

# Study highlights concerning financial situation for retirees who don't own a home

April 15 2019

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University of Otago research investigating the impact housing plays on

the financial situation of New Zealand retirees shows that non-homeowners are in a worse position financially, and action is recommended before the problem grows.

"We're staring down the barrel of future generations of non-homeowners being less able to achieve acceptable standards of living when they retire because of the critical factor of [home ownership](#)," says Dr. Helen Roberts of the University of Otago's Department of Accountancy and Finance.

"Essentially, homeowners are in a better financial position in retirement, and we've got less people owning homes," Dr. Roberts adds.

According to recent Housing Expenditure survey data, New Zealand has approximately 750,000 people aged 65 or over.

The research team of Ph.D. student Jelita Noviarini, and supervisors Dr. Andrew Coleman, Dr. Roberts and Associate Professor Ros Whiting believe the results highlight a need for the New Zealand government to address the lack of suitable public [housing](#), rising housing and rental prices, and mandate compulsory contributory retirement savings plans.

"New Zealand Superannuation is based on the assumption that recipients are homeowners. It's clear through statistics and the current attention on housing affordability that this is becoming less of a reality for many New Zealanders. The longer policy makers take to address this issue, the worse it will be for many New Zealanders," Ms Noviarini says.

This study investigated the impact of housing on financial adequacy of New Zealand [retirees](#) using the Survey of Family, Income, and Employment (SoFIE) data for the period 2002–2009. It examined the differential effect of housing liquidation options, rent imputation and asset liquidity on financial adequacy, and highlighted the widening gap

in financial sustainability in retirement between homeowners and renters.

Associate Professor Whiting says the results also provide important talking points for the implications of New Zealand's aging population.

"While our findings demonstrate that selling and living with family is the best retirement option this outcome is less achievable as families become more individualistic and less communitarian. Single females are exposed to large drops in adequacy if they choose or are forced to sell and rent," Dr. Coleman says.

The study also found that Māori, renters and individuals living in multi-dwelling occupancies have much lower levels of financial adequacy. Individuals of Pākehā or Asian ethnicity, homeowners and those living alone benefit more from imputed rent derived through home ownership.

The research has been published in the online journal: *Housing Studies*: "Housing liquidation and financial adequacy of retirees in New Zealand."

**More information:** Jelita Noviarini et al. Housing liquidation and financial adequacy of retirees in New Zealand, *Housing Studies* (2019). [DOI: 10.1080/02673037.2019.1585522](https://doi.org/10.1080/02673037.2019.1585522)

Provided by University of Otago

Citation: Study highlights concerning financial situation for retirees who don't own a home (2019, April 15) retrieved 18 April 2024 from <https://phys.org/news/2019-04-highlights-financial-situation-retirees-dont.html>

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