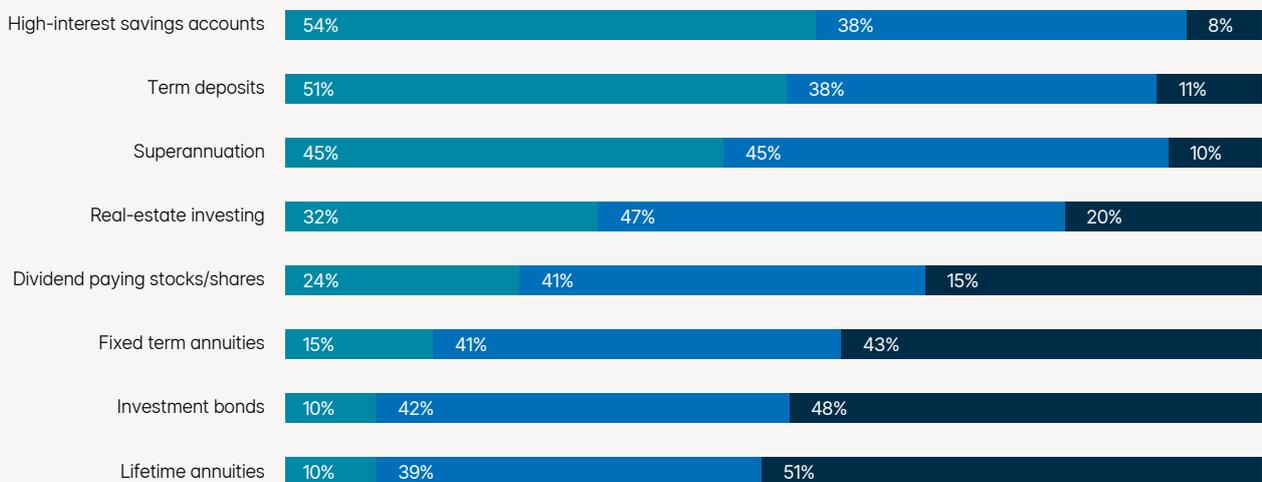


Base: Overall n = 508; Retired n = 136; Not retired n = 372 | *Only shown to those retired | **Only shown to those not retired

Graph 4: How well would you say you understand the following financial vehicles or concepts?



Level of understanding of financial vehicles or concepts



Good understanding (6-7) | Moderate understanding (3-5) | Low understanding (1-2)



Contact us

For more information, call Acenda on **13 57 22**
retirementdistribution@acenda.com

acenda.com.au