

# How much income will you need in retirement?

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LATEST ESTIMATES SHOW AN INCREASE IN HOW MUCH INCOME IS NEEDED IN RETIREMENT, WRITES ANDREW PROEBSTL

Estimating how much income you need to live comfortably in retirement will be different for each person and is no easy task. Each of us will have different expectations in retirement, in turn meaning there is no one simple answer to the question of how much income you'll need.

Examining and analysing how you spend your income now, particularly as you approach retirement, will tell you a lot about how you now spend your income. It is often surprising how much you spend on some items once you actually add it all up. Some costs you incur now will reduce (e.g. costs associated with working such as travel to/from home and work) and some costs will increase (e.g. you may want to travel more in retirement or may take up more hobbies).

## Resources available

There is some good quality general guidance that is available and will help you get some insight into how much income you are likely to need in retirement.

The Association of Superannuation Funds of Australia ("ASFA") and Westpac publish a quarterly Retirement Standard. Its purpose

is to give people a guide as to the likely income individuals may need in retirement.

The Retirement Standard provides two types of income estimates for both singles and couples:

1. To lead a 'modest' retirement lifestyle, which is defined as "Better than the Age Pension, but still only able to afford fairly basic activities"; and
2. To lead a 'comfortable' retirement lifestyle, which is defined as "Enabling an older, healthy retiree to be involved in a broad range of leisure and recreational activities and to have a good standard of living through the purchase of such things as; household goods, private health insurance, a reasonable car, good clothes, a range of electronic equipment, and domestic and occasionally international holiday travel".

At the time of writing, the updated

September 2013 estimates had just been released and they reflect an increase in costs over the quarter.

For example there was a 1.7 per cent increase to \$23,032 a year, for single retirees wanting a 'modest' retirement lifestyle and a 1.5% increase to \$41,830 a year, for singles wanting a 'comfortable' retirement.

The ASFA estimates indicate increases in the cost of items such as electricity, petrol, council and water rates as being the biggest contributors to the quarter's increases.

Couples seeking a 'modest' retirement saw an increase of 1.5 per cent to \$33,120 a year, and by 1.4% to \$57,195 a year for a 'comfortable' retirement.

The Retirement Standard also shows different components of likely household expenditure.

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The Retirement Standard can be found at:

[www.superannuation.asn.au/resources/retirement-standard](http://www.superannuation.asn.au/resources/retirement-standard)

The next update (for the December 2013 quarter) will be available from 27 January 2014.

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# NT Contingency Legal Aid Fund

Suzan Cox QC,  
Director,  
Northern Territory Legal Aid Commission



**T**he Northern Territory Legal Aid Commission proudly celebrates 21 years of the Contingency Legal Aid Fund (CLAF) in 2014.

## History and Background

The NT CLAF was set up in March 1993 by the previous Director, Richard Coates. At the time Her Honour the Honourable Sally Thomas AC, Administrator of the Northern Territory was the Chair of the Commission. It was established as a joint initiative with the Law Society Northern Territory. It was recognised that limited legal aid funding was inadequate to support a civil litigation practice but that there was a real need to assist people with legitimate civil claims, such as personal injuries and work accidents, who could not afford to fund the disbursements involved in this type of litigation. In recognition of this need it was decided to set up a litigation support fund that would be both viable and ongoing.

A seeding grant of \$200,000.00 was provided from the Law Society Public Purposes Trust, and a subsequent loan of \$200,000.00 was provided by the NT Legal Aid Commission to establish CLAF. The loan has since been repaid and the Fund continues to be

sustainable and a vital mechanism to access justice in the Northern Territory. NTLAC is the only Commission in Australia operating a litigation support fund.

## Financial Assistance

Financial assistance is available to cover the reasonable cost of disbursements and out of pocket expenses incurred during the course of litigation, after the investigation stage. (NTLAC provides limited funding at the initial stage to investigate the client's prospects of success). The Fund does not pay solicitor's professional fees or Counsel's fees.

Funding is approved to enable a person to bring or defend a civil proceeding in any civil matter where there are reasonable prospects of success and the applicant is likely to be awarded damages or costs.

Funding is by way of a litigation support personal loan contract. The application fee is \$220.00 (incl. GST). This fee may be waived if the applicant was previously in receipt of legal aid funding or, in cases of hardship, the fee can be deferred to the conclusion of the matter. Interest is payable at the rate of 12% pa calculated daily on funds drawn. The funds loaned are payable at the conclusion

of proceedings and the funds repaid are vital to the ongoing sustainability of the fund.

## Applications for Assistance

Application forms and guidelines are available from the Commission and must be accompanied by the following:

- a) Letter of merits from the applicant's solicitor detailing merits, prospects of success and potential quantum.
- b) Court documentation such as the Statement of Claim, Defence, etc.
- c) Medical reports etc.
- d) A detailed statement of anticipated disbursements.
- e) Confirmation that the solicitor has agreed to "spec" fees.
- f) Confirmation that Counsel has been briefed and has agreed to "spec" fees.
- g) Any Opinions or Advice from Counsel.

## CLAF Panel Members

The Commission has been fortunate to have a stable pool of panel members for the period of the Fund. These members volunteer their time to consider and



## Those who have served as panel members are:

Alan Lindsay	Patrick Wright
Bill Priestley	Paul Maher
Cathy Spurr	Peggy Cheong
The late Donna Dreier	The Hon Justice Peter Barr
Duncan McConnel	Pip Lazarus
Eileen Terrill	Richard Battley
The late Gary Schneider	Richard Coates
Georgia McMaster	Ron Pearce
The late Ian Morris	Sally Gearin
James Hebron	Sally Pfitzner
John Neill SM	Simon Lee
John Stewart	Sophie Cleveland
John Stirk	The Hon Justice Stephen Southwood
Markus Spazzapan	Sue Reddy
Martin Carter	Suzan Cox QC
Merran Short	Tony Young

determine applications to the Fund. The panel is comprised of both solicitors and counsel who bring rigour to the decision of whether or not CLAF funding is to be provided. The Commission is grateful to the pool of panel members who have given their time and energy over the past 21 years, some of whom are no longer with us.

Interested persons wishing to join the CLAF Committee Panel should please contact the Fund Manager.

## CLAF Secretariat

The Commission would like to acknowledge and thank the Commission staff who have performed the Secretariat function, including Debbie Porker, Sue Reddy and Aggie Athanasiou

In particular, the Commission thanks Sue Reddy who has undertaken the secretariat functions over the 21 years of its existence. Since Sue was appointed as a panel member of CLAF in 1996, she has not 'just' provided administrative support to the Fund, but has been a committed and passionate supporter of the Fund. Sue's recognition of the importance of the sustainability of the Fund has been a key factor in its success. Due to Sue's pending retirement, she will pass on the secretariat functions of CLAF later this year. ●

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For example couples seeking a 'modest' lifestyle are estimated to spend \$154.23 a week on food whereas this figure rises to \$191.45 for a 'comfortable' lifestyle. Another example is a weekly leisure spend of \$107.88 for couples leading a 'modest' lifestyle, increasing substantially to \$300.70 per week for a 'comfortable' lifestyle.

It is important to keep in mind that the Retirement Standard is general indicative information only, providing a starting point for you to determine how much income you will need in retirement. You should consider getting expert financial advice to better gain insight into your personal income needs in retirement. Most super funds will also provide calculators that can also provide further assistance, for example, forecasting your retirement savings accumulation and estimating how much income in retirement your accumulated savings will provide. By way of example, legalsuper has a retirement savings calculator accessible at [www.legalsuper.com.au](http://www.legalsuper.com.au).

Broadly, there are two key questions each of us needs to ask: Firstly *how much retirement income do you need* and, just as importantly, *where will that income come from*. Again, this is where expert financial advice can help too, helping you gain insight into where you will source your income.

Thinking now about how much income you need in retirement might also identify if you have a deficiency in savings and give you more time to take action to address any deficiency. You don't want surprises in retirement! ●

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