

ASFA Research note: Superannuation balances needed to meet the ASFA Comfortable Retirement Standard

ASFA regularly publishes the amount needed at age 67 to support spending during retirement at the ASFA Comfortable Retirement Standard level. The amount is \$595,000 for a single person and \$690,000 for a couple. The estimate assumes access to a full or part Age Pension as the superannuation balance is drawn down. It is assumed that the account balance is exhausted at age 92.

Set out below are estimates of balances needed at various ages. For a person on a lower salary compulsory superannuation contributions are lower than for a person on a higher salary. Hence, say, at age 40 a person on a \$65,000 wage needs to have a balance of \$162,000 if they are only going to have compulsory contributions up to age 67. For a person on \$95,000 the figure at age 40 is lower, namely \$113,000, as they will benefit from high compulsory contributions in dollar terms given the higher wage.

At age 25 a person on a \$90,000 wage does not need to have any superannuation at that age to reach Comfortable, provided they have unbroken paid work at that wage until age 67.

The following table indicates that for both males and females the median balance (the amount at which 50 per cent of individuals have more and 50 per cent have less) is from age 30 onwards significantly less than what is required for ASFA Comfortable assuming that only compulsory contributions are made. This reflects a number of factors, including:

- Broken paid work patterns, particularly for women
- Not having received compulsory contributions for all of working life
- Receiving contributions at a rate below 9 per cent for a considerable period of their working life
- Early release of superannuation (including the COVID early release when many younger Australians withdrew \$20,000)

Younger Australians who will receive contributions for the great bulk of their working life at the rate of 12 per cent of wages will be much more likely to be on track to reach ASFA Comfortable. ASFA estimates that around 50 per cent of Australians will retire at the ASFA Comfortable level by the year 2050. ASFA Comfortable will also be easier to achieve for couples given the amount required for a couple is only around \$100,000 more than is needed by a single person. Most retirees currently aged around 67 are in couple households.

Balances needed at various ages to achieve ASFA Comfortable Standard

Age	Required balance \$65,000 wage (\$)	Required balance \$90,000 wage (\$)
22	8,000	0
25	29,000	0
30	68,000	8,000
35	112,000	57,000
40	162,000	113,000
45	220,000	176,000
50	284,000	249,000
55	360,000	332,000
60	444,000	425,000
65	542,000	535,000
66	565,000	560,000

Median superannuation balances for males and females at various ages

Age	Median balance male (\$)	Median balance female (\$)
22	5,000	5,000
25	11,000	11,000
30	32,000	28,000
35	61,000	49,500
40	92,000	67,000
45	126,000	87,000
50	156,000	105,000
55	181,000	123,000
60	204,000	148,000
65	215,000	191,000
66	216,000	202,000