

SHE WHO HESITATES IS LOST - LATEST CITIBANK RETIREMENT INDEX REVEALS RETIREES ARE ONLY LIVING ON \$22,000 PER YEAR

- 48% of retirees plan to rely on the government pension as their primary source of retirement income
- Almost one million people have returned to work since retiring
- One in five (20%) semi-retired over 55s do not plan to fully retire
- More than 1 in 3 (38%) retirees don't plan to work in retirement
- Annual income of male retirees is almost \$7,000 higher than women
- Many retirees claim to have turned to gambling or considered breaking the law to supplement their income
- Only 1 in 15 (7%) retirees live on an annual household income of \$70,000 or more
- Research reinforces the call to abolish superannuation contributions tax

Sydney 31st January 2006: Despite low incomes, the latest Citibank Retirement Index indicates a small upturn in confidence amongst retirees in terms of their level of savings to fund retirement. The response for November 2005 was 70%, compared to 66% in May 2005. The flipside is that 25% are not confident their savings will last the distance.

While confidence may be on the rise, Citibank's research indicates that retirees seem to be less motivated to work, their incomes are increasingly meagre, increasing numbers have cut back on spending and more of them are being tempted by less scrupulous ways to supplement their income. All of which suggests a different story and some distance from reality for many of Australia's ageing population.

Launched last year and conducted every six months, the Citibank Retirement Index aims to provide a comprehensive snapshot of retirement capturing income, expenditure, savings and lifestyle habits of Australia's 55+ semi and fully retired population – which currently numbers around 3.6 million. This number is set to rocket over the next fifty years with the Australian Bureau of Statistics projecting that one in two Australians, around 30 million, will be over the age of 50 by 2051.

Income levels of the nation's retired population

According to Citibank's research, the nation's 3.6 million retirees have a combined average annual personal income of \$80.57 billion. The financial reality is that the average retiree only receives \$1,865 per month or \$22,380 per year. This compares to the national average wage of \$53,000 per year. Monthly income rises to \$2,159 (\$25,908 p.a.) for men but drops to \$1,583 (\$18,996 p.a.) for women.

Early savers win out. Those who started saving for retirement before the age of 40 have an income of \$2,369 (\$28,428 p.a.) but those who left it until after they'd reached 50 come away with \$1,804 (\$21,648 p.a.). Similarly, retirees not confident about their level of savings to fund retirement only have \$1,352 to spend per month (\$16,224 p.a.) whereas confident retirees have \$778 more to play with each month with \$2,130 (\$25,560 p.a.).

Average retired income on a national and regional basis

National average	Capital City	Non cap city	NSW	Victoria	Qld	SA	WA	Tas
\$1,864 pm	\$2,067	\$1,638	\$2,065	\$1,823	\$1,824	\$1,520	\$2,132	\$1,387
\$22,380pa	\$24,804	\$19,656	\$24,780	\$21,876	\$21,888	\$18,240	\$25,584	\$16,644

Source: Citibank Retirement Index, Nov 2005

The latest research also reinforces one of the previous key findings from the Retirement Index. Four in ten retirees, maintain that you need the same or higher amount of income in retirement to live comfortably.

Andrew de Vries Head of Investments at Citibank said: “These income figures really show the disparity between people who plan and start saving early for their retirement and those who leave it to the last minute. After allowing for essentials, the national average of \$1,865 provides around \$460 per week which doesn’t leave a lot of money to play with.

“We’re not just advocating that people should have to do it all themselves, they need help, particularly if one of the Government’s longer term policy goals is less reliance on the pension. Removing superannuation contributions tax would have a significant impact, particularly for those on lower incomes.

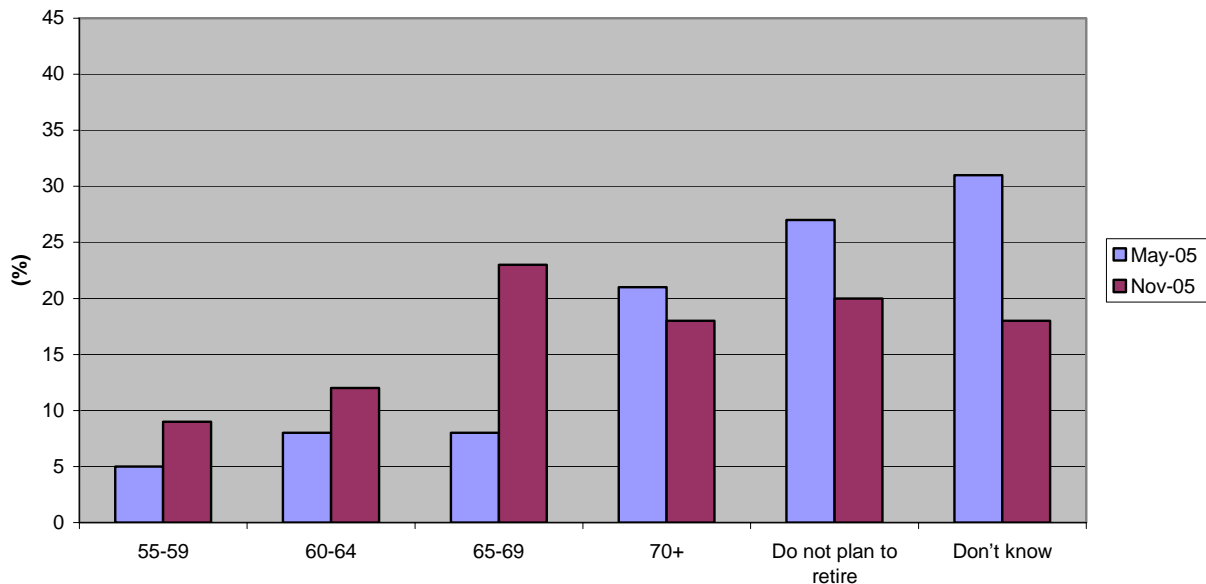
“The general rule of thumb for retirement income is two-thirds of final annual salary but what we’re seeing is that for many people that level of income is really only covering essentials.”

So how do retirees intend to fund their retirement? Increasingly, the answer seems to be the government pension – with 48 per cent relying on the government as their primary source of income, 34 per cent relying on superannuation and 14 per cent relying on income from other assets.

Plans to retire

One in five (20%) semi-retired surveyed said they do not plan to retire. Amongst the semi-retired, one in 10 plan to retire between 55-59 years of age and 23% plan to stop work between 65-69, up from eight per cent.

Age plan to fully retire - Total Semi-Retired
 Source: Citibank Retirement Index, Nov 2005



Retirement – what retirement?

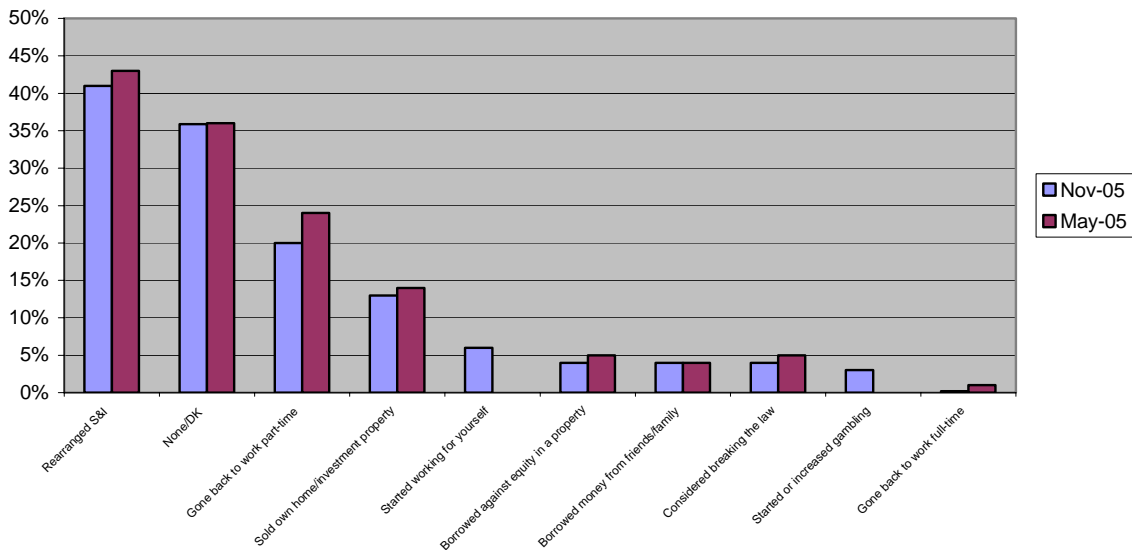
Despite the dream of sitting back and taking it easy, around six in ten retirees intend to do some type of work in retirement. A large number of the 38% who do not plan to work in retirement are probably kidding themselves.

Andrew de Vries said: “Early retirement and staying permanently retired is getting harder for just about everyone. Those who’ve done the proper planning and started saving early are in the box seat. Most retirees are being forced to supplement their income because what they have to live on is just not enough – something’s gotta give. Our research shows that close to one million retirees have returned to work since retiring.”

In fact 72% of semi-retired respondents say they continue to work in retirement because they need the additional income (up from 52%). Then there are those who look for other alternatives – around 240,000 claim to have taken to gambling or considered breaking the law to supplement their income!

Actions retirees have taken to supplement income

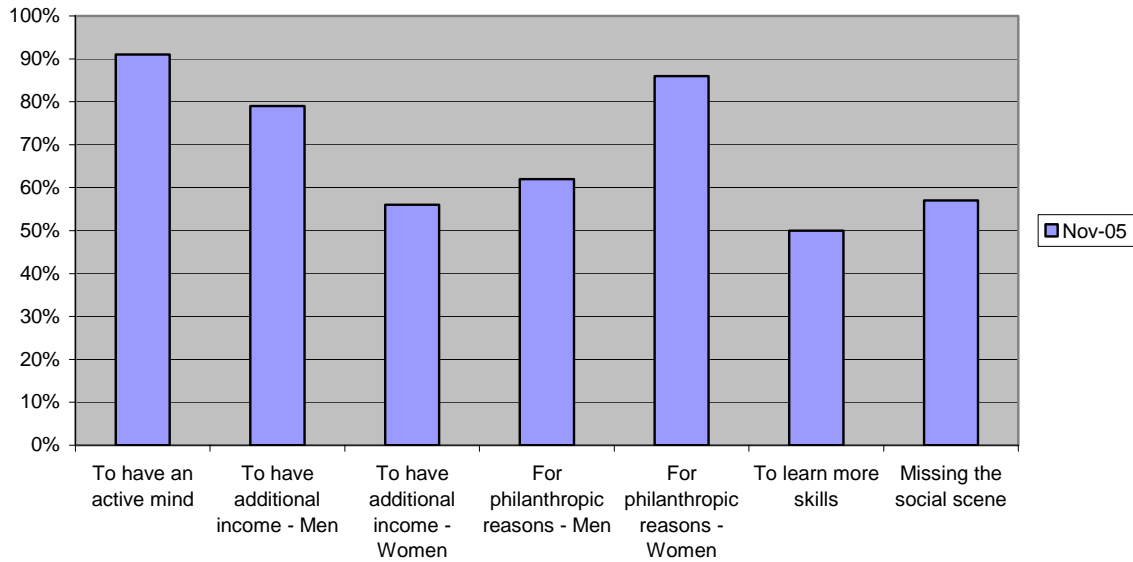
Source: Citibank Retirement Index, Nov 2005



NB. Work for self and gambling are new codes – they did not appear in May 05

While financial reasons are becoming more important in terms of keeping people at work, non-financial reasons are also important. Nine in ten semi-retired (91%) remain working to keep the mind active. Almost eight in ten (79%) men say they need the additional income compared to 56% of women. On the other hand, women are community minded with 86% continuing to work for philanthropic reasons compared to 62% of men. Half of those who keep working say it's to learn new skills and 57% say it's because they miss the social scene.

Non Financial Reasons to keep working



Andrew de Vries concluded: "This round of research reinforced the key finding from the last. People who are confident that their retirement savings will last the distance are those who have prepared well and started early."

Citibank can help you plan for retirement with CitiGold, our wealth management service. Further information on CitiGold is available at www.citibank.com.au or by phoning 1800 168 168.

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Notes to editors:

1. Research conducted by Newspoll amongst a representative sample of 400 "self-described" semi and fully retired Australian adults 55 years of age or older between 1 – 3 November 2005.

2. Population figures are based on projected 2005 ABS data:

55 – 64 years	2,180,052
65 years and older	2,656,341
Total 55+	4,836,393

3. About CitiGold

CitiGold is Citibank's wealth management service aimed at affluent customers who hold balances of A\$100,000 (or equivalent) with Citibank. CitiGold Centres provide customers with a range of products designed to maximise wealth creation. Services include local currency investments, foreign currency products including dual currency deposit, structured products, managed funds, superannuation, retirement income products, personal insurance, mortgages, credit cards and more.

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