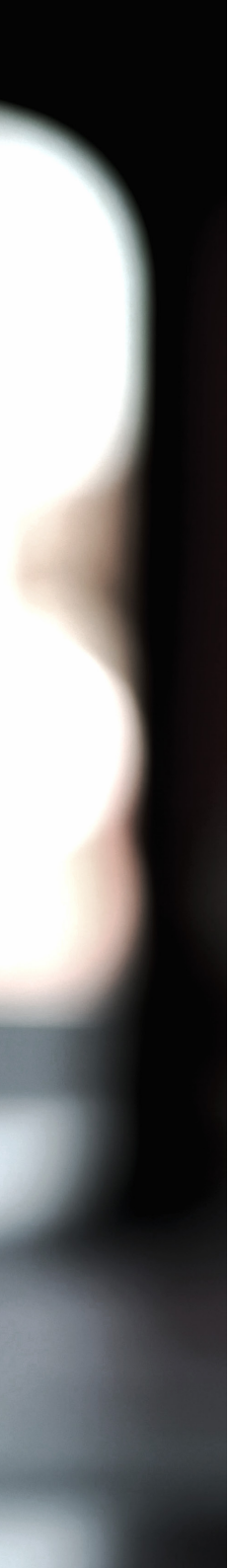
generation life

CORE|DATA

Funding a dignified retirement and leaving a legacy

Research summary

Outthinking today.



About this research

The period 2021-2027 represents the peak of the Australian Baby Boomer retirement surge.[1] Baby Boomers currently hold approximately $4.4tn[2] in assets and it is estimated that $224bn[3] will be passed on as inheritance by 2050. In this complicated economic environment, Australians need more support than ever before to help them build, protect, leave and preserve their legacy.

In this decade, around five million Australians will transition into their well-deserved retirement, joining the 3.9 million people who are already there.[4] This historically large group of retirees are focused on funding the retirement they've always dreamed about, but they are also thinking about the footprint they'll leave on the world when they pass away: their legacy.

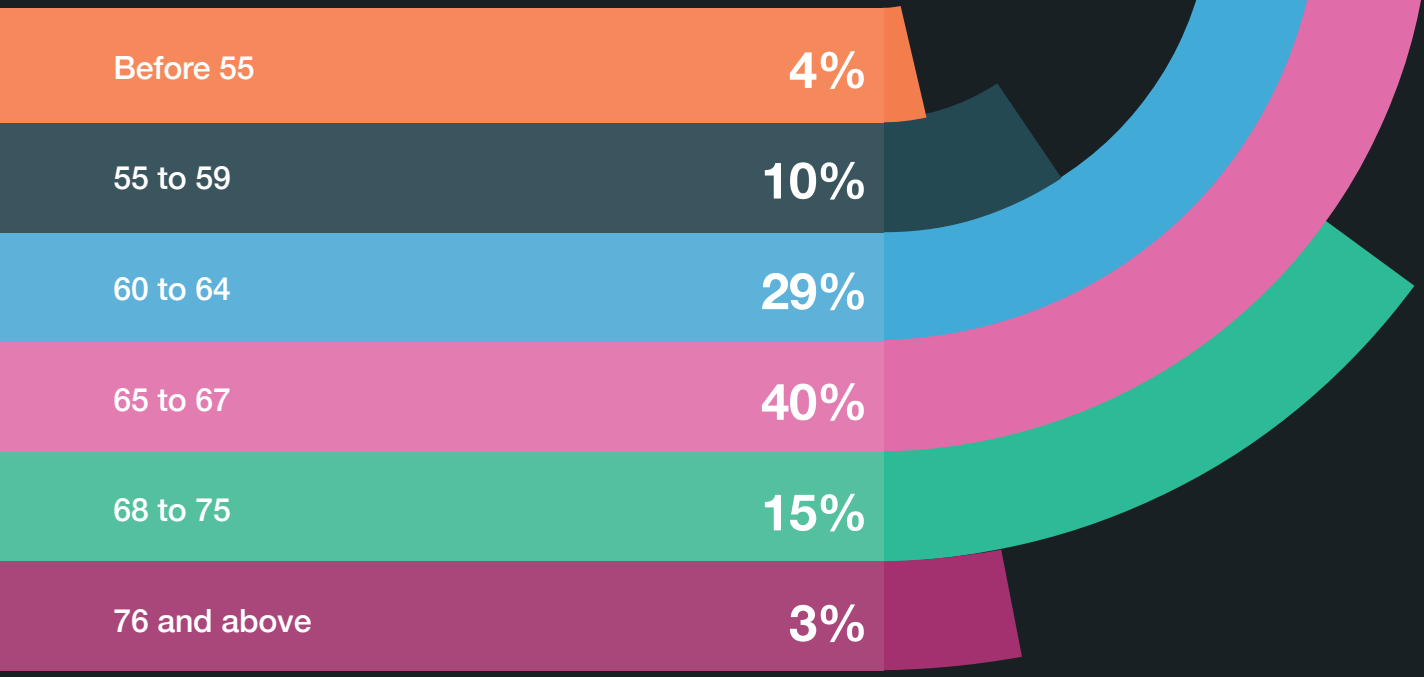
It's time to rethink investment bonds and investment-linked lifetime annuities as unrivalled estate planning and retirement income vehicles, empowering you and your clients with greater controls to transfer their wealth to the next generation with certainty whilst maximising retirement income.

Helping you understand your clients' needs

In partnership with CoreData, Generation Life recently conducted a research study to understand affluent and high net worth Australians' aspirations for retirement, their desired spending patterns, and how they plan to leave a legacy. The purpose of this piece of research is to help you understand your clients' needs at this important stage of life and how best to support them in building, protecting, preserving and leaving their legacy and ensuring they live a dignified retirement.

When do my clients plan to retire?

For affluent and high net worth Australians, the pension age is significantly less important than feeling ready and being prepared for retirement. Around one in four aim to retire between the age of 60 to 62, five years before qualifying for any government benefits.

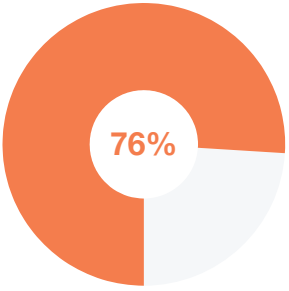


Retirement is no longer an age, but a mindset...

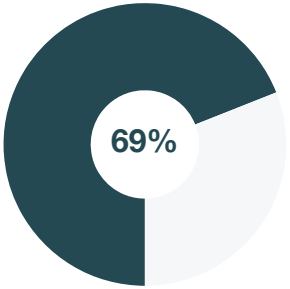
Retirement represents a significant milestone for many, marking the culmination of their professional careers and the transition into a new phase of life. For affluent and high net worth Australians, it psychologically marks the shedding of stressful working responsibility, going back to an almost childhood-like freedom to enjoy oneself albeit with more financial capability to do so.

Financial foundations for retirement

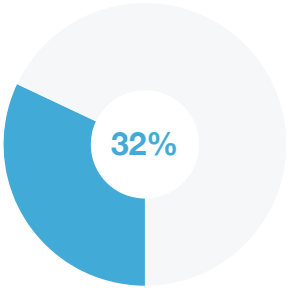
Our research indicates that a dream retirement needs to be built on solid financial foundations. The importance of financial security through owning your home, having income certainty, and flexibility with assets is near-universally listed as top priorities for retirement.



Owning your own home



Ongoing income certainty



Flexibility with financial assets

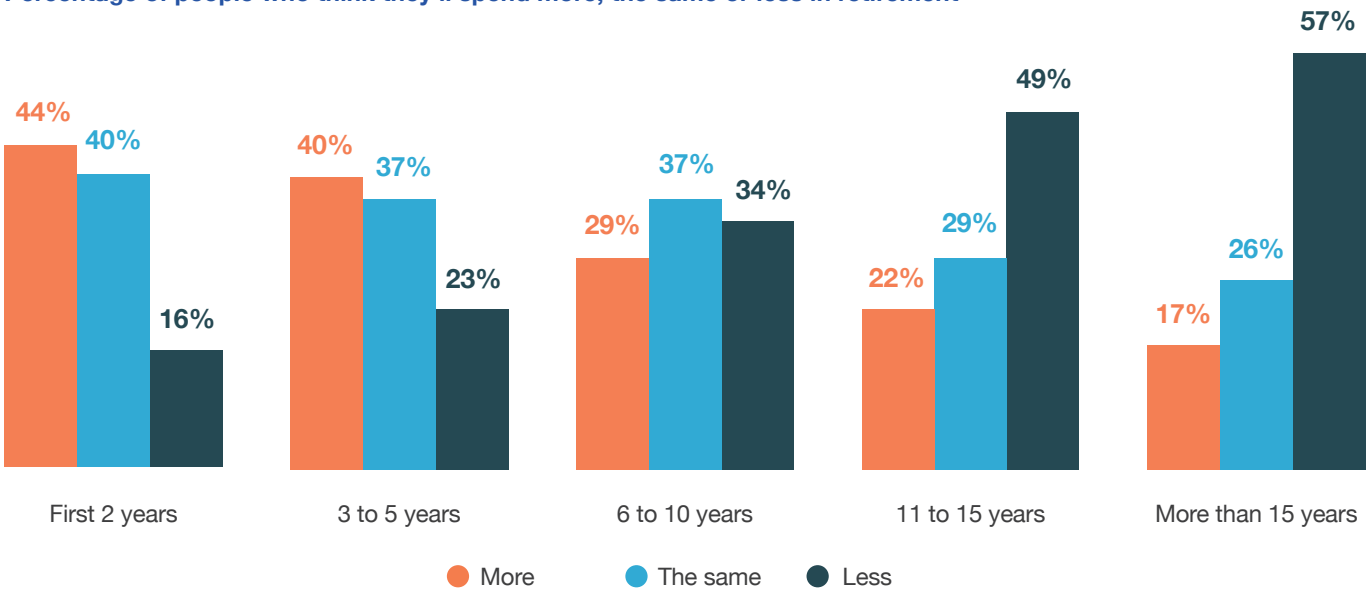
Retirees want to spend more in retirement

While many affluent and high net worth Australians perceive entering retirement as a time to cut back on their lifestyle, the opposite is true for those who are financially prepared. Travel, leisure activities, and time spent on enjoying hobbies are the most common things affluent and high net worth Australians associate with retirement.

Two in five expect to spend more than they currently do in the first years of retirement. This spend does tail off, however it is indicative of the importance of both having access to funds for big-ticket purchases, and ongoing income certainty.

Unsurprisingly, one of the biggest fears is running out of money during retirement, and the consequential impact on lifestyle. Fortunately, the solution is straightforward – strong financial advice to help develop robust, yet flexible, retirement income portfolios to empower retirees with the confidence to enjoy their retirement.

Percentage of people who think they'll spend more, the same or less in retirement



Leaving memories, preserving legacies

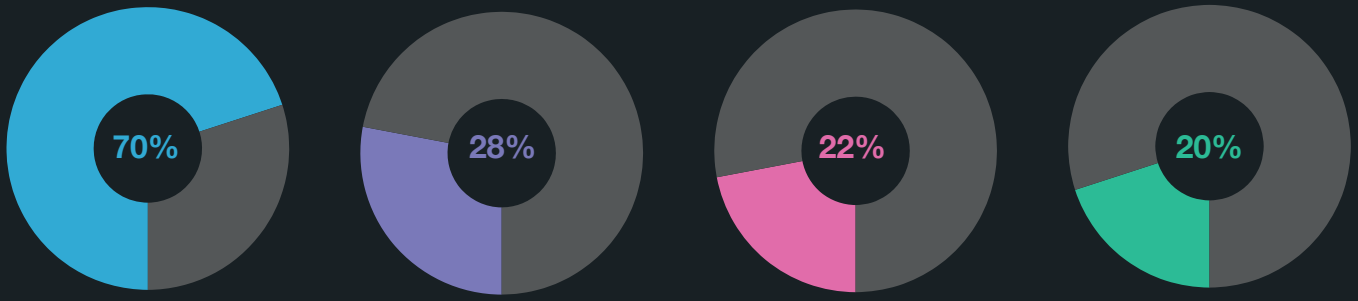
Legacy can mean many different things to many different people. It is not just a financial decision of what you leave behind, it is the footprint that you'd like to be remembered for. An enduring legacy is a fundamental human desire that transcends time, societies, and cultures.

A broad, yet simple concept, the term legacy is mostly associated with the building of a personal legacy intertwined with a financial legacy – the creation of memories, values, and lessons for those around us combined with helping to set up a foundation for financial success for future generations.

It is important to take into account not just the financial needs but the emotional objectives of your clients when they're structuring their legacies.

88% **of affluent and high net worth Australians intend to transfer wealth**

Top 4 intended recipients of wealth transfer



When do my clients plan to transfer their wealth?

For affluent and high net worth Australians, their wealth transfer plans are key to building their legacy.

Nearly two in three plan to transfer wealth while they are still alive in order to be able to see their loved ones benefit from their wealth.

The assurance of their financial future is key to an early transfer of wealth, along with the opportunity to enjoy the outcomes once their wealth is transferred.

Assurance of financial future key to transfer of wealth

55%

Concerned about leaving themselves at risk of running out of money before they pass, as the reason for transferring only upon death.

Nearly two in three intend to transfer wealth whilst they are still alive

- 33% - Mostly upon death
- 21% - As much as possible while I'm still alive
- 41% - Combination of both
- 4% - Don't know

Most plan to share their wealth transfer plans with their family

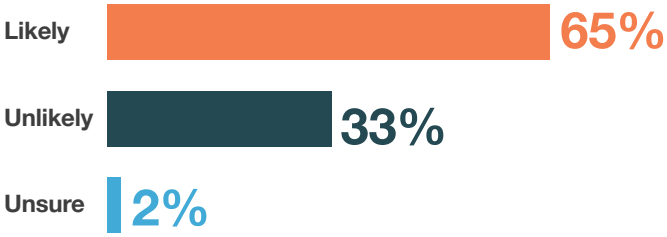
- 27% - Will involve in the development of their plans
- 41% - Will share specifics before they pass
- 23% - Will share general details before they pass
- 6% - Do not plan to share details before they pass

A gap between intention to involve children and actual behaviour

Interestingly, there is a significant gap between investors' intentions to involve their children in their wealth transfer plans and whether they actually do. 65% of respondents intend to involve their children in the conversation with their financial adviser. In reality, the vast majority of advisers indicate that less than 10% of their clients are actually involving their children.

These conversations are not easy and can often be put off until it's too late. It's important to encourage your clients to have the conversations early and ensure you are part of the conversation to achieve continuity. It's not just about advising one generation, but multiple generations.

Intention to involve children in conversations with advisers



Investment solutions to help solve estate planning, continuity and longevity

A Generation Life Investment Bond offers:

- A tax-effective, convenient way to help your clients build, protect and preserve wealth outside super offering a solid financial foundation for wealth accumulation and retirement.
- Unrivalled and flexible estate planning features to help your clients leave a legacy and transfer wealth with ease, ensuring their wealth is transferred to the right people at the right time.

A Generation Life LifeIncome offers:

- Peace of mind with ongoing income certainty and access to funds through an income guaranteed for life alongside their super and age pension for a happy retirement.
- Confidence to enjoy the earlier years of retirement with an additional layer of income when spending is higher and your clients are more active and healthier.
- Ability to leave a legacy and transfer wealth to beneficiaries with ease and certainty.

We’re here to help

At Generation Life, we are focused on continuing to provide tax-effective investment and retirement income solutions to help all Australians at every stage of life plan for a financial future in which they thrive.

Leaving a legacy for those that matter most is one of the most emotional life goals Australians will ever work towards, so helping them achieve this is something we’ve been particularly focused on when building our investment solutions. A legacy is not something you only think of late in life, it’s something that’s built and protected over time.

To find our more about how Generation Life’s innovative investment bond and lifetime annuity solutions can help you and your clients, please don’t hesitate to contact us. We can run technical strategies and tailored scenarios to help achieve your clients’ retirement and legacy goals.

Email: advisers@genlife.com.au
Telephone: 1800 333 657

About Generation Life

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At Generation Life, we know that finding the right investment partner is important for your clients' future success.

We've been helping Australians since 2004 across all life stages and across multiple generations. Today, we are a pioneer in providing market leading investment bond and investment-linked lifetime annuity solutions to help secure the financial future of many Australians and their families.

As part of an ASX listed company, we're passionate about innovating and providing the best outcomes for our investors. Whether its providing retirement solutions, tax-effective investments or helping investors, their families and future generations achieve a secure financial future, we believe in putting our investors at the heart of everything we do.

Importantly, we recognise that providing the right investment solution is about more than just numbers. Our personal and professional approach is just as important in ensuring your clients' investment needs are met.

About CoreData

CORE|DATA

CoreData Research is a global specialist financial services research and strategy consultancy, founded in 2002 and headquartered in Australia, with operations in Sydney, Perth, London, Boston and Manila.

We provide clients with bespoke and syndicated research services through a variety of data collection strategies and methodologies, along with consulting and research, database hosting and outsourcing services.

CoreData provides both business-to-business and business to-consumer research, while the group's offering includes market intelligence, guidance on strategic positioning, methods for developing new business, advice on operational marketing and other consulting services.

Contact details

Outthinking today.

Investor services
1800 806 362

Adviser services
1800 333 657

Enquiries
enquiry@genlife.com.au

Survey methodology

In August 2023, Generation Life and Core Data conducted an online research survey to explore affluent Australians' dreams and desires for retirement, and the steps they are taking to help them achieve these goals.

In this research, we surveyed a total of 303 affluent Australians with at least one of the following:

- More than $350k investment portfolio
- More than $250k household income
- More than $150k personal income

Approximately one third of respondents were high-net-worth individuals with portfolios above $1m outside of their residence and super.

Sources

1. Australian Government Centre for Population. 2022, '1.4 Population Age Structure", 2022 Population Statement: Centre for Population
2. Generation Life - Locking in the Next Generation by Core Data 2022
3. Vickovich, A. 2021, "Baby Boomers to pass on $224b a year by 2050", published in The Australian Financial Review on 7 December 2021
4. Reference period 2018-19 financial year. Australian Bureau of Statistics, Retirement and Retirement Intentions, Australia - Retiree statistics and the retirement plans of people aged 45 years and over, issues May 2020.

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