

## Women need an extra \$140 a week to retire in comfort. Men just \$45



People can be intimidated by the prospect of saving for retirement. CREDIT: SHUTTERSTOCK

What if all a man needed to do to snare a cushy retirement is contribute \$45 extra to superannuation a week ... or a woman, an albeit far more painful, \$140?

I believe a big part of the disengagement many Aussies feel with their super is the uncertainty over how much will ultimately be enough. The touted lump sums are often stupidly high and unattainable ... so people go all ostrich attitude.

Of course, there's also justified unease about the access rules – let's leave them alone for a while to restore some faith, hey, Scott Morrison/Bill Shorten (delete as applicable)?

My less intimidating and importantly weekly savings suggestions are based on some robust data and realistic assumptions.

First, I've crunched the numbers on [moneysmart.gov.au's excellent super calculator](https://www.moneysmart.gov.au) and used its sensible default fee assumptions (an explicit \$50 a year plus fund fees of 0.6 per cent and investment fees of 0.6 per cent).

And the investment returns I've plugged in are an achievable-over-the-long-term 6 per cent, the same level used by the Association of Superannuation Funds of Australia in its calculation of the lump sum that will [secure a "comfortable" lifestyle](#). Over the past five years, SuperRatings says the top balanced fund, Hostplus, made 10.51 per cent a year.

So just what is the pension pot ASFA believes will get you through in style? It's \$545,000 for a single and only slightly more at \$640,000 for a couple. This is far less than the scary \$1 million that gets thrown around because it incorporates draw-down of all capital (if you've taught them well, your kids can stand on their own financial feet!) and factors in corresponding pension top-ups.

Don't miss that these figures also assume you own your home at retirement so have no accommodation costs; there's only a slight difference between the single and couple amounts because you have to run that home regardless (health insurance and a bit of spending are the main additional costs).

What's crucial, then, is how close you'll be to that \$545,000.

To get a gauge, I asked Roy Morgan to mine extra data from a recent study it conducted – and discovered the average super balance today of a 35- to 49-year-old man, reported by more than 12,000 of them, is \$153,500. The salary is \$93,500.

So, drum roll please ... if you are smack bang in the middle of that age band, 42, and want to retire at 67, you're sitting fairly pretty.

Sure, right now you're a forecast 11 per cent shy of the \$545,000 target, but start contributing an extra \$45 a week by salary sacrifice (on top of the 9.5 per cent paid in by an employer) and you could guarantee little cocktail umbrellas for the pool your future-self will lounge beside.

And remember, that's not even costing you as much because it's *before* tax.

But, no, the situation is not nearly as rosy for a 42-year-old woman. She's more likely on \$68,300 a year with a super balance of only \$115,700, says the Roy Morgan survey of almost 11,000 women.

So to make up the predicted 34 per cent *shortfall* from the comfy benchmark, she'd need to salary sacrifice \$140 a week – or almost \$100 more than her male age-sake.

That's assuming she'll keep earning that \$68,300 too, and therefore getting an employer's 9.5 per cent on it. The lower annual salary is reflective of many women balancing caring for kids with career and working part-time as a result – the study shows that nearly half do, as opposed to only one in five men.

Another full work "break" – don't you love how child rearing is so often called that? – will set the typical female back further still.

I chose to drill down into the 35- to 49-year-old bracket because it captures some of the impact of children and 42 is also far enough from retirement to make a huge improvement to your fun fund.

At these ages, Roy Morgan says a woman usually has only 75 per cent of the super of a man. Without action, that gets worse too as the loss of compound interest hurts more over time ... it drops to 70 per cent at 50 to 59.

But this is not supposed to be a gloom-and-doom story. There are enough of those.

The Roy Morgan data show real progress too. Across all age groups, women's super is growing faster than men's: over the past decade the average female balance positively leapt by 87 per cent (to \$127,000), compared with a male increase of 53 per cent (to \$176,000).

And 50 to 59 is the age bracket that is fastest closing the gap, perhaps as women become aware of their dollar detriment and the imminent impact that's going to have.

Plus, if you're in a couple, things are far brighter. Staying that way – rather than splitting the partnership and the play money – is among the best retirement moves you can make. That \$640,000 total a couple apparently needs is a *lot* easier to tot up between two.

But if you're less than thrilled by the thought of *many* more hours a day spent with your partner, even if those hours are from time to time spent languishing on a cruise, it's even more vital to get paying extra into super.

- [Calculate the magic weekly figure](#) that will see you live your retirement dream at MoneySmart.gov.au.