How Much Do I Really Need to Retire?

YOUR FREE GUIDE TO PLANNING A BETTER RETIREMENT.

Understand what retirement might cost, see where you stand, and discover the decisions that could make a difference.

NORTHEAST WEALTH



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Important: The figures in this guide use publicly available benchmarks (ASFA Retirement Standard, ATO data). This is general information only, not personal financial advice. Every situation is different.

Retirement is closer than you think. Are you ready?

These are some of the most important financial questions you'll face.

At Northeast Wealth, we help Australians answer them every day. We bring together your superannuation, investments, tax position and retirement goals to build a clear picture of what's possible.

This guide is designed to help you start answering those questions for yourself.

You'll explore what retirement might cost, how much you'll need, and the decisions that could improve your financial position before - and during - retirement. The sooner you understand your options, the more choices you may have.

You've spent decades working, earning and building your financial future.

Your super may now be worth hundreds of thousands of dollars. Your mortgage might be cleared or getting smaller. And for the first time, retirement may be starting to feel like a real possibility.

But there's a big difference between building wealth and knowing how much you can afford to spend.

Can you afford to retire early, or do you need to keep working?
Will your savings support the lifestyle you want?
And how do you make sure your money lasts as long as you do?

What will retirement *cost* each year?

One of the biggest questions about retirement is also one of the hardest to answer. How much money will you actually spend? The Association of Superannuation Funds of Australia (ASFA) publishes retirement spending benchmarks, providing a useful starting point.

Lifestyle	Single / Year	Couple / Year
Modest	$36,548	$52,690
Comfortable	$56,166	$78,998

Source: ASFA Retirement Standard June 2026. Figures assume home ownership and relate to retirees aged 65–84.

But a comfortable retirement means different things to different people. For some, it means spending more time at home, enjoying family, friends and hobbies. For others, it's overseas holidays, a new car every few years, regular dining out and having the freedom to say yes to new experiences.

You may also have significant expenses that these benchmarks don't adequately reflect. Your retirement spending won't be the same every year. Many people plan to spend more during their first 10–15 years of retirement, when they're younger, more active and have the greatest freedom to travel and enjoy life.

Spending may reduce as they get older, although healthcare and other expenses can rise.

The important thing is to plan for the lifestyle you actually want, rather than relying on a standard figure.

A useful starting point: Think about what your household spends today. Remove expenses that are likely to disappear when you retire, such as work-related costs. Then consider the additional travel, leisure and lifestyle expenses you'd like to enjoy. Your retirement income should be built around the life you want to live.

What super balance would support that spending?

Anticipating your annual expenses is the first step. We next need to ask how much wealth is needed to support that spending. And this is where things become more interesting.

Your required balance depends on much more than your annual expenses. When you retire, how long you live, your investment returns and whether you qualify for the Age Pension can all make an enormous difference.

What does a comfortable retirement require?

ASFA estimates the following amounts of superannuation are needed at age 67 to support its retirement benchmarks. Many are surprised by how low the 'Modest' value is, reflecting that ongoing expenses are broadly met by the Age Pension.

Lifestyle	Single	Couple
Modest	$110,000	$120,000
Comfortable	$630,000	$730,000

Source: ASFA Retirement Standard June 2026. spending figures and 2026 lump-sum estimates. Assumes home ownership and eligibility for some Age Pension support.

These are useful benchmarks, but they're not universal retirement targets. Someone wanting to retire at 60 will need considerably more capital than someone retiring at 67, all else being equal.

Similarly, someone hoping to spend $120,000 per year will need a very different plan from someone comfortable spending $70,000. The figures also change for those entering retirement without a debt-free home.

Don't overlook the Age Pension.

Age Pension eligibility currently begins at 67, subject to residency and other requirements. Depending on your circumstances, it may provide valuable income alongside your superannuation.

But if you retire at 60, you'll need to fund the years before Age Pension age yourself. Your income and assets will also affect whether you qualify for payments later.

The amount you need to retire isn't clear cut - it depends on your age at retirement, whether Age Pension is available, and the specific lifestyle you wish to fund.

What does your financial situation look like?

You don't need a complicated spreadsheet to start understanding your retirement position. Begin with these four questions.

1 When would you like to retire?

My target retirement age: _____ years old

This is one of the most valuable questions to explore. Your ideal age may be different from when you can actually afford to retire.

2 How much would you like to spend each year in retirement?

My estimated annual retirement spending:

$ _____ per year

Use the benchmarks on the previous pages as a starting point, then adjust for your expected lifestyle in retirement.

3 How much wealth have you accumulated?

My / our combined financial position:

Superannuation	$
Investments and savings outside super	$
Less outstanding mortgage and other debts	($)
Net financial position	$

This is a simplified snapshot. It excludes your family home and does not necessarily represent the funds available to support retirement.

4 How many years do you have to get there?

Years until intended retirement: _____ years left This tells you how much time remains to build your savings, reduce debt and make changes to your financial strategy.

What do your answers tell you?

You've identified when you'd like to retire, how much you'd like to spend, and the financial resources you have available. Now let's put those numbers into perspective.

How much income will your savings need to provide?

Consider a couple planning to retire with $1 million in superannuation and investments, who would like to spend $80,000 per year.

If their entire retirement income came from their investments, they would need to withdraw 8% of their starting balance in the first year.

Combined retirement savings	$1,000,000
Desired annual income	$80,000
First year withdrawal rate	8%

But what if they had accumulated $1.5 million instead? Their $80,000 income requirement would represent just 5.3% of their starting balance. **The total retirement balance you've accumulated needs to be reviewed against your desired level of expenses in retirement.**

Now consider your own position.

Using your answers from the previous page:

Your desired annual retirement income	$
Your current superannuation and investment balance	$
Annual income ÷ investment balance × 100	%



This gives you a starting withdrawal percentage based on today's balance. It isn't a projection of your retirement income or a measure of whether your savings will last.

What does this mean for your retirement?

The higher the proportion of your savings you need to withdraw each year, the more important it becomes to understand how sustainable your retirement income may be.

But this is only one part of the picture.

Your savings should continue growing before retirement. Your investments may generate earnings once you stop working. You might qualify for the Age Pension or receive income from other sources. And your spending may change considerably as you get older.

These factors can materially change how much capital you need and how long it might last.

At Northeast Wealth, we bring these moving parts together to help our members understand when they can afford to retire, how much they can spend and how to make their wealth last.



The decisions you make now will change your retirement.

For many Australians approaching retirement, the question isn't simply whether they've saved enough. It's whether they're making the most of what they already have. The final years of your working life can still present valuable opportunities to improve your financial position.



What difference could five more years make?

Consider somebody earning $120,000 per year who is deciding whether to retire at 60 or 65.

Working another five years could mean:

- Five more years of employer superannuation contributions.
- Five more years for existing investments to grow.
- Five fewer years of retirement withdrawals.
- Additional opportunities to reduce debt and build savings.

At current employer contribution rates, that salary could generate over $72,000 in additional employer super contributions over five years, before investment earnings and contributions tax.

But the impact of delaying retirement goes beyond those contributions. With the right planning, even a modest adjustment to your retirement date can materially change your long-term financial position.

Are you making the most of your super?

Superannuation offers significant tax concessions, particularly for Australians approaching or entering retirement.

The way you make contributions, distribute super between partners and eventually commence retirement income streams can influence how much tax you pay and how much wealth you retain.

For some people, better superannuation planning can create opportunities to retire sooner or spend more throughout retirement.

Will your money last?

A retirement portfolio needs to do more than generate investment returns. It also needs to provide income, manage risk and withstand difficult investment markets.

Consider a couple who retire with $1 million invested and experience a substantial market downturn during their first year. If they're also withdrawing money to fund their lifestyle, their portfolio can be harder to rebuild than if the same downturn occurred while they were still working.

How you invest, when you withdraw and how much flexibility you have in your spending can all influence the outcome. There's rarely one decision that changes everything. The real opportunity comes from getting a series of important decisions right.



7 questions worth answering before you retire

Retirement planning involves more than reaching a savings target. Before you finish work, it's worth having clear answers to the questions below.

☐ 1. When can I realistically afford to retire?

Understand whether your preferred retirement date is achievable, and what retiring earlier or later would mean financially.

☐ 2. How much can I afford to spend?

Work out a sustainable retirement income that accounts for the lifestyle you want, including higher spending during your more active years.

☐ 3. Have I made the most of my superannuation?

Review your contributions, investment arrangements and available tax strategies before you stop working.

☐ 4. What should I do with my mortgage and other debts?

Understand the consequences of entering retirement with debt, and whether paying it down should be a priority.

☐ 5. Am I eligible for the Age Pension?

Know when you may qualify, how much you might receive, and how to maximise your entitlement.

☐ 6. Is my investment strategy right for retirement?

Consider how your portfolio will generate income, manage market downturns and support your spending over the years ahead.

☐ 7. What happens if life doesn't go to plan?

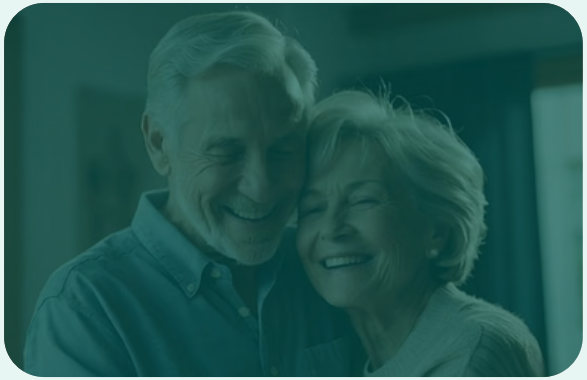
Consider unexpected expenses, changes in health, losing a partner, living longer than expected or needing to adjust your retirement plans.

How many could you confidently answer today?
You may already be in a strong financial position. But the ability to retire, and the ability to retire well, aren't necessarily the same thing.

The clearer your answers, the more confidently you can approach the years ahead.

Continue exploring your retirement options

Retirement planning involves more than knowing how much money you'll need. The decisions you make in the years leading up to retirement can have a significant impact on when you can stop working and the lifestyle you can afford. We've put together some additional resources to help you explore your options and make more informed financial decisions.



How to Plan for Retirement: A Step-by-Step Guide

From setting your retirement goals to understanding your future expenses and investment needs, explore the key steps involved in building a retirement plan.

READ THE ARTICLE



Could You Retire Earlier Than You Think?

Retiring early may be more achievable than you expect. Explore the financial strategies, decisions and lifestyle considerations that can help bring retirement closer.

READ THE ARTICLE



How a Transition to Retirement Works

You don't necessarily have to stop working altogether to start enjoying more freedom. Discover how a transition-to-retirement strategy works.

READ THE ARTICLE

More insights from Northeast Wealth
Explore our latest articles and financial planning resources..

CHECK OUT MORE RESOURCES

Make your retirement work for you.

You've spent decades building your financial future. Now it's time to understand what that wealth can make possible. Northeast Wealth, is a Melbourne-based financial planning practice helping Australians build, manage and make the most of their wealth.

We work with people approaching retirement and those already enjoying it, bringing their superannuation, investments, tax position and retirement goals together into one coordinated financial plan.



What you get when working with us.

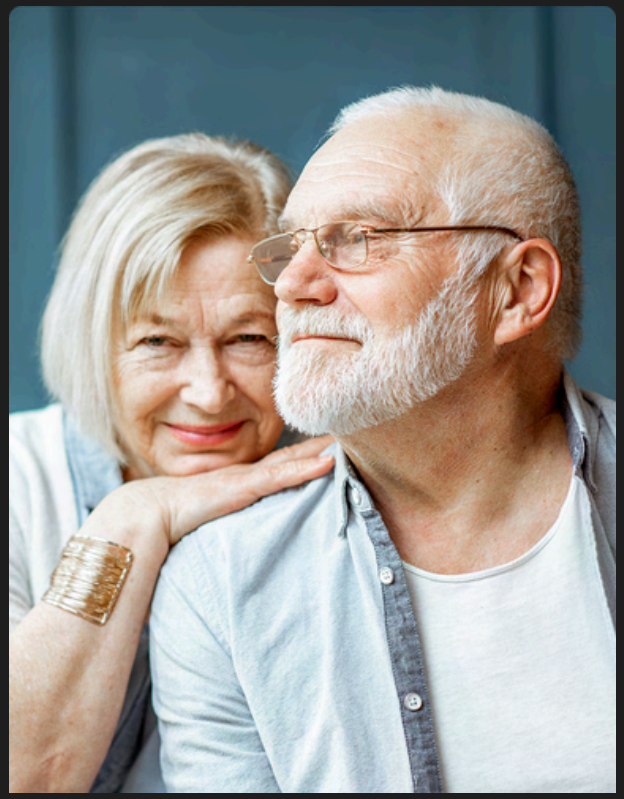
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Direction



Understand where you stand financially, when you can afford to retire and what your wealth could make possible.

Clarity



Know how much you can afford to spend, how your retirement income will be funded and which financial strategies are right for you.

Progress



Build and manage your wealth with an advice team that stays with you, reviewing your position and adjusting your strategy as your circumstances change.

Your next chapter starts with a plan.

Whether retirement is two years away, ten years away or already underway, the decisions you make can have an enormous influence on your financial future.

Find out where you stand, and what's possible from here.

Book a Discovery Call

Speak with our team about your financial position, retirement goals and how we may be able to help.

No cost. No obligation.

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This guide contains general information only and does not take into account your personal objectives, financial situation or needs. Figures and examples are illustrative, and actual outcomes will vary. Retirement planning involves investment, taxation, legislative and other risks. Before making financial decisions, consider whether the information is appropriate for your circumstances and seek professional advice where needed.

Northeast Wealth Pty Ltd ATF Northeast is a Corporate Authorised Representative of Synchron Advice Pty Ltd
ABN: 33 007 207 650 trading as SYNCHRON
Principal address: Suite 8, Tenancy 111 Camberwell Place, Level 1/793 Burke Rd, Camberwell VIC 3124, Australia
Australian Financial Services License Number 243 313