



FINANCIAL  
SERVICES  
INSTITUTE  
*of Australasia*

## MEDIA RELEASE — WILL YOUR SUPERANNUATION LAST?

**You've arrived at retirement exactly as you planned it, with strong investment returns delivering a pot of gold full to the brim. However, a lifetime of superannuation saving comes with a difficult question — what is a sustainable level of spending in retirement?**

Conventional wisdom says that withdrawing 4% of your accumulated superannuation balance is the "right" number to ensure that your savings last the course.

New Finsia research *How safe are safe withdrawal rates in retirement? An Australian perspective* questions whether withdrawing your superannuation savings at the rate of 4% is a rule of thumb that delivers sustainable retirement income.

Analysing 112 years of market returns across five countries, this ground-breaking research finds that the 4% rule is not a silver bullet. In fact, even with the exceptional performance of the Australian stock market over the last century, a 4% withdrawal rate over 30 years on a 50:50 growth/defensive asset allocation is associated with a 20% chance of financial ruin.

For retirees planning to place their savings in account-based income stream — who are required to withdraw 4% or more of their savings per annum — the report's findings are sobering.

"This research is the second phase of Finsia's Retirement Risk Zone campaign. The findings will help the superannuation industry and consumers successfully navigate the period when their superannuation savings are most at risk", Finsia CEO Russell Thomas F Fin said.

Authors Professor Michael Drew SF Fin and Dr Adam Walk SF Fin commented "while the 4% rule is a useful baseline, the retirement planning problem is complex and it takes the concerted use of a range of levers — asset allocation, planning horizon, education, scenario testing and risk management — to improve outcomes and assist in managing asset–liability mismatch in retirement.

"We must do better in assisting retirees with formulating realistic expectations of the sustainability (or otherwise) of their superannuation savings. To tip the scales in the retiree's favour, it's vital to move the debate from a 'pot of gold' mindset to an 'income replacement' focus."

The report, to be launched at an event in Sydney today, is available for download at Finsia's Retirement Risk Zone website: <http://www.retirementriskzone.com.au>

*finsia.com*

Level 18  
1 Bligh Street  
Sydney NSW 2000  
Australia

T 61 2 9275 7900  
T 1300 346 742  
F 61 2 9275 7999  
membership@finsia.com

PO Box H99  
Australia Square  
NSW 1215  
Australia

ABN 96066027389

**-END-**

### **About Finsia**

Finsia — the Financial Services Institute of Australasia — is Australasia’s premier membership organisation for the financial services industry.

Finsia advances our members’ careers by building their capability and professional standing – and by connecting them to leading content, insights and influential networks. Finsia also plays a vital role in strengthening the financial services industry through policy initiatives and respected credentials that drive rigorous professional standards.

### **For media enquiries please contact:**

Caroline Falshaw A Fin  
Manager, Corporate Affairs  
Finsia — Financial Services Institute of Australasia  
t: 61 2 9275 7984  
m: 0414 488 852  
e: [c.falshaw@finsia.com](mailto:c.falshaw@finsia.com)  
[www.finsia.com](http://www.finsia.com)

*finsia.com*

Level 18  
1 Bligh Street  
Sydney NSW 2000  
Australia

T 61 2 9275 7900  
T 1300 346 742  
F 61 2 9275 7999  
[membership@finsia.com](mailto:membership@finsia.com)

PO Box H99  
Australia Square  
NSW 1215  
Australia

ABN 96066027389