



Myth Buster: Retired Doesn't Mean You Can't Borrow

One of the most common misconceptions we hear from retirees is:

"I'm retired, so the banks won't lend me money anymore."

That is simply not always the case.

Retirement certainly changes the way lenders assess a loan application. Employment income may have stopped and lending policies can become more complex. **But retirement itself does not automatically prevent someone from borrowing.**

In fact, many Australian retirees can have exceptionally strong financial positions: a debt-free home, substantial superannuation, investment assets, reliable pension or defined-benefit income and relatively modest living expenses.

For the right client, there can still be lending solutions available.





What Does a Strong Retired Borrower Look Like?

Consider a retired couple who:

- Own their home outright, potentially worth \$1.5 million, \$2 million or more
- Have a substantial superannuation balance
- Receive regular super pension, investment or defined-benefit income
- Have limited or no existing debt
- Have a strong credit history
- Maintain significant cash or investment reserves

They may no longer receive a salary, but that doesn't necessarily mean they lack **income, assets or the capacity to manage debt.**

The challenge is often finding a lender whose policies recognise their particular circumstances.



Why Can Borrowing Become More Complicated After Retirement?

Australian lenders are required to assess whether a loan is suitable and whether the borrower can meet their obligations without substantial hardship. For older borrowers, another consideration can be the **loan term and exit strategy**.

A lender may want to understand how a 65, 70 or 75-year-old borrower intends to repay a loan—particularly where the requested loan term extends well into retirement.

This doesn't necessarily mean the answer is no. It means the application may need to be structured and presented differently.

Depending on the circumstances, lenders may consider income and assets such as superannuation pensions, defined-benefit pensions, investment income, rental income, financial assets, cash reserves and other reliable retirement income.

An acceptable repayment or exit strategy might also form an important part of the application.



Why Would a Retiree Want to Borrow?

Borrowing in retirement isn't necessarily about someone being short of money. Sometimes it is about financial flexibility and capital management.

A retiree might want to borrow to renovate their home, purchase a new home before selling their existing property, assist children or grandchildren, purchase an investment property, refinance existing debt, manage a temporary cash-flow requirement or avoid unnecessarily liquidating investments at an inconvenient time. There may also be situations where accessing home equity is appropriate.

The important question isn't simply "Can I borrow?" It is:

"Does borrowing form part of a sensible overall financial strategy?"





This Is Where the Financial Planner and Mortgage Broker Can Work Together

Retirement lending is a good example of why financial planners and mortgage brokers can complement each other.

The **financial planner** can consider the client's broader financial position and strategy: retirement income, superannuation, investments, cash-flow requirements, estate planning considerations and longer-term objectives.

The **mortgage broker** can then investigate the lending market to determine which lenders may consider the client's circumstances and how an appropriate lending solution could potentially be structured. The distinction is important.

The financial planner helps determine **whether borrowing makes sense within the client's overall strategy.**

The mortgage broker helps determine **how that borrowing may be achieved within lender credit policies.**

Working collaboratively can produce a much better outcome than looking at the lending decision in isolation.



Not Every Bank Will Say Yes — and That's the Point

Retirement lending can be highly policy-dependent.

One lender may be uncomfortable with a particular income source, loan term or proposed exit strategy, while another lender may assess the same client's circumstances differently.

That is where access to a broader lending market and an understanding of individual lender policies becomes valuable.

A decline from one bank should therefore not automatically be interpreted as: **“I'm retired, so I can't borrow.”**

It may simply mean that particular lender or loan structure wasn't appropriate.



A Conversation Worth Having Before Retirement Too

There is another important lesson here.

Clients approaching retirement shouldn't necessarily wait until after they have stopped working before reviewing their lending arrangements.

For some clients, their final working years can be an ideal time for their financial planner and mortgage broker to jointly review existing debt, loan terms, repayment structures and future liquidity requirements.

Planning early can provide considerably more flexibility.



The Myth: “Once I Retire, I Can't Get a Loan.”

The Reality: Retirement doesn't automatically close the door on borrowing.

For financially strong retirees with substantial assets and reliable retirement income, lending solutions may still be available.

The solution will depend on the client's individual circumstances, the purpose of the borrowing, their ability to service the debt, lender policy and an appropriate repayment or exit strategy.

That's why the starting point shouldn't be assuming the answer is **no**. It should be a conversation between the **client, their financial planner and an experienced mortgage broker**.



Retired and Wondering Whether you can Still Borrow?

Before selling investments, drawing down additional super or abandoning a financial strategy because you assume a bank won't lend to you, speak with your financial planner and mortgage broker.

You may have more options than you think.

General information only. Lending is subject to individual circumstances, lender eligibility, credit assessment and responsible lending requirements. Financial and taxation implications should be considered with appropriately qualified advisers.



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