



**independence
matters**

Association of
Independent Retirees

Media Release

TRIPLE WHAMMY HITS SELF-FUNDED RETIREES

“Retirees who partly or fully self-fund their retirement are reeling from the triple whammy of reduced interest rates, the savage fall in share prices and the unintended travel costs”, said Mr Wayne Strandquist, President of the Association of Independent Retirees.

In managing their retirement investments including superannuation, retirees mainly adopt a conservative approach after they move from work to retirement. This approach protects their assets with less volatility and less risk of being affected by investment market downturns. However, this strategy has been thwarted by the ongoing reductions in the cash rate by the Reserve Bank over recent years resulting in falling returns from fixed interest investments.

“With share markets around the world plunging due to the coronavirus pandemic and the Russia – Saudi Arabia oil dispute, investments in Australian and overseas shares held by retirees have fallen significantly. While share markets will likely recover in the longer term, many retirees will not be able to stay on the sidelines during the current crisis and have to cash out of investments, at a major loss, to make ends meet”, said Mr Strandquist.

Many have been restricted while travelling in foreign countries or have made bookings requiring non-refundable deposits or full payment. Many retirees have also discovered their travel insurance provides no compensation for losses incurred as a result of worldwide travel bans etc. The fall in the Australian dollar has also increased the cost of alternative overseas travel arrangements for many retirees trying to get home.

“It is likely that as a result of the drought, bushfires, floods and the recent coronavirus stimulus package, the Australian Government will need to borrow money to inject into the economy and cover unbudgeted expenditure. To assist this funding, the Association of Independent Retirees suggests the Government consider issuing special Retirement Investment Bonds. These bonds would only be available to retirees and have an interest rate marginally below the interest rate of the pensions loan scheme. This would provide retirees funding their own retirement a return with minimal risk”, said Mr Strandquist

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