

ASFA's retirement standard lifts the cost of living for retirees

The cost of living for retirees rose in the September quarter by approximately 0.2% from the June quarter, according to the latest figures from the Association of Superannuation Funds of Australia (ASFA) Retirement Standard which benchmarks the annual budget needed by Australians to fund either a "comfortable" or "modest" lifestyle in retirement.

The ASFA Retirement Standard highlighted that in order to achieve a modest or comfortable lifestyle; the following amounts would be needed annually (based on the September 2015 quarter).

Budgets for various households and living standards for those aged around 65

| | Modest lifestyle | | Comfortable lifestyle | |
|----------------|------------------|----------|-----------------------|----------|
| | Single | Couple | Single | Couple |
| Total per year | \$23,695 | \$34,090 | \$42,962 | \$58,915 |

Budgets for various households and living standards for those aged around 85

| | Modest lifestyle | | Comfortable lifestyle | |
|----------------|------------------|----------|-----------------------|----------|
| | Single | Couple | Single | Couple |
| Total per year | \$23,062 | \$34,257 | \$38,460 | \$53,937 |

As lump sum amounts, the superannuation balances required to achieve a modest or comfortable lifestyle are:

| | Modest lifestyle | | Comfortable lifestyle | |
|----------|------------------|----------|-----------------------|-----------|
| | Single | Couple | Single | Couple |
| Lump Sum | \$50,000 | \$35,000 | \$545,000 | \$640,000 |

The lump sums needed for a modest lifestyle are relatively low as the Retirement Standard assumes that:

1. Individuals will be receiving the Age Pension; and
2. The Age Pension will be sufficient to meet the expenditure required at this budget level

What is considered a modest and comfortable retirement lifestyle for retirees?

A modest lifestyle is considered better than relying solely on the Age Pension, but still only able to afford fairly basic activities.

A comfortable retirement lifestyle enables an older, healthy retiree to be involved in a broad range of leisure and recreational activities and to have a good standard of living through the purchase of such things as:

- Household goods;
- Private health insurance;
- A reasonable car;
- Good clothes;
- A range of electronic equipment; and
- Domestic and occasionally international holiday travel

Both budgets assume that the retirees own their own home outright and are relatively healthy.

Need to know more?? Then contact our office on (03) 8899 6399 and ask to speak to MICHAEL KING.