

Westpac ASFA Retirement Standard Summary

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Most people save for their retirement, but relatively few have a good idea of exactly how much money needs to be spent each year to fund a comfortable lifestyle in retirement. Recent research, commissioned by Westpac from ASFA (the Association of Superannuation Funds of Australia) provides a clear and objective answer to this question.

The level of the Age Pension provides an indication of what people can survive on, but most Australians want and need more than the Age Pension. The Westpac ASFA Retirement Standard provides detailed budgets for singles and couples looking forward to either:

- A modest lifestyle in retirement – a better lifestyle than that provided by the Age Pension, but limited to fairly basic activities; or
- A more comfortable lifestyle in retirement – enabling 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.

Budgets for singles and couples

The table below sets out the average national weekly and annual budgets for retired single females and couples for both the Modest and Comfortable retirement living standards as at June 2008. The detailed breakdowns are on a weekly basis. For some budget items, two can live as cheaply as one, but for other items costs go up with the size of the household.

To have comfortable lifestyle, retired singles need to spend \$37,452 a year and couples around \$50,086. This assumes the retiree owns their home.

	Modest lifestyle – single (cost per week)	Modest lifestyle – couple (cost per week)	Comfortable lifestyle – single (cost per week)	Comfortable lifestyle – couple (cost per week)
Housing – ongoing only	\$67.71	\$70.04	\$89.96	\$92.27
Energy	\$12.44	\$14.82	\$13.61	\$15.99
Food	\$67.03	\$141.07	\$132.96	\$187.44
Clothing	\$14.72	\$25.39	\$31.08	\$56.69
Household goods and services	\$49.45	\$52.37	\$87.89	\$92.98
Health	\$12.68	\$23.89	\$53.40	\$105.01
Transport	\$77.28	\$78.13	\$117.93	\$118.79
Leisure	\$44.53	\$73.73	\$142.46	\$204.54
Personal care	\$26.18	\$41.25	\$26.18	\$41.25
Gifts and/or alcohol and tobacco			\$22.79	\$45.57
Total per week	\$372.03	\$520.70	\$718.26	\$960.54
Total per year	\$19,399	\$27,151	\$37,452	\$50,086

Comfortable budget inclusions

The comfortable budget allows for inclusions such as home renovations (being able to update the kitchen or bathroom at some stage), eating out from time-to-time, being able to entertain family or friends at home, better clothes from more upmarket stores, improved quality whitegoods and a range of computer and home entertainment items, private health insurance at the top rate, a better car, purchase of magazines and CDs, increased frequency and cost of holidays, including and occasional overseas holiday, and being able to afford additional alcohol, or purchase tobacco or make gifts and donations if this is desired.

Regional differences

Costs for certain budget items are more expensive in certain cities and regional areas than others.

The Westpac ASFA Retirement Standard calculator, available at the Westpac website (www.westpac.com.au) provides estimates for each State and Territory capital city and regional breakdowns for Western Australia and Queensland, the two largest States. The ASFA website (www.superannuation.asn.au) also has more detailed information on the items that make up the various categories of expenditure, and for differences in male and female expenses. For example, men require slightly less money in retirement due to lower costs in categories such as clothing and personal care.

To ensure budget estimates remain relevant for all Australians, budgets are updated each quarter to reflect price changes in each State, Territory and region covered.

How were the budgets put together?

The budgets were compiled in association with the Social Policy Research Centre of the University of New South Wales, an organisation which is a world leader in such research, by examining and costing the spending habits of Australians in retirement. The draft budgets were then tested with focus groups of retired people enjoying a comfortable lifestyle.

The gross income of retiree households needed to support the suggested level of expenditure should take into account any income tax payable and any social security or other benefits received.

Closing the retirement gap

A number of websites, including ASIC's (The Australian Securities and Investment Commission – www.fido.gov.au), have calculators that can help you work out whether you are saving enough to support the level of expenditure you would prefer to have in retirement.

A qualified financial advisor, or your superannuation fund, can also help provide information on your current retirement savings and goals.