

Living costs hit retirees

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THE rising cost of living is hitting retirees harder than the rest of Australia's population, a new report has found.

A comfortable retirement now requires \$63,352 a year for couples and \$44,818 for singles, according to the latest Retirement Standard from the Association of Superannuation Funds of Australia (ASFA).

These numbers rose 0.8 and 0.9 per cent respectively in the June quarter but some common retiree costs had much bigger price increases.

Fruit was up 4.7 per cent, vegetables increased 5.5 per cent and private health insurance premiums rose 2.7 per cent.

ASFA chief executive Martin Fahy said retiree cost increases had accelerated after Covid-19 had previously delayed price rises for things such as private health insurance.

"The lived experience of retirees is different to that of the wider population in terms of price increases," Dr Fahy said.

"They are particularly exposed to the basics – food, petrol, health insurance. They tend not to benefit from areas where we see low inflation or price decreases."

He said this included childcare, education, whitegoods and clothing.

In the past 12 months, petrol prices had jumped 27.3 per cent, while medical and hospital services rose 6.7 per cent, ASFA found.

"Retirees are also exposed to aged care and health care costs, which are both running ahead of normal inflation," Dr Fahy said.

"None of us wants to have the retirement of our grandparents."

Dr Fahy said future retirees would be affected by last year's superannuation early withdrawal scheme, which left one million Australians with no super.

He said the \$38bn withdrawn in that scheme had a long-term cost of \$100bn because that money would no longer be growing inside super and people who withdrew had missed the stock market's strong recovery since mid-2020.

Financial strategist Theo Marinis said Australia's annual inflation rate of 3.8 per cent "understates the real cost of living."

However, he said many of his clients were telling him they were not spending as much as they were before the pandemic.

Mr Marinis said a retirement income of more than \$50,000 a year was achievable for many couples because the age pension paid about \$34,000 and those with the average combined super balance near \$400,000 combined could expect to earn an extra \$20,000.

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