

The cost of retirement

How much do you need to fund your ideal retirement? We take a look at how much income you may need, and what to consider after you retire.



Everyone has a different vision for their retirement. Yours might involve overseas and interstate travel and an active social life. Or perhaps you prefer spending time with family, working in the garden or volunteering.

However you choose to spend your time, it's important to make sure you have enough funds to support your retirement lifestyle. Forward planning now can make all the difference in the future.

How much will your ideal retirement cost?

Increasing life expectancies and inflation can make it tricky to estimate how much income you'll need for your retirement. That's why the Association of Superannuation Funds of Australia put together a guide for how much you might need. A comfortable lifestyle in retirement includes items such as leisure activities, private health insurance and holidays – but everyone's lifestyle is different, so you should take into account your own goals and expenses.

As well as paying for things you enjoy doing, remember to budget for the day-to-day expenses, like utility bills, as well as larger expenses such as upgrading cars and renovations.

Infographic based on this data:



Source: The Association of Superannuation Funds of Australia, 'ASFA Retirement Standard', June quarter 2018. Figures quoted are for homeowners. Age Pension rates are current as at 1 July 2018, www.humanservices.gov.au

Protecting your nest egg

As well as accumulating enough super to fund your retirement, you also need to manage the amount of income you'll receive when you're retired.

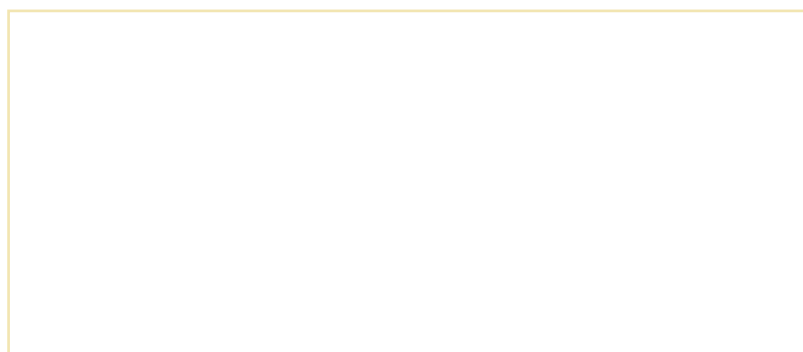
It's vital not to underestimate the impact of inflation on your nest egg. To illustrate: that loaf of bread you bought at the supermarket for \$3.00 could cost \$4.92 in 20 years.ⁱ

Share market volatility could also seriously impact your balance and the level of income you may be able to receive each year – particularly the timing of that volatility. That's why it's so important to minimise this risk once you've retired.

One solution could be to set up a lifetime annuity – a secure investment that gives you guaranteed regular payments for life. You can use annuities with other retirement investments, such as an account-based pension, and you can choose to structure your payments so they keep pace with inflation.

Talk to your adviser today to find out whether a lifetime annuity could be the retirement solution you've been looking for.

Contact your financial adviser to determine whether an annuity is right for you.



ⁱ Calculated as 2.5% inflation per year with compounding interest

The information contained in this guide is provided by Challenger Life Company Limited, ABN 44 072 486 938, AFSL 234670 and is current as at 19 September 2018. This information is not intended as financial product advice, legal advice, taxation advice or social security advice. It does not take into account the investment objectives, financial position or needs of any person and these matters should be considered before making any investment decision.