

Food and Clothing



A retired couple or individual spend between 12% & 25% of their total expenditure on food and clothing.

The cost of food in retirement is essentially determined by two factors – how frugal you will be when shopping at the supermarket and how often you will eat out. To a degree, the cost will also be determined by whether you have expensive or inexpensive taste when it comes to both eating at home and eating out. Another factor to consider is how much entertaining you intend to do in your home.

Most retirees spend much less on clothing when they retire than they did while they were working. At one end of the scale, some retirees spend very little on clothing, while others want to continue to buy new clothes on a regular basis.

To help the workshop participants evaluate their projected food and clothing costs in retirement, please ask the following questions:

- Do you intend to be frugal when shopping at the supermarket?
- How often do you intend to eat out per month?
- Are your food tastes likely to be expensive, average or inexpensive?
- Do you plan to regularly entertain at home?
- Do you plan to buy new clothes regularly or only when needed?
- If you plan to buy new clothes frequently, will your tastes be expensive, average or inexpensive?

This is what the average retired spend on food & clothing in a year:

Eating at home	\$3,800
Eating out	\$2,700
Clothing	\$1,650

The average retired couple or individual spend 18% of their total expenditure on food and clothing.

Use the following table as a guide to assess the likely food and clothing costs of the participant:

A	B	C
<ul style="list-style-type: none"> • Eat out frequently • Expensive food tastes • Buy new clothes regularly • Expensive taste in clothes 	<ul style="list-style-type: none"> • Occasionally eat out • Average food tastes • Buy new clothes occasionally • Average taste in clothes 	<ul style="list-style-type: none"> • Never eat out • Frugal food tastes • Only replace clothes when needed • Frugal taste in clothes
25% of expenditure	18% of expenditure	12% of expenditure

Brought to you by:



Housing



A retired couple or individual spend between 20% & 40% of their total expenditure on housing.

There are a range of housing options in retirement and each option has cost implications. For homeowners this may include mortgage payments, insurance, utilities, taxes and maintenance. For non-homeowners this may include rent.

Some retirees continue to live in the family home while some choose to stay in the same area but move to smaller and less expensive housing. Some retirees choose to move to another part of the state or country, which may be more or less expensive. A small percentage of retirees sell their home and buy an RV.

To help workshop participants evaluate their projected housing costs in retirement, you should ask the following questions:

- What is your housing plan for retirement?
- Do you intend to continue to live in your family home?
- Do you intend to move to another area?
- Will you have mortgage payments to make when you retire?
- Is your housing option likely to be large, medium or small?
- Given your choice of housing, do you think your utility costs will be high, average or low?
- Do you plan to live with your kids?
- Do you plan to sell your house and buy an RV?
- Do you intend to retain a house and maintain an RV?
- Do you intend to maintain a second residence e.g. vacation home, cabin etc?

What the average retired couple spend each year on housing in a year:	
Property Taxes	\$2,500
Utilities	\$4,000
Mortgage	\$3,700
Maintenance	\$1,700
Furnishings	\$2,000
Supplies	\$ 750

The average retired couple or individual spend 32% of their total expenditure on housing.

Use the following table as a guide to assess the likely housing costs of the participant:

A	B	C
<ul style="list-style-type: none"> • Large House • High mortgage payments • High maintenance • High utilities 	<ul style="list-style-type: none"> • Medium sized house • Modest mortgage payments 	<ul style="list-style-type: none"> • Move to something small • No mortgage payments • Live with kids
<i>40% of expenditure</i>	<i>32% of expenditure</i>	<i>20% of expenditure</i>

A retired couple or individual spend between 2% & 8% of their total expenditure on communications.

This lifestyle aspect includes landlines, cell phones, internet and cable and the technology that goes with these forms of communication. While our grandparents only needed to worry about free to air television and landline phones, the vast majority of future retirees will be thinking about using landlines, cable television, an internet connection and cell phones. They will be thinking about using and maintaining electronic devices such as smart phones, tablets, laptops and televisions. The cost of this lifestyle option will vary depending on the choices that are made.

To help workshop participants evaluate their projected communication costs in retirement, please ask the following questions:

- What type of cell phone(s) do you plan to use in retirement?
- What type of cell phone plan do you intend to have?
- Do you plan to have an internet connection?
- Do you intend to have a landline?
- What level of cable service are you intending to have?
- Will you maintain iPad(s)/tablet(s)?
- Will you maintain a computer(s)?

The average retired couple or individual spend 5% of their total expenditure on communications.

Use the following table as a guide to assess the likely communication costs of the participant:

A	B	C
<ul style="list-style-type: none"> • Full cable package • 2 top of the range smart phones with full plan • Unlimited internet • iPads and Computers • Landline 	<ul style="list-style-type: none"> • Basic cable with minimal extras • 2 middle range cell phones and plan • Basic internet • iPad or Computer • Landline 	<ul style="list-style-type: none"> • Basic cable package • Basic cell phones • No internet • No landline
8% of income	5% of income	2% of income

Leisure, Travel and Entertainment



A retired couple or individual spend between 5% & 15% of their total expenditure on leisure, travel, hobbies and entertainment.

Most retirees look forward to enjoying their leisure time in retirement. They look forward to traveling and engaging in hobbies and pastimes. While most lifestyle aspects have some discretion, this is one that has more discretionary spending than others. It is also one that allows for wide variations of spending opportunities.

When it comes to travel, some retirees plan to spend time traveling overseas, some plan to travel within the country, while others don't intend to travel at all. Some hobbies are expensive, while others are not. Other activities that retirees are likely to spend money on are playing sports e.g. golf or attending sporting events.

To help the workshop participants evaluate their projected leisure, travel, hobbies and entertainment costs in retirement, please ask the following questions:

- How often do you plan to travel?
- Do you intend to travel overseas, interstate or locally?
- What sports do you intend to play?
- What sporting events do you plan to attend?
- Do you intend to pursue any hobbies and if so what will be the cost?
- Do you intend to pursue any cultural or educational pastimes and if so what will be the cost?
- Are there any other activities you intend to pursue in retirement and if so what will be the cost?

The average retired couple or individual spend 8% of their total expenditure on leisure, travel, hobbies and entertainment.

Use the following table as a guide to assess the likely leisure, travel, hobbies and entertainment costs of the participant:

A	B	C
<ul style="list-style-type: none"> • Annual overseas travel • Regular theatre, sporting events etc. • Expensive hobbies 	<ul style="list-style-type: none"> • Annual interstate travel • Hobbies, sport or other interests with moderate cost 	<ul style="list-style-type: none"> • Local vacations • Minimal entertainment • Minimal or no hobbies
15% of expenditure	8% of expenditure	5% of expenditure

Brought to you by:



Transportation



A retired couple or individual spend between 10% & 25% of their total expenditure on transportation.

This includes the cost of buying, maintaining and replacing vehicles as well as any public transport that is used. It includes the cost of gas, vehicle servicing and insurance.

Retirees have choices to make that will have an impact on their transportation costs. Will they continue to run two vehicles? Will their vehicle(s) be more or less expensive to run and replace?

To help the workshop participants evaluate their projected transportation costs in retirement, please ask the following questions:

- How many vehicles do you plan to have in retirement?
- Will you be driving small, medium or large vehicle(s)?
- How expensive will they be to maintain?
- How often do you intend to replace your vehicle(s)?
- Will you be doing a lot of driving?
- Are you able to use public transit or a bicycle?

This is what the average retired couple or individual spend each year on transportation:

Vehicle purchase	\$3,200
Gas & Oil	\$2,400
Insurance, servicing	\$3,000

The average retired couple or individual spend 17% of their total expenditure on transportation.

Use the following table as a guide to assess the likely transportation costs of the participant:

A	B	C
<ul style="list-style-type: none"> • Maintain two vehicles • Expensive to run • High usage • Replace frequently 	<ul style="list-style-type: none"> • Two small vehicles or one large vehicle • Moderate usage 	<ul style="list-style-type: none"> • One small to medium sized vehicle • Replace only when needed • Minimal usage • Use public transit or a bicycle
25% of expenditure	17% of expenditure	10% of expenditure

Health and Fitness



A retired couple or individual spend between 7% & 15% of their total expenditure on health costs.

This includes health insurance, medical services, drugs and medical supplies. It is predicted that health costs will increase in the future.

The cost of health and fitness in retirement will depend on a number of factors. For some factors, we have no control over, but for other factors, we do. For example, we can't control the cost of insurance, services, drugs or medical supplies. However, we can take actions to be as fit and healthy in retirement as possible.

For the purposes of this exercise, we are going to use the participant's current information. We should then point out that there are things that can be done either positively or negatively between now and retirement that can have an impact on health costs. For example, a person who currently keeps fit, doesn't smoke and has a healthy diet would need to maintain these habits for the workshop options to be accurate for them in retirement. If this person between now and retirement does not maintain a healthy lifestyle then their health costs in retirement will go up.

To help workshop participants evaluate their projected health costs in retirement, please ask the following questions:

- How would you rate your current health?
- How would you rate your current fitness levels?
- Do you exercise regularly?
- Are you over, under or about your recommended weight?
- Do you smoke?
- Do you have any health issues that are likely to impact on your health costs in retirement?
- Do you have any genetic predispositions that are likely to impact of your health costs in retirement?
- Will you have employer-sponsored insurance (including prescription costs) or will you be self-insured?

This is what the average retired couple spends on health costs in a year:	
Insurance	\$6,000
Medical Services	\$2,000
Drugs	\$1,600

The average retired couple or individual spends 10% of their total expenditure on health costs.

Use the following table as a guide to assess the likely health & fitness costs of the participant:

A	B	C
<ul style="list-style-type: none"> • Poor health • Pre-existing condition • Unfit • Poor genetics • Smoker • Retiring before age 65 	<ul style="list-style-type: none"> • Some minor health issues • Moderately fit • Minor genetic issues • Slightly overweight • Retiring after age 65 	<ul style="list-style-type: none"> • Excellent health • Extremely fit • No genetic issues • Non Smoker • Retiring after age 65 • Retired military
15% of expenditure	10% of expenditure	7% of expenditure

Brought to you by:



Gifts and Donations



A retired couple or individual spend between 2 and 15% of their total expenditure on gifts and donations.

This lifestyle aspect covers gift giving to children, grandchildren and others as well as donations to churches and charities.

Couples with large families and generous gift giving habits would need to allow more, while couples with small families and modest gift giving habits could allow for less.

Couples that plan to give generous and regular contributions to their church and charities would need to allow more, while non church goers could allow for a lower than average expenditure.

To help the workshop participants evaluate their projected gift giving and charitable donation costs in retirement, please ask the following questions:

- Do you have a large, medium or small family that you plan to give gifts to in retirement?
- Are you likely to be generous, average or modest gift givers?
- Do you intend to give regularly to your church and how much do you intend to give?
- Do you intend to give regularly to charities?

The average retired couple or individual spend 5% of their total expenditure on gifts and donations.

Use the following table as a guide to assess the likely gift and donations costs of the participant:

A	B	C
<ul style="list-style-type: none"> • Large Family • Substantial gifts to children and grandchildren • Substantial contributions to church/charities 	<ul style="list-style-type: none"> • Average Family • Average gifts to children and grandchildren • Average contributions to church/charities 	<ul style="list-style-type: none"> • Small Family • Modest gifts to children and grandchildren • Modest contributions to church/charities
<i>15% of expenditure</i>	<i>5% of expenditure</i>	<i>2% of expenditure</i>

Brought to you by:

