



ASFA Home

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Fun in retirement?

It's a good time for a holiday, but cost of alcohol, tobacco, eating out and lollies are up

National figures released today for the Westpac ASFA Retirement Standard show the aggregate costs for a couple living comfortably in retirement were up 0.7% in the March quarter 2009 compared to the December 2008 quarter.

As a result, a couple looking to achieve a comfortable retirement needs to spend \$50,771 a year, while those seeking a 'modest' retirement lifestyle need to spend \$27,547 a year (See Table 1 for budget details). For those with a comfortable lifestyle in retirement, costs rose by 2.6% from the March quarter 2008.

These cost changes are similar to the respective 0.8% and 2.1% increases in the All Groups CPI excluding housing and financial and insurance services. However, retiree households have not benefitted as much as other groups in the community from price developments for certain goods and services.

This is because retiree households in general have somewhat different spending patterns to the rest of the population. Retirees generally own their home outright (so cost increases for housing and financial services are less important for retirees) and don't tend to spend much on education services. In contrast, food, health, transportation and recreation spending forms a large part of retiree budgets.

Table 1: Budgets for various households and living standards

	Modest lifestyle single	Modest lifestyle couple	Comfortable lifestyle single	Comfortable lifestyle couple
Housing – ongoing only	\$70.69	\$73.11	\$93.91	\$96.33
Energy	\$12.99	\$15.47	\$14.21	\$16.70
Food	\$70.91	\$149.24	\$140.67	\$198.31
Clothing	\$14.60	\$25.19	\$30.83	\$56.23

Household goods and services	\$49.57	\$52.50	\$88.10	\$93.21
Health	\$13.04	\$24.57	\$54.92	\$108.01
Transport	\$71.51	\$72.31	\$109.13	\$109.93
Leisure	\$44.86	\$74.27	\$143.51	\$206.04
Personal care	\$26.42	\$41.64	\$26.42	\$41.64
Gifts and/or alcohol and tobacco			\$23.65	\$47.30
Total per week	\$374.60	\$528.30	\$725.36	\$973.68
Total per year	\$19,533	\$27,547	\$37,822	\$50,771

The Westpac ASFA Retirement Standard 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. Single calculations are based on female figures. All calculations are weekly, unless otherwise stated.

Between the December quarter 2008 and the March quarter 2009, retirees faced a 2.2% increase in the cost of food, and over the year to the March quarter the increase was 5.7%. There were similar increases in the prices of alcohol and tobacco over the year. The price of beer, spirits and tobacco went up more than the price of wine over the period. Certain basic food costs rose strongly between the two quarters, with the price of fruit up by 3.3% and the price of vegetables by 6.0%. Seasonal factors and limited supply due to the drought contributed to this. The costs of treats were also up, with relatively strong increases in the costs of both confectionary and restaurant meals.

Also between the December and March quarters was a 4.4% increase in the cost of health services (largely due to households facing higher prices for pharmaceuticals), and a 1.5% decrease in transportation costs, largely due to a 8.1% decrease in petrol prices. There also was a 1.1% decrease in the cost of recreation goods and services, largely due to falls in the cost of domestic and overseas holidays.

The Westpac ASFA Retirement Standard

The Westpac ASFA Retirement Standard benchmarks the annual budget needed by Australians to fund either a comfortable or modest standard of living in the post-work years. It is updated quarterly to reflect inflation, and provides detailed budgets of what singles and couples would need to spend to support their chosen lifestyle.

Modest lifestyle in retirement

Better than the Age Pension, but still only able to afford fairly basic activities.

Comfortable retirement lifestyle

Enabling 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.

More information:

Costs and summary figures for capital cities and certain major regions can be accessed via the Retirement Standard calculator on the [Westpac website](#).

The full Westpac ASFA Retirement Standard research report can be downloaded from the [ASFA website](#).

For further information, please contact:

Pauline Vamos, Chief Executive Officer, ASFA, (02) 9264 9300

Michelle Dunner, GM Marketing and Communications, ASFA, (0412) 704016

The Association of Superannuation Funds of Australia Limited
Level 6, 66 Clarence Street, Sydney NSW 2000
PO Box 1485, Sydney NSW 2001
tel: 02 9264 9300 or 1800 812 798 for callers outside Sydney
fax: 02 9264 8824

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