



Retirement Ready Workbook

Understanding your retirement



Commonwealth
Superannuation
Corporation

The Retirement Ready Workbook

This Retirement Ready Workbook is designed to complement the Retirement Ready Program. Each module provides valuable insight into different aspects of retirement planning, and this workbook helps you apply the lessons by guiding you through relevant questions.

About the Retirement Ready Program

The program is made up of six modules, each focusing on an important area of retirement planning:

- Work
- Money
- Healthy ageing
- Where to live
- A fulfilling retirement
- Getting organised

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.

Work and when to retire

Key ideas

In Australia, there is no official retirement age, but there are set ages for withdrawing your super and claiming the Age Pension. Over the last decade, the average retirement age has increased by two years. However, many people still retire earlier than they expect.

Of the 130,000 people who retired in 2022, the average age at retirement was 64.8 years. For men, the average age was 66.9 years and for women the average was 63.2 years.

Source: Australian Bureau of Statistics Retirement and Retirement Intentions, Australia 2022-23

While many people plan to retire once they feel financially secure, others may retire sooner for reasons like:

- Difficulty finding work
- Poor health
- To care for a loved one
- Feeling burned out from work.

*Some people reduce their work hours as they approach retirement. This is called a **Transition To Retirement (TTR) Strategy**. This approach can help you ease into retirement, maintain your income while reducing your work hours or top up your super.

Think it through

Reflect on your own situation and consider which following factors might influence your decision to retire. Tick any that apply:

- Being unhappy with work
- Difficulty finding a job
- Having enough money
- When children are no longer financially dependent
- Health issues
- What family and friends are doing
- Feeling it's the 'right time'

Questions to ask

1. Would you like to set a date for your retirement and work towards the necessary financial goals?

2. Would you like to review your super contributions and/or investments to see whether you may be able to retire sooner?



3. Do you plan to reduce your work hours in the lead up to retirement? Would you like to consider a Transition To Retirement (TTR) Strategy?

4. Is there any advice or information you need to help you think through when you might retire?

5. Do you imagine that you will do any paid work during your retirement?

Tips:

1. Set clear retirement goals to work towards.
2. Be prepared for the unexpected - life can change quickly.
3. Save as much as possible, incase you need to retire sooner than you planned.
4. Consider a 'trial retirement' to see how you adjust.
5. If you have a partner, maintain open communication about your plans.

Find out more

Learn about withdrawing your super:
moneysmart.gov.au/how-super-works/getting-your-super

Discover how CSC can help you:
csc.gov.au/retirement

Learn about accessing the Age Pension:
servicesaustralia.gov.au/individuals/services/centrelink/age-pension

Where to live

Key ideas

There are many options for where to live after you retire, such as downsizing, a sea change, retirement villages and over 55s accommodation. Some people find that the first few years of retirement are too soon to make any changes, while others feel confident about their decision and want to stay where they are.

Issues to consider

When you're thinking about where to live in retirement, consider:

- How close you will be to friends, family, and the places you go regularly
- Whether you will need space to enjoy hobbies, entertaining or visitors
- Whether your home is comfortable and in a good location
- How much maintenance you want to do
- Access to medical care and other essential services.

Questions to ask

1. How well does your current home meet your needs for retirement?

2. Do you plan to move or downsize in the first five years of retirement?

3. Will you need to use some of the capital in your home to fund your retirement?

4. Will you need to allow money for home renovations or repairs?

5. Will you need to allow money for home maintenance services? For example, cleaning or gardening.

6. Is there any information you need to help you think through where you will live in retirement?

Tips:

1. If you have a partner, keep the lines of communication open.
2. Consider whether you can avoid moving twice in retirement, as it becomes more challenging with age.
3. If you are planning to relocate, don't wait too long.

Find out more

1. Discover CSC's retirement help, events and support at [csc.gov.au](https://www.csc.gov.au)
2. Learn more about financials in retirement and help and support available at [moneysmart.gov.au](https://www.moneysmart.gov.au)
3. For information on government support and options including at home or retirement villages visit [health.gov.au/topics/aged-care](https://www.health.gov.au/topics/aged-care)

Healthy ageing

Key ideas

To stay healthy in retirement, it's important to focus on these three key areas:

- Staying active both mentally and physically
- Eating well
- Staying up to date with routine health checks.

Issues to consider

As you plan financially, you will need 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:

Be proactive in budgeting for health-related expenses to avoid financial stress later on.

Questions to ask

1. Do you have any medical and/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?

Find out more

Health benefits and entitlements for seniors

Medicare Safety Net - Provides financial assistance for out of hospital medical services that attract a Medicare benefit. For example, if you see your doctor frequently or need regular medical tests. Find out more at:

servicesaustralia.gov.au/individuals/services/medicare/medicare-safety-nets

Commonwealth Seniors Health Card - Access to cheaper prescription medicines and government funded medical services. Card holders may also be offered extra concessions by State, Territory and Local Governments, and private businesses. Find out more at:

servicesaustralia.gov.au/individuals/services/centrelink/commonwealth-seniors-health-card

Pharmaceutical Benefits Scheme - Help with the cost of prescription medicines. Find out more at:

pbs.gov.au

State Based Health Programs - Health information programs are available in most Australian states, and may include free, telephone based coaching programs to help improve health and fitness. Find out more at:

qld.gov.au/health/staying-healthy

gethealthynsw.com.au

vichealth.vic.gov.au

gethealthy.sa.gov.au

myhealthybalance.com.au



A fulfilling retirement

Key ideas

To truly enjoy a fulfilling retirement, consider these important factors:

- Staying connected with the people who matter most to you, keeping in regular contact.
- Having meaningful activities that provide purpose, whether they're short term or long term.
- Creating an identity for yourself that will last beyond work.

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

Issues to consider

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**.

Also consider:

- How your current expenses will change. Some may increase and others may decrease.
- Special purchases, like a new car or home renovations.
- Money for special holidays or overseas trips.
- Equipment or materials for hobbies.
- Today's retirees are wealthier and spending more than previous generations.

Keep these factors in mind when you do the retirement budget exercise on page 10 of this workbook.

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. Note 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?

Find out more

Find out more about the income estimates for a modest and comfortable lifestyle in retirement at: [superannuation.asn.au](https://www.superannuation.asn.au)

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Your retirement budget

Key ideas

The Association of Superannuation Funds of Australia (ASFA) produces an estimate of how much money retirees will need each year for different standards of living in retirement.

ASFA estimates

According to ASFA, a comfortable retirement accounts for daily essentials, such as groceries, transport and home repairs, as well as private health insurance, a range of exercise and leisure activities and the occasional restaurant meal.

A modest retirement budgets for a lifestyle that is slightly above the age pension and allows retirees to afford basic health insurance and infrequent exercise, leisure and social activities with family and friends.

Helpful resources about the retirement balances required to achieve a modest or comfortable retirement can be found at: Retirement Standard - ASFA [superannuation.asn.au/resources/retirement-standard](https://www.superannuation.asn.au/resources/retirement-standard)

Superannuation balances required to achieve a comfortable retirement

Savings required for retirement at age 67

Couple	Single
\$690,000	\$595,000

Superannuation balances required to achieve a modest retirement

Savings required for retirement at age 67

Couple	Single
\$100,000	\$100,000

All figures in today's dollars using 2.75% AWE as a deflator and an assumed investment earning rate of 6 per cent. The fact that the same savings are required for both couples and singles reflects the impact of receiving the Age Pension.

Note: The lump sum estimates prepared by ASFA take into account the receipt of the Age Pension both immediately and into the future. The Age Pension is adjusted regularly by either the increase in the CPI or by a measure of wages growth, whichever is higher. The ASFA lump sum figures are therefore not updated quarterly.

As at September 2024.

While the ASFA estimates are a useful starting point, the amount of money you may want to have each year in retirement is individual, and will depend on things like:

- Your level of income during your working life.
- The type of hobbies and activities you enjoy.
- Any lump sum purchases you plan to make.
- The people you plan to spend time with and how much money you will need to join in shared activities.

To get a better understanding of your financial needs, create a retirement budget. This is similar to creating a budget for your life right now, but you will need to think ahead and adjust your expenses to reflect your needs after you stop working.

The Budget Planning Table on the following pages will help you get started.

Note: If you are not ready to get into the detail yet, you could start by just marking the expenses you think will go up in retirement and marking the expenses you think will go down in retirement.

EXPENSES	Current spending	Expected spending in retirement
Circle one	Week/Month/Fortnight	Week/Month/Fortnight
Food	Supermarket	
	Butcher	
	Fruit & vegetable market	
	Bakery	
	Pet food	
	Other	
Home & Utilities	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	
Medical	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	

Issues to consider

The Age Pension alone is not enough to cover the cost per year of the modest or comfortable standard of living in retirement.

The amount of money you will need per year in retirement will depend on your retirement budget. You can record your estimate in the table below.

Budgets for various households and living standards for those aged 65-84 (September quarter 2024)

Comfortable lifestyle (p. a.)

Couple	Single
\$73,031	\$51,814

Modest lifestyle (p. a.)

Couple	Single
\$47,475	\$32,930

Budgets for various households and living standards for those aged around 85 (September quarter 2024)

Comfortable lifestyle (p. a.)

Couple	Single
\$67,419	\$48,716

Modest lifestyle (p. a.)

Couple	Single
\$44,105	\$30,828

Note: The figures in each case assume that the retiree(s) own their own home and relate to expenditure by the household. This can be greater than household income after income tax where there is a drawdown on capital over the period of retirement.

Latest Age Pension rate changes (from 20 September 2024)

	Single	Couple (each)	Couple (combined)
Per fortnight	\$1,144.40	\$862.60	\$1,725.20
Per year (approximately)	\$29,754	\$22,428	\$44,855

<https://www.servicesaustralia.gov.au/how-much-age-pension-you-can-get>
As at September 2024.

Most people want to be able to supplement any age pension they receive with additional income from super and other investments.

Questions to ask

1. Is it important to you to have a fixed income each year in retirement? Or would a flexible income be OK?

2. How much input would you like to have in the management of your ongoing income, investments and financial decisions?

3. Do you plan to manage money differently in retirement? For example, budgeting or managing your day to day finances more or less closely than you did during your working life?



For more information visit csc.gov.au

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