

Survey on superannuation and retirement: Australian's retirement needs

- The ASFA Retirement Standard provides an annual budget for a 'comfortable' lifestyle in retirement, and a corresponding figure for the amount of super savings needed at the time of retirement (assumed age of 67).
- As of September 2024, the savings amounts are: \$595,000 for a single person and \$690,000 for a couple.
- A recent survey of Australian adults on the amount of super they require for a comfortable retirement yielded results broadly consistent with the Retirement Standard.
- That said, the distribution of (required) balances reported in the survey is very wide.
- This suggests a greater role for the provision of quality information on retirement – to help Australians better understand and set their personal retirement goals.

This note is the fourth in a series of ASFA publications that explores the findings of a recent survey of Australians about superannuation and retirement. The survey comprised 1,500 adults – representative of the broader population in terms of age, gender, education and whether respondents reside in urban or regional areas.

How much super do Australians think they need?

For any individual, the amount of superannuation needed for a comfortable standard of living in retirement depends on a range of personal factors and circumstances, which can change over time. These include:

- expected age of, and duration of, retirement.
- desired standard of living during retirement.
- any potential sources of retirement income other than superannuation, such as the Age Pension and private wealth.

Given this, it is not surprising that within the Australian population, individual's estimates of required superannuation savings will vary markedly.

Survey participants were asked to estimate the amount of super savings they think they need to support a comfortable standard of living in retirement.

For four age cohorts, Chart 1 shows the distribution of the survey responses. Of particular relevance to the 65+ age cohort, the group of respondents includes people who have already retired.

For each of the age cohorts, the distribution of estimates is fairly similar. Around 30 per cent of respondents consider they need between \$500,000 and \$1 million, where this represents – broadly speaking – the middle of the distribution of responses.

Chart 2: Distribution of amount of super needed*
Current retirees only

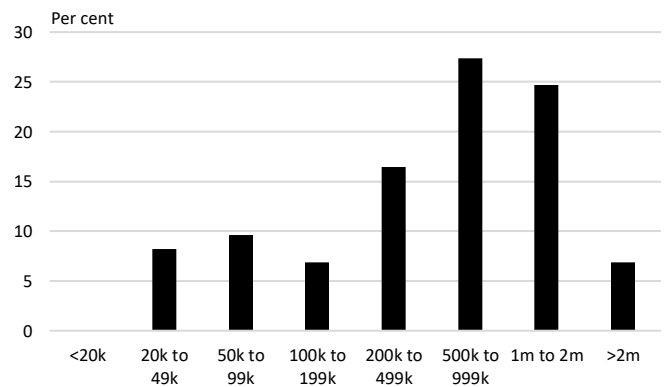
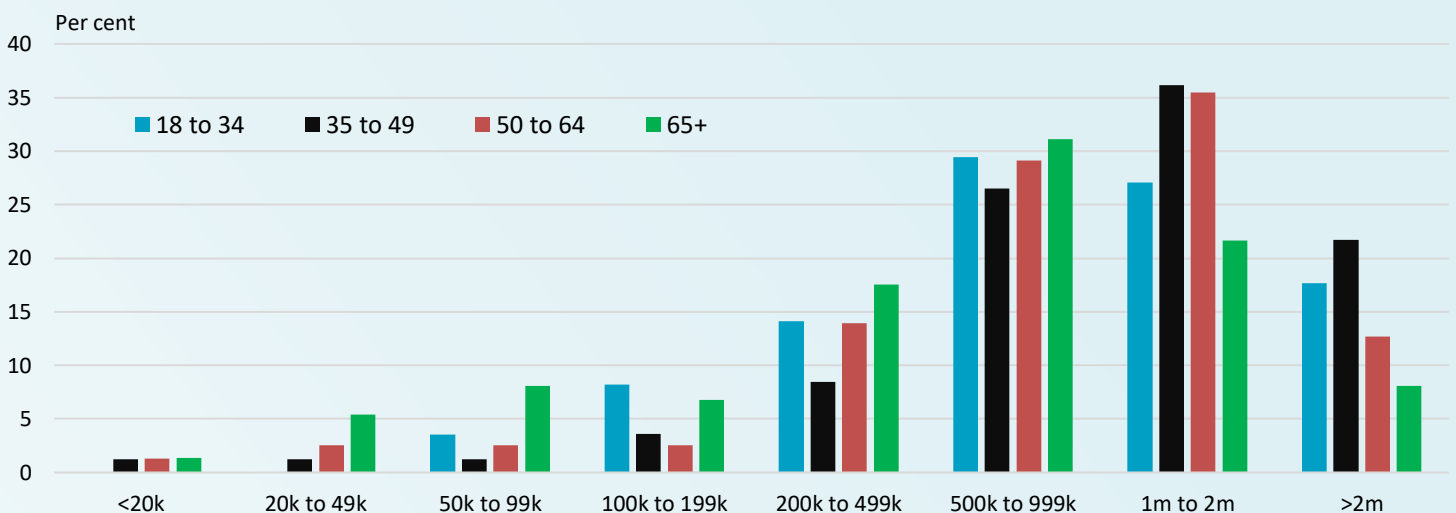


Chart 1: Distribution of the amount of super individuals think they need for a comfortable retirement*



*Source: Redbridge survey for ASFA.

Chart 2 shows the distribution of responses of people who are currently retired. Given that the majority of this cohort are aged 65+, it is not surprising that the distribution in Chart 2 is similar to that for the 65+ age cohort in Chart 1 (green bars).

The ASFA Retirement Standard

Since 2004, ASFA has been publishing the ASFA Retirement Standard – which comprises annual budgets for both a ‘modest’ and ‘comfortable’ lifestyle in retirement. A modest lifestyle reflects spending on essentials beyond the Age Pension, while a comfortable lifestyle allows for leisure, quality household goods, private health insurance, a reliable car, and some travel. Both budgets assume homeownership.

For each annual budget, ASFA also publishes corresponding figures for the amount of superannuation savings needed at the time of retirement – where the retirement age is assumed to be 67. With respect to a comfortable lifestyle, the current figures (as at September 2024), are:

- \$595,000 for a single person
- \$690,000 for a couple.

These figures are not intended to provide Australians with a precise estimate of how much super they need at the time of retirement, but instead set aspirational benchmarks to guide Australian’s retirement planning.

Given this, the above figures are not inconsistent with the results of the survey shown in Chart 1. That said, the broad range of responses – particularly at the upper-end of distribution – suggests a greater role for advice and education to inform Australians about their retirement.

The benefits of quality information on retirement

The first note in this series (*Survey on superannuation and retirement: Advice*) highlighted the benefits of good quality information in helping people to improve their retirement outcomes. Broadly speaking, where accessed, good quality information can help people to understand, and put in place, retirement objectives, and to choose and employ strategies to reach those objectives.

Sources of information include the ASFA Retirement Standard, but also a range of other information types. These can be defined by their degree of personalisation: from information that is generated for a general audience to bespoke, personalised financial advice. A non-exhaustive list includes:

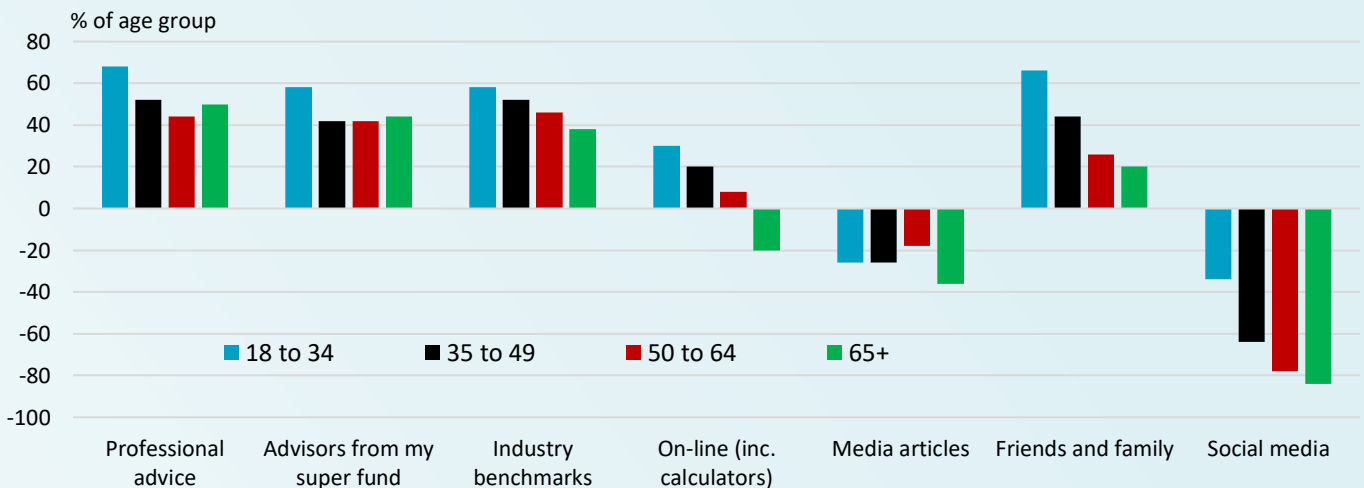
- advice professionals (financial advisors)
- advisors from their super fund
- industry benchmark (e.g. the ASFA Retirement Standard)
- internet resources, such as on-line calculators

However, according to the survey responses reported in the note, only half of adults have consulted *any* information sources with respect to their retirement. The percentage of adults who have consulted at least one information source increases with age – though not to a great degree.

Conversely, the survey found that respondents – of all ages – have a relatively high degree of trust in professional advice, advice provided by super funds and industry benchmarks. Chart 3 shows a measure of net trust – the percentage of respondents who trust the source less the percentage who do not trust that source.

Overall, the results suggest significant potential for greater utilisation by Australians of quality information on retirement – to help them understand and set their personal retirement goals.

Chart 3: Net trust (all respondents, regardless of whether they have consulted an information source)*



*Source: Redbridge survey for ASFA.