



2026 Challenger Retirement Happiness Index report

Drivers of retirement happiness

Mandy Mannix

Retiring is one of the most significant life transitions Australians will experience. It marks the end of working life, but more importantly, the beginning of an exciting new chapter—one shaped by freedom, choice and the opportunity to live on your own terms. The 2026 Challenger Retirement Happiness Index shows that most older Australians remain positive about retirement. Happiness levels are strong, and many people are enjoying the time, flexibility and independence that retirement can bring. Yet this year's research also highlights an important concern. While Australians are finding joy through activities, purpose, and social connections, confidence about money continues to wane.

Cost of living pressures, uncertainty about how long savings will last and concerns about making the wrong financial decisions can weigh on people's peace of mind. This matters, because while money alone doesn't create happiness, financial insecurity can undermine it.

One of the clearest insights from this year's Index is the powerful role that financial certainty plays in retirement wellbeing.

Australians consistently tell us that having a guaranteed, regular income that covers everyday living costs would significantly improve their happiness. Knowing that essential expenses are taken care of allows retirees to focus on living, rather than worrying.

The findings reinforce Challenger's long-held belief that retirement planning should also focus on guaranteed, regular income, not just savings. A confident retirement is one where people feel secure enough to spend their money, enjoy their time and plan for the years ahead. The insights in this report will help spark more informed conversations—between retirees, advisers, policymakers and families—about what really matters later in life. A happy retirement is not just about how much money you have. It is about the confidence to live well.

About the Index

The Challenger Retirement Happiness Index is an annual study developed in partnership with independent research provider YouGov.

- Surveyed more than 2,000 Australians aged over 60.
- Measures happiness across six key pillars.
- Tracks changes year-on-year to understand how retirement experiences are evolving.

Introduction

Australians aged over 60 remain positive about retirement, with the Challenger Retirement Happiness Index rising from 68.9 in 2025 to 69.5 in 2026. Yet beneath this resilience, a familiar tension remains. Rising cost of living continues to weigh on lifestyle, financial security and confidence that savings will last.

The third annual Challenger Retirement Happiness Index, conducted in partnership with independent research provider YouGov, surveyed more than 2,000 Australians aged 60+ to better understand what drives happiness in retirement.

The findings reinforce that retirement happiness is shaped by more than money, with activities, mental wellbeing, purpose and social connection emerging as the strongest drivers. Even so, financial security remains an important foundation for confidence, and many older Australians believe guaranteed, regular income would materially improve their retirement happiness.

However, after decades focused on accumulating superannuation, many Australians find the shift to spending and enjoying their next chapter difficult. While this report shows strong levels of happiness overall, older Australians can be cautious about drawing on their savings, particularly in an environment of rising living costs and uncertainty about how long their money will need to last.

Together, the results point to a clear opportunity for Australia's retirement system. While the superannuation system has helped millions of Australians build a retirement nest egg, greater support is needed to help retirees convert those savings into guaranteed, regular income in order to have confidence to enjoy their next phase of life.

Beyond money - the role of purpose and connection

Purpose plays a powerful role in shaping happiness in retirement. Having a clear sense of purpose helps retirees stay engaged, remain positive, and feel fulfilled.

More than seven in ten Australians aged over 60 say they have a strong sense of purpose in life, a trend remaining consistent since 2023. So, what helps retirees maintain this sense of purpose?

The Happiness Index shows the strongest drivers of overall retirement happiness are:

- Activities and hobbies
- Mental health
- Having a purpose
- Social connections
- Physical Health
- Having money

Table 1. Retirement happiness factors (scores)

Factor	2024	2025	2026
1. Activities & hobbies	79.5	80.1	80.1
2. Mental health	77.6	74.9	76.8
3. Having a purpose	73.9	71.7	72.4
4. Social connections	70.3	71.5	71.2
5. Physical health	61.5	59.4	60.0
6. Having money	56.3	55.8	56.6

Source: 2026 Challenger Retirement Happiness Index Report

38% of those who are concerned about losing their mental health and/or mental fitness as they get older believe making decisions about maintaining strong social connections and a sense of community will have the biggest impact on retirement happiness.

Mental health matters strongly for men in retirement

Men are more likely than women to rank having good mental health within their top three most important elements for a happy retirement. Forty percent of men ranked mental health in their top three, compared to 35 percent of women.

Case study 1

John's unexpected early retirement

Retirement was unexpected for John. For almost 40 years John worked in the transport industry, but due to an epilepsy diagnosis fourteen years ago, John entered retirement earlier than planned.

Thankfully, John had a solid social network of friends and family, an abundance of hobbies, and a trusted adviser in his corner to make the transition easier.

Working with his adviser, John knew he had more than enough money to last, including a lifetime guaranteed income stream with Challenger. This has given him the confidence to navigate all of life's moments and unexpected challenges, including a major heart surgery at Christmas time in 2023.

Today at 76, John says he is comfortable and enjoying retirement. A passionate Toastmaster, transport enthusiast, and avid volunteer, John is enjoying his golden years to the full. He also surrounds himself with friends and family, including his three children and grandkids, as well as flatting with his friend in Fairlight NSW.

Finding purpose in volunteering

Volunteering can also play an important role, as Australians who volunteer are significantly more likely to say they have a clear sense of purpose and meaning in life (86% compared to 68% of those who do not).

Retirees who volunteer are also more likely to have hobbies and activities they enjoy, highlighting the link between social connection and happiness in retirement.

“One of the strongest insights is the powerful role purpose plays in retirement happiness. People who volunteer, stay active in their communities, and maintain hobbies and interests consistently report higher levels of happiness”, said Mandy Mannix.

Financial security and income

A confident retirement can mean enjoying everyday moments and making plans without constantly worrying about money.

86% of retirees who volunteer say they have a clear sense of purpose and meaning in life.



The quote

A happy retirement is not just about how much money you have. It is about the confidence to live well.



Mandy Mannix, Challenger

Mandy joined Challenger in November 2022 and is the principal advocate for retirement. Prior to this, Mandy was general manager, Asset Management Distribution at MLC Wealth. Mandy has also held senior roles in Australia and London at BMO Global Asset Management, CQS UK, Nomura, and Merrill Lynch Investment Managers (now BlackRock).

For many older Australians approaching or already in retirement, this sense of confidence remains a key goal. Yet only around half of Australians aged over 60 say they feel financially secure—a figure that has remained steady at 52% over the past three years of the Challenger Retirement Happiness Index.

When asked about savings goals, retirees consistently prioritise certainty, including the factors below (and shown in Figure 2):

- Confidence their money will last for life (72%)
- The ability to cover health and aged care costs (65%)

44% of Australians aged 60+ rank having enough money to enjoy retirement as the most important factor for a happy retirement.

Retirement confidence goes beyond income replacement—it can be the feeling of certainty that replacing a regular pay cheque with income you can rely on for life. Nearly four in five Australians aged over 60 agree that they would be much happier if they had a guaranteed income for life in retirement.

Retirement income solutions that provide guaranteed regular payments, such as lifetime annuities, can help deliver this sense of certainty as retirees move from saving to spending. Yet more than half of Australians aged over 60 (59%) say they do not know about, or have not heard of, lifetime income streams as a retirement strategy.

The key is having the certainty to relax in those golden years, knowing your money will last and that you can afford to enjoy what retirement has to offer.

Figure 1. Financial confidence differs by gender in retirement



Source: 2026 Challenger Retirement Happiness Index Report

The findings show that retirement happiness is driven by purpose, connection and overall wellbeing, but ultimately shaped by financial confidence—a theme we explore in the next instalment. **FS**

About Challenger: Challenger Limited (Challenger) is an investment management firm focused on providing customers with financial security for a better retirement. Challenger operates a fiduciary Funds Management division and an APRA-regulated Life division. Challenger Life Company Limited (Challenger Life) is Australia's largest provider of annuities.

About Challenger Retirement Happiness Index: The third annual Challenger Retirement Happiness Index, developed in partnership with independent research provider, YouGov, surveyed a nationally representative sample of 2,015 Australians aged 60 and above in February 2026. Current as of 30 March 2026 and is general information only. It does not take into account your objectives, financial situation or needs and is not intended to constitute personal financial product advice and may not be appropriate for you.

About YouGov: YouGov is an international online research data and analytics technology group. Founded in 2000, YouGov has one of the world's largest research networks, with operations in the UK, the Americas, Europe, the Middle East, India, and Asia Pacific, including Australia and Singapore. All of YouGov's products and services draw upon a detailed understanding of 30+ million registered panel members, including more than 700,000 Australians, to deliver accurate, actionable consumer insights for clients.

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