How long does retirement last?

Helping Australians understand their future financial needs

TAL

The role of life expectancy in retirement planning

When your members are planning for retirement, it's important for them to think about how many years they expect to be retired for – or in other words, how long they'll live. But for most of us, estimating how long we will live can be difficult.

One approach is to use life expectancy statistics as a guide. But as we'll see, this information can be easy to misinterpret and lead members to underestimate how long they're likely to live and how much money they'll need. So aside from life expectancy, there are other things to keep in mind when considering how long someone's retirement could be.

Let's look at some common myths around relying on life expectancy statistics and family history for retirement planning.

	THE MYTH	THE REALITY
1	**'Life expectancy from birth' statistics are relevant for older Australians.**	A 65-year-old's life expectancy is several years longer than the general population's life expectancy.
2	**I only need my retirement savings to last until my life expectancy age.**	More than half the population will outlive their life expectancy, with some living many years longer.
3	**Planning for retirement as a couple simply means calculating each partner's life expectancy.**	For a 65-year-old couple, there's a 43% chance that at least one partner will live to at least age 95.
4	**The age my parents or grandparents died is a good predictor of how long I'll live.**	A person aged 65 today can expect to live more than 9 years longer than their grandparents.
5	**I'm fairly typical, so the population statistics are relevant for me.**	There's no such thing as 'typical' when it comes to life expectancy. Average life expectancies can vary by up to 4 years based on income and wealth levels alone.

MYTH 1

‘Life expectancy from birth’ statistics are relevant for older Australians.

The most commonly used life expectancy measure is ‘life expectancy from birth’, which is the average number of years a person can expect to live based on when they were born. This measure takes into account tragedies such as deaths during infancy and early childhood, as well as accidental deaths.

These statistics become less relevant to older people, so relying on this information alone could mean they underestimate their own life expectancy.

For example, the average life expectancy from birth is currently 85 for women and 81 for men.[1] However, a 65-year-old’s average life expectancy is 88 for women (3 years longer) and 85 for men (4 years longer).

This is simply because someone who is 65 today can’t possibly die younger than age 65, so all deaths that have already occurred for their age group are removed from those statistics.

Another thing to remember about life expectancy statistics is that they only reflect the experience of the population at a specific point in time. People who are alive today will continue to benefit from improvements to living standards and healthcare during their lifetime, so current statistics may underestimate their actual lifespan.

If life expectancies continue to increase at a similar rate as in recent decades, the average life expectancy (with expected healthcare improvements) for someone currently aged 65 is actually 90 for women and 88 for men.

Current life expectancy statistics

	Women	Men
From birth	85	81
For a 65-year-old	88	85
For a 65-year-old with expected healthcare improvements	90	88

1 Australian Government Actuary, *Australian life tables 2020–22*, 12 December 2024.

MYTH 2

I only need my retirement savings to last until my life expectancy age.

As we saw in Myth 1, the life expectancy for 65-year-olds is 90 for women and 88 for men when we factor in future healthcare improvements. But it’s important to remember that these are only averages. Behind these numbers are potentially thousands of people – each with different personal circumstances – who will all live to different ages.

So, while a person’s life expectancy may suggest the age they can expect to live to, the reality is that slightly more than half of all people will actually live longer.

To illustrate, the chances of 65-year-old women and men surviving past ages 90, 95 and 100 are shown below.

Probability of a 65-year-old surviving beyond various ages

	90	95	100
Women	56%	29%	7%
Men	46%	20%	4%

MYTH 3

Planning for retirement as a couple simply means calculating each partner’s life expectancy.

Let’s again consider the life expectancy of 65-year-olds as being 88 years for men and 90 years for women when we factor in future healthcare improvements – or an average of 89 across both sexes.

For couples, it’s likely that one partner will outlive the other. And while many couples expect to pass away within a few years of each other, this often isn’t the case.

There are a range of other possibilities, as we can see in the figure below.

Generally speaking, the retirement-planning horizon is longer for couples because they need to plan for whichever partner could live the longest.

As an example, the probability of an individual 65-year-old reaching age 95 is around 24%. But when we consider a couple, the probability of at least one of them surviving to age 95 is actually around 43%. In fact, there’s an 11% chance that at least one partner will still be alive at age 100.

Likelihood of one partner outliving the other

By more than	By more than	By more than
8 years	**12 years**	**15 years**
1 in 2	**1 in 3**	**1 in 4**

MYTH 4

The age my parents or grandparents died is a good predictor of how long I'll live.

Many people assume they'll live roughly as long as their parents or grandparents did. But life expectancies have increased significantly over the past few decades, which means Australians are now living longer than ever.

There are a number of factors that have contributed to this – from lifestyle changes and higher living standards to advances in medical treatment and increased government healthcare spending.

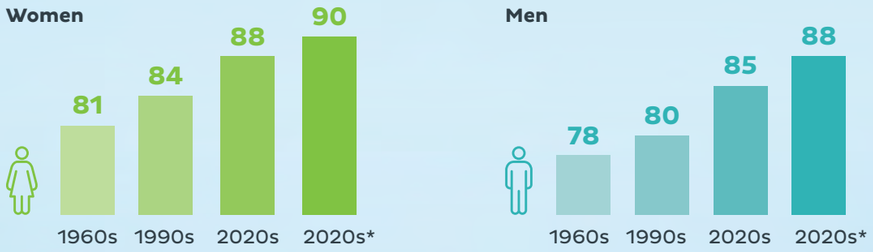
In fact, a recent TAL research study found that 85% of Australian retirees rate their health as being at least as good as - and in most cases, better than - their parents' health was at the same age.[2]

The charts below shows life expectancy statistics for previous generations compared to today.

As we can see, over two generations, the life expectancy for 65-year-olds has improved by around 7 years for both women and men. And with expected healthcare improvements, this is likely to increase by a further 2-3 years by the time they reach that age.

This is why the lifespan of someone's parents or grandparents might not be a useful indicator of how long they themselves are likely to live. Relying on this information when planning their own retirement could mean they underestimate how long their money might need to last.

Changing life expectancies over time for 65-year-olds



*with expected healthcare improvements

2 TAL, *What I wish I knew about retirement* whitepaper, 2024. Based on a quantitative survey of 442 pre-retirees and 558 retirees aged 55 or older.

3 R Chetty, M Stepner et al, *The association between income and life expectancy in the United States, 2001–2014*. US National Institutes of Health, 2016.

MYTH 5

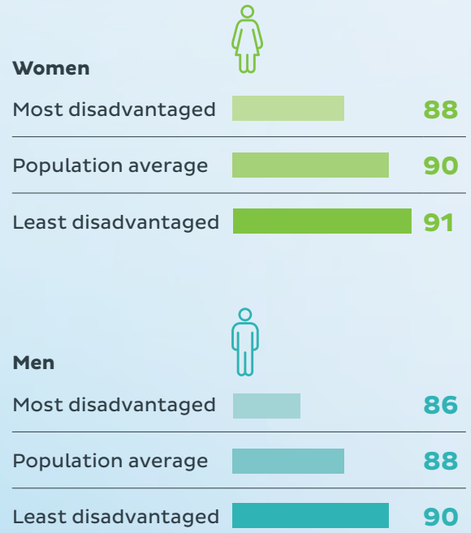
I'm fairly typical, so the population statistics are relevant for me.

Most life expectancy statistics represent the average for the entire population of a country, state or territory. But within that broad group, there's still a lot of diversity behind the averages.

Australia's population is made up of a wide spectrum of people, each with their own unique genetic, health and lifestyle characteristics. These factors can all play a role in a person's lifespan, so the concept of an 'average' Australian is quite abstract.

For instance, a person's socio-economic status – reflected through their wealth, income, occupation, education level and even where they live – can have a strong correlation with their life expectancy. Studies show that the wealthier someone is, the longer they are likely to live.[3]

Life expectancy for 65-year-olds by socio-economic group, with expected healthcare improvements



Helping your members retire with confidence

Life expectancy data can give us a sense of how long someone might live, but could be misleading if we rely on it to predict their financial needs in retirement.

If your members misjudge their personal retirement income horizon, it could have adverse consequences. Spending too much could mean running out of money early, whereas spending too little may unnecessarily reduce their standard of living – especially in the early and generally more active years of retirement.

TAL can support you and your members, with a range of services and solutions to help take the guesswork out of retirement planning.

LIFETIME INCOME PRODUCTS

We can help you design products that offer your members the certainty of an income for life – no matter how long they live – backed by TAL's specialist longevity insurance.

DIGITAL SOLUTIONS

Our user-friendly digital journeys make it easy for your members to transition from the super accumulation phase and choose the right retirement product mix to suit their needs.

MEMBER EDUCATION AND TOOLS

Our range of tools, calculators and educational content can help members learn more about their financial options in retirement.

TRAINING AND INSIGHTS

We deliver online learning modules, in-person training and targeted research and analytics to help your advisers and frontline teams support the retirement needs of your members.

To find out how you can help more members enjoy a confident and secure retirement, contact your TAL Partnership Manager.

DATA SOURCES:

- Australian Government Actuary, *Australian life tables 2020–2022*, December 2024.
- Australian Centre for Population, *Sub-group mortality: A microdata approach to resident sub-group life tables*, December 2021.

Important information

The information contained in this document has been prepared by TAL Life Limited ABN 70 050 109 450 AFSL 237848 (TAL) from observations TAL has made from the above data sources. While all care has been taken to ensure that the information provided is accurate and complete at the date of this publication, being May 2025, neither TAL or its employees accept liability for any loss or damage caused as a result of any reliance on the information. The information may also be subject to change.

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