



## Media Release

# Super Consumers Australia launches consultation on retirement savings targets

**3 March 2022**

**The research released for consultation today is designed to help Australians answer one of the most important financial questions they face, “how much do I need to save for retirement?”**

“Our goal is to develop trustworthy retirement targets that give people a solid ‘rule of thumb’ on what they’ll need to save to maintain their standard of living in retirement. These targets are designed to get people to engage with simple information and kickstart their retirement planning journey,” says Super Consumers Director Xavier O’Halloran.

One of the findings of the independent Retirement Income Review was that people were not confidently spending down their retirement savings. This was put down to the complexity of the system and the fear of running out of money in retirement.

“These standards are designed to address that complexity and uncertainty. People can trust these savings targets because they are based on what actual retirees are spending in retirement and give people an idea of what they can confidently spend until age 90,” says O’Halloran.

“We heard repeatedly in the research that people had grossly inflated ideas of what they needed to retire. People chasing inappropriate targets can end up with a much lower standard of living if they over save or don’t spend down as much as they can afford in retirement. Having credible

targets, based on actual need, means people can confidently spend and get on with enjoying their retirement.”

We used the best available data from the Australian Bureau of Statistics (ABS) to discover what people spend in retirement. We also analysed financial hardship data to ensure the targets would be sufficient to help people avoid unnecessary constraints.

“We wanted to ensure the targets we developed were grounded in what people wanted from their retirement and would lead to genuine financial security.”

Our savings targets are designed to be used by homeowners, who make up 84% of retirees. For those renting in retirement, the system is currently failing to deliver adequate outcomes. This group faces high rates of financial hardship and income poverty. Renters in retirement need more than just consumer guidance, with housing affordability the root cause of the problem for this group.

The consultation will run for the coming month and is designed to get engagement with and feedback on the underlying research and assumptions.

*This research was supported by a philanthropic grant from Ecstra Foundation. Ecstra is committed to building the financial wellbeing of Australians within a fair financial system.*

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**Super Consumers Australia Retirement Standards - for consultation**

If you are an outright homeowner or expect to be in retirement, and....

Aged	Live	Want to spend about this much in retirement <sup>1</sup>		Then you need(ed) to save this much by age 65 <sup>2</sup>
		(per fortnight)	(per year)	
Around 67	By yourself	\$1,077 (Low <sup>3</sup> )	\$28,000	\$70,000
		\$1,423 (Average)	\$37,000	\$259,000
		\$1,923 (High)	\$50,000	\$758,000
	In a couple <sup>4</sup>	\$1,538 (Low)	\$40,000	\$88,000
		\$2,115 (Average)	\$55,000	\$369,000
		\$2,808 (High)	\$73,000	\$1,021,000
Around 57	By yourself	\$1,269 (Low)	\$33,000	\$89,000
		\$1,654 (Average)	\$43,000	\$313,000
		\$2,077 (High)	\$54,000	\$742,000
	In a couple	\$1,846 (Low)	\$48,000	\$115,000
		\$2,385 (Average)	\$62,000	\$409,000
		\$3,077 (High)	\$80,000	\$1,034,000

<sup>1</sup>Spending levels are in today's dollars (December 2021). Retirement is defined as age 65 to 90 and spending in retirement rises with price inflation (stays the same in real terms). <sup>2</sup>This number provides 90% confidence that, given uncertain investment outcomes, you will be able to maintain spending (in real terms) at the standard level until age 90. <sup>3</sup>Low, average and high describe spending relative to all recent retirees <sup>4</sup>Couple spending levels are the combined spending of both members.

[Link to CHOICE story on the retirement targets](#)

[Link to report on website](#)

[Link to high res image hosted on website](#)