



ASFA Research and Resource Centre

The Association of Superannuation Funds of Australia



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 March 2023, ASFA revised the modest and comfortable lump sums needed to reflect the high rate of inflation, and that there has been no real increase in the Age Pension as price growth has been greater than the increase in average wages.

In June 2025, ASFA revised the Retirement Standard to also incorporate those who are renting privately. The standard of living is set at the modest level as this is the more appropriate level for those who have not been able to obtain home ownership during their working 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 these budgets assume that the retirees own their own home outright and are relatively healthy. The Retirement Standard also includes a separate modest lifestyle budget for private renters. Those renting privately do not have home ownership costs in the form of rates, insurance or repairs but they face higher housing costs in the form of rent. The budgets take into account the level of Rent Allowance available to those receiving the Age Pension.

	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

Changes in spending patterns as retirees age

As people age, their spending requirements change as they are often unable to engage in the same types of activities and require a higher level of care and support. This has an impact on their budget and expenditure requirements. For example, older retirees tend to spend more on assistance in the home, including for cleaning services and meals, as well as contributions towards home and community care services. They also tend to have increased out-of-pocket expenses for major medical procedures and ongoing chemist and other medical expenses. On the other hand, they also tend to spend less on holidays and other leisure activities outside the home, most likely reflecting their reduced capacity for activity.

Superannuation balances required to achieve a comfortable retirement

The lump sums required for a comfortable retirement assume that the retiree/s will draw down all their capital, and receive a part Age Pension. They assume home ownership.

Category	Savings required at retirement
Comfortable lifestyle for a couple	\$690,000
Comfortable lifestyle for a single person	\$595,000

All figures in today's dollars using 2.75% AWE as a deflator and an assumed investment earning rate of 6 per cent.

Superannuation balances required to achieve a modest retirement

The lump sums needed for a modest lifestyle are relatively low due to the fact that the base rate of the Age Pension (plus various pension supplements) is sufficient to meet much of the expenditure required at this budget level. These lump sums assume home ownership.

Category	Savings required at retirement
Modest lifestyle for a couple	\$100,000
Modest lifestyle for a single person	\$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.

Superannuation balances required to achieve a modest retirement when renting privately

The lump sums are higher than those at the modest level for home owners, but lower than for home owners at the comfortable level.

Category	Savings required at retirement
Modest lifestyle for a couple	\$385,000
Modest lifestyle for a single person	\$340,000

All figures in today's dollars using 2.75% AWE as a deflator and an assumed investment earning rate of 6 per cent.

The 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.

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