



Baby boomers are generally in a sound position financially as they prepare for retirement

Developers challenge

Bull 3/6/07

BABY boomers on middle and lower incomes represent a challenge for developers, according to property research consultant Colleen Coyne.

"When baby boomers are finally ready to sell the family home, for the majority, it may not be all about lifestyle and easy maintenance," she said.

"Financial factors play an important role in their decision-making – many are asset rich and cash poor.

They need to free up capital to pay for their retirement aspirations."

Recently released research undertaken by AMP and the National Centre for Social and Economic Modelling (NATSEM) shows baby boomers have up to half of their net wealth tied up in the family home.

The richest baby boomers approaching retirement (aged 55 to 64 years) had an average of \$1 million in net assets each, with one-third held in the family home.

At the other end of the spectrum, the poorest baby boomers in this age group had only \$78,400 in net

assets each and a higher proportion in the family home.

The lower levels of net wealth of baby boomers in one-parent families or lone-person households are often the result of lower levels of home ownership among these groups.

"These groups are often excluded from home ownership altogether," said Ms Coyne.

"This contrasts with the 88 per cent of couple families (with or without children) in home ownership."

"By the age of 65 years, most of these couples have 100 per cent equity in their homes (sometimes using the superannuation they do have to pay down any remaining debt)."

Ms Coyne also pointed to focus group research conducted by the Australia Institute, which indicated that financial need was the main reason for lower income groups (household income \$70,000) to continue working after retirement.

"The research showed that up to half of baby boomers expect to continue some form of paid employment in retirement, but higher income households would work to achieve job satisfaction or to keep busy," she said.

The Australia Institute paper, *Rich Boomer, Poor Boomer*, indicated that low-income baby boomers would prefer to retire early and did not believe they could live comfortably in retirement on the pension, with many uncertain how they could afford to retire.

Ms Coyne said in recent years such concerns about having insufficient savings to retire comfortably had contributed to increasing numbers of older baby boomers returning to the work force, a trend assisted by strong economic growth and low unemployment.

"On the whole it seems most baby boomers are in a relatively sound position financially as they prepare for retirement," she said.

"The current provisions allowing higher sums to be paid into super-annuation would be enhancing the situation of some, particularly those in the middle and upper wealth brackets.

Ms Coyne said she believed the majority of baby boomers would prefer to remain the family home as long as possible.

For more information call 5578 5244 or 0418 856 439.