September 2026

Strong and Steady

How Australia Retires

Foreword

Vanguard has proudly supported Australians on their retirement journeys for more than 30 years, providing low-cost investment solutions and, since 2022, superannuation services through Vanguard Super.

Australia can be proud that its retirement system is among the strongest in the world. Australians now have more than $4.4 trillion invested in superannuation and our retirement savings pool is on track to become the second largest in the world by the 2030s.

Yet retirement is also evolving. Australians are living longer, housing costs are reshaping expectations and navigating the financial system has become increasingly complex. While younger Australians are on track to accumulate larger superannuation balances than today's retirees, they are also more likely to carry mortgage debt or continue renting later in life.

This fourth edition of Vanguard's How Australia Retires report explores how Australians are preparing for retirement, how confident they feel about their prospects and the factors shaping retirement outcomes. We examine the role of financial literacy, retirement planning, superannuation engagement, housing and lifestyle expectations, while also considering how the broader retirement system may evolve in the years ahead.

Our findings suggest small actions today can make a big difference tomorrow. Developing a retirement plan was the factor most strongly associated with confidence, highlighting the importance of planning ahead. At the same time, we see opportunities for policymakers, industry and superannuation funds to help Australians better navigate retirement by strengthening financial literacy and improving access to guidance and advice.

We are grateful to the almost 2,000 Australians who shared their experiences and perspectives as part of this research. We hope these findings provide valuable insights for current and future retirees, industry participants and policymakers, and contribute to ongoing discussions about how Australia can continue to strengthen its retirement system now and into the future.

Daniel Shrimski
Managing Director, Asia Pacific
Vanguard

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Executive summary

The How Australia Retires 2026 report examines how prepared Australians are for retirement, how confident they feel, and the key factors shaping outcomes.

Based on a nationally representative survey of over 1,800 Australian adults, the report covers key areas including financial and retirement literacy, retirement planning, retirement income expectations and the role of housing in retirement.

New to this year's report are insights into Australians' lifestyle expectations in retirement, including how they prioritise spending and the trade-offs they are willing or unwilling to make.

Key findings

Financial and retirement literacy remains a challenge

Australians continue to struggle with key aspects of the retirement and financial system. Six in 10 respondents (62%) could not correctly identify the age at which Australians can generally access their superannuation, while 45% would not feel confident explaining the fees charged on their super account. While financial literacy tends to be higher among older Australians, confidence in understanding financial products remains low across the population, including for superannuation.

Australians with a retirement plan feel more confident

Almost half (45%) of working-age Australians reported having no retirement plan. Yet planning emerged as one of the factors most strongly associated with retirement confidence, with those who report a clear plan more likely to express high confidence, and those with no plan more likely to report low confidence.

Younger Australians expect a more challenging path to retirement

Most working-age Australians expect to retire between the ages of 66 and 67, compared with an average retirement age of 62.6 among retirees in the survey and 63.8 reported by the Australian Bureau of Statistics (ABS).

Australians aged 18-44 also believe they will need household income of more than $90,000 per year to fund their retirement, which is significantly above the Association of Superannuation Funds of Australia (ASFA) "comfortable" retirement benchmark for a couple. Consistent with these expectations, working-age Australians were less positive about retirement than retirees, with 41% reporting positive retirement sentiment compared with 61% of retirees.

Health is the least negotiable part of retirement spending

Australians do not typically expect an extravagant retirement, but health remains a clear priority, with many indicating a willingness to spend on comprehensive private cover and extras. Health stands out as the least negotiable area of retirement spending. Nearly one in four retirees (24%) report being completely unwilling to make trade-offs, the highest proportion across all lifestyle options, underscoring the importance Australians place on maintaining their health and access to care in retirement.

Mortgages are following Australians into retirement

Retirement is evolving alongside changing housing patterns. While seven in ten Baby Boomers (71%) report owning their home outright, nearly one in two Gen Z Australians (48%) and more than one in three Millennials (37%) expect to retire with a mortgage, with a growing share also expecting to rent. This shift suggests more Australians may enter retirement without outright home ownership, which has implications for retirement income needs and is associated with lower retirement confidence.

Five factors that can improve retirement confidence

Our analysis identified five actionable factors linked to higher retirement confidence:

1. Building a retirement plan
2. Improving financial literacy
3. Understanding how superannuation and the Age Pension work
4. Making voluntary super contributions
5. Engaging with super at least every six months

Our modelling shows that, together, these actions increase the likelihood of high confidence and significantly reduce the likelihood of low confidence for individuals who are less engaged in retirement planning and superannuation.

Recommendations

While Australians can take meaningful steps to improve their retirement preparedness, there are also opportunities for policymakers, industry and superannuation funds to help Australians navigate an increasingly complex retirement landscape.

Based on our findings, we make three recommendations:

1. Strengthen financial literacy and retirement planning to help Australians make more informed decisions, with a particular focus on improving understanding of superannuation and supporting earlier engagement across different life stages.
2. Help Australians prepare for a future where renting or carrying mortgage debt in retirement may become more common by helping them understand and plan for the impact these arrangements have on retirement income needs.
3. Increase access to guidance and advice to support Australians navigate complex retirement decisions and make informed choices across their broader financial situation.

Financial and retirement literacy

Overview

Financial literacy and capability play a critical role in shaping Australians' ability to navigate financial decisions and the retirement system, yet our findings highlight clear gaps in both knowledge and understanding.

To better understand how well Australians are equipped to make informed financial and retirement decisions, we explore four key areas:

1. **Financial literacy** across age groups and gender.
2. **Retirement literacy**, including understanding of the retirement system and access to superannuation.
3. **Confidence with financial products**, including banking products, superannuation and investments.
4. **Understanding of superannuation**, including fees and investment risk.

Financial literacy

To gauge financial literacy, our survey asked respondents three simple questions on interest rates, inflation and diversification, foundational concepts in financial decision making.

Developed by U.S. researchers Annamaria Lusardi and Olivia Mitchell, these questions have been widely used to measure financial literacy around the world.[1]

We found that:

- A clear relationship emerged between age and financial literacy. As Figure 1 shows, scores were similar among Australians aged 18 to 44, before increasing in older age groups.
- Women scored lower than men across all age groups. The greatest gap was observed among those aged 45-54, with men scoring 76% compared to 58% for women, an 18-percentage-point difference.
- Older men demonstrated particularly strong levels of financial literacy, with average scores exceeding 80% from age 55 onwards and remaining above the overall population.

This year's results are broadly consistent with those of 2025. However, there are some signs of improvement among younger Australians, with those aged 18-24 recording higher scores than last year, although they continue to trail older Australians. Year-on-year movements were mixed across other cohorts, with declines observed among women aged 25-54.

FIGURE 1:

Financial literacy by age and gender

1 To measure financial literacy, we asked respondents to answer the "Big Three" financial literacy questions:

1. Suppose you put $100 into a no-fee savings account with a guaranteed interest rate of 2% per year. You don't make any further payments into this account and you don't withdraw any money. How much would be in the account at the end of the first year, once the interest payment is made? (Answer: Exactly $102)

2. Imagine now that the interest rate on your savings account was 1% per year and inflation was 2% per year. After one year, would you be able to buy more than today, exactly the same as today, or less than today with the money in this account? (Answer: Less than today)

3. Is the following statement true or false. Buying shares in a single company usually provides a safer return than buying shares in a number of different companies. (Answer: False)

We took each respondent's financial literacy score to be the proportion of questions answered correctly.

Retirement literacy

We also uncovered gaps in Australians' understanding of how the retirement system works.

The retirement system is made up of three key pillars:

1. The means-tested, publicly funded Age Pension.
2. Compulsory, concessionally taxed super savings; and
3. Private savings and other assets held both inside and outside the superannuation system.

To measure retirement literacy, we asked respondents four basic questions about the retirement system to which they could answer true or false. Respondents could also choose "don't know" or "prefer not to say".[2]

FIGURE 2:

Retirement literacy by age and gender

2 The following questions were asked to determine retirement literacy:

1. Everyone in Australia over the age 67 is eligible to get Age Pension if they pass the resident rules, income test, and assets test. (Answer: True)
2. Super fund members can access their superannuation after reaching the age of 50. (Answer: False, "preservation age" is age 60 for people born after 1 July 1964)
3. Employees cannot contribute into their own superannuation funds – only an employer can make contributions. (Answer: False, employees can make voluntary contributions)
4. Superannuation is taxed at a lower rate than other investments (except for owner-occupied housing) (Answer: True)

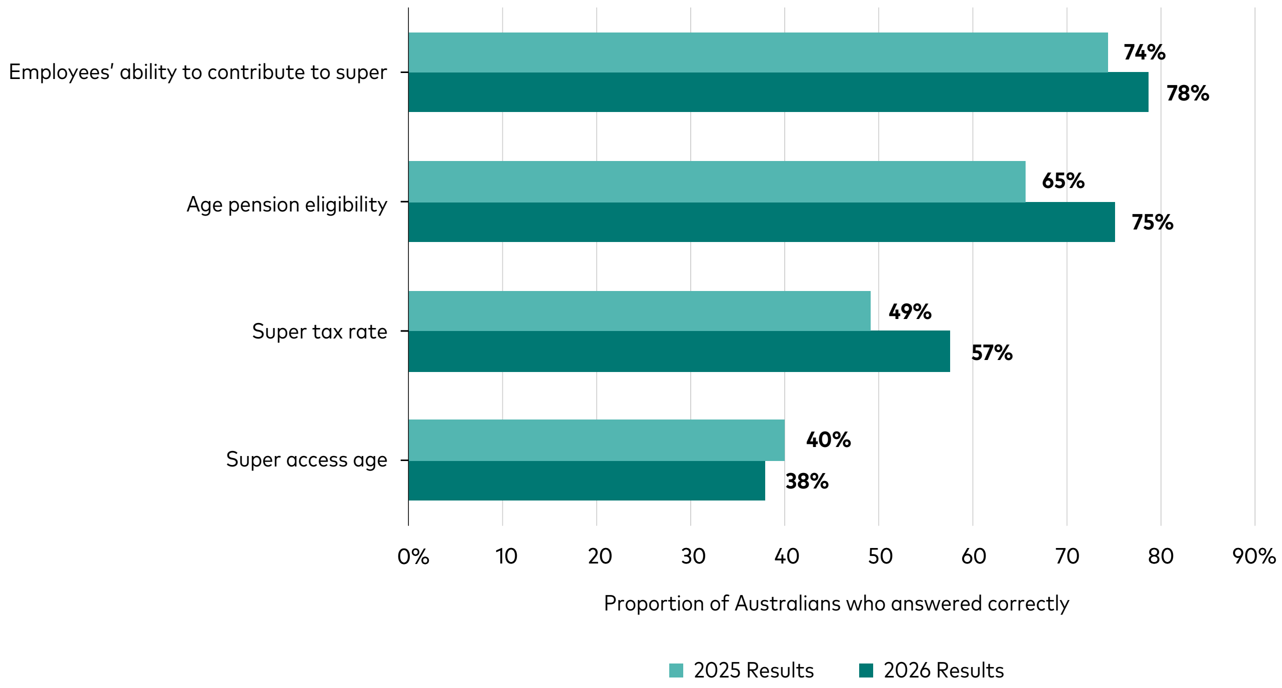
Each respondent's retirement literacy score was taken to be the proportion of questions answered correctly.

We found that:

- Average retirement literacy scores tended to be higher among older Australians than younger Australians.
- A significant gender gap was evident across all age groups, particularly for older Australians (see Figure 2).
- The largest knowledge gap remains around understanding when Australians can access their super savings (see Figure 3).
- Just 38% of Australians correctly identified the super preservation age this year (down from 40% last year), with results particularly low among younger Australians, where fewer than 30% of women aged 18-34 answered this question correctly.

FIGURE 3:

Australians' understanding of the retirement system



Note: The chart displays the share of respondents that answered the respective question correctly.

Financial product knowledge

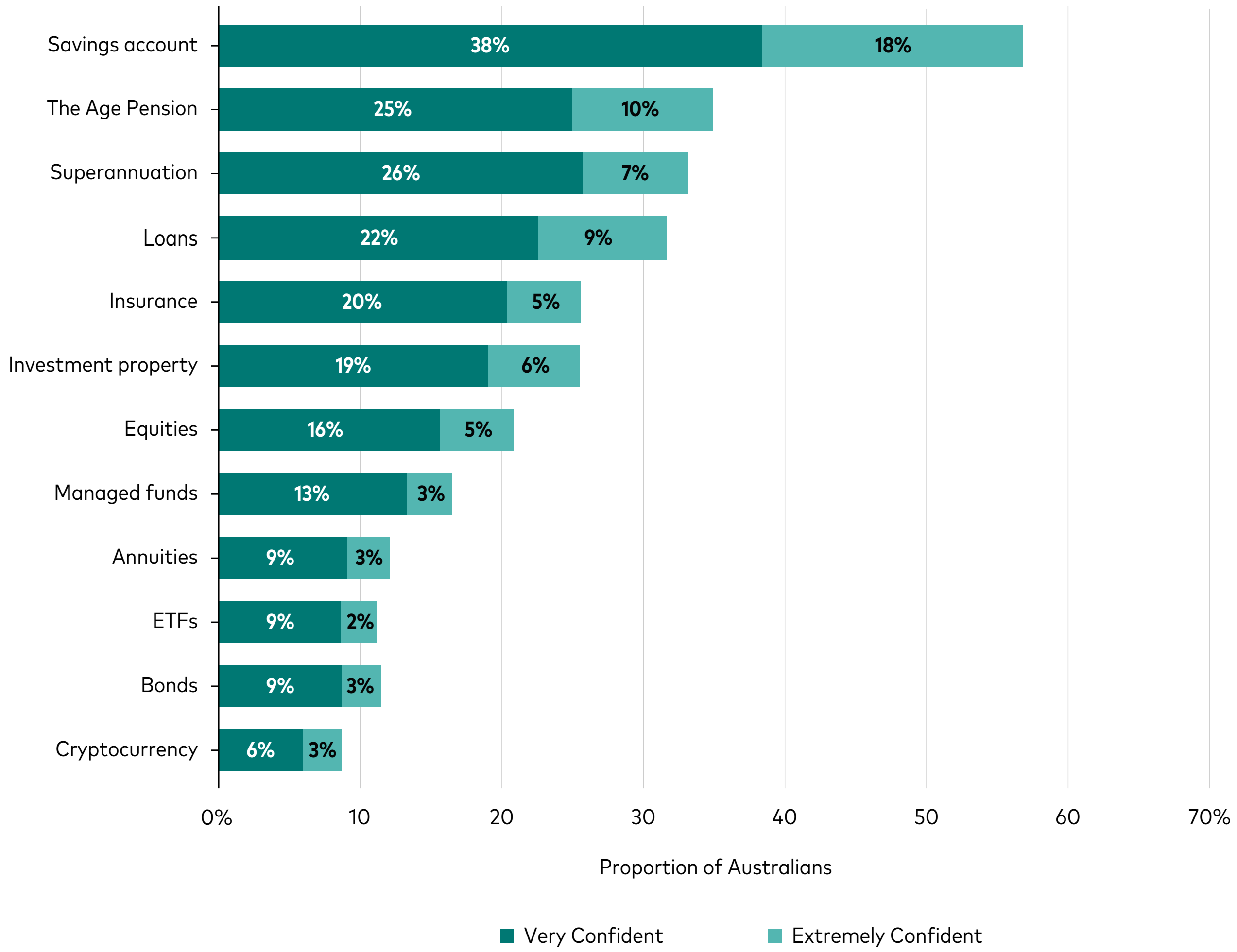
Many Australians lack confidence in making financial decisions and remain unfamiliar with financial products and services, reinforcing patterns observed in previous editions.

We found:

- Only 35% of Australians report being very or extremely confident in making financial decisions, slightly lower than 37% last year.
- Australians report high confidence in their understanding of everyday banking products such as savings accounts, but confidence was lower when it came to super, the Age Pension and investment products (see Figure 4).
- Of note, only around one-third of Australians report high levels of understanding of superannuation, despite its key role in funding retirement.
- Understanding of investment assets was generally low, with lower levels reported for ETFs and bonds compared to shares (equities) and managed funds.
- Only 11% of Australians aged 55 and over reported they were very or extremely confident in understanding annuities, despite their growing role in helping retirees manage longevity risk and generating retirement income.

FIGURE 4:

Australians' confidence managing financial products and services



Note: Respondents were asked "How confident do you feel in your understanding of the following financial products and services?" and had to select from "not at all confident", "slightly confident", "moderately confident", "very confident" and "extremely confident."

Understanding of superannuation fees

We asked Australians about their understanding of superannuation fees, finding that many remain uncertain about how fees work and are applied.

We found:

- Nearly one in two Australians would not feel confident explaining the fees charged on their superannuation account to a friend or family member (see Figure 5a).
- More than one-third of Australians were either not very aware or not at all aware that superannuation funds may charge multiple fees (see Figure 5b).

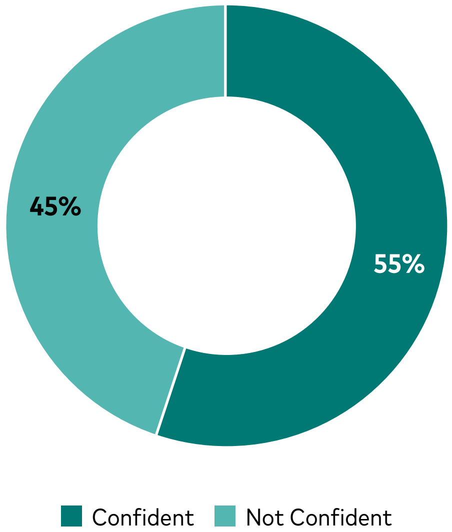
This is concerning given the meaningful impact fees can have on superannuation balances.

Vanguard analysis shows that paying an additional 0.5 percentage points in fees each year can reduce a full-time worker's retirement balance by around $77,000, equivalent to approximately 12.5% of their total accumulated savings.[3]

Given the scale of Australia's superannuation system, which now exceeds $4.4 trillion, and the likelihood that super will be one of the largest financial assets most Australians hold, improving understanding of fees could help members make more informed decisions and support better long-term outcomes.

FIGURE 5A:

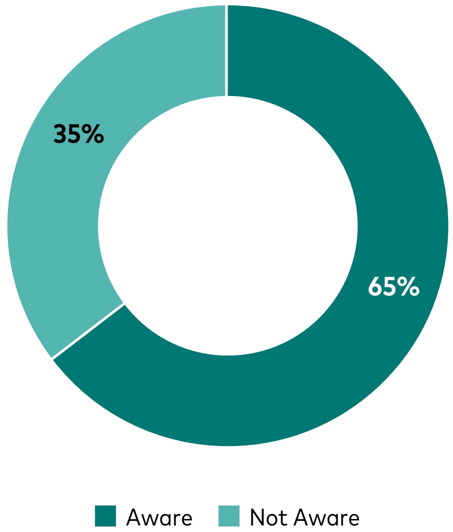
Confidence explaining super fees



Respondents were asked: "If a friend or family member asked you to explain the fees charged on your superannuation account, how confident would you feel explaining it to them?"

FIGURE 5B:

Awareness of super fees



Respondents were asked: "Are you aware that a superannuation fund might charge multiple fees, in some cases up to 6 types of fees, to manage your fund?"

3 Compares two hypothetical MySuper scenarios for a 25-year-old member with a starting balance of $24,004 and salary of $83,200, retiring at 67. Assumes 12% p.a. SG contributions (less 15% tax), 6.4% p.a. nominal returns, $173 p.a. life and TPD premiums and annual fees of 0.56% and 1.06%. Salary and premiums increase by 4.0% p.a. inflation (2.5% CPI plus 1.5% rising community living standards). End balances are shown in today's dollars. This example is for illustrative purposes only.

Perceptions of superannuation investment risk

We also asked Australians to report the level of risk in their superannuation investments and found that most perceive their portfolios as moderately risky.

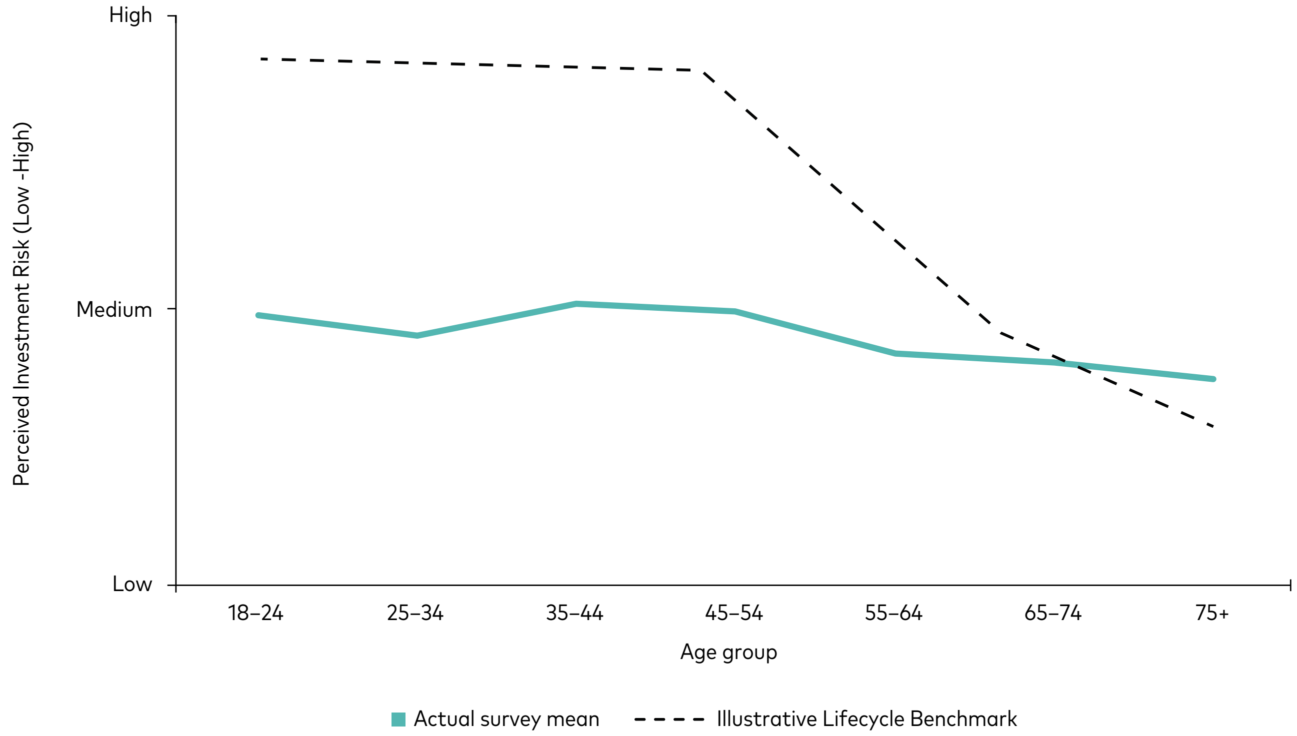
As Figure 6 shows, there was relatively little variation in perceptions of investment risk across age groups.

This pattern may not fully reflect actual portfolio positioning, particularly given a large share of younger Australians are invested in default options, including MySuper options that are generally skewed towards growth assets or lifecycle strategies that gradually reduce risk over time.

While perceptions of risk may vary depending on factors such as age, life stage and investment time horizon, the relatively limited variation in perceived risk across age groups may suggest that some Australians do not fully understand how their superannuation is invested or the level of risk associated with their investment choices.

FIGURE 6:

Australians tend to report similar risk levels



Respondents were asked "Your super is usually invested in a mix of things like shares, debt, property, or infrastructure. The mix can be invested so that it takes different levels of risk and therefore different levels of expected returns. How is most of your super currently invested?" Options ranged from "very low risk" to "very high risk".

The dashed line shows the indicative risk profile associated with lifecycle investment strategies, which typically invest members in higher-growth portfolios earlier in life and gradually reduce risk as they approach retirement.

What this means

Overall, these findings suggest that many Australians are making financial decisions and managing their superannuation with limited knowledge and understanding of financial products, with clear gaps across age groups and gender.

These capability gaps limit Australians' abilities to make informed decisions and shape how they engage with retirement planning, a theme explored further in the next section.

Retirement planning and confidence

Overview

The previous section explored Australians' knowledge and understanding of financial concepts, the retirement system, superannuation and financial products. This section turns to retirement confidence, which reflects how prepared Australians feel to fund the retirement they envisage.

Our findings show that confidence is shaped by both financial circumstances and behaviours, with retirement planning playing an especially important role.

We explore four key areas:

1. **Retirement confidence levels**, including how they vary across age groups and between men and women.
2. **Drivers of confidence**, including the role of savings, debt and the ability to manage expenses.
3. **Retirement planning** and its impact on retirement confidence.
4. **Planning in practice**, including where Australians seek information and advice.

Understanding retirement confidence

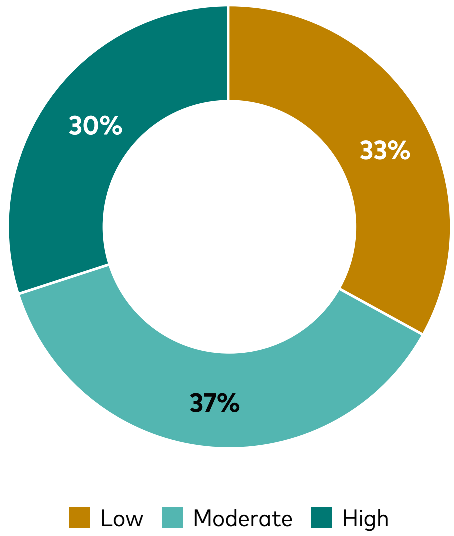
Retirement confidence is a measure of how prepared Australians feel to fund the lifestyle they want in retirement. It captures individuals' perceptions of their financial readiness and ability to meet their desired standard of living in later life.[4]

We found:

- Three in 10 Australians report high levels of retirement confidence, about four in 10 reported moderate confidence and about three in 10 report low confidence (Figure 7). This is broadly similar to findings from last year's survey.[5]
- Older Australians have higher levels of confidence than younger Australians and those in their middle years, who had the lowest confidence overall (Figure 8).
- Australians in higher-income households are more likely to report high confidence, with roughly one in two in the highest income quintile doing so, compared with one in five in the lowest income quintile.
- Men are more likely than women to report high retirement confidence, while women are more likely to report low confidence. This gap remains after controlling for income, wealth, home ownership and age.[6]
- Retirement confidence is similar between retirees and working-age Australians.

FIGURE 7:

Retirement confidence



4 Retirement confidence is measured using the survey question: "How confident are you that you will be able to fund the lifestyle you want in retirement?" Respondents selected from five options ranging from "not at all confident" to "extremely confident".

5 Note: Low confidence refers to responses of "not at all" or "slightly confident"; moderate confidence "moderately confident"; high confidence "very" or "extremely confident".

6 After these adjustments, women were 9 percentage points more likely to report low retirement confidence and 10 percentage points less likely to report high retirement confidence than men.

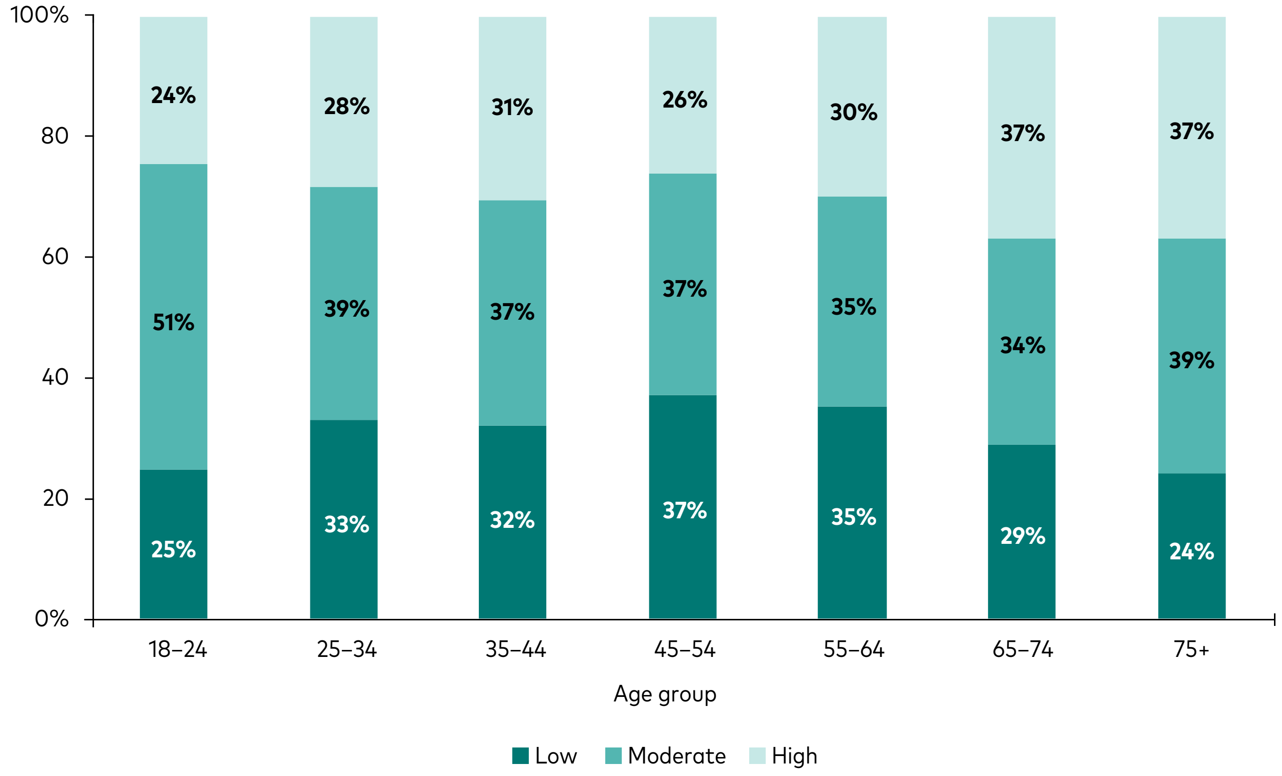
For middle-aged Australians, retirement becomes more of a near-term consideration, while financial pressures, such as mortgages and the costs of raising children, are often elevated. This may contribute to the lower confidence observed among this group.

Higher levels of confidence among older Australians may reflect a combination of greater accumulated savings, lower debt and clearer retirement plans and income sources.

Meanwhile, the gender gap is consistent with patterns seen in financial literacy and retirement literacy. Its persistence after adjusting for income, wealth, home ownership and age suggests that factors beyond financial position contribute to differences in retirement confidence between men and women.

FIGURE 8:

Retirement confidence by age



Drivers and barriers to confidence

To better understand the factors shaping retirement confidence, we asked Australians:

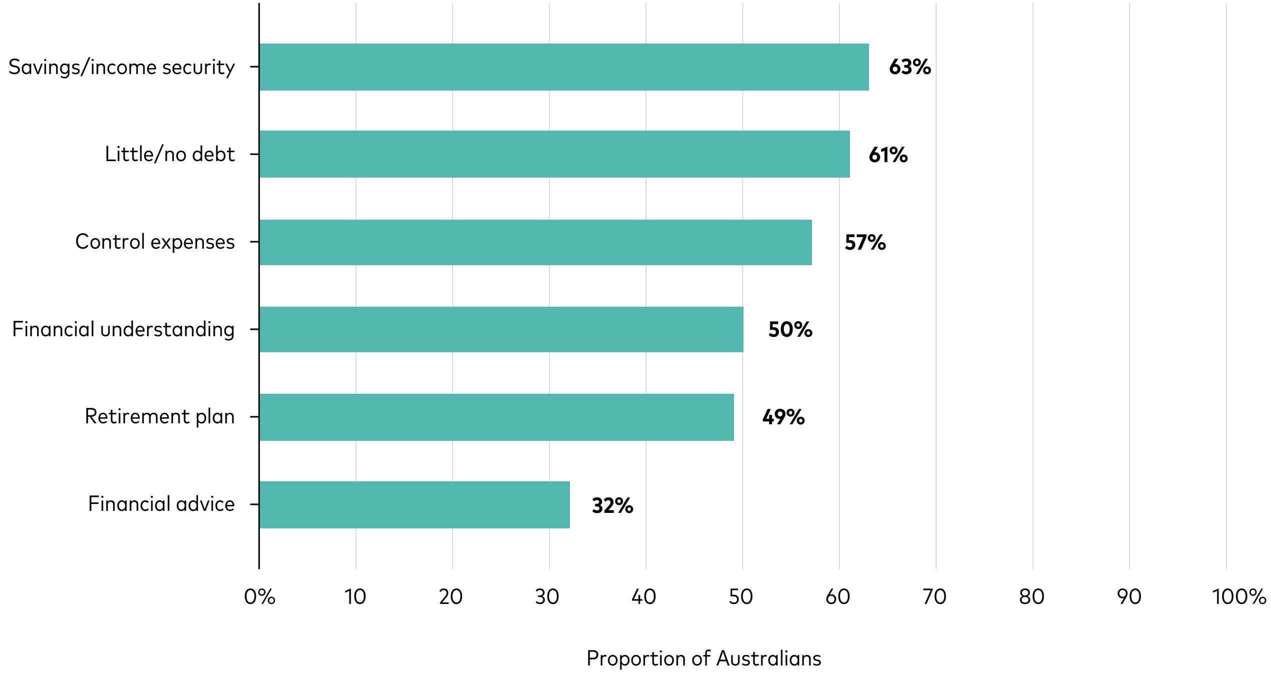
- What factors make them feel confident about funding their retirement.[7]
- What factors make them feel less confident.
- What would increase their confidence.

We found:

- Around two-thirds of Australians with high retirement confidence cited savings and income security as a key driver of their confidence (Figure 9).
- A similar proportion cited having little or no debt as an important contributor to retirement confidence.
- Around six in 10 Australians with high confidence said being in control of their expenses contributed to their confidence.

FIGURE 9:

Drivers of retirement confidence



Questions asked to respondents with moderate or high retirement confidence. Respondents were asked: "Which factors make you feel confident about being able to fund your retirement?"

7 Note: Questions on drivers and barriers to retirement confidence were asked conditionally. Respondents with higher confidence (moderately to extremely confident) were asked about factors contributing to their confidence, while those with lower confidence (not at all or slightly confident) were asked about barriers and what would improve their confidence. Some response options were tailored based on whether respondents were working age or retired.

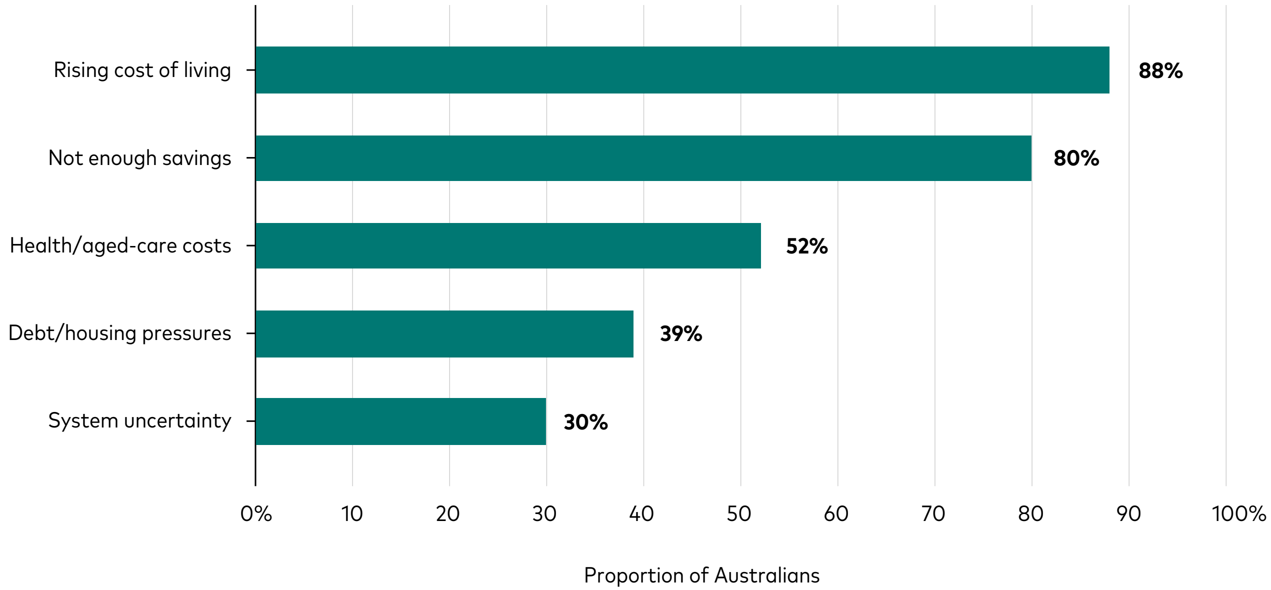
When it comes to barriers to retirement confidence, we found:

- Rising living costs emerged as a key barrier to confidence, identified by almost nine in 10 Australians with low retirement confidence (Figure 10).
- Concerns about not having enough savings were cited by around eight in 10 Australians with low confidence.
- Around one in two respondents identified health and aged care costs as a significant concern.
- Debt and housing pressures were also commonly cited, although they ranked below concerns about living costs, savings adequacy and healthcare expenses.

These findings reinforce that financial security and stability play a key role in retirement confidence. Australians who feel secure about their savings, have manageable debt levels and believe they can control their spending are more likely to feel confident about retirement.

FIGURE 10:

Barriers to retirement confidence



Question asked to respondents with low retirement confidence. Respondents were asked: "What are the main reasons you feel less confident about being able to fund your retirement?"

Retirement planning

Next to financial security and stability, almost half of respondents (49%) identified planning as a key driver of retirement confidence. Yet many Australians have not developed a retirement plan.

As Figure 11 shows, we found:

- Around one in two working-age Australians (45%) have no retirement plan, compared with around one in three retirees (36%).
- Around one in four in both groups (27%) have some level of planning.
- Around one in four working-age Australians (28%) consider themselves well planned for retirement, compared with around one in three retirees (37%).

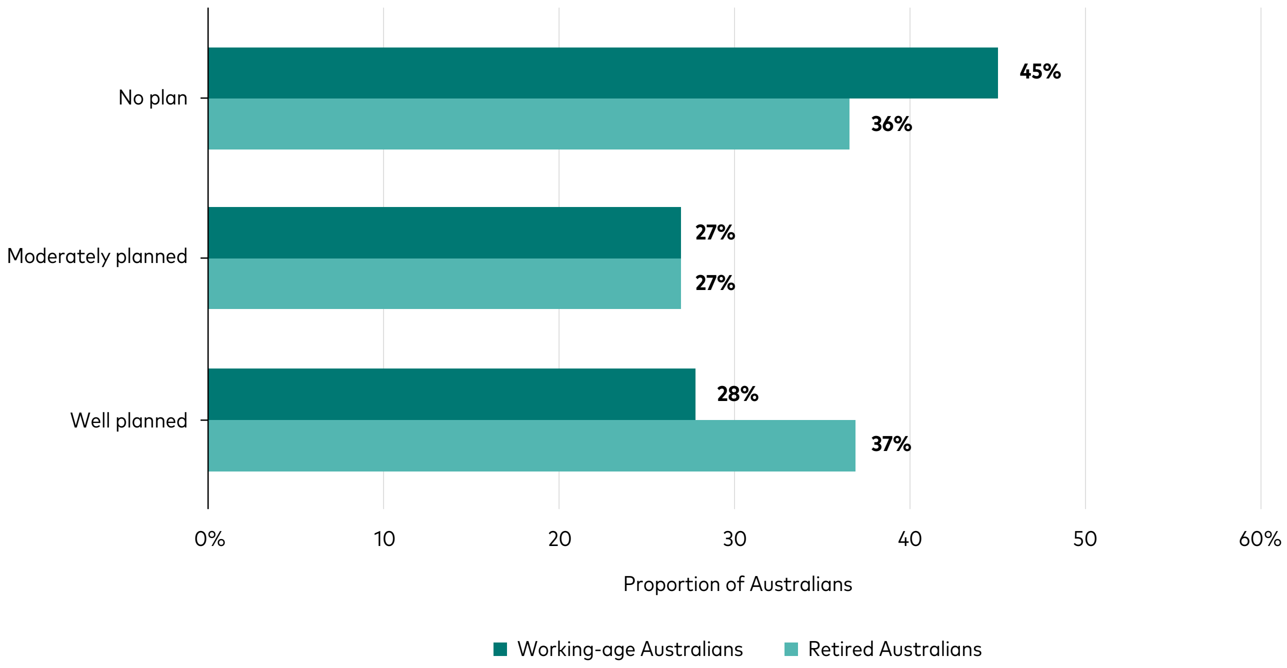
These findings are consistent with patterns observed in previous years and show that many Australians are yet to develop a clear roadmap for retirement.

To better understand what Australians consider part of retirement planning, we asked respondents what they included in their plans.

- Income and super was the most cited element, selected by seven in 10 working-age Australians and six in 10 retirees.
- Housing, healthcare and aged care costs were also widely included – by about one in two Australians.
- Inheritance and legacy considerations were less common, cited by about three in 10.
- However, Australians with the highest level of planning were more likely to include legacy and family planning in their retirement plans.

FIGURE 11:

Self-assessed level of retirement planning



Planning and confidence

Retirement planning is strongly associated with retirement confidence and is one of the areas where individuals can take meaningful action.

As Figure 12 shows, Australians with more developed retirement plans are more likely to report high confidence, while those with limited or no planning are more likely to report low confidence.

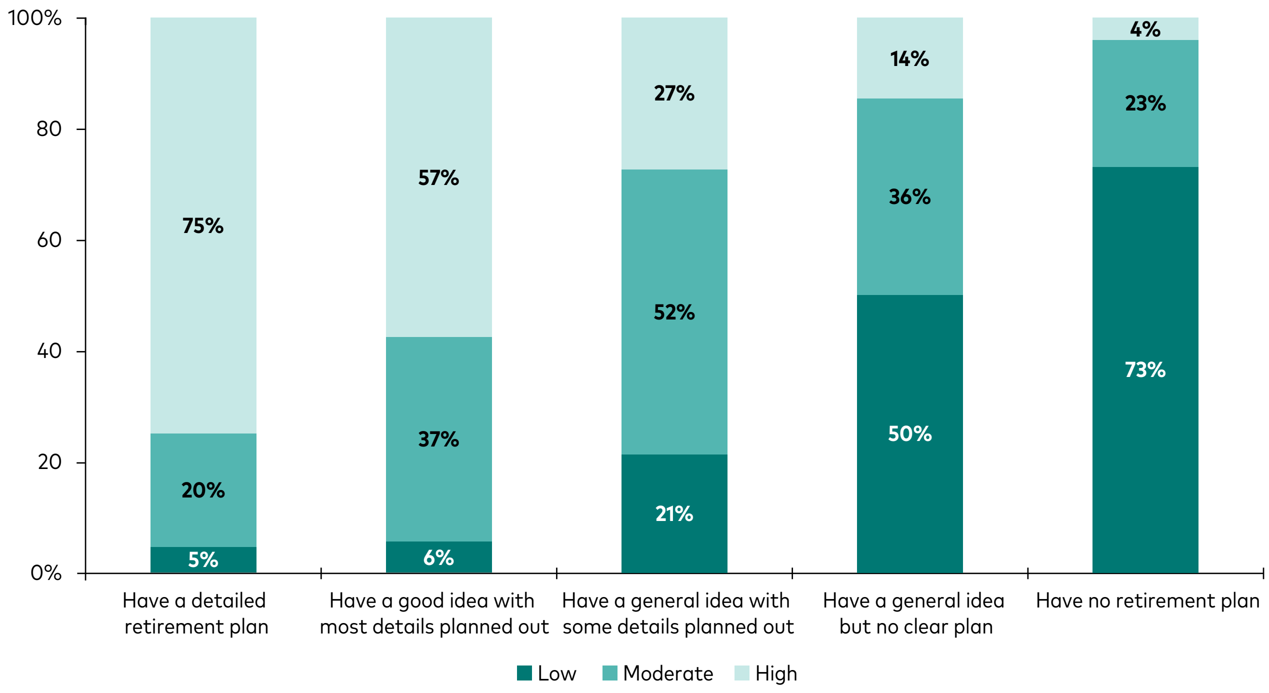
We found:

- 75% of Australians who know exactly what they need and how to achieve it report high retirement confidence compared with just 4% of those with no plan.
- Even partial planning is associated with higher confidence. Those with a good or general idea of their retirement needs report higher confidence than those with no clear plan.
- 73% of Australians with no plan report low confidence, compared with just 5% of those with a fully developed plan.

This relationship remains after adjusting for age, income, home ownership and wealth, indicating that differences in retirement planning are associated with differences in confidence beyond these factors.

FIGURE 12:

Retirement confidence by level of retirement planning



How Australians plan for retirement

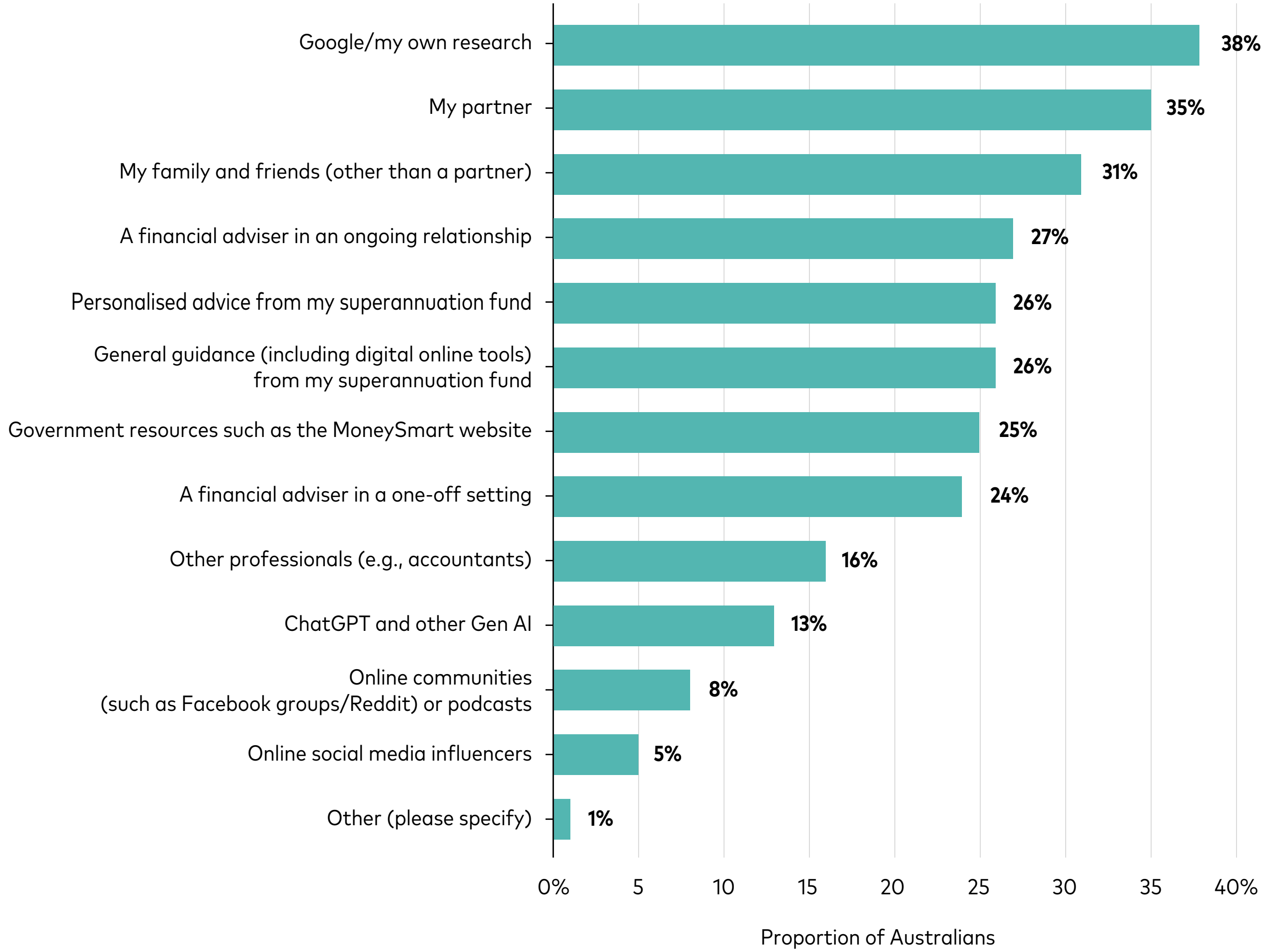
The survey revealed that Australians tend to rely on a mix of personal research and informal networks when planning for retirement.

- 38% of Australians rely on their own research (Figure 13).
- Partners, family and friends were consulted more frequently than financial advisers.
- Despite the growing trend of financial influencers on social media, only 5% of Australians reported relying on these sources for retirement planning.

These findings suggest many Australians are building retirement plans without structured professional guidance.

FIGURE 13:

Where do Australians go for information and guidance when making financial plans for retirement?



Note: Respondents could select multiple options.

The role of advice

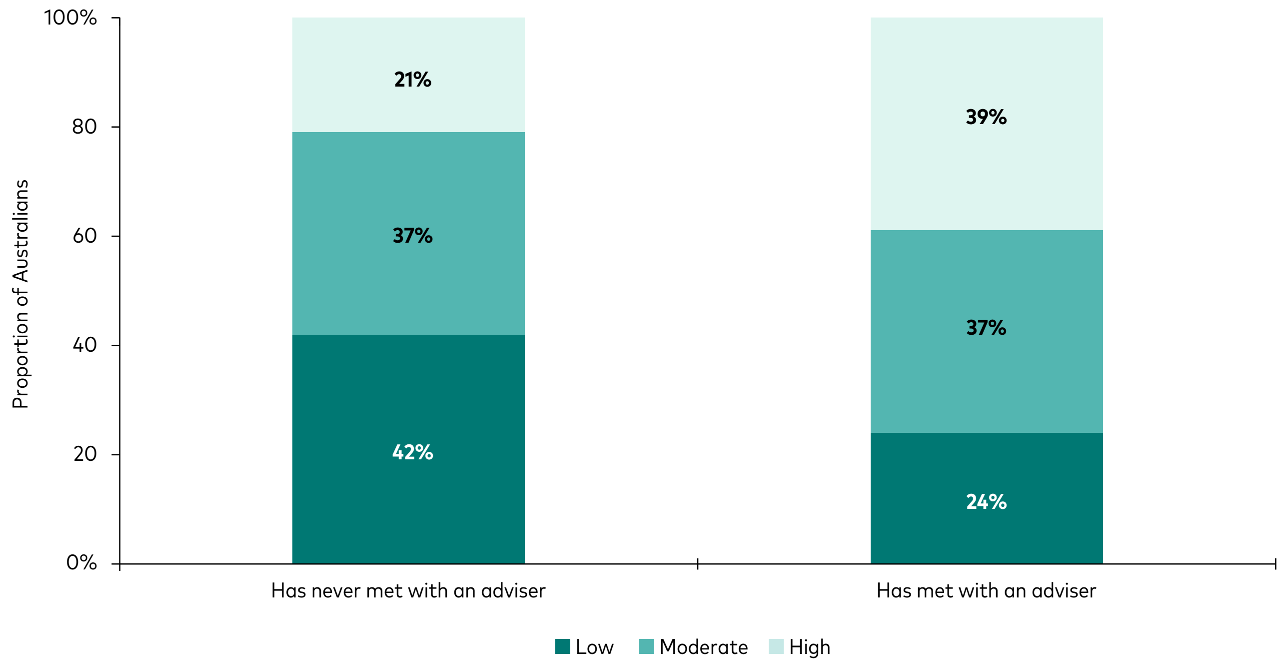
We also examined the relationship between financial advice and retirement confidence.

As Figure 14 shows, Australians who use a financial adviser are more likely to report high retirement confidence (39% compared with 21% for those without an adviser). This association remained after controlling for wealth, income and age.

The findings highlight the role advice can play in helping Australians navigate increasingly complex retirement decisions. Longer life expectancies, evolving retirement income products, superannuation choices and aged care considerations all contribute to a retirement landscape that can be difficult to navigate alone.

FIGURE 14:

Retirement confidence by relationship with financial adviser



What this means

These findings highlight that while financial circumstances, life stage and gender shape retirement confidence, individual actions also play an important role. In particular, building a retirement plan and seeking advice are within Australians' control and can help them feel better prepared.

However, our findings show that many Australians lack a clear strategy for retirement and rely on informal sources such as their own research or personal networks rather than professional guidance.

This points to a clear opportunity to support Australians plan earlier for the retirement they envision. In the next section, we explore this further by comparing working Australians' perspectives on retirement with the lived experiences of retirees.

Retirement expectations and realities

Overview

Our findings suggest there is a meaningful gap between the expectations of working-age Australians and the realities reported by those already in retirement.

These differences matter because expectations influence planning decisions. If Australians misjudge when they will retire, how much income they will require or their ability to continue working, they risk being either underprepared or working longer than necessary.

We compare expectations and realities across four areas:

1. **Retirement timing**, including ideal, realistic and actual retirement ages.
2. **Retirement income**, including expected and observed income levels.
3. **Retirement funding**, including sources of income and work patterns in retirement.
4. **Retirement sentiment** and the differences between working-age Australians and retirees.

Retirement timing

To better understand Australians' retirement expectations, we asked those who have not yet retired two questions:

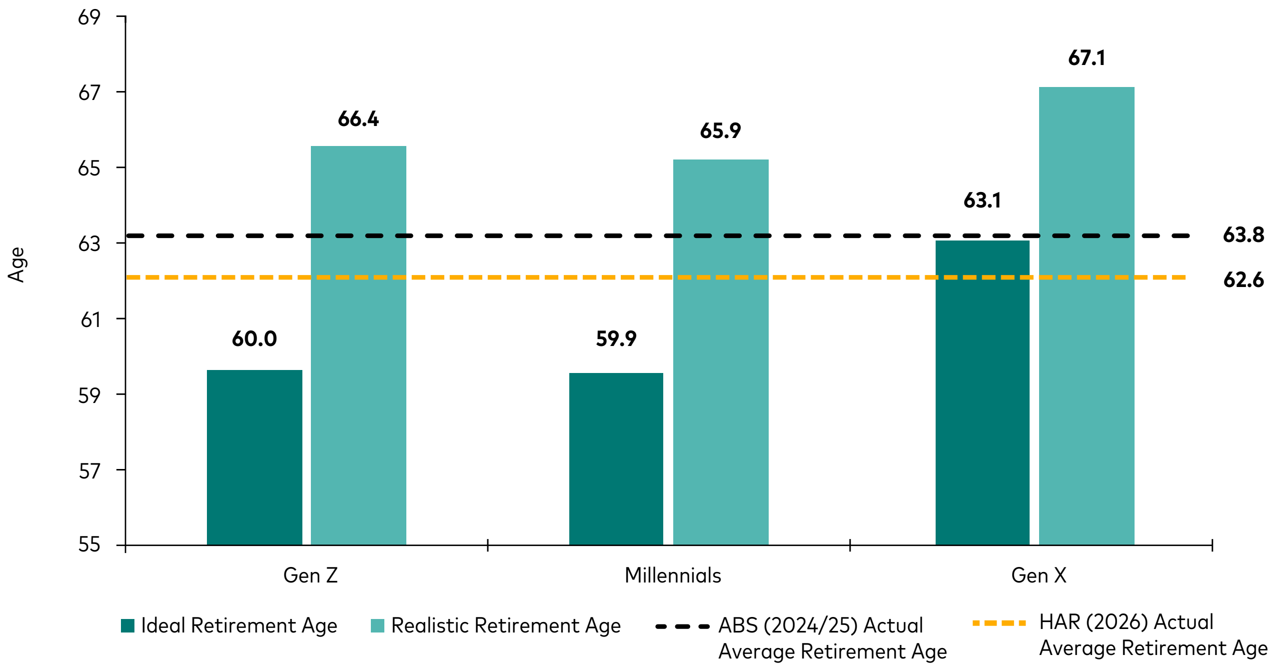
1. Ideally, at what age would you like to retire?
2. Realistically, at what age do you believe you will be able to fully retire?

We found:

- Across all age groups, realistic retirement ages were consistently higher than ideal retirement ages (Figure 15).
- Gen Z and Millennials reported an ideal retirement age of 60 and a realistic retirement age of 66.
- Gen X reported an ideal retirement age of 63 and a realistic retirement age of 67.
- Across all working-age cohorts, realistic retirement ages clustered around 66-67 years, slightly higher than the average actual retirement age reported by the ABS (63.8) and by retirees in the survey (62.6).[8]

FIGURE 15:

Working-age Australians' estimates of their ideal and realistic ages at retirement



8 Australian Bureau of Statistics (2024-25), Retirement and Retirement Intentions, Australia

Interestingly, retirement expectations appear to be anchored to key milestones within the retirement system, with respondents clustering around age 60 as an ideal retirement age and around age 66-67 as a more realistic expectation, likely reflecting Age Pension eligibility settings.

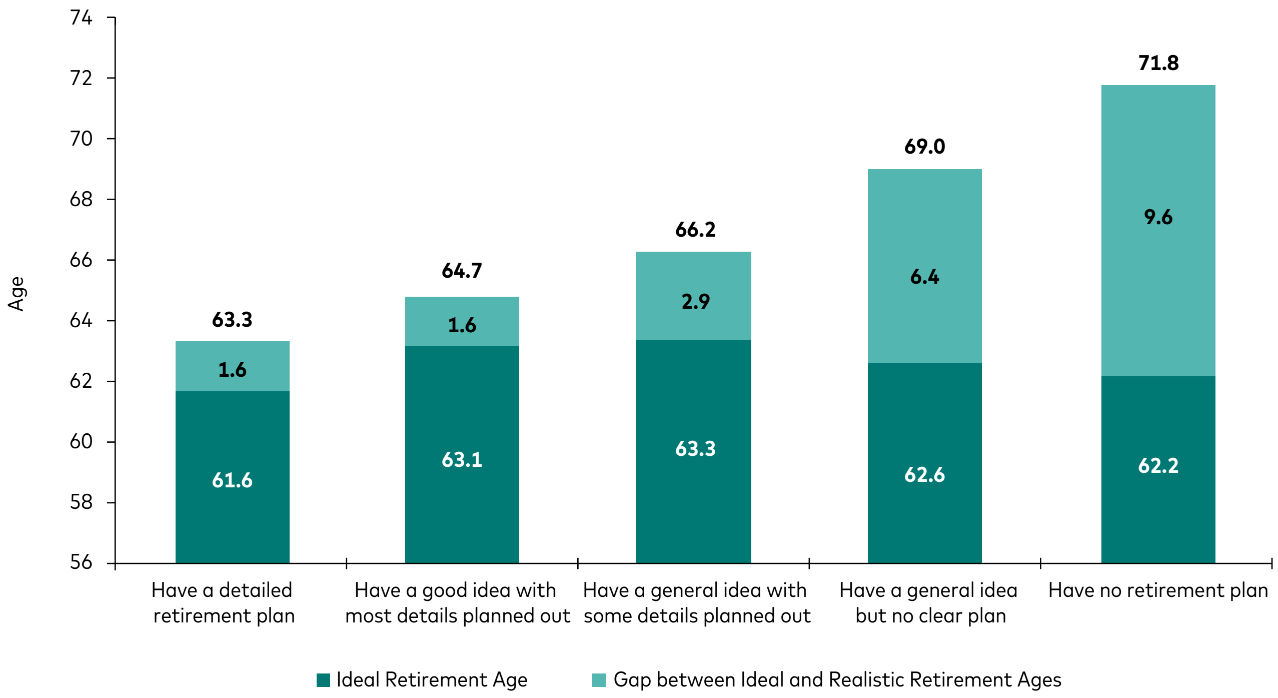
These patterns are broadly consistent with findings in previous editions and reflect the longer-term trend of Australians retiring later. However, a key observation is that working-age Australians expect to retire significantly later than the average retirement age reported by the ABS and survey participants.

While these estimates may not be unreasonable, if Australians leave the workforce earlier than expected, they may need to fund a longer retirement than anticipated, which has important implications for retirement income adequacy.

Importantly, retirement planning appears to reduce the gap between ideal and realistic ages reported by respondents. Australians with a detailed retirement plan reported an average gap of under two years between their ideal and realistic retirement ages, compared with nearly 10 years for those with no plan (Figure 16).

FIGURE 16:

Gap between ideal and realistic retirement ages by level of planning



The reality of retirement timing

While many Australians have an idea of when they would like to retire, the reality is that retirement timing is often influenced by factors outside their control.

To understand retirement timing, we asked retirees whether they retired when they expected to. Among those who retired in the past five years:

- Almost one in two (48%) said they retired earlier than expected, at an average age of 59 (Figure 17).
- Around two in five (38%) said they retired when expected, at an average age of 63.
- Just over one in ten (14%) reported retiring later than expected, with an average retirement age of 68.
- Women made up the majority of those who retired earlier than expected, accounting for 68% compared with 32% for men.

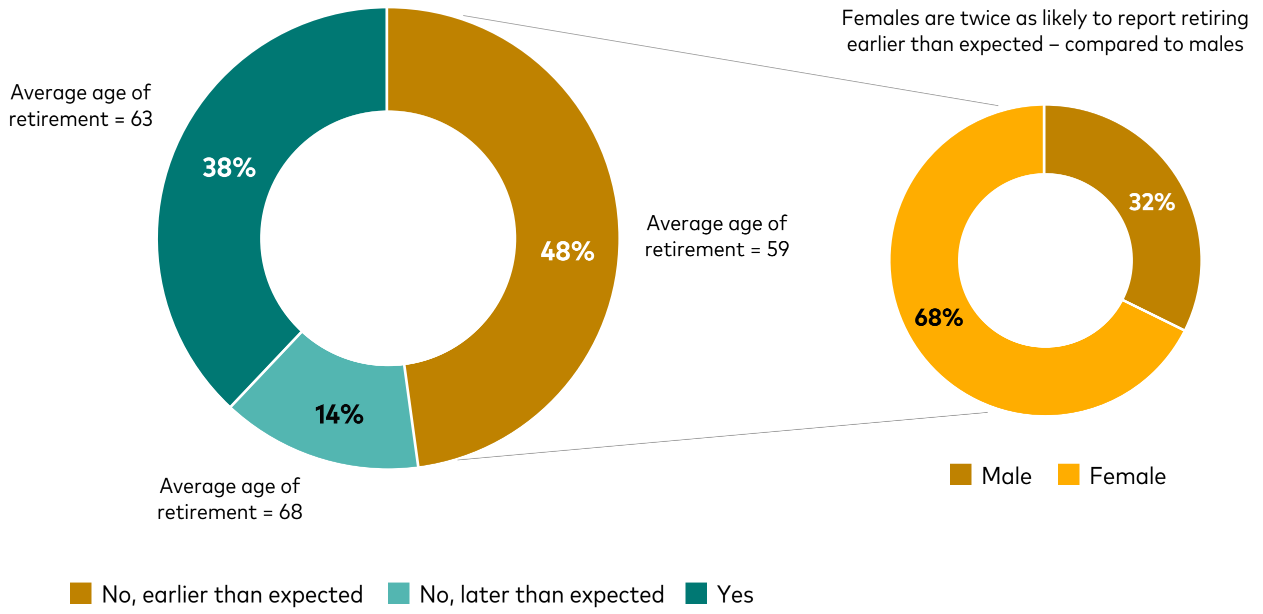
While the survey did not ask respondents why they retired earlier than expected, a range of factors may contribute to an earlier-than-planned exit from the workforce, including job loss, health challenges, caring responsibilities or changing family circumstances.

The observation that women account for a disproportionate share of those who retired earlier than expected suggests women are more likely to experience work disruptions later in life. This is consistent with the broader trend that women tend to retire earlier than men on average.[9]

Of those who retired earlier than expected, 42% expressed low confidence, compared with only 19% of those who retired when expected. The findings point to a clear association between retiring earlier than expected and lower retirement confidence.

FIGURE 17:

Are retirees retiring when they expected to?



9 In 2024-25 the average retirement age was 64.9 years for men and 62.7 years for women. Source: Australian Bureau of Statistics (2024-25), Retirement and Retirement Intentions, Australia.

Retirement income expectations

Consistent with previous years' surveys, younger Australians anticipate needing significantly more income in retirement than older Australians and current retirees.

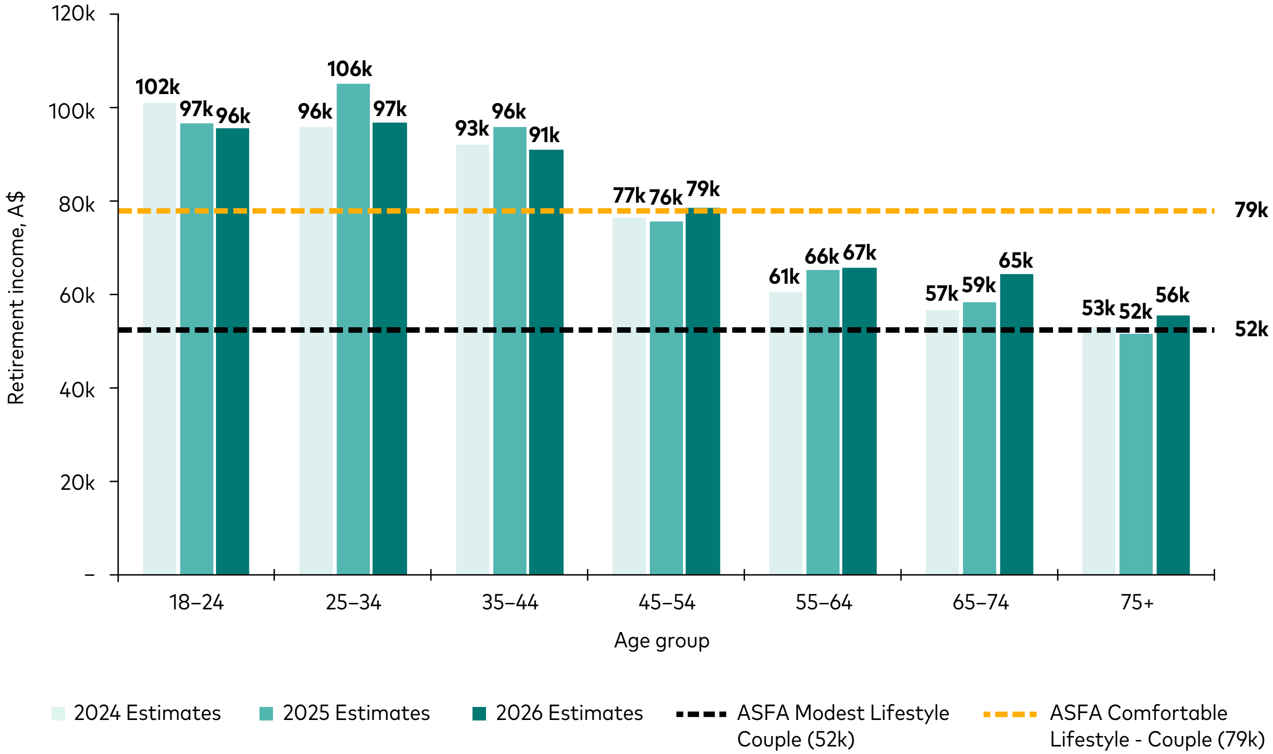
To understand retirement income expectations, we asked Australians for the minimum household income they would need in retirement.[10]

We found:

- Retirement income expectations were highest among younger Australians, with those aged 25-34 estimating they would need around $97,000 per year.
- By contrast, Australians aged 65 and over reported needing around $60,000 per year.
- Across all younger age groups, expected retirement income requirements were well above those reported by current retirees.
- Overall, Australians under the age of 45 generally estimated they would require more than $90,000 per year in retirement.

FIGURE 18:

Estimates of minimum annual household income required in retirement, 2024-2026



10 Respondents were asked to estimate the minimum annual household income required in retirement, based on today's cost of living and including all potential income sources (e.g. superannuation, Age Pension and investments). Estimates reflect expectations (pre-retirees) and reported needs (retirees).

The fact that younger Australians anticipate a more expensive retirement than current retirees may reflect higher lifestyle expectations, concerns about the cost of living and housing, or an overestimation of income needs.

For context, the ASFA Retirement Standard estimates that a comfortable retirement for homeowners requires approximately $79,000 per year for a couple, while a modest retirement requires around $52,000.[11] Both budgets assume retirees own their homes outright in retirement, which may not reflect the expectations of younger Australians.

11 ASFA Retirement Standard, March quarter 2026

Sources of retirement funding

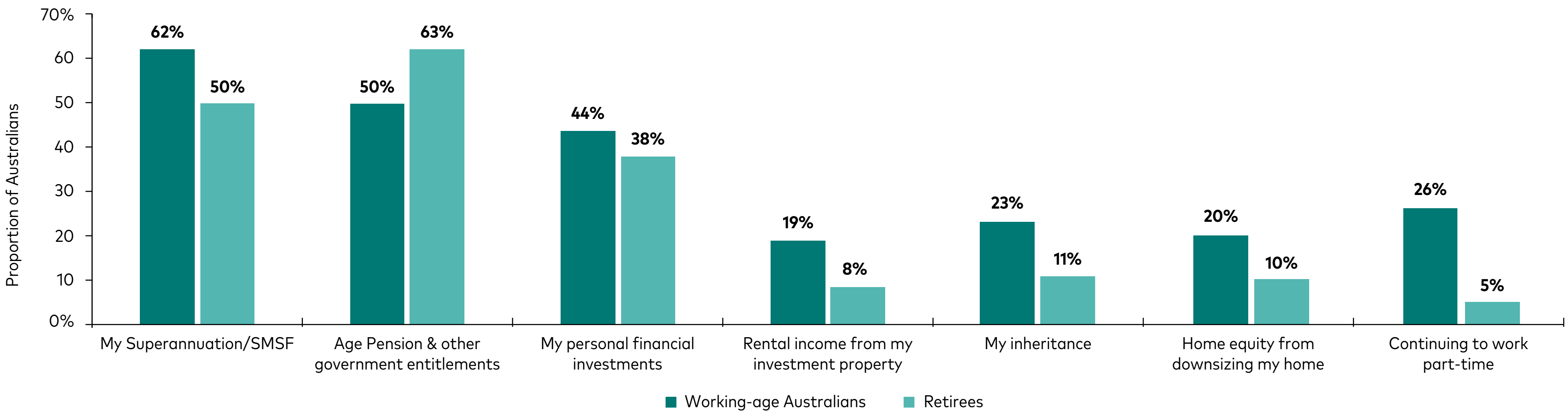
When asked how they will fund retirement, working-age Australians have very different expectations to those of current retirees, placing greater emphasis on part-time work and sources of income other than the Age Pension.[12]

- Around two in three working-age Australians (62%) expect superannuation to form part of their retirement income, compared with around one in two retirees (50%) who currently rely on it (Figure 19).
- Working-age Australians are less likely to expect the Age Pension to contribute to their retirement income (50% vs 63%).
- More than one in four working-age Australians (26%) expect part-time work to contribute to their retirement income, compared with just 5% of retirees.
- Working-age Australians are also more likely to expect income from inheritance and downsizing their home.

These findings may reflect the growing importance of superannuation, as well as changing expectations around retirement, including a greater emphasis on part-time or casual employment later in life. However, a key observation is that employment income plays a relatively limited role for current retirees. This suggests that some future retirees may be overestimating the extent to which paid work will contribute to their retirement income.

FIGURE 19:

Expectations about sources of income by retiree status



12 Pre-retirees were asked what they expect to form part of their retirement income, while retirees were asked what currently forms part of their income.

Working in retirement: expectations vs reality

To explore this further, we examined expectations around working in retirement among both working-age Australians and retirees.

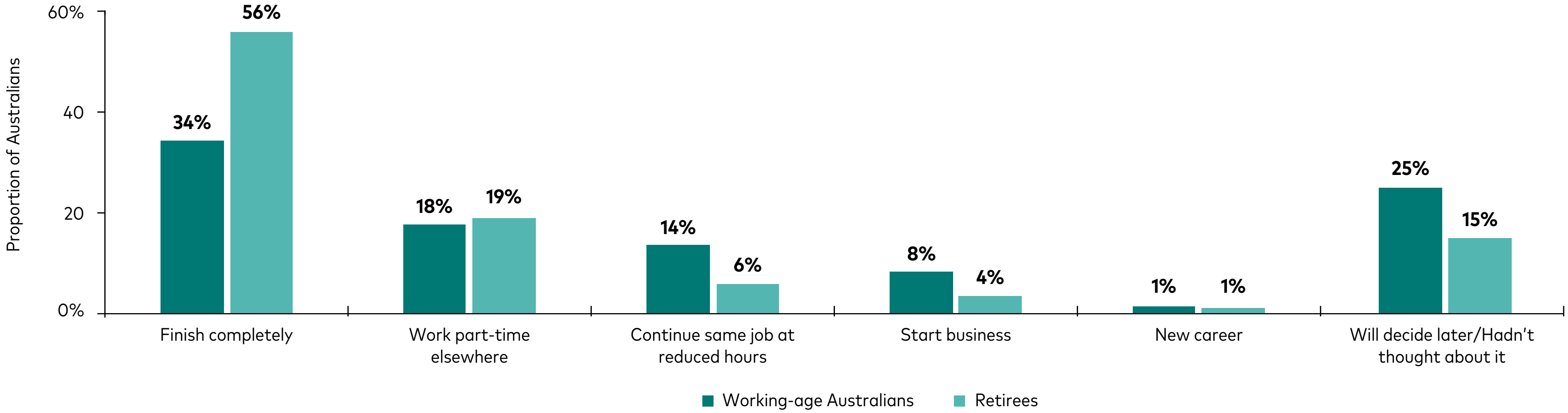
We found:

- Just one in three working-age Australians (34%) expect to finish working completely when they retire (Figure 20).
- By contrast, nearly six in 10 retirees (56%) entered retirement with no plans to continue working in any capacity.[13]
- Around four in ten working-age Australians (42%) expect to continue working in some capacity after retirement, either through reduced hours, part-time work, self-employment or a new career, while the remaining 25% said they will decide later.

The findings suggest working-age Australians have a different view of retirement to today's retirees. Rather than a clear end point, retirement is increasingly seen as a transition, where individuals may continue to work in some capacity while drawing on superannuation and other income sources.

FIGURE 20:

Working expectations in retirement



13 Pre-retirees were asked what they expect to do when they retire, while retirees were asked for their expectations when they first retired.

The retirement sentiment gap

To evaluate Australians' emotional outlook towards retirement, we assigned a sentiment score based on the words used to describe their feelings about retirement.

Respondents were presented with ten words, five positive (e.g. confident, satisfied) and five negative (e.g. anxious, worried), and asked to select those that best described their sentiment towards retirement.

They were classified as:

– **Positive** if only positive words were selected
– **Negative** if only negative words were selected
– **Mixed** if both positive and negative words were chosen, or if the respondent selected "unsure" or "none of these."

We found:

– Around one in two Australians reported positive retirement sentiment, while around one in four reported negative sentiment and around one in five reported mixed sentiment.
– Retirees were more likely to report positive retirement sentiment, with around three in five doing so, compared with around two in five working-age Australians (Figure 21).
– Around one in five retirees reported negative sentiment compared with around one in three working-age Australians.
– Women were less likely than men to report positive retirement sentiment and more likely to report negative or mixed sentiment, with working-age women recording the lowest levels of positive sentiment of any demographic group.

The sentiment gap between working-age Australians and retirees suggests the lived experience of retirement may be more positive than many working-age Australians anticipate.

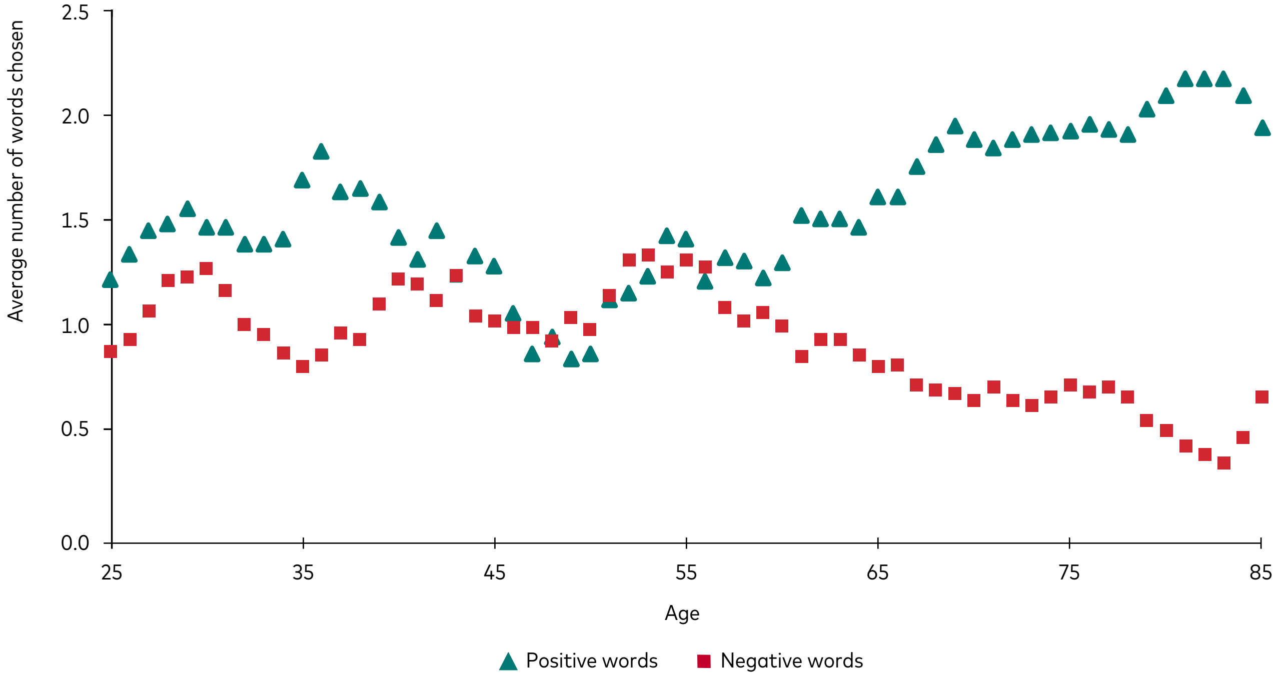
One possible explanation is that younger Australians face greater financial uncertainty, including lower home ownership and higher housing costs, which may weigh on their expectations about retirement.

By contrast, retirees are more likely to have built up housing and financial assets and resolved some of these uncertainties, which may support a more positive outlook.

Lower sentiment among women mirrors the pattern observed in confidence and may reflect variations in lifetime earnings, savings and exposure to workforce disruptions.

FIGURE 21:

Average number of positive and negative sentiment words associated with retirement by age



Each data point for a given age represents the average for respondents within ±2 years of that age.

What this means

These findings suggest that working-age Australians envisage retirement differently to today's retirees. It remains unclear whether these expectations will materialise.

Some may be overestimating their ability to retire on their own terms and find work in retirement. At the same time, given nearly six in 10 retirees report positive sentiment, some working-age Australians may be more pessimistic about retirement than is warranted.

Encouragingly, planning appears to play an important role in anchoring expectations to reality. Stronger planning may help Australians test their assumptions, form more realistic expectations and reduce the gap between expectations and outcomes.

Contents page

Housing and lifestyle

Overview

Housing and lifestyle choices shape both financial outcomes in retirement and how people experience life beyond the workforce.

In this section, we examine how these dynamics are shaping retirement today and how they may evolve over time, focusing on four key areas:

1. **Housing circumstances**, including home ownership, renting and mortgage debt across generations.
2. **The relationship between housing and retirement confidence.**
3. **Lifestyle aspirations**, including housing, health and wellness, leisure and travel, and social and community activities.
4. **The extent to which retirement costs align with expectations.**

Our findings suggest most Australians aspire to a retirement that includes home ownership, access to private healthcare and opportunities to travel and pursue hobbies.

However, structural shifts in home ownership mean younger Australians may face different housing circumstances in retirement than previous generations.

Australia's housing landscape

Housing plays a central role in shaping retirement outcomes. It is often a household's largest asset, but it is also one of the biggest determinants of ongoing living costs in retirement.

Around two-thirds of Australians in our survey reported owning their home (66%), with ownership split evenly between those who own outright and those with a mortgage. Renters account for around one in four Australians (27%), while just under one in 10 (7%) reported living rent free or in alternative arrangements. These findings are largely consistent with official figures from the ABS.[14]

However, these headline figures mask substantial differences between generations.

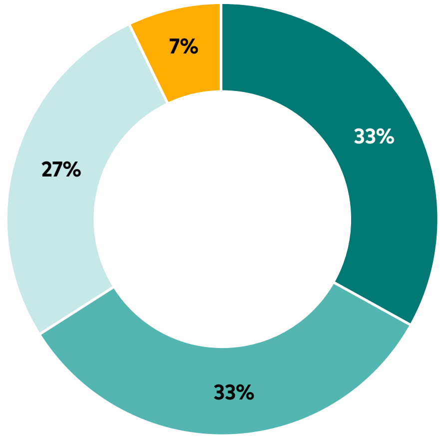
In this year's survey, we found:

- Around seven in 10 Baby Boomers owned their home outright (Figure 23).
- Around four in 10 Gen X owned their home with a mortgage, just under three in ten owned outright, and around three in ten were renting.
- One in two Millennials owned a home with a mortgage, while one in five owned their principal place of residence outright.
- More than half of Gen Z respondents were renting, while just one in four owned their home with a mortgage or outright.

Census data shows a clear decline in home ownership across successive generations. In 2021, 55% of Millennials aged 25-39 were homeowners, compared with 62% of Generation X and 66% of Baby Boomers at the same age. Millennials were also significantly less likely to own their home outright, with Baby Boomers three times more likely to have done so at the same stage of life.[15]

FIGURE 22:

Current housing arrangements



14 See AIHW (Australian Institute of Health and Welfare) (2025), Home ownership and housing tenure

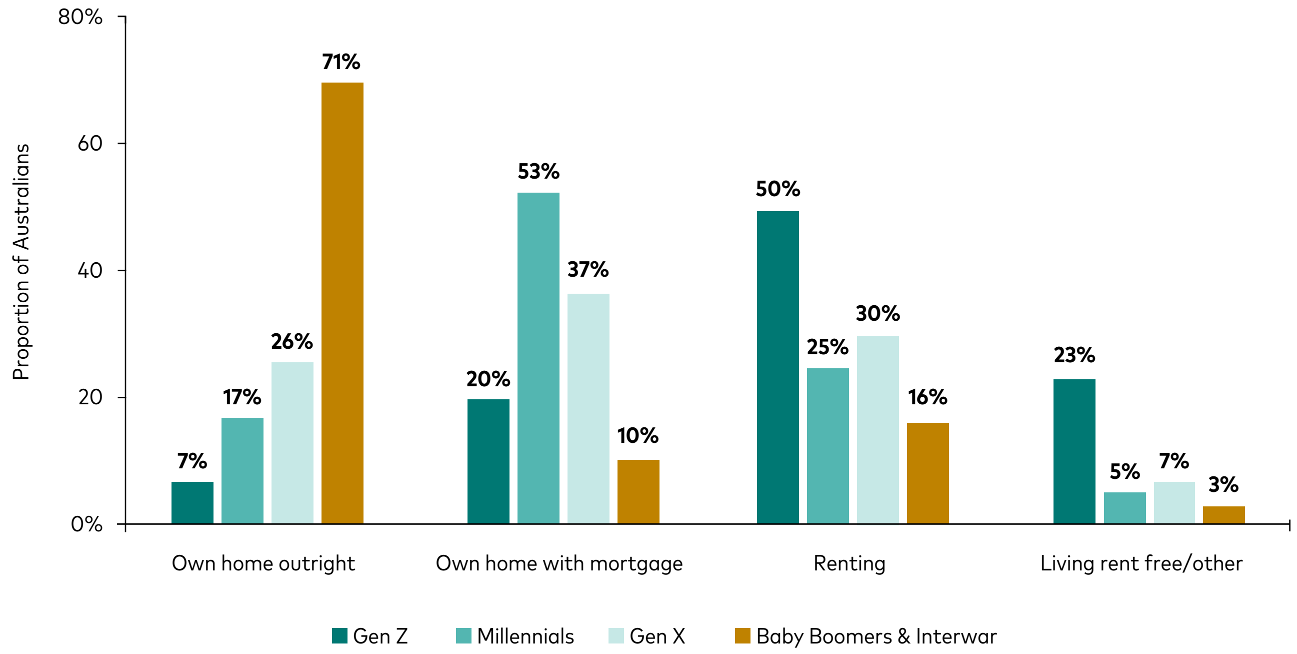
15 Australian Bureau of Statistics (2022), Owning a home has decreased over successive generations

If younger Australians remain renters or do not achieve outright home ownership at the same rates as previous generations, they are likely to enter retirement with increased ongoing housing costs.

A notable proportion of younger Australians also reported living rent free or in other arrangements, including 23% of Gen Z respondents, 5% of Millennials and 7% of Gen X respondents. This may reflect a combination of factors, including living with parents, intergenerational support and alternative housing arrangements.

FIGURE 23:

Current housing arrangements by generation



Mortgage debt in retirement

A paid-off home has traditionally been one of the foundations of retirement security in Australia. However, our findings suggest that many Australians are expecting a different reality.

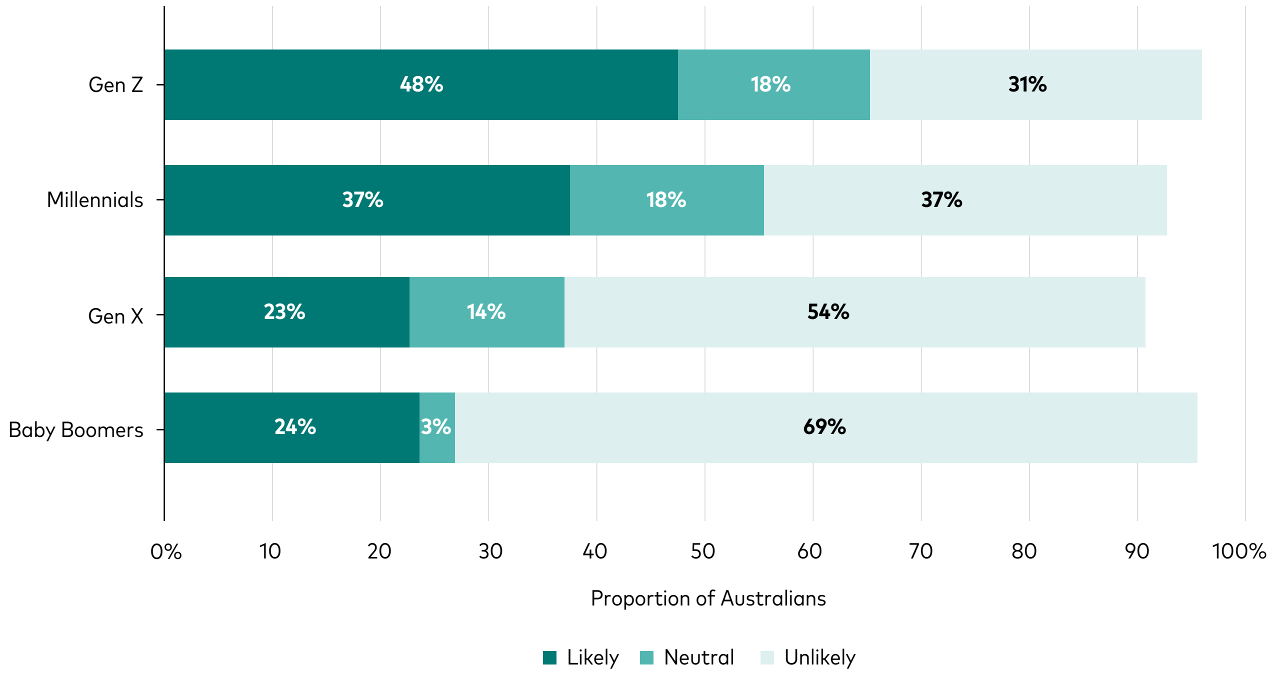
- Almost half of Gen Z respondents (48%) and more than one-third of Millennials (37%) expect to retire with a mortgage (Figure 24).
- Around one in five Gen X respondents (23%) believe they are likely to retire with a mortgage.
- Among Baby Boomers, almost one-quarter (24%) expect to retire with mortgage debt.

These findings highlight a clear generational pattern, with younger Australians more likely to expect housing debt in retirement.

This is consistent with the trend of more Australians carrying housing debt for longer. ABS data shows that between 2000 and 2020, the proportion of Australian households with a mortgage increased from 32% to 37%, while the proportion owning their home outright fell from 39% to 30%.[16]

FIGURE 24:

Self-assessed likelihood of retiring with a mortgage



16 Australian Bureau of Statistics (2019-20), Housing Occupancy and Costs

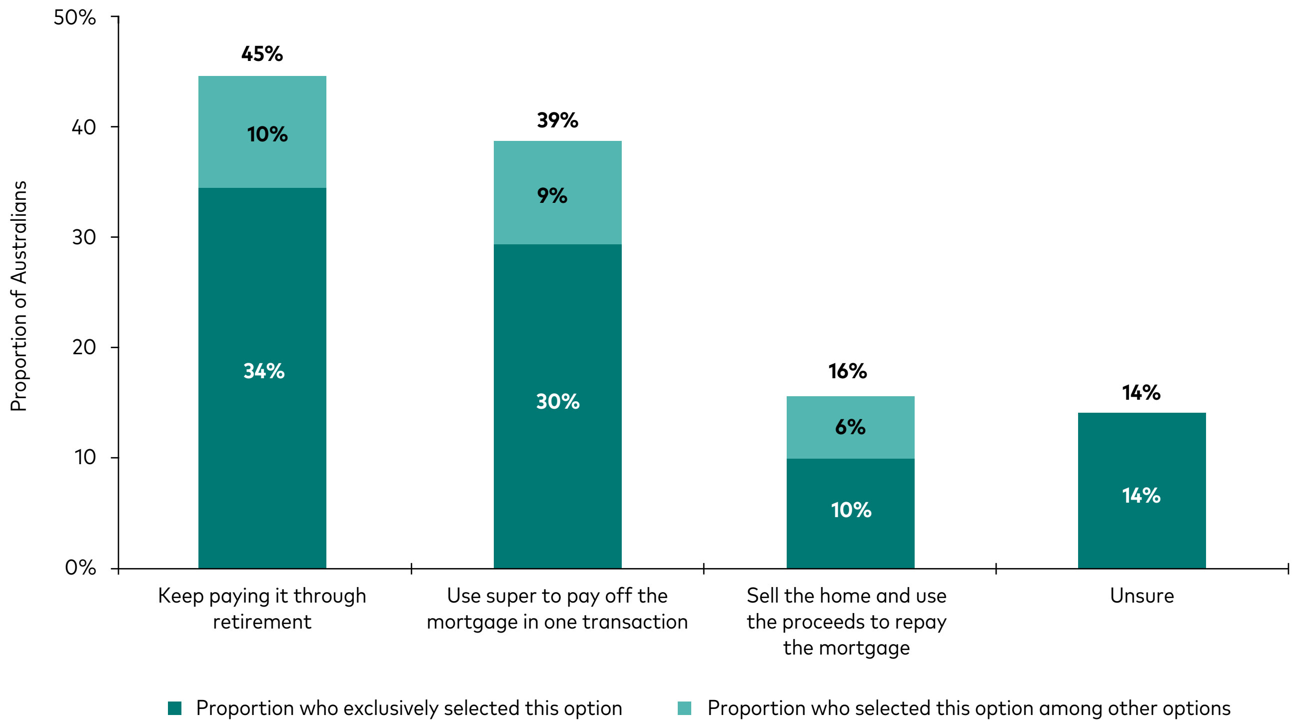
When working-age Australians were asked how they will manage their mortgages during retirement:

- 45% said they expect to continue making payments throughout retirement (Figure 25).
- 39% expect to use their superannuation to pay off their mortgage as part of their retirement transition.
- 16% expect to sell their home and use the proceeds to extinguish their mortgage debt.
- 14% were unsure how they would manage their mortgage in retirement.

The fact that many younger Australians expect housing debt in retirement has important implications for retirement planning. It may also influence how superannuation is used, with some Australians likely to draw on their super to repay housing debt, rather than relying on it solely as a source of retirement income.

FIGURE 25:

How Australians intend on managing their mortgages in retirement



Note: Respondents could select multiple options. This question was asked only to working-age Australians who indicated that it was either "likely" or "extremely likely" that they will still be paying their mortgage upon retirement.

Where do Australians want to live in retirement?

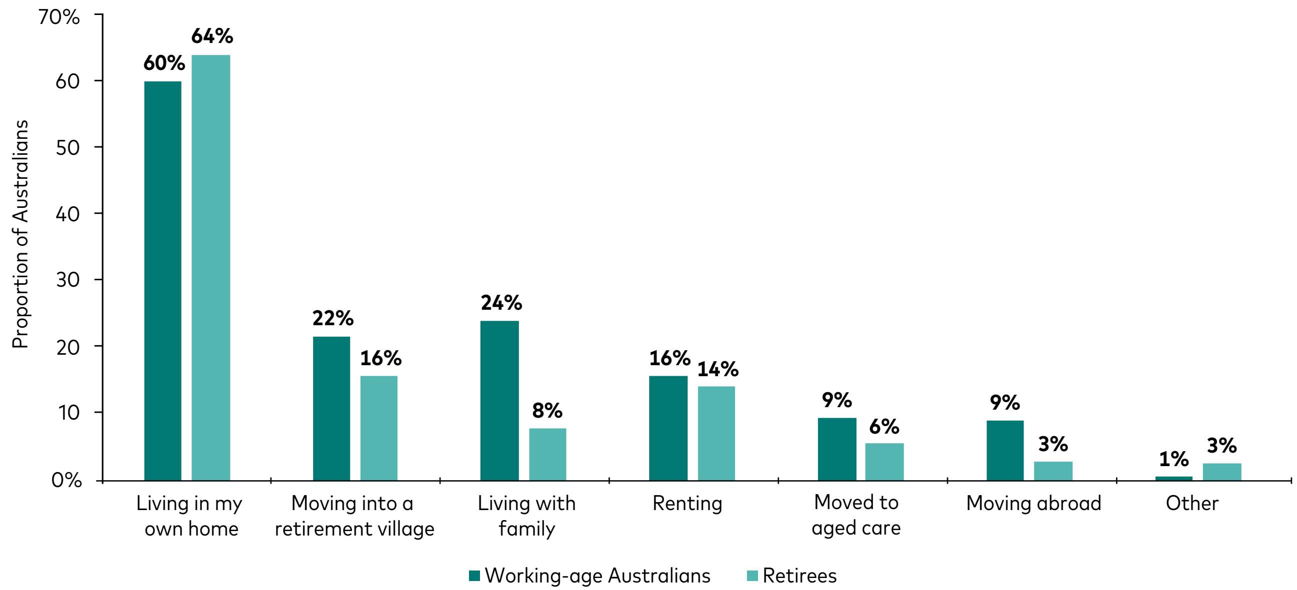
Consistent with previous years, we found that most Australians want to live in their family home after they retire.

- Nearly two in three Australians expect to remain in their own home throughout retirement (Figure 26).
- Only around one in five Australians are considering a retirement village as part of their plans.
- 16% of working-age Australians and 14% of retirees are considering renting.
- Nearly one-quarter (24%) of working-age Australians said they may live with family in retirement, compared with 8% of retirees.

These findings highlight a strong preference to age in place. However, relatively few Australians anticipate moving into retirement villages or care arrangements. This is despite the fact that around four in 10 older Australians living at home require some level of assistance[17], and a significant share will enter formal aged care at some point later in life.

FIGURE 26:

Where Australians want to live in retirement



17 Australian Bureau of Statistics (2022), Disability, Ageing and Carers, Australia: Summary of Findings

While the family home remains central to retirement plans, relatively few Australians view it as a financial asset to draw on.

- Nearly six in 10 Australians intend to remain in their home for life or pass it on as an inheritance (Figure 27).
- Around one in four see it as a potential source of retirement funding through downsizing or equity release.
- A smaller group view it as a financial buffer to fund aged care or unexpected expenses.

This preference to remain in the family home is also reflected in retirees' actual behaviour. Only around one in four retirees said they had sold, moved, or planned to sell and move as part of their transition into retirement.

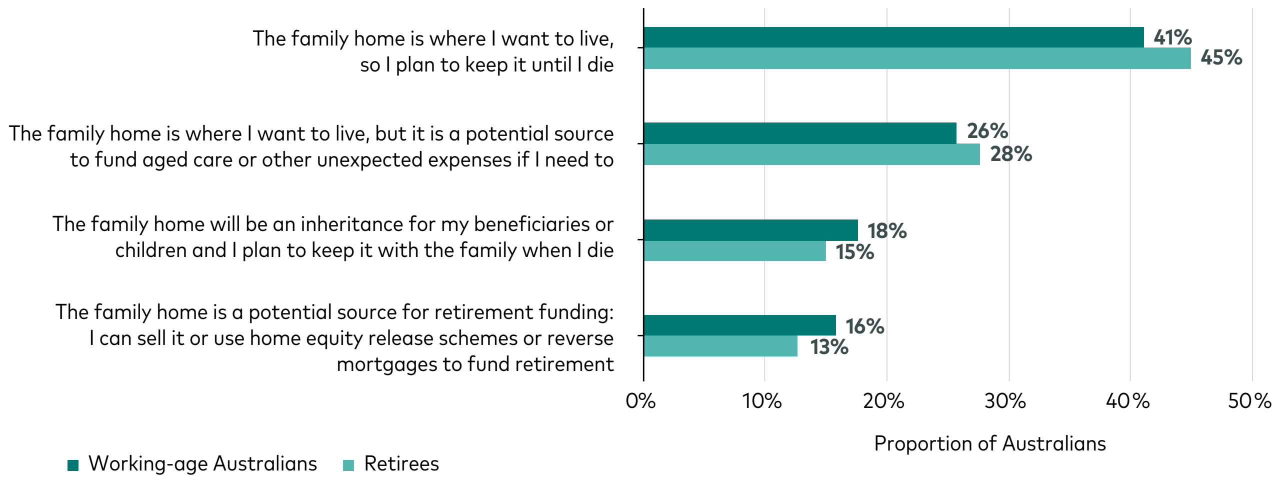
Among retirees who had moved or planned to move, the reasons were more often lifestyle or practical than purely financial.

- Nearly half (48%) cited moving to a preferred location, while more than one-third said their home had become hard to maintain (37%).
- By comparison, fewer cited accessing money for retirement (23%) or paying off the mortgage (20%).[18]

While downsizing is often discussed as part of retirement planning, these findings suggest that relatively few Australians are actively considering it.

FIGURE 27:

How Australians perceive the family home



18 Respondents could choose more than one option, so totals sum to more than 100%.

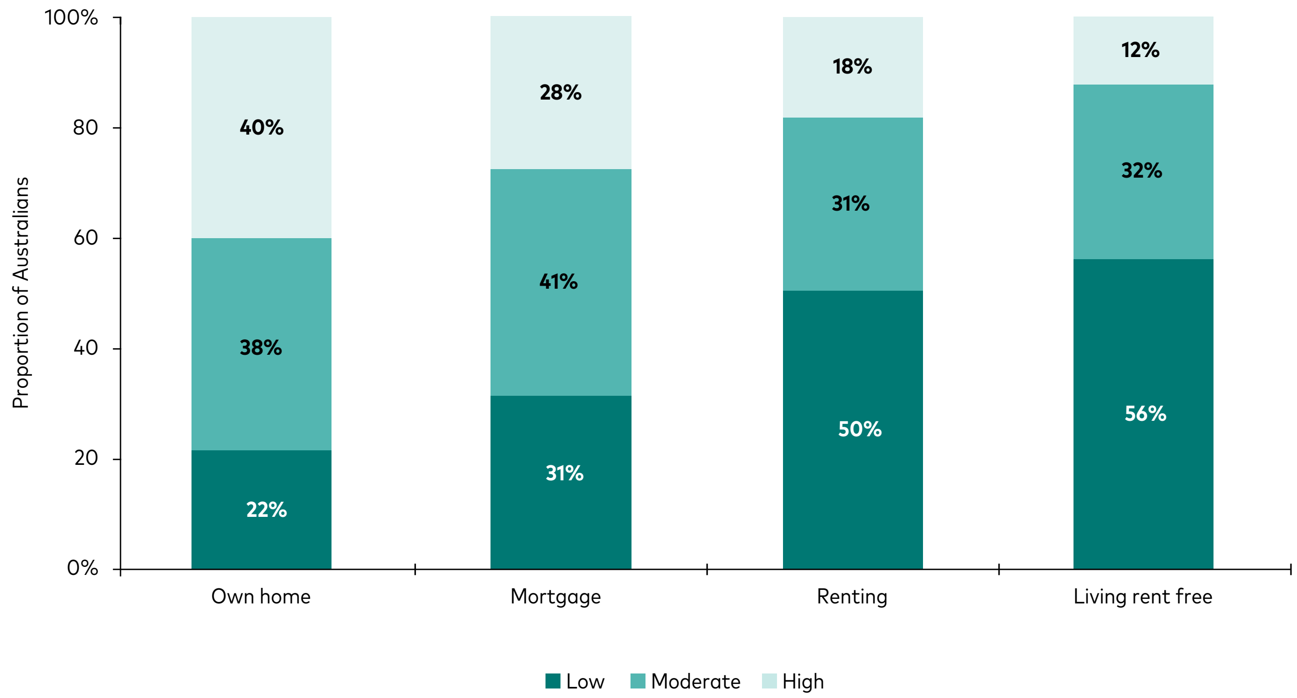
Retirement confidence and housing

Housing status is strongly associated with retirement confidence, with a clear and consistent relationship between housing security and how confident Australians feel about their financial future.

- Australians who owned their home outright reported the highest levels of retirement confidence, with four in 10 reporting high confidence and two in 10 reporting low confidence (Figure 28).
- Among those with a mortgage, three in 10 reported high confidence, while a similar share reported low confidence.
- Confidence was considerably lower among renters, with only two in ten reporting high confidence and one in two reporting low confidence.

FIGURE 28:

Retirement confidence based on current housing



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Among retirees specifically:

- Overall, around three in 10 report low confidence and around three in 10 report high confidence.
- Among retirees with a mortgage, almost half report low confidence, while fewer than two in ten report high confidence. By comparison, among retirees who own their home outright, only two in ten report low confidence while almost four in ten report high confidence.
- Among retirees who rent, six in ten report low confidence, compared with around one in ten reporting high confidence.

This relationship remains evident when comparing Australians with similar retirement behaviours and characteristics.

Across our sample, the average 60-year-old appears financially and retirement literate, typically having a general retirement plan and engaging with their superannuation monthly. Among individuals with these characteristics, housing tenure emerges as the key point of differentiation in retirement confidence:

- Outright homeowners exhibit the strongest confidence profile, with most reporting moderate confidence and relatively few reporting low confidence.
- Those with a mortgage tend to report moderate confidence, although fewer report high confidence, suggesting housing debt may temper confidence.
- Renters show the weakest confidence profile, with the highest share reporting low confidence and fewer reporting moderate or high confidence.

Overall, these findings highlight a strong association between housing security and retirement confidence, with highest confidence among outright homeowners and lowest confidence among renters.

Lifestyle expectations in retirement

To better understand retirement expectations, we assessed spending preferences across four areas: housing, health and wellness, leisure and travel, and social and community activities.

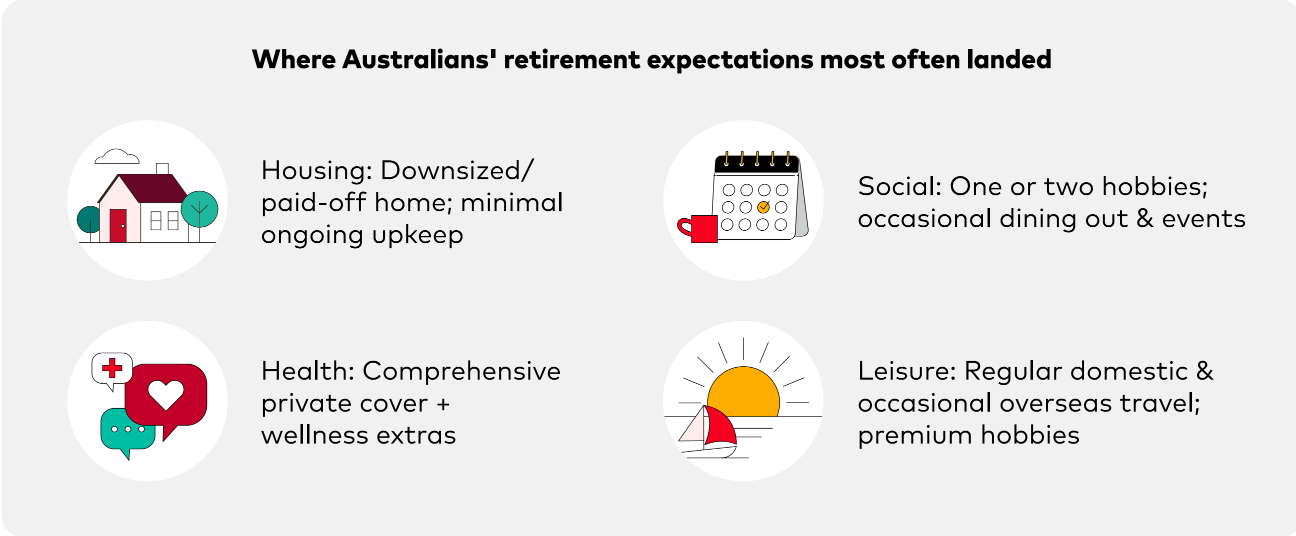
We found:

- Nearly one in two Australians expect to live in a paid-off or downsized home with minimal upkeep (Figure 29).
- Health expectations skew higher, with comprehensive private cover and wellness extras the most selected option.
- Leisure expectations also point to an active retirement, with regular domestic travel, occasional overseas holidays and ongoing hobbies being the most common choice.
- Social expectations were more moderate, with most Australians expecting one or two hobbies, occasional dining out and participation in events or community activities.

Overall, Australians do not typically expect to live extravagantly in retirement. Instead, expectations tend to centre on maintaining a reasonable standard of living.

FIGURE 29:

Popular lifestyle choices



We also asked Australians which aspects of retirement they would be willing to compromise on.

Overall, most Australians showed some willingness to adjust their expectations across all four areas, with nearly one in five in each area prepared to compromise on their retirement aspirations.

Health and wellbeing emerged as the clear standout. Nearly one in four Australians (24%) said they were unwilling to lower their expectations for health and wellbeing, compared with around one in 10 across the other categories.

Australians are living longer than ever before, with life expectancy reaching 85 years for women and 81 years for men.[19] This extends the period over which health and quality of life must be sustained, reinforcing its importance in retirement. Our findings suggest that while Australians may be prepared to make trade-offs in areas such as travel, hobbies or living arrangements, maintaining health and independence remains a clear priority.

19 Australian Bureau of Statistics (2022-2024), Life expectancy

Retirement spending vs expectations

To better understand how retirees experience spending and trade-offs in retirement, we asked whether their actual retirement lifestyle matched the expectations they had before leaving the workforce.

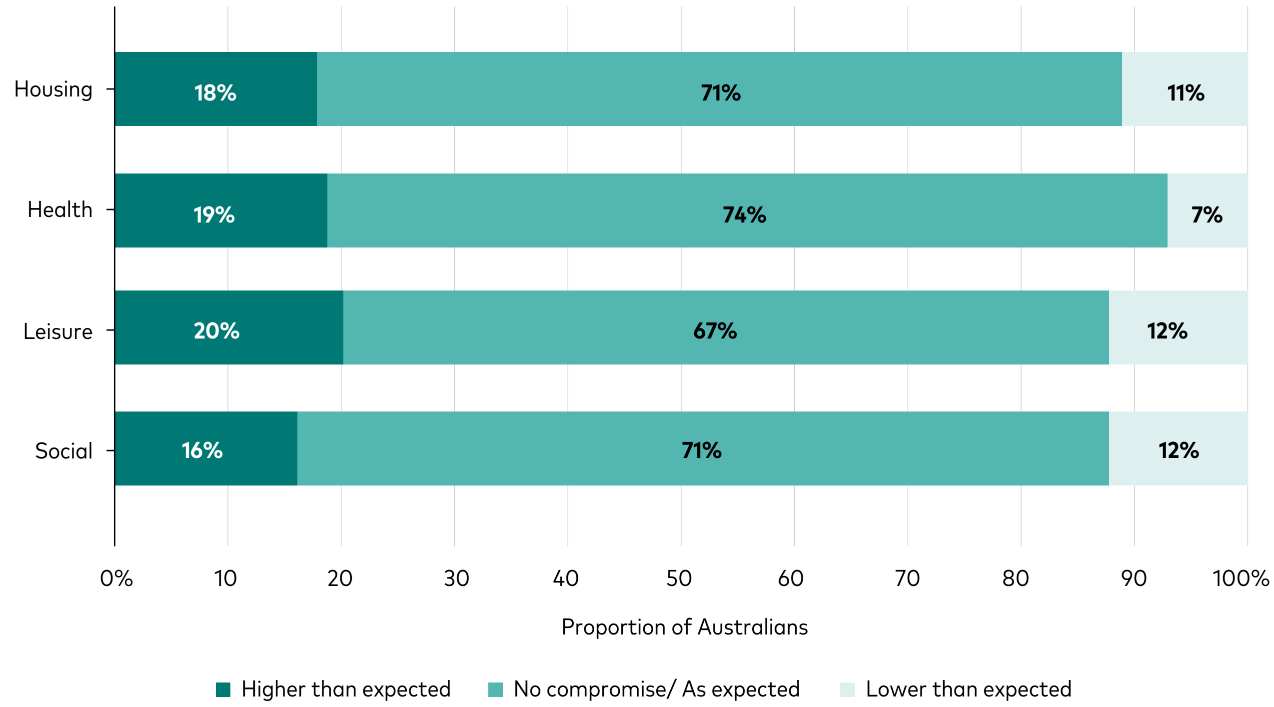
We found:

- Many retirees reported outcomes broadly in line with expectations, but some found that certain aspects of retirement required that they adjust their pre-retirement expectations.
- Leisure was the area most likely to exceed expectations, with around one in five retirees reporting higher-than-expected spending.
- Health and wellness also proved more costly than expected for some, with nearly one in five retirees reporting higher-than-expected spending.
- Very few reported lower-than-expected costs, with just 7% indicating health expenses were lower than anticipated and similarly low shares across other categories.

The findings suggest that while most retirees have not experienced significant shocks in overall spending, some costs, particularly leisure and health, can be higher than anticipated.

FIGURE 30:

Did retirees have to compromise their lifestyle expectations?



What this means

Overall, Australians expect retirement to be active and independent. Maintaining good health, staying socially connected and having time for leisure are clear priorities for most respondents.

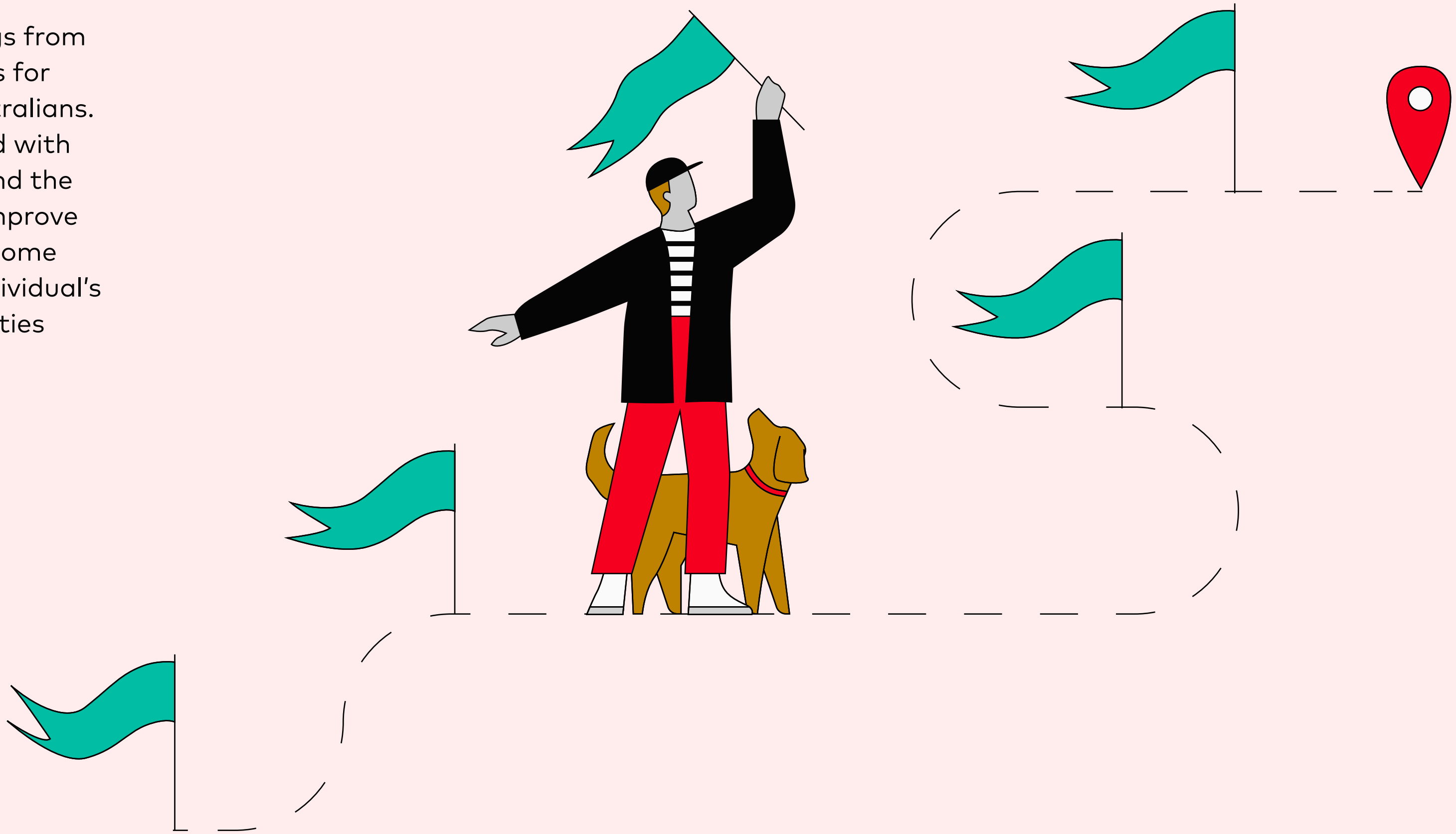
Our findings also reinforce the central role of housing in shaping retirement outcomes. While many of today's retirees own their home outright, younger Australians increasingly expect to enter retirement with a mortgage or to rent later in life.

Combined with longer life expectancies, these structural shifts in housing mean the cost of sustaining a desired retirement lifestyle is likely to rise, particularly for those without secure housing.

Improving retirement outcomes

Overview

In this section, we bring together findings from earlier chapters to explore two key areas for improving retirement outcomes for Australians. First, we examine the actions associated with higher levels of retirement confidence and the practical steps individuals can take to improve their outlook. Second, recognising that some aspects of retirement are outside an individual's control, we consider potential opportunities at a system level to improve outcomes.



Meet Alex, a less engaged Australian

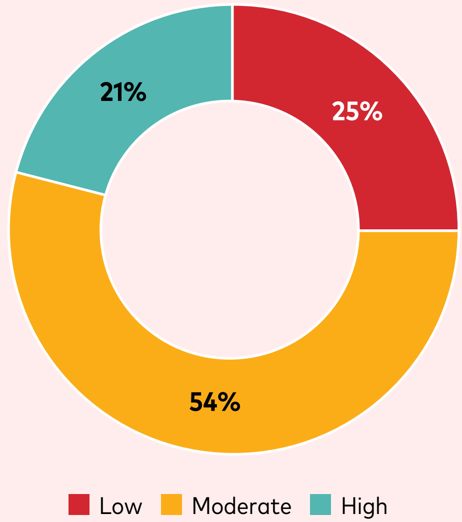
We created a profile of an Australian with low engagement in retirement and superannuation, who we've called Alex, to examine individual actions that could improve retirement confidence[20].

Alex is 38, married and works full-time in healthcare. They earn around $90,000 per year, the median for those in their age group[21], and have a super balance of $70,000, around the average for their age. They own a home with a mortgage and have personal investments worth $35,000.

Alex has some gaps in financial literacy and does not fully understand the retirement system. They have never made a voluntary superannuation contribution, check their super account less than once per year and have no clear plan for retirement.

FIGURE 31A:

Alex's retirement confidence before taking action



Based on our survey findings:

- Alex has a 25% probability of low confidence.[22]
- Alex has a 54% probability of moderate confidence.
- Alex has a 21% probability of high confidence.

20 The example is illustrative only and is based on the factors stated. It should not be taken to contain personal financial advice.

21 ABS employee earnings and Hours, Australia – Median gross annual income for a 35-44-year-old in Australia (May 2025)

22 Note: Low confidence refers to "not at all" or "slightly confident"; moderate confidence to "moderately confident"; high confidence to "very" or "extremely confident".

Improving Alex's retirement confidence

We find the following five actions are associated with a meaningful uplift in retirement confidence for Alex:

1. **Building a retirement plan**
2. **Improving financial literacy**
3. **Understanding how superannuation and the Age Pension work**
4. **Making voluntary super contributions**
5. **Engaging with super at least every six months**

If Alex had done these five things, their retirement confidence would shift substantially. Based on our survey findings:

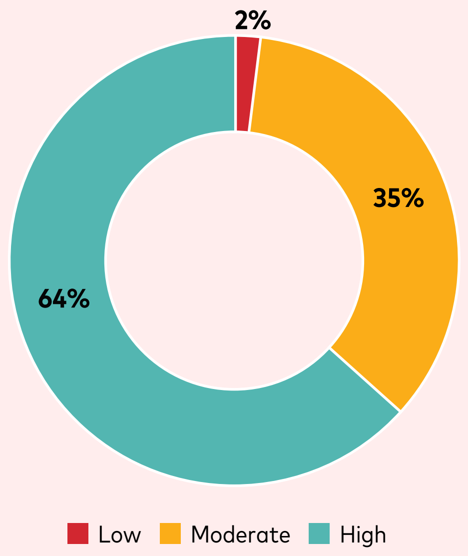
– Alex's probability of high confidence would increase threefold, from 21% to 64%.
– Alex's probability of moderate confidence would decline, reflecting the shift into the higher confidence category.
– Alex's probability of low confidence would fall from 25% to just 2%.

These findings reinforce one of the central themes of this report: Australians have meaningful opportunities to influence their retirement outcomes through their own actions.

In the next section, we explore practical steps people can take across these areas.

FIGURE 31B:

Alex's retirement confidence after taking action



Planning for retirement

For many Australians, progress can begin by developing a clearer understanding of where they are today, where they want to be, and how they might get there.

Planning does not need to start with a formal written plan or detailed spreadsheet. It can begin with a conversation with a partner, family member, trusted friend or financial adviser.

Our findings suggest Australians place particular importance on sustaining income and super, housing arrangements, and healthcare in retirement. Thinking about these areas can provide a useful starting point for developing a plan and identifying any gaps between current circumstances and future goals.

Some questions you may wish to consider include:

- How much income will I need to support the lifestyle I want in retirement, including spending on health, travel and leisure?
- How much have I already saved and am I on track to meet my retirement goals?
- Am I on track to repay my mortgage and other debts before retirement?
- When would I ideally like to stop working or reduce my working hours?
- Where do I plan to live?
- What legacy, if any, would I like to leave for my family, community or charitable causes?

Retirement planning is often an ongoing process rather than a single event. The objective is not to have all the answers immediately, but to begin considering the decisions, trade-offs and actions that may influence retirement outcomes in the years ahead.

TOOLKIT TIP

A range of free tools and resources are available to help Australians improve their financial literacy, better understand the retirement system and develop a retirement plan.

- **Vanguard Super's Planning for Retirement Guide** provides an overview of Australia's retirement system, including superannuation, the Age Pension and retirement income. The Super Learn Centre also offers a range of articles and educational resources covering retirement planning, investing and personal finance.
- **ASFA's Retirement Standard** provides estimates of the income required to achieve 'modest' and 'comfortable' retirements and can help Australians benchmark their retirement goals.
- **The Government's Moneysmart website** offers educational resources and calculators to model retirement scenarios, estimate future super balances and understand the impact of factors such as fees, investment returns, retirement age and additional contributions. Mortgage repayment calculators can help you understand how additional repayments may reduce interest costs and accelerate the repayment of housing debt before retirement. Moneysmart and most major lenders provide free calculators.

Building financial and retirement literacy

Financial literacy and retirement knowledge are jointly associated with higher levels of retirement confidence in our analysis. Building financial literacy is a gradual process that occurs over time through reading, research, conversations and lived experience.

Areas you may wish to focus on include:

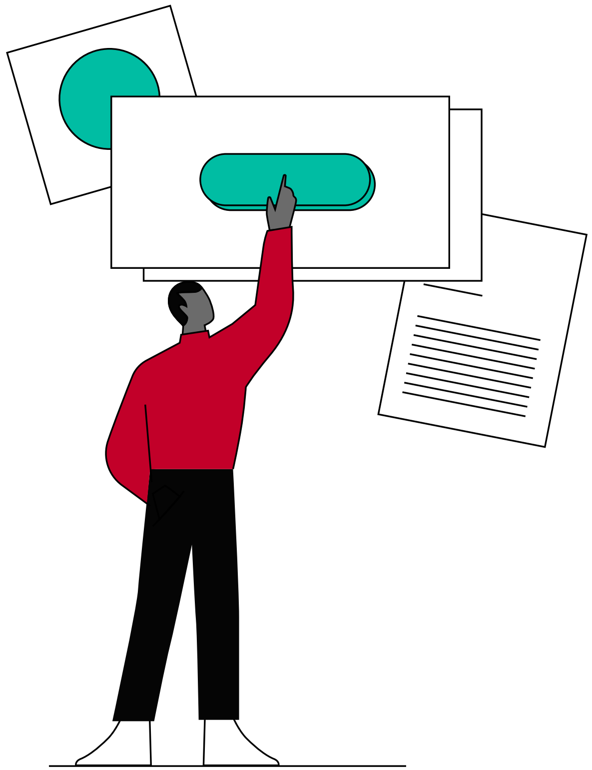
- How inflation can reduce purchasing power over time and how compound returns can help grow long-term wealth.
- The benefits of diversification and the relationship between risk and return on financial products.
- How super works, how retirement savings are invested and the fees charged by superannuation funds.
- Having an understanding of the Age Pension and the Australian retirement system.

Like retirement planning, improving financial literacy and retirement knowledge does not need to happen all at once. Building knowledge gradually can help Australians better understand the decisions that may shape their retirement outcomes.

TOOLKIT TIP

There are numerous free resources available to help Australians improve their financial literacy and better understand investing and retirement.

- **The Government's Moneysmart website** has articles and resources explaining financial concepts and terms.
- **Vanguard's Learn Centre** has free articles, videos and research covering investing, markets, retirement planning and long-term financial trends.
- **Podcasts, YouTube and social media** can be useful sources of financial education, but information should be verified against trusted sources, particularly where content creators may be promoting financial products or services.



Engaging with superannuation

Superannuation is the second largest asset class held by Australian households, accounting for around 18% of total assets, behind only the family home.[23]

While superannuation plays an increasingly important role in household wealth, engagement with superannuation remains uneven.

Nearly one in five Australians either engage with their super fund less than once a year, have never contacted their fund, or could not recall the last time they engaged. Meanwhile, nearly one in two Australians have never made a voluntary contribution.

Engaging with super does not mean checking balances every week or constantly changing investment options. Rather, it means taking the time to understand how your retirement savings are tracking and whether your contributions and investment strategy will help you reach your long-term goals.

Here are some tips to consider:

- Log in to your superannuation account several times per year to review your balance and recent contributions.
- Check that employer superannuation contributions are being received correctly.
- Understand how retirement savings are invested and whether the chosen investment option aligns with your risk tolerance and investment timeframe.
- Review fees and costs and understand the impact they can have on long-term retirement outcomes.

Small actions, taken consistently over time, can have a meaningful impact on retirement preparedness.

TOOLKIT TIP

A few simple actions can help Australians stay on top of their superannuation:

- **Review your annual member statement** each year to understand your balance, contributions, investment returns, fees and insurance cover.
- **Log in to your ATO online account** and review your total superannuation balance, contribution history and available concessional, carry-forward concessional and non-concessional contribution caps.
- **Consider making additional contributions** through salary sacrifice or personal deductible contributions if appropriate for your circumstances.
- **Check for lost or multiple super accounts** and consider consolidating accounts where appropriate to reduce duplicate fees and administration costs. In some cases, transferring super may impact your fees and costs, tax and insurance benefits (where applicable). You should always consider these potential impacts as well as your personal financial circumstances before transferring your super.

Most super funds, including Vanguard Super, also provide online portals and mobile apps that make it easy to track balances, contributions and account activity throughout the year.

23 Australian Bureau of Statistics (2019-20), Household Income and Wealth, Australia

Recommendations

While Australians can take meaningful steps to improve their retirement preparedness, there are also opportunities for policymakers and the financial services industry to further support Australians on their retirement journey.

Based on our findings, we identify three areas for consideration.

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1 Strengthen financial literacy and retirement planning across Australia

The responses to our survey make it clear that many Australians have gaps in their financial literacy and understanding of the retirement system. Knowledge of financial products is also limited, with only around one in three reporting high levels of understanding of superannuation, despite its central role in funding retirement. We also saw clear gender gaps in both financial literacy and understanding of the retirement system.

These findings are consistent with other Vanguard research, as well as external studies.[24] Vanguard's recent Sitting on the Sidelines research, which examined how Australians invest outside superannuation, found that knowledge gaps and low confidence were key barriers to participation in financial markets.

Australians are navigating a more complex financial landscape than ever before. Meanwhile, the findings of this survey show that many are making decisions with limited knowledge or support.

Responding to these issues should include delivery of a renewed National Financial Capability Strategy, introducing financial literacy as a standalone subject on the national curriculum, and supporting greater resources, tools and campaigns for different life stages (such as those delivered by ASIC's Moneysmart). As other researchers have pointed out, schools are the most equitable access point for financial education, yet Australia's current delivery is inconsistent.[25]

Our research also found that Australians who have a retirement plan are more likely to feel confident about retirement, even after accounting for differences in wealth and income. This suggests planning matters. For super funds, there is a clear opportunity to help members start planning earlier, particularly women and Australians in mid-life, who are more likely to report lower confidence. Helping these members understand their options, set goals and take practical steps could play an important role in improving retirement confidence and supporting better outcomes.

There is also an opportunity to improve transparency and comparability across the superannuation system by enhancing fee disclosures, including requiring funds to prominently disclose total fees in consumer-facing materials. Awareness and accessibility of the Government's YourSuper comparison tool could also be strengthened to help Australians make more informed comparisons between superannuation funds.

24 See Preston, A. (2026), Financial Literacy in Australia – 2024: Insights from the 2024 HILDA Survey

25 Russell, R. et al. (2026), Australia's financial wellbeing: an integrated approach. Summary and recommendations, Wellbeing Research and RMIT University.

2 Help Australians plan for changing housing arrangements in retirement

Our findings suggest the retirement landscape is changing. Younger Australians are likely to retire with larger superannuation balances, driven by higher contribution rates and more years in the system. At the same time, they are more likely to have different housing arrangements than today's retirees, including renting or carrying mortgage debt later in life.

Today, many retirement income benchmarks assume outright home ownership and relatively low ongoing housing costs. But nearly one in two Gen Z and more than one in three Millennials expect to retire with a mortgage according to our study.

These trends have important implications for retirement outcomes. The gaps observed in retirement planning, accessing financial advice and financial literacy suggest that many Australians may be unprepared for these changes.

Importantly, 39% of Australians who expect to retire with a mortgage said they'd consider using their superannuation to pay it off, while 45% said they would consider continuing to pay their mortgages off during retirement. This means larger superannuation balances may not translate into higher retirement income if they are used to repay housing debt or cover ongoing housing costs.

This points to a need for education, tools and guidance to help Australians understand how their housing situation could affect their retirement income needs. Potential areas for consideration include:

- Developing educational materials and tools showing how different housing situations, such as owning outright, renting, or carrying a mortgage can change retirement income needs and spending capacity.
- Providing clearer guidance on the trade-offs between using super to pay down housing debt and preserving savings for ongoing income.
- Developing retirement income benchmarks that reflect a wider range of housing situations, rather than assuming home ownership. For example, ASFA's introduction of a renter category in its Retirement Standard highlights that renters typically require higher levels of income than homeowners to achieve a modest standard of living.

Without adequate guidance, many Australians may overestimate what their superannuation can support in retirement or underestimate the impact of housing costs on their standard of living.

3 Increase access to guidance and advice

For Australians already in retirement, the focus shifts from accumulating savings to managing how those savings are drawn down over time.

In 2024, the Australian Government legislated the objective for superannuation as "to preserve savings to deliver income for a dignified retirement, alongside government support, in an equitable and sustainable way."

The Retirement Income Covenant reinforces this, requiring superannuation trustees to develop strategies that help members maximise retirement income, manage risks and access flexible income throughout retirement.

Our findings suggest many retirees still find retirement income decisions complex. Around one in two retirees report that account-based pensions are complex, while one in three rely primarily on their own knowledge to make retirement income decisions. Understanding of longevity products, such as annuities, also remains low, with only around one in ten Australians over 55 reporting a high level of understanding.

While policy settings are evolving, many retirees still lack access to the guidance and support needed to navigate retirement decisions. There is a clear need to expand access to affordable, simple and timely advice, including personalised guidance and targeted support that helps members make informed decisions across their broader financial situation.

Our findings support the important role of financial advisers, with those who receive advice more likely to report higher levels of confidence in retirement. At the same time, there may be an opportunity for superannuation funds to play a greater role in helping members navigate retirement by providing accessible guidance and simple, targeted support.

Definitions

Traditionally, "retirement" has been understood as a reference to the phase of life when one ceases full-time paid work or ceases paid work altogether. Participants in the study were not provided with a specific definition of "retirement," so the results effectively reflect individuals' subjective interpretations of "retirement," which may vary.

While there is no one universally applicable prescribed "retirement age" in Australia, subjective understandings of "retirement" may be influenced by the fact that an individual qualifies for the Age Pension from age 67 years old (provided they satisfy all other relevant criteria), and (assuming no grounds for early access apply) gains access to their superannuation savings once they reach their "preservation age" and cease an employment arrangement, retire or elect to receive a "transition to retirement" income stream, or when they turn 65 years old (Sources: Services Australia and the Australian Taxation Office).

For the purposes of this study:

- **"Retired Australians"** or "retirees" refers to respondents who identify with any of the above concepts of retirement.
- **"Working-age Australians"** are defined as those within the study who did not self-identify as "retired."
- **"Australians"** refers to residents of Australia surveyed and is inclusive of both working-age and retired Australians (as self-identified).

Throughout the report, we use two related but distinct measures:

- **Retirement confidence** measures how certain people are that they'll be able to fund the lifestyle they want in retirement. It's a self-assessed measure of financial preparedness.
- **Retirement sentiment** reflects how people feel about retirement. It's based on the words they associate with it, whether positive (like "secure" or "proud") or negative (like "anxious" or "worried"). This gives insight into their emotional outlook.

Methodology

Vanguard's 2026 How Australia Retires report is based on a survey of a nationally representative sample of over 1,800 Australians aged 18 years and over in February 2026.

The survey sample was evenly split between working-age and retired Australians and represented 49% male and 51% female respondents.

The average respondent age was 44 for working-age and 72 for retired Australians. 48% of respondents have a bachelor's degree or higher educational status, and 61% are married or in a de facto relationship. 82% of working-age and 52% of retired survey respondents have a superannuation account.

Throughout the report, sampling weights were applied to the analysis to match the gender, age, and geographic distributions of the sample against the general population as well as the working-age and retired sub-populations.

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