



Australian Government

Commonwealth Superannuation Corporation



# Understanding the cost of retirement

Your financial needs  
for retirement



Commonwealth  
Superannuation  
Corporation

Commonwealth Superannuation Corporation (CSC) ABN: 48 882 817 243 AFSL: 238069 RSEL: L0001397  
Commonwealth Superannuation Corporation retirement income (CSCri) is offered by CSC,  
the trustee of the Public Sector Superannuation accumulation plan (PSSap) ABN: 65 127 917 725 RSE: R1004601

## About this Workbook

Understanding the Cost of Retirement is a resource to help you plan ahead and create your best life.

This Workbook is a companion to the Understanding the Cost of Retirement online module. Write your notes in the Workbook as you go through each topic in the module.

## Disclaimer

Any financial product advice in this document is general advice only and has been prepared without taking account of your personal objectives, financial situation or needs. Before acting on any such general advice, you should consider the appropriateness of the advice, having regard to your own objectives, financial situation and needs. You may wish to consult a licensed financial advisor.

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# The cost of retirement

One of the biggest questions people have as they prepare for retirement is how much money they will need. Having enough money can also be a key factor in deciding when to retire.

In this module we'll look at the ASFA estimates and what spending data tells us about retirement income needs. Then we'll look at how to do your own retirement budget, and the things you'll need to think about when you estimate your cost of retirement.

These estimates are for illustrative purposes only. Your budget will depend on a range of factors.

## Key Reference Points

### The Association of Superannuation Funds of Australia (ASFA) Standards

The best-known retirement income estimates are developed by the Association of Superannuation Funds of Australia (ASFA). The ASFA Standards estimate the cost of a **Modest** and **Comfortable** standard of living in retirement.

**Note:** These estimates don't include the cost of housing. If you don't own your own home, your costs would be higher.

The ASFA Modest standard of living in retirement allows less spending than the ASFA Comfortable standard of living on things like:

- Health insurance
- Meals out and takeaway food
- Car transport and running costs
- Household appliances, air conditioning and smart phones
- Home repairs.

Learn more about the super balances required to achieve a Comfortable or Modest lifestyle at [superannuation.asn.au/resources/retirement-standard](https://superannuation.asn.au/resources/retirement-standard)

### The Australian Bureau of Statistics (ABS)

We can also look at the spending data collected by the Australian Bureau of Statics for older households. This data is collected on a per household basis, and doesn't distinguish between the spending patterns of individuals, couples and extended family households.

### The Household, Income and Labour Dynamics (HILDA) Survey

The Household, Income and Labour Dynamics in Australia (HILDA) Survey is a household-based study that collects information about economic and social well-being in Australia, including expected weekly income needs for retirement.

Single (per week)		Couple (per week)
\$907.71	ASFA Comfortable lifestyle	\$1,278.26
\$575.91	ASFA Modest lifestyle	\$828.54
\$1,050.00	ABS (per lifestyle)	\$1,050.00
\$829.00	HILDA	\$1,199.00

Australian Bureau of Statistics, Household Expenditure Survey, Australia: Summary of Results, 2015-16. The Household, Income and Labour Dynamics in Australia Survey: Selected Findings from Waves 1 to 15, 2017. The Association of Superannuation Funds of Australia (ASFA), June 2022.



# Your retirement budget

The AFSA Standards, and the data collected by the HILDA and the ABS survey are useful reference points. However, your income needs for retirement will depend on a number of individual factors like where you live, the types of activities you enjoy and any lump sum purchases or expenses.

The Budget Planning Table on page 8 will help you get started.

**Note:** If you're not ready to get into the detail yet, you can start by just marking (with an up arrow) the expenses you think will go up in retirement and marking (with a down arrow) the expenses you think will go down in retirement.

As you go through each section of the retirement budget, consider the issues and questions on the following pages.

To better understand your retirement needs, you can create a retirement budget

## Factors to consider

### Did you know?

- Financial well-being isn't linked to expenditure.
- Financial satisfaction is lowest for households in their 40s and gradually increases with age from 50 years onwards.\*

\* Expenditure Patterns in Retirement, Australian Centre for Financial Studies and the Australian Institute of Superannuation Trustees, August 2016.



## Your Retirement Lifestyle

There are some important keys to enjoying a fulfilling retirement:

- Staying connected and in regular contact with the people who are important to you.
- Having things that are meaningful to you and give you a sense of purpose (including short- and long-term goals).
- An identity that will last beyond work.

Consider who you will be spending time with, what will you be doing (and how often), and the **cost** of those activities.

**Tip:** Think in terms of a weekly or monthly routine.

Planning well financially means getting a clear picture of your retirement, and then thinking through the costs and expenses you will have.

## Questions to ask

1. Will you need to set aside a lump sum for any major expenses or purchases (such as travel, renovations or a new car)?

2. Are there any hobbies or other interests that you would like to have money for in retirement?

3. How much money do you need to allow for the ongoing costs of social activities?

4. Do you have any important goals that will require financial resources?



## Your health costs

Looking after your health in retirement includes focusing on three key areas:

- Getting enough mental and physical activity
- Maintaining a healthy diet
- Staying up to date with routine health checks.

As you plan financially, you may want to consider:

- New or ongoing expenses for things that help you stay active. For example, sports equipment, gym memberships or exercise classes.
- How eating well will impact your food budget.
- The cost of unexpected medical procedures, tests or gap payments for doctors and specialists.

**Tip:** Don't forget the cost of routine prescriptions and dental costs.

## Questions to ask

1. Do you have any medical or dental issues that require ongoing treatment?

2. Based on your medical history, are there any likely medical tests or procedures you may need?

3. Do you need to allow money for routine prescriptions? If so, what are the approximate ongoing costs?

4. How will you stay physically active in retirement? Note any costs involved.

5. Will you need to allow more money for healthy eating? If so, how much more?



## Where you live and your accommodation

If you don't own your own home your cost of living in retirement will be higher and will be impacted by the future cost of rent or real estate prices.

If you do own your own home, you will also need to consider:

- Whether you plan to downsize
- The cost of moving
- Whether you plan to access the capital in your home to fund your retirement.

Note: You may want to seek financial advice if you plan to downsize or use the capital in your home to help fund your retirement.

If you live in a capital city, your cost of living may be higher.



\*Our authorised financial planners are authorised to provide advice by Guideway Financial Services (ABN 46 156 498 538, AFSL 420367). Guideway is a licensed financial services business providing CSC financial planners with support to provide members with specialist advice, education and strategies.



## Your level of income during your working life

Many people find they enjoy their retirement more if the amount of money they have available is similar to the amount they had during their working life. This may be higher or lower than average depending on what your income has been.



Expenses	Current spending	Expected spending in retirement
Circle one	Week/Month/Fortnight	Week/Month/Fortnight
<b>Food</b>	Supermarket	
	Butcher	
	Fruit & vegetable market	
	Bakery	
	Pet food	
	Other	
<b>Home &amp; utilities</b>	Mortgage or rent	
	Body corporate fees	
	Council rates	
	Electricity	
	Gas	
	Water	
	Home phone	
	Mobile phone(s)	
	Internet	
	Streaming services (like Stan or Netflix)	
	Home maintenance & repairs	
	Appliances	
	Other	
<b>Medical</b>	Doctors & specialists	
	Prescriptions & pharmacy	
	Dental	
	Glasses/contact lenses & eyecare	
	Vet care for pets	
	Other	



Expenses		Current spending	Expected spending in retirement
Personal	Cosmetics & toiletries		
	Hair & beauty		
	Sports equipment		
	Hobbies & club memberships		
	Education		
	Other		
Clothes	Clothes		
	Shoes		
	Jewellery & accessories		
	Other		
Entertainment	Restaurants		
	Cafes		
	Takeaway meals		
	Bought lunches and snack food		
	Newspapers, books & magazines		
	Movies		
	Gadgets		
	Drinks & alcohol		
	Holidays		
	Gifts		
	Other		
Transport	Bus, train & ferry		
	Petrol		
	Tolls & parking		
	Car repairs & maintenance		
	Licence & registration		
	Other		

Expenses		Current spending	Expected spending in retirement
Insurance	Health insurance		
	Home & contents insurance		
	Personal & life insurance		
	Car insurance		
Giving	Charitable donations		
	Financial gifts for loved ones		
Savings	Investments & extra superannuation contributions		
	Major purchases (eg. car, boat, renovations, holidays)		
	Rainy day		



## Next steps

Now that you've covered the income retirement section of this module, you may want an estimate of your income from super and any Age Pension. This will help you understand whether you will have enough money or whether you will need to grow your nest egg or adjust your retirement lifestyle.



### Find out more

Calculate your Age Pension at:

[moneysmart.gov.au/retirement-income/super-and-pension-age-calculator](https://moneysmart.gov.au/retirement-income/super-and-pension-age-calculator)

Calculate your CSC Super Benefit at:

[csc.gov.au/Log-in](https://csc.gov.au/Log-in)

The AFSA Modest and Comfortable standard of living at:

[superannuation.asn.au/resources/retirement-standard](https://superannuation.asn.au/resources/retirement-standard)

Financial advice at:

[csc.gov.au/Members/Advice-and-resources/Financial-planning/](https://csc.gov.au/Members/Advice-and-resources/Financial-planning/)

Retirement income at:

[moneysmart.gov.au/retirement-income](https://moneysmart.gov.au/retirement-income)

Preparing financially for retirement at:

TBD

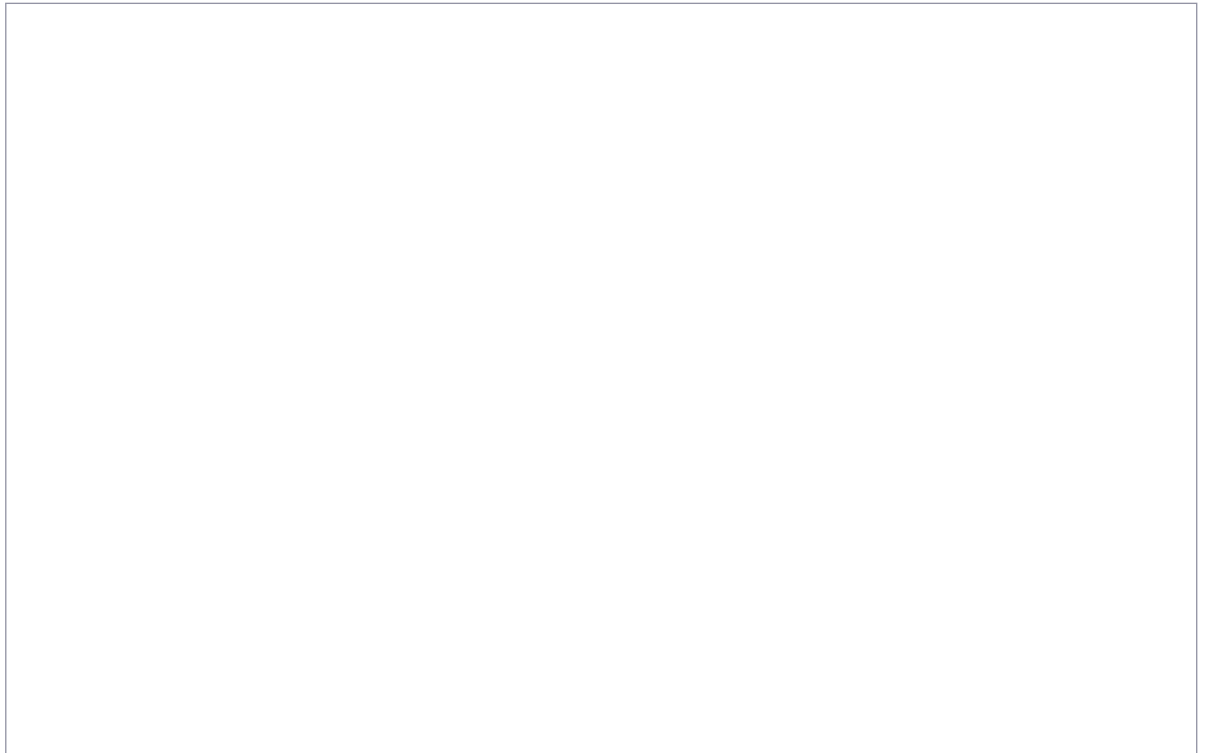
Budgeting at:

[moneysmart.gov.au/budgeting/budget-planner](https://moneysmart.gov.au/budgeting/budget-planner)





## Your notes



## Where can I get more information?



### Commonwealth Superannuation Scheme

**EMAIL** members@css.gov.au  
**PHONE** 1300 000 277  
**FAX** (02) 6275 7010  
**MAIL** CSS  
GPO Box 2252  
Canberra ACT 2601  
**WEB** csc.gov.au



### Public Sector Superannuation Scheme

**EMAIL** members@pss.gov.au  
**PHONE** 1300 000 377  
**FAX** (02) 6275 7010  
**MAIL** PSS  
GPO Box 2252  
Canberra ACT 2601  
**WEB** csc.gov.au



### Public Sector Superannuation accumulation plan

**EMAIL** members@pssap.com.au  
**PHONE** 1300 725 171  
**FAX** 1300 364 144  
**MAIL** PSSap  
Locked Bag 9300  
Wollongong NSW 2500  
**WEB** csc.gov.au



### Australian Defence Force Superannuation

**EMAIL** members@adfsuper.gov.au  
**PHONE** 1300 203 439  
**FAX** 1300 204 314  
**MAIL** ADF Super  
Locked Bag 9400  
Wollongong DC  
NSW 2500  
**WEB** csc.gov.au



### Military Superannuation & Benefits Scheme

**EMAIL** members@enq.militarysuper.gov.au  
**PHONE** 1300 006 727  
**FAX** (02) 6275 7010  
**MAIL** MilitarySuper  
GPO Box 2252  
Canberra ACT 2601  
**WEB** csc.gov.au