

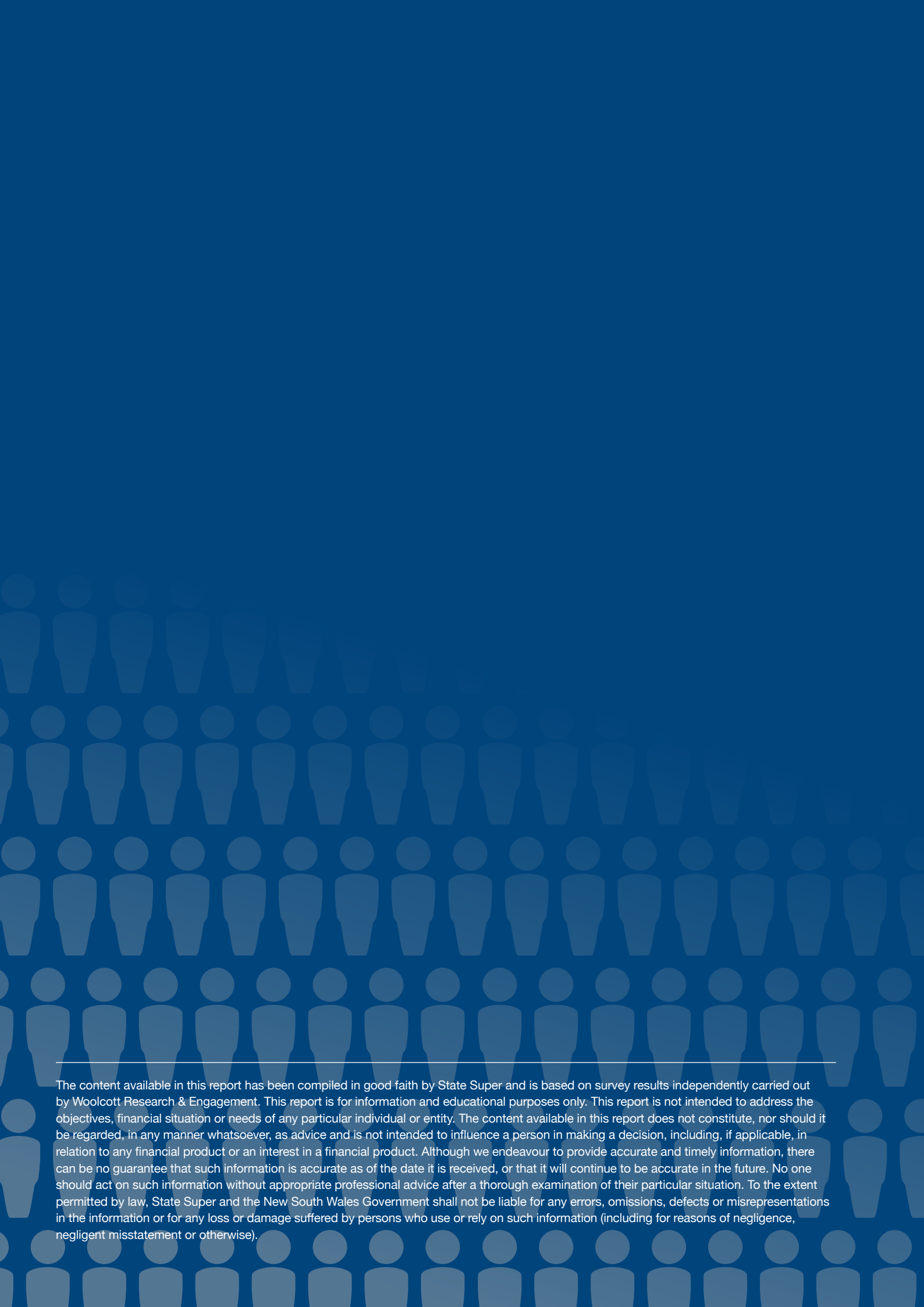


**STATE SUPER**  
SAS Trustee Corporation

# BEYOND PAID WORK

The realities and redefinition  
of retirement in Australia





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# FOREWORD

You could be forgiven for thinking that all retirees have the same priorities, to see the grandkids as much as possible, travel around Australia in a caravan and not worry about day-to-day financial matters. Our report *Beyond Paid Work* reveals that this couldn't be further from the truth. Instead *Beyond Paid Work* uncovers the true story: life after paid work is much more nuanced, it varies significantly from one person to the next, and it's changing all the time.

The research to inform *Beyond Paid Work* was commissioned to better understand the unique needs and circumstances of our members. It provided an opportunity for our retired members who are on a pension to provide feedback about their experience in retirement, including whether their expectations were being met, commentary on what they would change and advice for future generations. Importantly, it provides a basis to ensure State Super is appropriately tailoring our support of members and their family.

The survey was conducted by nearly 3000 State Super members who have retired and are part of one of three NSW Government superannuation schemes, run by the SAS Trustee Corporation, which has over 100,000 members and approximately \$42 billion of funds under management.

The members who participated in the survey are everyday Australians from New South Wales. They are the men and women who have kept us safe, taught our children and cared for us in hospitals. They have worked hard for their families and loved ones and serviced our community to the highest standard.

Our members have walked the walk and are now in the next phase of their life, with much to say about life after paid work. We know their opinions are worth listening to. Take for example, one of our members a retired School Principal, who had this to say about retirement "it's important to get the balance between lifestyle, health, happiness, finances, family, travel and home. Money really isn't everything."

We have a lot to learn about the realities of retirement and *Beyond Paid Work* details some of these realities through '10 Key Insights' that can be used to inform industry and government about the future needs and requirements of Australians beyond paid work.

I trust that this report will reveal insights that will surprise, encourage and motivate change. At State Super, we thank our members for their time and feedback and we will use the knowledge gained from what they have told us to better support our relationship with our members now and into the future.

**John Livanas**  
CEO State Super





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# INTRODUCTION

## AGE

< 60 YEARS

7%

60-69 YEARS

52%

70-79 YEARS

35%

80+ YEARS

6%



## METHODOLOGY

*Beyond Paid Work* is based on the findings of a survey of 2,990 State Super members. The survey was managed by State Super and independently carried out on State Super's behalf by Woolcott Research & Engagement. The online survey was emailed to 10,000 pensioners. Across the membership base, there was a range of ages, gender, length of time in retirement, previous occupation and income when last employed. The high response of nearly 30 per cent demonstrates that State Super members are highly engaged and willing to articulate their feelings towards retirement.

Fieldwork for the survey was carried out from the 9th to the 17th of February 2018.

The report refers to 'different generations' within retirement. This has been done to compare findings and highlight differing priorities for these groups in retirement.

For the purposes of comparison these generations are defined as:

1. **Young retirees**  
(aged 59 or younger)
2. **Newly retired**  
(aged between 60 and 69)
3. **Established retirees**  
(aged between 70 to 79)
4. **Experienced retirees**  
(aged 80 years and over).

## BACKGROUND

This State Super report *Beyond Paid Work* explores the attitudes, beliefs and opinions of retired members regarding different aspects on their life after paid work (financial, lifestyle, physical and mental health). It explores whether the realities of life beyond paid work have matched their expectations and what individuals, government and industry need to do to address and improve life for those in retirement, amid an environment of continuous change and uncertainty.

## A STATE SUPER PENSION

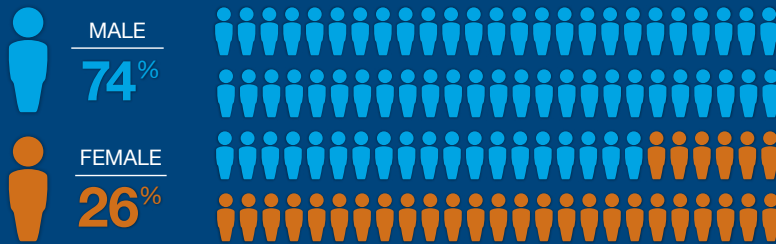
Across the three different State Super schemes, pensions differ for members. Pensions will also vary according to employment details, such as salary and tenure.

To provide context of a State Super pension, below is an example of a pensioner and reflective of many pensions within our schemes.

### EXAMPLE

A teacher who worked within the Department of Education is part of the SSS scheme. Our pensioner receives a fortnightly pension of \$2100. This member contributed nearly 7% of their salary consistently for 38 years. After 38 years of service to our education system in NSW, this teacher retired at 60 years of age. This is a true example of one of our pensioners.

## GENDER



## LENGTH OF TIME RETIRED



## 10 KEY INSIGHTS

1	More 'me' time in retirement provides contentment and happiness
2	Transition into retirement is complex and difficult
3	The definition of retirement needs a face-lift
4	Regular income provides stability
5	Financial pressures force some retirees back into the paid workforce
6	Non-financial reasons influence some retirees back into the paid workforce
7	Relationships are extremely important and even more so in retirement
8	Contributing to society is important in retirement
9	Retirement professionals and experts are needed more than ever before
10	Life beyond paid work is unique to the individual and can't be dictated by past experiences or previous generations

# HOW DO YOU FEEL?

82%

Respondents reported positive feelings about their retirement

To understand life after paid work, it is vital to talk to the people that are walking the walk. Asking how people 'feel' about retirement and the emotions they experience, provides unique insights into their attitude and whether retirement has lived up to their expectation.

The survey of State Super members found that overwhelmingly, 82% of respondents felt positive about their retirement. These included feeling content (59%), relaxed (53%) and happy (52%). A small number of respondents (10%) felt negative feelings and 8% had mixed emotions.

Additionally, members are much less likely to feel sad (3%) or disappointed (5%).

Digging deeper, the key driver of the positive feelings towards retirement was that members finally had the 'time to do the things they wanted to do' (61%).

These feelings are magnified for those more experienced in retirement. An overwhelming 74% of survey respondents over the age of 80 were content in retirement; that this allowed them to enjoy the slower pace of life (58%), spend more time with family and friends (36%) and have time for hobbies (27%). These findings suggest that our pensioners become more content and have a greater sense of peace as they age.

The strong emotional connection to time and contentment is also present regardless of income level prior to retirement. Those who earned less than \$59,000 per annum were more likely to feel content of any other age group (63% versus the average of 59%).

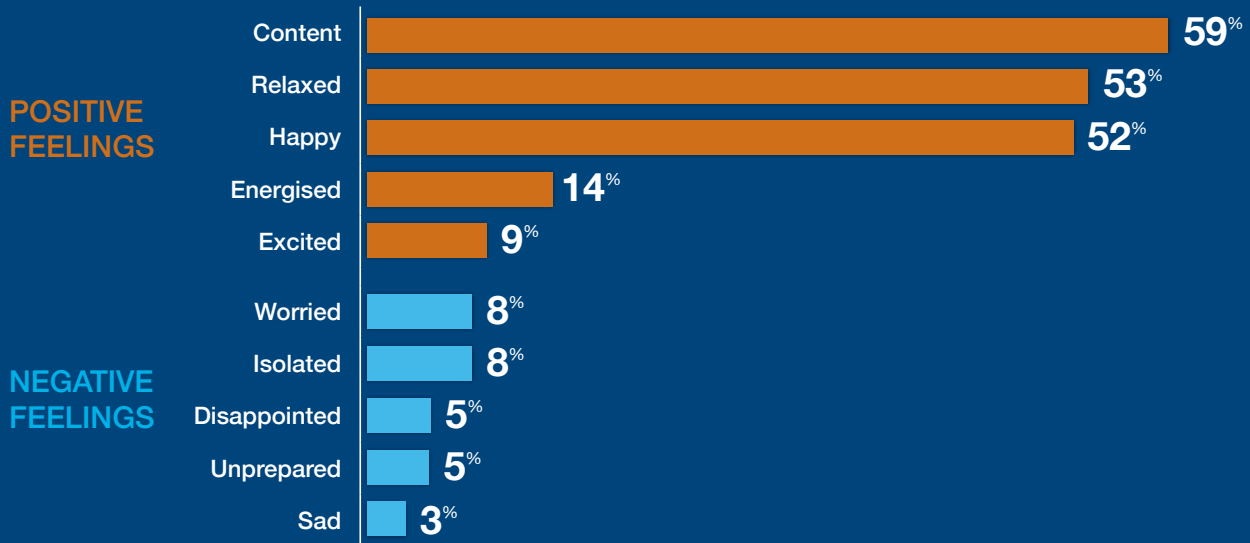
Regardless of age or income level, it appears that our pensioners are overwhelmingly happy and content, which is what you would want for your members. In fact, this is what we would want for all Australians throughout their lives. Time and freedom are what really matters when it comes to our feelings of being content and happy, and money can't buy that.

However, there were some important findings when examining the youngest age group in retirement.

Those under the age of 60 were less positive about their retirement. The key drivers of this were the high cost of living (27%), the lack of identity from not being employed (23%) and having a smaller social circle (21%). To stay afloat in the first years of their 'new life' in retirement it appears many young retirees are needing more assistance to transition to retirement, including adapting to both the financial and social factors.



## HOW ARE YOU FEELING ABOUT YOUR LIFE IN RETIREMENT?



The feelings towards retirement are particularly interesting when the financial aspects of retirement are also considered, these are explored further in the **Financial Matters** section on page 11.

### KEY INSIGHT #1

#### MORE 'ME' TIME IN RETIREMENT PROVIDES CONTENTMENT AND HAPPINESS

Life after paid work is good for the vast-majority of members. There is a direct correlation between the feelings of contentment, happiness and 'me' time State Super members have in retirement. The strongest indicator for that extra time? A significant 95% of State Super members believe it is because of their State Super pension.

### KEY INSIGHT #2

#### TRANSITION INTO RETIREMENT IS SOMETIMES COMPLEX AND DIFFICULT

New retirees (those under the age of 60) are almost three times more likely to be worried, disappointed and unprepared and twice as likely to feel isolated in retirement suggesting the need for improved support when transitioning to retirement to help navigate expectations.

Potentially support could be improved for new retirees. We suggest there could be opportunities for education providers (informal and formal) to offer unique offerings to those entering retirement, particularly as retirement ages are more flexible now than in the past.

# WHAT'S IN A NAME?

97%

Don't feel that retirement is the right word for life beyond paid work

The word 'retirement' was coined in the late 19th century and is defined as 'the withdrawal of one's position or occupation in working life'. While this may have been the case more than 100 years ago, it certainly doesn't suit those exiting the paid workforce today.

Only 3% of members felt that the word retirement adequately represented their life now. Those over 80 were most likely to prefer the word retirement (5%).

In addition, 43% of members believe the definition of retirement did not accurately describe their experience. It is the oldest generation that believe the definition does not suit their experience in retirement (47% compared to the total average of 43%).

It is clear that the existing definition of retirement fails to accurately describe the possibilities of retirement in today's age. If we were choosing a word today for what life looks like as we hit our mid-60s, 70s and 80s, it seems unlikely that we'd land on 'retirement'. While these years bring many changes, this time of life is anything but a withdrawal or retreat.

## What should the new retirement be called?

		%
1	The Next Act	21
2	The Age of Experience	18
3	The Golden Age	11
4	Transformation Age	9
5	Evolution	7
	... Retirement	3

Retirement is not a descent into uselessness. We should be defined by the kind of person we grow into throughout our career... and will continue to grow into... in this so called 'retirement.'

Male Engineer,  
65-69 years old

### KEY INSIGHT #3

#### THE DEFINITION OF RETIREMENT NEEDS A FACE-LIFT

50% of retirees prefer either 'The Next Act', 'The Age of Experience' or 'The Golden Age' as replacements for the word retirement. The negative preconceptions of retirement, namely, that you 'retire from active life' seems to be the major reason for the need to change. A re-think of the style of communication to retirees by Government and industry is needed to align with the realities of life beyond paid work.

# FINANCIAL MATTERS

The overwhelming majority of State Super members (95%) surveyed feel that having a regular State Super pension means they are able to focus on other things in retirement, such as spending time with family and friends while enjoying a slower pace of life.

**95%**  
Believe having a regular pension means they can focus on other things

With the current focus by government and industry on sustainable income products in retirement, this is a particularly pertinent finding considering the overwhelmingly positive feelings to being in retirement by our members.

However, regardless of income levels, day-to-day living expenses are the most pressing in retirement. For just over half of the respondents, day-to-day living costs were their greatest expense in retirement. While those under the age of 60 were significantly more likely to list housing expenses as their main expense.

In terms of adequacy in retirement, respondents were mixed on whether society places too much emphasis on having enough money in retirement, with just over half in agreement (55%). Interestingly, those who had a lower personal income level (less than \$59,000) were more likely to agree that society places too much pressure on money in retirement (62%).

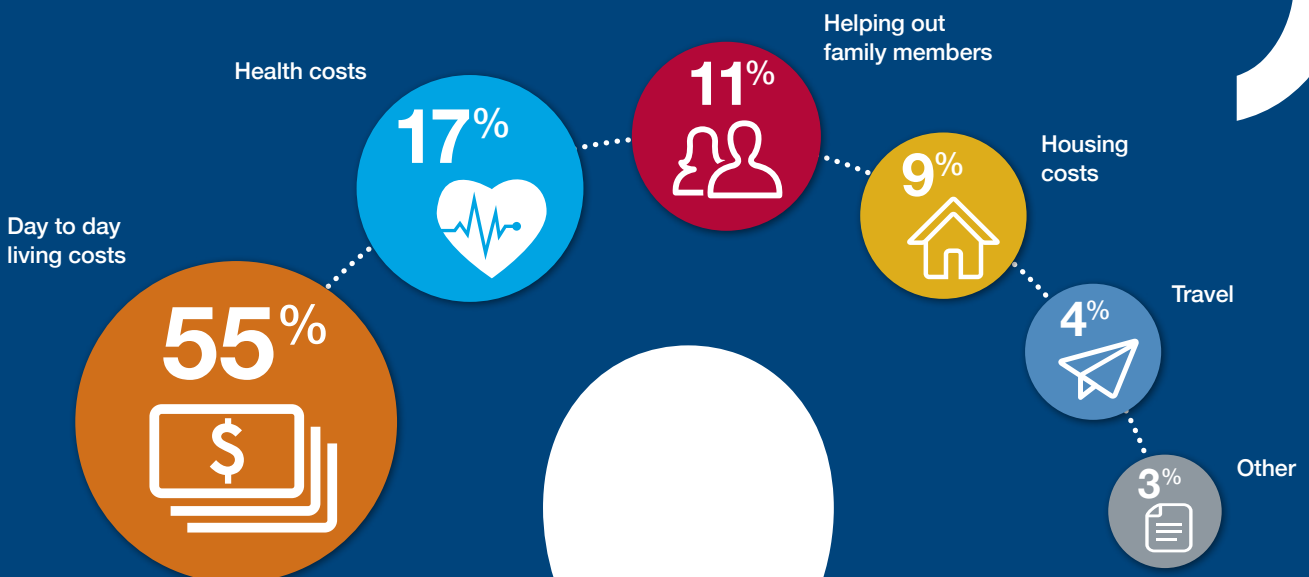
It appears budgeting and managing expectations is a key priority in retirement, regardless of income and age.

Interestingly, those with a lower personal income (less than \$59,000) before retiring were more likely to face costly health bills in retirement, while those who had a high personal income (\$150,000+) are more likely to find that helping kids/family members financially is a big expense.

It's important to get the right balance between lifestyle, health, happiness, finances, family, travel and home. Money really isn't everything.

**School Principal,  
75-79 years old**

## GREATEST EXPENSES IN RETIREMENT



## Reasons for going back to the paid workforce

	%
Financial Reasons	36
Lifestyles Reasons	27
Boredom	17
Fulfilment / self worth / contribute to others	5
To keep my mind active / challenged	4
I like my work	3
To try something different	2
I never stopped / haven't stopped	2
If the opportunity came up	2
To pass on / use my skills	1
Other	2

Be careful about moving away from the area you know and the family and friends you have.

**Male Police,  
60-64 years old**



### KEY INSIGHT #4

#### REGULAR INCOME MEANS MORE TIME

There will always be financial challenges in retirement, regardless of age and income level. However, there is evidence to suggest that a regular State Super pension does provide a sense of stability in retirement. This in turn enables retirees to focus more on non-financial matters, such as family, friends, hobbies and travel.

### KEY INSIGHT #5

#### FINANCIAL PRESSURES FORCE SOME RETIREES BACK TO THE PAID WORKFORCE

Financial reasons are the primary reason why 36% of members might consider going back to the paid workforce. Budgeting and managing expectations in retirement is an important skill. Financial reasons for re-entering the workforce are more pressing for those that enter retirement before they are 60 years old and for those who earned more than \$100,000 prior to retiring.

In some instances, varying financial and social pressures in retirement are influencing members' decisions to go back into the workforce. One in five (21%) respondents were either going to enter the workforce again or were seriously considering it.

For those considering going back to work, 64% were doing so for non-financial reasons including lifestyle (27%), boredom (17%) or to exercise self-worth (5%)

Unsurprisingly, those under the age of 60 were significantly more likely to consider going back into the paid workforce (50%) compared to those in their 60's (28%) and those in their 70's (10%).

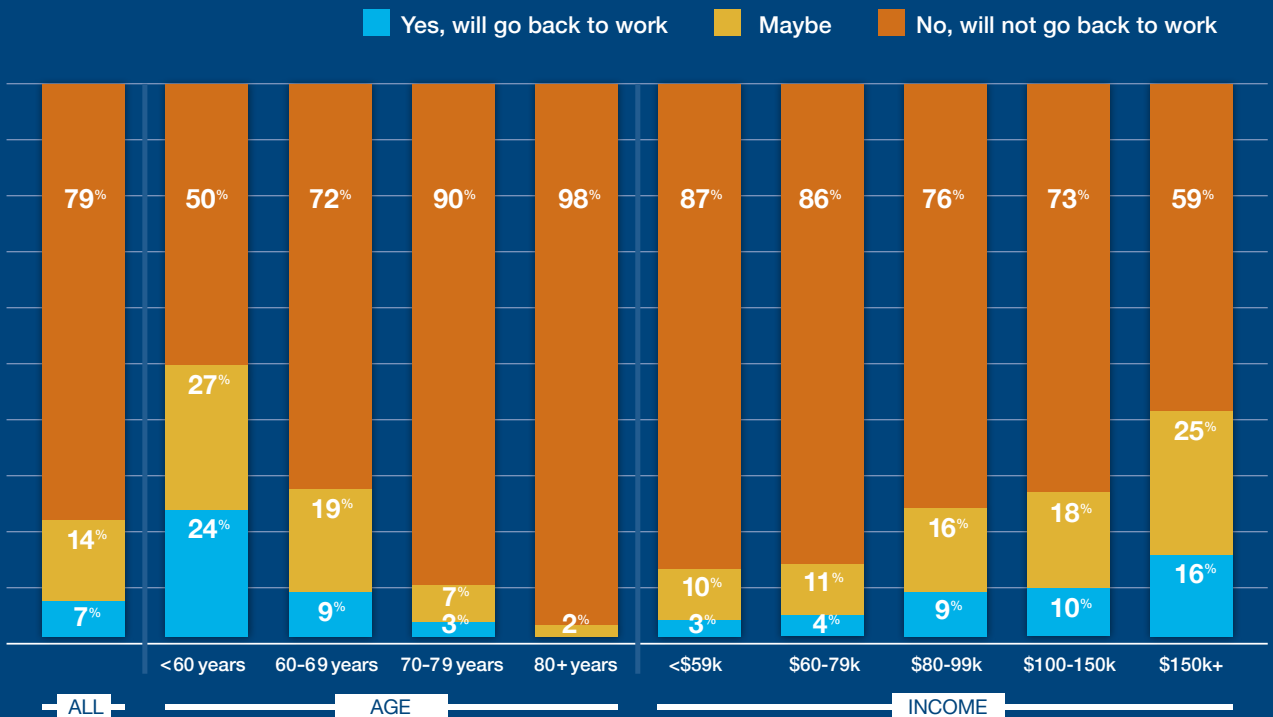
Respondents who were earning more than \$100,000 before retirement were also likely to think they will go back into paid employment (41%).

### KEY INSIGHT #6

#### NON-FINANCIAL REASONS INFLUENCE SOME RETIREES BACK INTO THE PAID WORKFORCE

Financial pressures are not the only reason why retirees consider heading back into the paid workforce. Two thirds or 64% of members who responded they are considering going back to paid work cited lifestyle reasons. Keeping active both mentally and physically and exercising self-worth were identified as key motivators.

## RETURNING TO THE WORKFORCE – BY AGE / INCOME





# TIME OF YOUR LIFE

One of the major drivers for the survey was understanding how expectations of members changed over time and more specifically what their expectations were prior to retiring compared to what they are now during life after paid work.

Members were asked to think about their time 10 years before retirement and rank a number of financial and lifestyle factors. We also asked them to do the same now that they are in retirement.

A clear picture emerged. While money and career were prominent in the 10 years prior to retirement, these priorities take a significant backseat once people are in

retirement. Health and relationships become the two most important factors in people's lives beyond paid work. These findings lead us to believe that the regular State Super pension affords a level of financial freedom where members don't worry as much about having enough money to live.

## How are you feeling about your life in retirement?

	10 YEARS BEFORE RETIREMENT	PRESENT DAY
1	Having enough money to live and provide for my family	Looking after my health and wellbeing
2	My career	My relationship
3	My relationship	Spending my time with family and friends
4	Looking after my health and wellbeing	Having enough money to live and provide for my family
5	Having enough savings in retirement	Going on regular holidays
6	Spending time with family and friends	Having enough savings
7	Paying off my debts	Being able to provide for my family and loved ones
8	Going on regular holidays	Giving something back to the community
9	Having an active and full social life	Having an active and full social life
10	Giving something back to the community	Hobbies



### HEALTH AND WELLBEING

While health and wellbeing figured prominently throughout their life, for those that have left the paid workforce it proved to be the number one priority in retirement.



### RELATIONSHIPS

The importance of loving relationships grew for retirees once they had exited the paid workforce, with 92% believing it is important to have a life partner to share their new-found time and lifestyle in retirement. Interestingly, more men ranked relationships as the most important value in retirement (25%) compared to women (14%). Our male and female respondents are primary recipients of their pension.



### MONEY

88% of respondents believed having enough money to live and provide for family was the number one value prior to retirement. For those under the age of 60 it was easily the most important for them prior to and in retirement.



### COMMUNITY

30% of retirees said giving back to the community was an important factor in retirement. Double the figure for those 10 years prior (16%).

More education is needed and in different ways, financially and socially, particularly partner relationship challenges.

**Male Engineer, 65-69 years old**

#### KEY INSIGHT #7

#### RELATIONSHIPS ARE EXTREMELY IMPORTANT IN RETIREMENT

The importance placed on relationships (spouse or otherwise) increases in retirement. The time spent together, reliance on one another and the fact that all dependents have moved out of the family home would all play a factor. This is especially true for men in retirement with one in four believing this to be the most important priority. Increased focus and investment in education programs and initiatives designed to support relationships in retirement are an important future focus for industry and government.

#### KEY INSIGHT #8

#### CONTRIBUTING TO SOCIETY BECOMES MORE IMPORTANT IN RETIREMENT

While it didn't rank in the top five priorities for respondents in or before retirement, being able to give back to the community grew significantly. In fact, it doubled in importance for people once in retirement, regardless of gender, income and age. More time means finding meaning through volunteer and unpaid work for a lot of our members, which should be further encouraged and supported.

# INTERGENERATIONAL ADVICE

**48%**

Respondents believe the number one piece of advice for those people nearing retirement would be to take time to prepare financially so they can lead the lifestyle they want in retirement.

The financial preparations for retirement is an extremely important factor and one that State Super members don't take lightly, with almost half of respondents advising others approaching retirement to take time to prepare financially.

Financial advice beat out non-financial advice factors by 60% to 40% in preparing for retirement. Members felt financial matters were twice as important to consider than lifestyle. Notwithstanding this, 19% of surveyed members believe their one piece of advice is to be more prepared for the lifestyle changes in retirement.

The overall feedback from members who took the survey was to 'seize the day' when it came to life after paid work. Open ended comments on the best advice to those planning for retirement included

variations on 'live life to the full' 'keep busy both intellectually and physically' and 'do it your way', while some said it 'depends on the individual'.

Our members currently receiving a State Super pension suggested there are some ways the retirement system can help those Australians nearing retirement to financially prepare. The most commonly chosen suggestions were to increase the mandatory super contribution rate, a focus on better retirement products and more tax friendly policies.



Take time to prepare financially and have a 'realistic' plan well before nearing the age of retirement.

**Male Contracts Manager,  
60-64 years old**

## Ways the system needs to change to improve retirement

		%
1	Increase super contribution rate	37
2	Focus away from lump sum and into better products	36
3	More tax friendly policies	35
4	Mandatory education programs	24
5	Other	19



#### **KEY INSIGHT #9**

### **RETIREMENT PROFESSIONALS AND EXPERTS ARE NEEDED MORE THAN EVER BEFORE**

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Preparation is clearly the most important factor for individuals nearing retirement. A number of survey participants indicated that those close to retirement would be well served with strategic one-on-one advice. Financial preparation nearing retirement is highly specialised, unique and specific to the individual or couple. There are opportunities for dedicated retirement advisers and awareness programs to make these types of services more accessible.

#### **KEY INSIGHT #10**

### **LIFE BEYOND PAID WORK IS UNIQUE TO THE INDIVIDUAL AND CAN'T BE DICTATED BY PAST EXPERIENCES OR PREVIOUS GENERATIONS**

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The overall feedback from members who took the survey was to 'seize the day' when it came to life after paid work. Open ended comments on the best advice to those planning for retirement included variations on 'live life to the full' 'keep busy both intellectually and physically' and 'do it your way', while some said it 'depends on the individual'.

# CONCLUSION

Most retirees surveyed for *Beyond Paid Work* were generally happy with their life after paid work, but many felt that the traditional definition of retirement, and the actual name itself ('retirement'), does not reflect their circumstances. They were quick to highlight the financial importance

of retirement on the one hand and on the other express the importance of 'doing retirement your way'.

The following details the specific insights while raising important questions to address and explore as an industry.

## Key insights and actions

KEY INSIGHTS	QUESTIONS TO CONSIDER AND EXPLORE
1 More 'me' time in retirement provides contentment and happiness	How do we encourage and further promote the overwhelming positive outcomes of people in retirement? Is it purely financial? Or are there others factors involved?
2 Transition into retirement is complex and difficult	How can we better prepare individuals for retirement even when they are forced to retire due to medical reasons? What financial and social programs can we develop to better equip young retirees transition smoothly, while set expectations of what life beyond paid work is like?
3 The definition of retirement needs a face-lift	Can we use an alternative name that better incorporates the realities and expectations of those who are living beyond paid work?
4 Regular income provides stability	How can we improve retirement products post accumulation?
5 Financial pressures force some retirees back to the paid workforce	Is there a better and easier way for people to re-enter the paid workforce after preservation age without being financially penalised?
6 Non-financial reasons influence two thirds of retirees back into the paid workforce	We have created a good system but some people need to keep active past preservation age, what can we do as a system to better support them?
7 Relationships are extremely important and even more so in retirement	What soft skill services can industry stakeholders offer, such as counselling and life coaching?
8 Contributing to society is important in retirement	How can we acknowledge the important role beyond paid work people provide our society? How does this help contribute to self-worth?
9 Retirement professionals and experts are needed more than ever before	How can we better transition people into retirement in order to develop bespoke retirement plans based on individual and unique needs and circumstances?
10 Life beyond paid work is unique to the individual. Past experiences of previous generations can't dictate the new needs for retirees today	What impact will the 'tailorisation' of life beyond paid work impact our existing post-employment structures including housing, entertainment, volunteering and health industries?







**STATE SUPER**  
SAS Trustee Corporation

## ABOUT STATE SUPER

SAS Trustee Corporation (STC), otherwise known as State Super, is the Trustee of the State Authorities Superannuation Scheme (SASS), State Superannuation Scheme (SSS) and Police Superannuation Scheme (PSS).

They are also the Trustee of the State Authorities Non-contributory Superannuation Scheme (SANCS) which provides an additional benefit for members of each of these schemes.

The assets of all four schemes have been combined into the STC Pooled Fund. STC is one of Australia's largest superannuation schemes with over 100,000 members and approximately \$42 billion in assets (as at 30 June 2017).

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