

Retirees' cost of living - ASFA retirement standard December 2016

The ASFA Retirement Standard December 2016 quarter figures indicate that the cost of living for retirees in the 65 age group increased by around 0.5 per cent for singles and 0.6 per cent for couples for a modest lifestyle compared with a 0.5 per cent increase in the CPI over the previous quarter. The increase for a comfortable lifestyle and for older retirees was slightly lower.

The ASFA Retirement Standard found the cost of living has risen for retirees slightly more than the CPI...

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 December 2016 quarter).

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

	Modest lifestyle		Comfortable lifestyle	
	Single	Couple	Single	Couple
Total per year	\$24,108	\$34,687	\$43,538	\$59,808

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

	Modest lifestyle		Comfortable lifestyle	
	Single	Couple	Single	Couple
Total per year	\$23,603	\$34,992	\$39,171	\$54,960

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:

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

Both budgets assume that the retirees own their own home outright and are relatively healthy. The following table shows some of the elements that make up the different lifestyles.

	Comfortable lifestyle	Modest lifestyle	Age pension
Holidays	One annual holiday in Australia	One or two short breaks in Australia near where you live each year	Even shorter breaks or day trips in your own city
Restaurants	Regularly eat out at restaurants. Good range and quality of food	Infrequently eat out at restaurants that have cheap food. Cheaper and less food than a 'comfortable' lifestyle standard	Only club special meals or inexpensive takeaway
Car	Owning a reasonable car	Owning an older, less reliable car	No car or, if you have a car, it will be a struggle to afford repairs
Wine	Afford bottled wine	Afford cask wine	Home brew beer or no alcohol at all
Clothes	Good clothes	Reasonable clothes	Basic clothes
Haircuts	Afford regular haircuts at a good hairdresser	Afford regular haircuts only at a basic salon or pensioner special day	Less frequent haircuts or getting a friend to cut your hair
Leisure activities	Take part in a range of regular leisure activities	Take part in one paid leisure activity infrequently. Some trips to the cinema	Only taking part in no cost or very low cost leisure activities. Rare trips to the cinema
Electronic equipment	A range of electronic equipment	Not much scope to run air conditioner	Less heating in winter
Home improvements and repairs	Replace kitchen and bathroom over 20 years	No budget for home improvements. Can do repairs, but can't replace kitchen or bathroom	No budget to fix home problems like a leaky roof
Health	Private health insurance	Private health insurance	No private health insurance

To view the full ASFA Retirement Standard for December quarter 2016, click [here](#).



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