

# INFORMING

## YOU



## HOW MUCH SUPER IS ENOUGH?

**What's the magic amount you need in your super account to retire comfortably? Unfortunately, this age-old question is a difficult one to answer, because it will be different for everyone. The good news is that there's a wide range of tools available to help you calculate an amount that makes sense for your personal circumstances.**

One of the first steps on the way to figuring out how much money you'll need in retirement can be the Association of Superannuation Funds of Australia (ASFA) [Super Guru website](#). ASFA's Retirement Standard, which is updated quarterly, is essentially a calculation of how much an individual or couple living in Australia might need for a modest or comfortable retirement.

### Calculating the costs

According to ASFA, and assuming you own your home, the annual cost to fund a 'comfortable' lifestyle is \$44,011 annually for a single person and \$60,457 for a couple, while a 'modest' lifestyle will cost \$24,506 a year for singles and \$35,189 for couples.<sup>1</sup> Those without retirement savings must rely on a less-than-modest lifestyle offered by the Age Pension – a full Age Pension is currently worth \$21,164 for singles and \$31,907 for couples.<sup>2</sup>

The 'comfortable' figures translate to total retirement savings of \$545,000 for singles and \$640,000 for couples.<sup>3</sup> But of course, these are only average amounts that don't take into account your personal lifestyle circumstances.

For those on higher incomes, the Australian Securities and Investments Commission (ASIC) says your retirement income needs to be around two-thirds of your pre-retirement income if you want to maintain your current standard of living. You can find more information on ASIC's [MoneySmart website](#).

### Planning for the future

But what if you'll be retiring 10, 20 or 30 years from now? Of course, there's no calculator that can tell you what you'll need in future-dollar terms because it's impossible to take all potential economic movements into account. But you can probably get a rough estimate by allowing for the compounding effects of the Consumer Price Index (CPI), which measures spending patterns of Australian households.

If we assume that the CPI sits at 2.5%<sup>4</sup> a year between 2018 and 2048, here's how ASFA's retirement cost estimates might increase accordingly<sup>5</sup>:

Retirement year	2018	2028	2038	2048
<b>Modest</b>				
Single per year	\$24,506	\$31,370	\$40,156	\$51,403
Couple per year	\$35,189	\$45,045	\$57,661	\$73,811
<b>Comfortable</b>				
Single per year	\$44,011	\$56,338	\$72,117	\$92,316
Couple per year	\$60,457	\$77,390	\$99,066	\$126,813

As you can see, the effects of inflation can have a dramatic impact over time. When other contributing factors are taken into account – such as Aged Pension rules, market fluctuations and the ageing population – it makes sense to start planning seriously for your retirement sooner rather than later.

### Get the right advice

<sup>1</sup> ASFA Retirement Standard, September 2017 quarter.

<sup>2</sup> Department of Human Services, *Payment rates for Age Pension*, February 2018.

<sup>3</sup> ASFA Retirement Standard, September 2017 quarter.

<sup>4</sup> ASIC media release, *18-071MR ASIC extends the transition period for superannuation and retirement calculators*, 13 March 2018

<sup>5</sup> Figures for 2028, 2038 and 2048 have been calculated based on a compounding rate of 2.5% pa

# INFORM

When working out how much super you'll need, it's always a good idea to speak to your financial adviser. They can help you set a super target based on your retirement needs and goals, with a personalised financial plan to keep you on track.

## SPEAK TO US FOR MORE INFORMATION

Speak to us if you would like to understand more about how this information might impact your financial situation.

### IMPORTANT INFORMATION

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