

White paper calls for rethink of retirement strategy as housing debt follows Australians into retirement

A new report has revealed the growing crisis facing Australians in their later years, with nearly half of homeowning Australians aged 55–64 now carrying housing debt into retirement and searching for solutions to stay financially afloat.

The white paper, authored by retirement finance experts Harry Chemay and Sahil Kaura, highlights a troubling trend: superannuation balances meant to fund retirement are increasingly being used to pay down housing debt, leaving many retirees asset-rich but cash-poor. With housing wealth now outweighing superannuation assets by nearly 3:1, and a strong preference among older Australians to remain in their homes, the traditional retirement model is under pressure.

The report urges superannuation funds to reconsider their approach, noting that many members nearing retirement are making lump sum withdrawals to extinguish mortgages – undermining the income-generating potential of their remaining super balances. It argues that a total household balance sheet lens would better assess retirement readiness and support member outcomes under the Retirement Income Covenant.

“Australia’s changing housing dynamics demand a retirement rethink,” said Mr Chemay, who is a Principal of Credere Consulting Services, with over 25 years of financial planning and consulting experience (KPMG, Colonial/CBA and Mercer) and has designed innovative retirement solutions for super funds.

“The dominant paradigm assumes households retire debt-free, but that’s increasingly unrealistic for many people. A better approach recognises the role of housing equity in bridging the gap between desired retirement lifestyles and available financial resources.”

The white paper, titled *The growing debt burden of retiring Australians: Challenges, solutions, opportunities* and supported by Homesafe Solutions, represents the most comprehensive post-COVID analysis of later-life housing debt, with data from the ABS and the Melbourne Institute’s HILDA longitudinal survey.

The report points to home equity release as a viable and underutilised solution, confirming views from the Retirement Income Review and the OECD that home equity release products can improve retirement outcomes when designed and communicated well.ⁱ Such products can boost retirees’ discretionary income by up to 70% without requiring them to sell their homes.

“We believe every retiree deserves the dignity of choice and financial confidence,” said Dianne Shepherd, CEO of Homesafe Solutions. “This report reinforces the need for innovative, transparent solutions that respect people’s desire to age in place while unlocking the value of their homes in a safe and responsible way.

“The market has evolved beyond the historic options of downsizing, doing nothing, or relying on loans with principal and compounding interest charges. Australians deserve all the facts and the best advice as they head into retirement.”

Unlike reverse mortgages, the Homesafe model offers a property transaction – not a credit contract – allowing homeowners to retain full legal ownership and a guaranteed right of occupancy for life.

While the Australian home equity release industry remains modest – with \$4 billion in outstanding reverse mortgage balances as of March 2025 – demand is growing. Retirees are increasingly seeking ways to improve living standards, meet rising costs, and manage lingering household debt. However, barriers remain. These include consumer reluctance to access wealth tied up in the family home, product complexity, limited information, and concerns about age pension entitlements.

Mr Chemay urged policymakers, super funds, and financial advisers to engage with the white paper’s findings.

“A total balance sheet approach to member retirement readiness might help super fund trustees to better deliver on their obligations in respect of the Retirement Income Covenant,” he said. “Super funds should adapt calculators and member strategies to include housing equity and debt.”

The white paper is now available [here](#).

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ⁱ OECD (2024), *OECD Pensions Outlook 2024: Improving Asset-backed Pensions for Better Retirement Outcomes and More Resilient Pension Systems*, Chapter 6, p. 144