

► Funding a comfortable retirement

When planning for retirement, one of the most important questions you need to ask yourself is: how much will you need in order to live comfortably? There's no quick answer because we all have different ideas of what is meant by 'comfortable'. One thing that we can all agree on is that we're healthier and living longer, so our retirement savings need to go further.

How much will you need to live comfortably?

What's your idea of a comfortable retirement? Perhaps it's being able to go out for a meal once a week, or to go overseas once a year. Lifestyle is a personal thing - what one person considers extravagant could be considered modest by another.

The important thing to know is how much you'll need and whether you're on track to achieving your 'retirement standard'.

Things to consider when asking yourself how much you'll need for retirement:

- **how much income do I need** in order to meet my retirement lifestyle expectations?
- **how long do I expect to live** (and therefore, how long do my retirement savings need to last)?
- **how can I maximise investment returns** on my retirement savings to make them last longer?

A benchmark to give you an idea of how much you may need

The Association of Superannuation Funds of Australia's (ASFA) Retirement Standard benchmarks the annual budget needed to fund either a comfortable or modest standard of living in retirement. This benchmark is updated quarterly to reflect inflation.

The most recent figures indicate that a couple aged between 65 and 85 years of age looking to achieve a comfortable retirement need around **\$62,828** a year, while those seeking a 'modest' retirement lifestyle need around **\$40,829** a year (refer to the table below). These are indicative amounts, and you may need more (or less) than this amount to live comfortably in retirement.

Retirement definitions

ASFA defines 'modest' and 'comfortable' lifestyles as:

Modest lifestyle in retirement - a better lifestyle than that offered under the Age Pension, but still only able to afford basic activities.

Comfortable lifestyle in retirement - enabling an older, healthy retiree to be involved in a broad range of leisure activities and to have a good standard of living through the purchase of such things as household goods, private health insurance, a reasonable car, domestic and (occasionally) international travel.

The ASFA Retirement Standard - March quarter 2021

	COUPLE AGED BETWEEN 65-85 YEARS*	
	Comfortable	Modest
Housing	\$125.70	\$115.29
Energy	\$51.55	\$44.07
Food	\$212.77	\$175.54
Home/mobile phone & internet	\$29.06	\$20.11
Household goods & services	\$94.48	\$40.38
Clothing & footwear	\$50.97	\$38.94
Transport	\$158.68	\$95.73
Health services	\$197.24	\$99.30
Leisure	\$283.16	\$152.82
Total per week	\$1,203.60	\$782.17
Total per year	\$62,828	\$40,829

Source: ASFA - www.superannuation.asn.au/resources/retirement-standard

* Amounts for couples over 85, singles between 65-85 and singles over 85 differ - visit ASFA's website for detailed information.

No matter what type of retirement lifestyle you imagine for yourself, now is the time to start working towards it

Other questions to ask yourself

- Do you own your home? If not, you will need to allow for rent or mortgage repayments.
- Do you plan to make any major one-off purchases after retiring? You may want to pay off your mortgage, do some home renovations, take a trip or buy a new car.
- Do you and your spouse have adequate medical insurance? Many people underestimate future medical expenses, and it's important to factor this into future expenses.
- Do you know what your Centrelink entitlements would be?
- Do you have money saved for emergencies or unexpected expenses? If not, do you have a plan to maintain a cash reserve for unexpected expenses?

Evaluate your super position

Once you've determined how much you'll need each year in retirement, take a good look at your super balance.

Are you on track to achieving your retirement target?

Will you have enough to live comfortably?

If not, you'll need to take immediate action to bridge the gap you've identified between your retirement target and your actual savings.

What can you do to bridge the gap?

The secret is to start saving early; make small, regular contributions and let the magic of compounding returns do the rest.

The good news is that, no matter how close to retirement you are, it's never too late to make additional contributions to boost your super.

How to boost your super

There are several ways you can boost your super:

- **make regular before-tax or after-tax contributions** via a payroll deduction
- **find lost super** and roll it into your Maritime Super account
- **make after-tax contributions** whenever you can
- **consolidate** all of your super accounts;
- **change the way your super is invested** in order to maximise expected returns.

The importance of financial planning

There are many things to think about when planning for retirement - investing your pension, taxation and social security, just for starters. Let's face it, we're talking about your financial future here, so it's crucial to get the best possible advice ... and that's where a financial planner can help.

Our financial planners are qualified to advise on a range of financial matters. They're experts at looking at the big picture to help you to build, manage and protect your wealth. Call Member Services to make an appointment with a financial planner.



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