



How much money should one have in super funds to comfortably retire on?

Brian, Victoria

Great question Brian. In a perfect world it would be great if we could spend our last dollar just the split second before we stop breathing. Unfortunately there are a lot of variables that simply make this impossible such as:

- what our spending habits are now & in the future;
- what risk we are willing to take with our investments; and
- not knowing exactly when we are going to die.

ASIC, via their FIDO website, has a great calculator to calculate how much you need to have in super when you retire.

Based on the calculator, if you were to retire at age 60 and needed to live on \$40,000 per annum then a super balance of \$350,000 invested in a balanced strategy (8%) will last til age 72. Unfortunately the life expectancy for males is 82 and rising these days so assuming that you lead a good healthy life then you are going to run out of money in retirement.

Not a good situation to be in and worthwhile sparing a thought for the lucky ones (or they unlucky?) that live to 100!

However, simply by reducing your spending to \$30,000 per annum and taking on slightly more risk with your investment (8.5%) the same super balance will last to age 87.

If you can't reduce your spending yet want to have your super last to at least 87 then you need over \$600,000 at retirement.

To calculate how much that you need to plan for retirement go to www.fido.gov.au and click on the Retirement Planner in the Calculators section.