

What is the ASFA Retirement Standard?

One of the most important steps in planning to save for your retirement is figuring how much you will need to spend each year to live a comfortable lifestyle.

However, many people struggle when it comes to developing a budget for their future needs, particularly when their retirement is many years away.

The ASFA Retirement Standard has been developed to help solve this problem by objectively outlining the annual budget needed by the average Australian to fund a comfortable standard of living in their post-work years. It provides benchmarks for both a comfortable and modest standard of living, for both singles and couples, and is updated quarterly to reflect changes to the Consumer Price Index (CPI).

First launched in 2004, the Standard has been enhanced over the past 10 years to increasingly provide a more comprehensive picture of retiree's spending requirements. It has also been revised to reflect changes in living standards, retirees' lifestyle expectations and their evolving spending patterns.

In 2015, ASFA launched a new Retirement Standard for older retirees, designed to provide a picture of how spending requirements change as people enter

their late 80s and early 90s. Like the original standard, it provides benchmarks for both a comfortable and modest standard of living, for both singles and couples, and is updated quarterly to reflect changes to the CPI.

In April 2018 ASFA revised the modest and comfortable budgets to reflect changes in consumption patterns, the introduction of new goods and services and developments in community living standards. Amongst other things, this led to a substantial increase in the total expenditure for modest budgets.

The ASFA Retirement Standard has been developed to outline the annual budget needed by the average Australian to fund a comfortable standard of living in their post-work years.



What is considered a modest and comfortable retirement lifestyle for younger retirees?

A modest retirement lifestyle is considered better than the Age Pension, but still only allows for the basics.

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 through the purchase of such things as; household goods, private health insurance, a reasonable car, good clothes, a range of electronic equipment, and domestic and occasionally international holiday travel.

Both budgets assume that the retirees own their own home outright and are relatively healthy.

	Comfortable lifestyle	Modest lifestyle	Age Pension
	Top level private health insurance, doctor/specialist visits, pharmacy needs	Basic private health insurance, limited gap payments	No private health insurance
	Fast Reliable internet/telco subscription, computer/android mobile/streaming services	Basic mobile, modest internet data allowance	Very basic mobile and limited internet connectivity
	Own a reasonable car, car insurance and maintenance/upkeep	Owning a cheaper, older, more basic car	Limited budget to own, maintain or repair a car
	Regular leisure activities including club membership, cinema visits, exhibitions, dance/yoga classes	Infrequent leisure activities, occasional trip to the cinema	Rare trips to the cinema
	Home repairs, updates and maintenance to kitchen and bathroom appliances over 20 years	Limited budget for home repairs, household appliances	Struggle to pay for repairs, such as leaky roofs or major plumbing problem
	Regular professional haircuts	Budget haircuts	Less frequent haircuts, or self-haircuts
	Confidence to use air conditioning in the home, afford all utilities	Need to keep a close watch on all utility costs and make sacrifices	Limited budget for home heating in winter
	Occasional restaurant meals, home-delivery meals, take-away coffee	Limited meals out at inexpensive restaurants, infrequent home-delivery or take-away	Only local club special meals or inexpensive take-away
	Replace worn-out clothing and footwear items, modest wardrobe updates	Limited budget to replace or update worn items	Very basic clothing and footwear budget
	Annual domestic trip to visit family, one overseas trip every seven years	Annual domestic trip or a few short breaks	Occasional short break or day trip in your own city

Source: ASFA retirement standard as at September quarter 2021 <https://www.superannuation.asn.au/resources/retirement-standard>

Aware Super Pty Ltd (Trustee) ABN 11 118 202 672 AFSL 293340 Aware Super (Fund) ABN 53 226 460 365