

RETIREMENT BUDGET STANDARDS

UPDATING AND EXTENDING INDICATIVE BUDGET
STANDARDS FOR OLDER AUSTRALIANS IN 2009

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INTRODUCTION

This report presents updated 2009 budget standards for older Australians in the segments of comfortable and modest for largely self-funded retirees for both couples and individuals.

In 2009, the Association of Superannuation Funds of Australia retained Harvestdata to build on previous research and review the current living patterns of largely self-funded Australians.

Specifically, the research addressed the following objectives:

- Update the existing standards to reflect the price movements in the bundle of goods and services between 2003 and 2009.
- Review the bundle of goods and services and adjust the bundle to reflect current consumption patterns
- Develop a provisional budget in terms of both a modest and comfortable budget for older Australians who are self funded retirees.
- Test these budgets using focus groups drawn from this specific demographic and suggest aspects where further improvement in these budgets should be undertaken.

This research is used to set the adequacy standards of individuals who are reliant on their savings during their retirement and are able to support a lifestyle at a higher standard than that provided by the Age Pension alone. There have been significant price movements on the basket of goods identified in the previous set of self-funded retiree budgets undertaken in 2003. This will be explored in this research project.

BUDGET STANDARD 2004 TO 2009

The original Modest budget standards were developed and priced in 1997 and were further updated and extended in 2004 to develop a Comfortable budget standard for self-funded retirees. This new budget standard was developed to reflect the changes in Australian society and the needs of self-funded retirees who live a comfortable and active life. It was publicly released in early 2004 providing budgets applicable to September 2003 prices.

These estimates covered a range of household types and identified the costs to maintain either a modest budget for older Australians or a comfortable budget for older Australians. That project produced the Indicative Budget Standards for Modest and Comfortable older self-funded Australians.

This budget standards were developed from decisions made based on the needs of the specific groups and what is required to attain this standard of living by defining each item required to achieve this. Each item identified is then priced to compile an expenditure level required that will enable an individual to meet this level of consumption of goods and services.

The 2004 study developed budgets for an older women (aged 70) living on her own and for a couple (both aged 70) at a modest level, and at a comfortable level. It was assumed that the home was owned outright for these four groups. Further, this standard was developed to

“...reflect a standard of living among older, health and fully active self-funded retired Australians that allows them to engage actively with a broad range of leisure and recreational activities without having to forgo the consumption levels expected by other comfortably affluent people, to require a rapid or substantial disbursement of any financial or other assets.” (SPRC, 2004:20)

To ensure the ongoing accuracy of the standards, adjustments have been made over time to reflect changing trends in consumption and income. To incorporate the effect of potential changes in the budget standard requires the researchers to revisit the bundle of goods and services, then re-specify each item and then re-price them individually. This can be a time consuming and difficult task due to the vast range of items that are included in each bundle of goods and services for each standard.

The Consumer Price Index (CPI) is used by the Australian Bureau of Statistics to measure the quarterly changes in the price of a 'basket' of goods and services that account for a high proportion of expenditure by the CPI population group (i.e. metropolitan households) (ABS, 2009a). This provides a useful starting point in updating the 2004 budget standard to 2009 prices and consumption patterns.

However, while the CPI is often referred to as a cost-of-living index, this is not strictly correct. A true cost-of-living index would need to address the changes in standards of living and the substitutions that individuals make in order to maintain their standard of living in the face of changing market conditions. This report has attempted to address some of these changes through a range of data collection and analysis.

The CPI 'basket' covers a wide range of goods and services and is allocated in 11 groups:

- Food
- Alcohol and tobacco
- Clothing and footwear
- Housing
- Household contents and services
- Health
- Transportation
- Communication
- Recreation
- Education
- Financial and insurance services.

These groups differ slightly from the original budget standard groupings provided in the 2004 report (the ABS has rebased and amended groups in the CPI since 2004). Both bundles of goods are listed in Table 1 and illustrate the changes in the CPI since the 2004 report. Moving forward, this new standard will use the current CPI categories in all the budgets presented. This ensures that the areas within the budget can be easily and correctly be adjusted by changes in the CPI as they occur.

Table 1: Changes in CPI as per Budget Standard and CPI Group

| Budget Standards Component | CPI Commodity Group | Index value in September 2009 (September 2003 = 1.000) |
|--|--|---|
| Food | Food | 1.24983 |
| | Alcohol and tobacco | 1.25186 |
| Clothing and Footwear | Clothing and Footwear | .098941 |
| Housing | Housing | 1.30614 |
| Household Goods and Services (general) | Household contents and services | 1.05761 |
| Health | Health | 1.33051 |
| Transport | Transport | 1.16419 |
| Household Goods & Services (telephone and postal) | Communication | 1.02552 |
| Leisure | Recreation | 1.05692 |
| | Education | 1.38075 |
| | Financial and Insurance Services (a) | |
| Personal Care | <i>Accounted in household services</i> | |
| TOTAL BUDGET | Headline CPI | 1.18648 |

Source: 6401.0 - Consumer Price Index, Australia, Sep 2003 through to 6401.0 - Consumer Price Index, Australia, Sep 2009

(a) No index figure available for September 2003.

In September 2009, the Australian Bureau of Statistics (ABS) released the Analytical Living Cost Index (ALCI) for self funded retirees and average weekly expenditures and price changes since 2003 are presented in Table 2. The ABS define self-funded retiree households as "those households whose principal source of income is superannuation or property income and where the HES defined reference person is 'retired' (not in the labour force and over 55 years of age)" (ABS, 2009b).

Table 2: Estimated average weekly expenditure during 2003-04 by Commodity Group (a) (b)

| Commodity Group | Average Weekly Expenditure | % Change in CPI Sept 2003 to Sept 2009 |
|--------------------------------------|----------------------------|--|
| Food | \$130.00 | 24.90% |
| Alcohol and tobacco | \$59.00 | 25.20% |
| Clothing and Footwear | \$31.00 | -1.05% |
| Housing (c) | \$83.00 | 30.60% |
| Household contents and services | \$97.00 | 5.70% |
| Health | \$68.00 | 33.05% |
| Transport | \$114.00 | 16.40% |
| Communication | \$24.00 | 2.60% |
| Recreation | \$130.00 | 5.60% |
| Education | \$5.00 | 30.00% |
| Financial and Insurance Services (d) | \$36.00 | 7.50% |
| TOTAL | \$777.00 | |

Source: 6463.0 - Analytical Living Cost Indexes for Selected Australian Household Types, Sep 2009

(a) Based on 2003-04 Household Expenditure Survey (HES) at June quarter 2005 prices.

(b) Figures may not add up due to rounding.

(c) House purchases are included in the CPI but excluded from the population subgroup indexes.

(d) Includes interest charges and general insurance. Interest charges are excluded from the CPI and general insurance is calculated on a different basis.

Developing the Updated Budgets

The items in the budget standard were itemised drawing on the 1997 original bundle of goods and services as developed into the 2004 budget standards for both modest and comfortable lifestyles in retirement. Each item listed includes the details of type, price, quality and lifetime of each item. To customize the standard to reflect the 2009 lifestyle of an older Australian, the bundle of goods and services was updated to reflect changes in goods and services available, consumption patterns and living standards since the budget standards were first developed.

The budgets were first updated by employing the CPI changes to budgets developed in 2004. Two different price indexes were used: the CPI headline index (which is the weighted average of price movements in eight capital cities), and the CPI Component index, which adjusts each commodity group using the relevant CPI component index. The two standards differ because the CPI Component incorporates the changes in relative prices while the CPI Headline does not. In updating the budget standards both methods can only produce approximate results, given the implicit assumption that the prices of all the items captured in the original budget have increased by the same amount (in total or within each category).

The budgets were initially updated by multiplying all the prices by the change in the consumer prices between 2003 (September Quarter) and the most recently available data 2009 (September Quarter) and are presented in Table 3. Community living standards also have been increasing since 2003, with average weekly ordinary time earnings up by 30% in nominal terms (ABS, 2009c), compared to the 23% increase in the component CPI for the budgets (ABS, 2009a).

The budgets developed for a modest budget for a 70 year old couple living in their own home and a 70 year old woman living in her own home, and a comfortable budget for a 70 year old couple living in their own home and a 70 year old woman living in her own home, all of whom are principally self-funded retirees, have been updated using the CPI data. The total change in the budget standard for each group is lower when the CPI Headline Index series is used to update each of the budget areas individually.

Both CPI methods produce similar results, but the measures estimates differ by 5%. In light of this result the CPI Component measure will be used in this report and this produces the closest result to the ABS average budget released in November 2009. The Comfortable Single budget (\$771pw) (See Table 3) is only marginally different to the ABS average budget (\$777pw) released in September 2009 (ABS, 2009b). The revised budgets are higher because they reflect the higher living standards and expectations now, with more and different items in the bundle of goods for the Modest and Comfortable Budget Standard.

Table 3: Updated Modest and Comfortable Budget Standards for Older Home-Owner Households using CPI adjustments

| Household Type | Headline CPI Measure | | | | CPI Components Measure | | | |
|-------------------------------------|----------------------|-------------|-----------|-------|------------------------|-------------|-----------|-------|
| | Sept – 03 | Sept – 09 | \$Change | Ratio | Sept – 03 | Sept – 09 | \$Change | Ratio |
| Food | | | | | | | | |
| AS, Modest | \$ 55.61 | \$ 69.46 | \$ 13.85 | 1.25 | \$ 58.57 | \$ 71.85 | \$ 13.28 | 1.23 |
| AS, Comfortable | \$ 59.00 | \$ 73.69 | \$ 14.69 | 1.25 | \$ 59.00 | \$ 72.38 | \$ 13.38 | 1.23 |
| AC, Modest | \$ 111.45 | \$ 139.20 | \$ 27.75 | 1.25 | \$ 117.39 | \$ 144.00 | \$ 26.61 | 1.23 |
| AC, Comfortable | \$ 130.00 | \$ 162.37 | \$ 32.37 | 1.25 | \$ 130.00 | \$ 159.47 | \$ 29.47 | 1.23 |
| Clothing and Footwear | | | | | | | | |
| AS, Modest | \$ 16.83 | \$ 16.65 | \$ (0.18) | 0.99 | \$ 15.11 | \$ 15.26 | \$ 0.15 | 1.01 |
| AS, Comfortable | \$ 52.00 | \$ 51.45 | \$ (0.55) | 0.99 | \$ 52.00 | \$ 52.50 | \$ 0.50 | 1.01 |
| AC, Modest | \$ 29.02 | \$ 28.72 | \$ (0.30) | 0.99 | \$ 26.06 | \$ 26.31 | \$ 0.25 | 1.01 |
| AC, Comfortable | \$ 95.00 | \$ 94.00 | \$ (1.00) | 0.99 | \$ 95.00 | \$ 95.92 | \$ 0.92 | 1.01 |
| Housing | | | | | | | | |
| AS, Modest | \$ 64.65 | \$ 86.17 | \$ 21.52 | 1.33 | \$ 66.46 | \$ 102.36 | \$ 35.90 | 1.54 |
| AS, Comfortable | \$ 65.25 | \$ 86.95 | \$ 21.70 | 1.33 | \$ 65.31 | \$ 100.58 | \$ 35.27 | 1.54 |
| AC, Modest | \$ 68.48 | \$ 91.50 | \$ 23.02 | 1.34 | \$ 70.36 | \$ 108.27 | \$ 37.91 | 1.54 |
| AC, Comfortable | \$ 75.00 | \$ 100.49 | \$ 25.49 | 1.34 | \$ 75.00 | \$ 115.28 | \$ 40.28 | 1.54 |
| Household Goods and Services | | | | | | | | |
| AS, Modest | \$ 71.84 | \$ 74.08 | \$ 2.24 | 1.03 | \$ 69.69 | \$ 73.88 | \$ 4.19 | 1.06 |
| AS, Comfortable | \$ 107.00 | \$ 110.33 | \$ 3.33 | 1.03 | \$ 107.00 | \$ 112.58 | \$ 5.58 | 1.05 |
| AC, Modest | \$ 86.22 | \$ 89.14 | \$ 2.92 | 1.03 | \$ 85.44 | \$ 91.79 | \$ 6.35 | 1.07 |
| AC, Comfortable | \$ 154.00 | \$ 159.37 | \$ 5.37 | 1.03 | \$ 154.00 | \$ 164.89 | \$ 10.89 | 1.07 |
| Health | | | | | | | | |
| AS, Modest | \$ 10.01 | \$ 13.32 | \$ 3.31 | 1.33 | \$ 9.92 | \$ 12.61 | \$ 2.69 | 1.27 |
| AS, Comfortable | \$ 37.00 | \$ 49.23 | \$ 12.23 | 1.33 | \$ 37.00 | \$ 47.03 | \$ 10.03 | 1.27 |
| AC, Modest | \$ 18.87 | \$ 25.11 | \$ 6.24 | 1.33 | \$ 18.70 | \$ 23.77 | \$ 5.07 | 1.27 |
| AC, Comfortable | \$ 74.00 | \$ 98.46 | \$ 24.46 | 1.33 | \$ 74.00 | \$ 94.06 | \$ 20.06 | 1.27 |
| Transport | | | | | | | | |
| AS, Modest | \$ 65.26 | \$ 75.96 | \$ 10.70 | 1.16 | \$ 62.51 | \$ 75.79 | \$ 13.28 | 1.21 |
| AS, Comfortable | \$ 103.00 | \$ 119.89 | \$ 16.89 | 1.16 | \$ 103.00 | \$ 124.89 | \$ 21.89 | 1.21 |
| AC, Modest | \$ 65.98 | \$ 76.80 | \$ 10.82 | 1.16 | \$ 63.20 | \$ 76.63 | \$ 13.43 | 1.21 |
| AC, Comfortable | \$ 120.00 | \$ 139.68 | \$ 19.68 | 1.16 | \$ 120.00 | \$ 145.50 | \$ 25.50 | 1.21 |
| Recreation | | | | | | | | |
| AS, Modest | \$ 45.48 | \$ 48.03 | \$ 2.55 | 1.06 | \$ 43.31 | \$ 49.88 | \$ 6.57 | 1.15 |
| AS, Comfortable | \$ 227.00 | \$ 239.71 | \$ 12.71 | 1.06 | \$ 227.00 | \$ 261.41 | \$ 34.41 | 1.15 |
| AC, Modest | \$ 75.31 | \$ 79.53 | \$ 4.22 | 1.06 | \$ 71.72 | \$ 82.59 | \$ 10.87 | 1.15 |
| AC, Comfortable | \$ 454.00 | \$ 479.42 | \$ 25.42 | 1.06 | \$ 454.00 | \$ 522.83 | \$ 68.83 | 1.15 |
| TOTAL | | | | | | | | |
| AS, Modest | \$ 329.68 | \$ 383.66 | \$ 53.98 | 1.31 | \$ 325.57 | \$ 401.62 | \$ 76.05 | 1.23 |
| AS, Comfortable | \$ 650.25 | \$ 731.26 | \$ 81.01 | 1.31 | \$ 650.31 | \$ 771.37 | \$ 121.06 | 1.23 |
| AC, Modest | \$ 455.33 | \$ 529.99 | \$ 74.66 | 1.31 | \$ 452.87 | \$ 553.37 | \$ 100.50 | 1.23 |
| AC, Comfortable | \$ 1,102.00 | \$ 1,233.79 | \$ 131.79 | 1.31 | \$ 1,102.00 | \$ 1,297.96 | \$ 195.96 | 1.23 |

Notes: AS = aged single; AC = aged couple

Source: ABS, Consumer Price Index, Australia (Cat. No 6401.0), September Quarter 2009 and SPRC Report 2004.

The personal care items have been added into the Household Goods and Services category, Energy has been added into the Housing category. Communication was included in the Household Goods and Services category for this data.

Comparing the Updated Budgets with Household Expenditure Data

To ensure that the budget standard in 2009 reflects the consumption patterns of self-funded older Australians, research was undertaken to identify the items in the budget that require refinement to reflect the bundle of goods and services currently purchased by aged singles and couples. Data from the Household Expenditure Survey (HES) was used to improve the current standard (ABS, 2006). Particular attention was given to the data for single females aged 60 and older, single males aged 65 and older and couples where either the female was aged 60 or older or the male was aged 65 or older. To improve the comparisons based on the HES data, the data was standardised by reducing the couple incomes and expenditures by a factor of 1.6, with this factor an approximation of an older couple's requirements to the requirements of an older single person.

Table 4: Updated HES Expenditures by Expenditure Quintiles (\$ per week September 2009)

| HES Major Commodity Group Goods and services | QUINTILE | | | | | | Q5/Q3 |
|---|------------------|---------------|---------------|---------------|----------------|-------------|-------|
| | Lowest | Second | Third | Fourth | Highest | | |
| Current housing costs | \$ 43.63 | 44.66 | 58.20 | 66.01 | 87.87 | 2.07 | |
| Domestic fuel and power | \$ 15.66 | 17.47 | 18.00 | 18.26 | 21.44 | 1.63 | |
| Food and non-alcoholic beverages | \$ 58.81 | 85.13 | 91.23 | 102.90 | 132.22 | 1.99 | |
| Alcoholic beverages | \$ 2.59 | 6.01 | 11.30 | 13.75 | 18.32 | 2.22 | |
| Tobacco products | \$ 2.88 | 6.40 | 5.59 | 3.45 | 3.63 | 0.89 | |
| Clothing and footwear | \$ 3.55 | 9.06 | 13.29 | 23.15 | 44.42 | 4.58* | |
| Household furnishings and equipment | \$ 3.59 | 12.12 | 17.58 | 35.77 | 94.58 | 7.37* | |
| Household services and operation | \$ 20.25 | 29.11 | 31.36 | 37.13 | 62.91 | 2.75 | |
| Medical care and health expenses | \$ 13.96 | 20.32 | 27.72 | 40.92 | 73.54 | 3.64 | |
| Transport | \$ 17.43 | 27.17 | 43.22 | 66.23 | 222.83 | 7.06* | |
| Recreation | \$ 14.91 | 30.50 | 47.22 | 71.77 | 167.69 | 4.86* | |
| Personal care | \$ 4.26 | 7.37 | 11.30 | 11.85 | 19.91 | 2.41 | |
| Miscellaneous goods and services | \$ 5.51 | 10.03 | 19.76 | 27.81 | 68.12 | 4.72 | |
| Total Mean Expenditure | \$ 207.02 | 305.35 | 395.77 | 519.01 | 1017.47 | 3.52 | |

Source: Household Expenditure Survey 1998-99, Saunders, Patulny & Lee (2004).

The Comfortable Standard developed in 2004 reflected a more comfortable lifestyle and included additions to the bundle of goods and services in the modest standard. From the current data available it appears that consumption expenditure on some goods and services increased at a similar rate. However, consumption expenditure on other goods and services grew much more rapidly, while expenditure on some goods and services barely increased or reduced over the period.

There are several areas in the new proposed budget that has been adjusted to reflect 2009 consumption patterns.

In 2009, news services, internet shopping, and personal communication such as email, and instant messaging are a feature of people's daily lives. While internet access in the home is dependent on a range of factors including affordability, the reliability of internet connections and need, in 2007-08 67% of Australian households had home Internet access and 75% of households had access to a computer. The increase in use of the Internet was greatest for people aged 65-74 years, where 40% more people were using the Internet at home in 2006-07 (28%) compared with 2004-05 (20%) (ABS, 2008a). The proposed budget includes the purchase of a computer, software and printer in both the modest and comfortable budgets. Further a bundle of communication items: telephone landline, internet access and a mobile phone have been included.

Presently, financial rebates from the government are available for health insurance. This appears to have resulted in health insurance being more affordable for many Australians. Currently, the rebate is determined by the age of the oldest person covered by the policy (with a higher rebate for older persons) and is not affected by income level. Proposals to means test the rebate are unlikely to have much impact on the retirees given that most retirees have incomes below the proposed income test threshold. The ABS National Health Survey 2007-2008, found that over half of the population in the 65-74 and 75 years of age and above had private health insurance, with both hospital and ancillary cover (ABS, 2008b).

In terms of clothing and footwear expenditure, the bundle of items selected by the 2004 study was revisited. The clothing and footwear changes in the 2004 study represented the bulk of the changes made in developing the new standard. In 2009, the researchers left the clothing and footwear budget allocation as the same, seeking to clarify with the focus groups in regards to their purchasing patterns.

The budgets were updated using the processed described. The individual and couple budgets presented in Table 5 provide details for a Modest Budget for older Australians in 2009 (by CPI Category). The budgets were then explored and revised once the feedback from the focus groups was collated. Changes in the bundles also were due to the moving from the budget standard categories to the current CPI categories.

Table 5: Provisional Weekly Modest Budget for Older Australians (September 2009)

| Budget Area | Number of Changed Items | Single Older Person | | Older Couple | |
|---------------------------------|-------------------------|---------------------|--------------------|-----------------|--------------------|
| | | Weekly | Annual | Weekly | Annual |
| Housing | 1 | \$102.00 | \$5,304.00 | \$108.00 | \$5,616.00 |
| Food | 0 | \$72.00 | \$3,744.00 | \$144.00 | \$7,488.00 |
| Clothing and Footwear | 0 | \$15.00 | \$780.00 | \$26.00 | \$1,352.00 |
| Household Contents and Services | 3 | \$75.00 | \$3,900.00 | \$92.00 | \$4,784.00 |
| Health Care | 1 | \$13.00 | \$676.00 | \$24.00 | \$1,248.00 |
| Transport | 0 | \$75.00 | \$3,900.00 | \$77.00 | \$4,004.00 |
| Recreation | 2 | \$50.00 | \$2,600.00 | \$82.00 | \$4,264.00 |
| Communication | 1 | \$15.00 | \$780.00 | \$20.00 | \$1,040.00 |
| TOTAL | | \$417.00 | \$21,684.00 | \$573.00 | \$29,796.00 |

The budgets were updated using the processed described. The individual and couple budgets presented in Table 6 detail by CPI category a Comfortable Budget for older Australians (both single and couple households) in September 2009. The budgets were then explored and revised incorporating the feedback from the focus groups. It should be noted that these budgets had not yet been tested against the actual spending and consumption of older Australians via the focus group research and expenditure diaries.

Table 6: Provisional Weekly Comfortable Budget for Older Australians (September 2009)

| Budget Area | Number of Changed Items | Single Older Person | | Older Couple | |
|---------------------------------|-------------------------|---------------------|--------------------|-------------------|--------------------|
| | | Weekly | Annual | Weekly | Annual |
| Housing | 1 | \$101.00 | \$5,252.00 | \$115.00 | \$5,980.00 |
| Food | 0 | \$72.00 | \$3,744.00 | \$160.00 | \$8,320.00 |
| Clothing and Footwear | 0 | \$52.00 | \$2,704.00 | \$95.00 | \$4,940.00 |
| Household Contents and Services | 6 | \$112.00 | \$5,824.00 | \$165.00 | \$8,580.00 |
| Health Care | 0 | \$47.00 | \$2,444.00 | \$95.00 | \$4,940.00 |
| Transport | 1 | \$124.00 | \$6,448.00 | \$145.00 | \$7,540.00 |
| Recreation | 6 | \$260.00 | \$13,520.00 | \$522.00 | \$27,144.00 |
| Communication | 1 | \$25.00 | \$1,300.00 | \$45.00 | \$2,340.00 |
| TOTAL | | \$793.00 | \$41,236.00 | \$1,342.00 | \$69,784.00 |

BUDGET VALIDATION

The purpose of the focus groups and expenditure diaries for this study was to revise and improve the budget standards based on the 2004 study and then updated by using the CPI data to September 2009. This research provided insights into specific areas of the budget where the calculated levels of expenditure based on CPI movements did not reflect the costs incurred by self-funded retirees.

The focus group research undertaken drew on upon respondents' attitudes, feelings, beliefs, experiences and reactions to the updated budget standard. The focus groups enabled the researchers to elicit a multiplicity of views and to test in detail the new Comfortable budget.

The focus groups sought to evaluate the 2009 Comfortable standard and provided the researchers with a wealth of knowledge on the consumption and behavioural patterns of older Australians. The comments provided by the participants assisted the researchers in three areas. First, it confirmed the items in the Modest and Comfortable bundle. Second, some of the items were identified as needing adjustment in terms of costs. Finally, the participants provided insight into additional items that needed to be included in the bundle of items for the Comfortable Budget.

These insights offered the researchers important details in the development of the final budget.

Focus Group Design

In September 2009, Harvestdata developed a screening questionnaire and retained a professional recruiter to screen potential participants. The candidates were required to be aged between 65 years old and 75 years old and self funded retirees living in the greater Sydney area. It was a requirement that at least 25% of those recruited were single. The candidates also needed to undertake an active and varied lifestyle. Further, should one partner in a couple be recruited, the other would be excluded. All candidates were briefed on the purpose of the focus groups and it was explained that their opinions about their current consumption patterns in retirement would be explored with their peers.

Harvestdata developed a discussion guide for the focus groups, exploring each area of the budget. The guide outlined all topics to be covered in the research and the timing associated with each. This was provided to ASFA prior to the research being undertaken. Once approval had been received from ASFA, the focus groups proceeded.

Each participant was required to complete an expenditure diary prior to attending the focus group (see Appendix 1). The participants were briefed that their information would be collated and used to compare with the updated provisional Comfortable budget for self funded retirees. On the evening prior to attending the focus group, each participant was telephoned by the recruiter to confirm their attendance and to ensure that they had completed the expenditure diary.

The focus groups were conducted at specifically designed qualitative research facilities. Each venue provided the researchers with CCTV and mirror viewing, with recordings taken of every group.

In total thirty participants were recruited to attend the three focus groups held throughout Sydney in November 2009. One candidate, who was recruited and unable to attend, still submitted the expense diary and this data was included in the final results.

There were twenty participants who were currently involved in a live-in couple arrangement, and ten participants who were single. The age of the participants ranged from 66 years to 73 years. Two focus groups consisted of ten participants and one of nine participants. Each participant was provided with a monetary incentive and reimbursement for transport costs of \$125.

Each focus group discussion lasted for two hours, all focus groups were video recorded and taped. The tapes were professionally transcribed. Each focus group was moderated by Harvestdata's qualitative researchers.

Each group was carefully briefed on the purposes of the project, participants were reminded that each person's opinions were valuable and should be respected. Participants were reminded their confidentiality was respected and were all encouraged to speak freely.

The topics for each budget area were discussed and compared with the provisional budget. Participants were encouraged to focus their discussions of the accuracy and relevance of the proposed budget items. They were also encouraged to discuss

whether this budget amount was similar to their own consumption patterns and what, if any forms of consumption constraints they personally face. Participants were also asked how they measure and track their own expenditure to their current income.

Outcomes

Overall, participants stated that they were currently operating within the budgets they had developed based on their personal income. Many however were surprised at where they were spending money in terms of day to day living expenses. The GFC had affected their confidence in maintaining their lifestyle in the future due to the direct effect on many of their managed portfolios.

Comes down to a psychological feeling of being left behind. You see inflation, you see price increase and I look at my income and it is just that feeling you are being left behind. You can't keep up with the lifestyle that you had in the past. (FG103)

Some of those who had retained financial advisors had terminated their services in light of the impact of the GFC and the effect this had on individual income. The majority however retained an accountant or financial planner to assist them in managing their investments.

Westpac, they have been outstanding. (FG102)

The spending patterns of couples and individuals were fairly similar due to the costs associated with housing, recreation and household contents. The main themes and comments from each of the areas will now be provided. These details have then been used to make adjustment to the proposed 2009 Comfortable Budget.

FOOD

Most of the participants believed the cost of food has risen substantially in the past few years. Participants suggested that they do not or rarely entertain at home, in the sense that none have dinner parties or formal gatherings at home anymore. Guests at meals were often family and this was considered part of the weekly shop, not a special occasion budget item. Participants noted that their eating patterns had changed with less meat and fish being consumed and an increase grains and legumes. Very few consumed fast food from fast food outlets, however, most purchased a roast chicken every week. In terms of the cost of food, the concern about rising costs and its effect on their fixed income was widespread.

I notice that groceries have gone up horrendously and buying fruit and veg from market from Hornsby works out fairly reasonably and \$30 a week and meat \$40 and groceries \$100 a week and that is not buying rubbish food and not packets of biscuits. (FC107)

Participants had changed their shopping habits to better manage their budgets.

From personal experience about food, meat and fish and groceries, we used to live in Western Suburbs, we go into the fish shop for salmon and butcher. We have never had a bad piece of fish or meat from there yet. It is ¾ of the price of the other supermarkets. There is a Chinese supermarket, and half the price of major retailers. (FC308)

I am fed up with the quality of the majors and I go on the internet and buy fresh meat and have it delivered to you and it is supporting the Australian, and you can get a \$25 box of Green groceries or a \$35 box of fruit. You might be able to buy smaller I don't know I was looking for 2. The younger people recommended it to me. (FC107)

I think a lot of people waste a lot of money on food. I spend about \$30 a week. Sometimes I am pushing it to get the cheaper petrol. I am asked out quite a bit in the evenings and somebody else pays or I might take a bottle of wine. Or I might go to the club and get a \$10 meal. So at home I buy celery and cut it up and that doesn't cost a great deal. Sometimes I put a sausage with it. But if you are going to cook fancy meals, which I like but am trying to lose weight. (FC204)

I try to buy Australian. Apart from the specials that the major chains have each week, they vary. At Baulkham Hills, they have the three different supermarkets, they are all trying to compete with each other so it is a bit cheaper there. (FC304).

Both couples and individuals reported dining out was more a social occasion than to eat.

You go out not to eat but more to socialise than to actually have food. (FC203)

Most participants enjoyed wine and/or beer with their meals whether dining out or at home. This is consistent with the 2004 study. The provisional budget for food was \$72 for a single and \$160 for a couple. The participants suggest that this should be revised upwards. Many couples now are dining out on a regular basis, often more than once a week.

CLOTHING AND FOOTWEAR

While the 2004 study altered the items in the clothing and footwear category to a more expensive outlet (David Jones vs Kmart was used in the Modest Study), the findings from the 2009 research now suggest this change in shopping does not reflect this group's shopping patterns. In 2009 most participants did not shop at high end department stores; they chose to shop at budget outlets.

The difference is you are wearing different clothes now to what you were in the corporate workforce. I don't wear stockings anymore or make up. (FG309)

During my working life I acquired a lot of clothes. I am still wearing them out. Just last week I had to buy 3 pairs of socks. (FG204)

If you keep your eyes open you can get a lot of clothes quite cheap. I happen to be in the shopping centre not so long ago. I wanted a pair of trousers and couldn't find my size and the chap said have a look at that rack. There were all these trousers, my waist size, reduced from \$79 to \$10. I will have 5 of these. (FG203)

No, don't go to department stores. (FG305)

We shop at [], and so what if they don't last so long. (FG207)

However, some respondents shopped extensively and spent a proportion of their budget on clothes but these were to purchase special event outfits.

I spent \$3,300 a year as a couple. (FG104)

I find it is cheaper to shop in London than here or Paris. (FG109)

Probably a grand last year but we had a couple of weddings. (FG308)

Footwear for specific sports was not a budget item purchase and was purchased because of the design and support the shoes provide not by price.

I do a lot of skiing and golf. My feet are special. I buy the best I can get in ski boots and golf shoes. My feet are comfortable forever, but however I have a pair of reasonably comfortable pair of shoes I use to get to golf and wear around the house. (FG205)

I go through a pair of walking shoes every twelve months because of the bush walking. I used to wear boots but now I just wear KTs. (FG201)

I go where you buy one and get one free and I get some good New Balance shoes. I do a lot of walking and they wear out quite quickly. (FG207)

The participants believed that the clothing and footwear budget item was too generous.

HOUSING

Only half the participants had spent money on renovations in retirement or had sold the large family home and downsized to avoid undertaking the maintenance. Many were now delaying undertaking these activities due to the GFC and its effect on their income. Further, several had chosen to undertake these works prior to retirement to be covered by their income prior to retirement.

As there was roof restoration and carport fixed and painting we were intending to stay there but realised things were going to mount up so best thing was to make the move into a unit and the place was 79 years old and the maintenance was starting to mount up so we got out early. (FG1010)

We haven't really spent much, we built it in 69 so it is 40 years old now and now maintenance issues coming up. It looks tired and I want to bring it up to date and don't want to do the garden any more but it is a matter of finding a suitable property. Something that will take a grand piano. (FG107)

We got a new kitchen, we started off with a new kitchen and very happy with it we are now set and said 'that is it'. (FG305)

We did renovations around the back of the house around the pool but that was still while I was working. (FG205)

There was widespread concern for the price of utilities; most found that the suggested budget was not adequate. However, this has not stopped participants from using power. Further, only a very small number of participants had elected to use green energy, most rejected it due to cost.

It feels like energy costs have gone up 50% since I retired 5 years ago it has had an enormous impact. (FG302)

It has had a huge increase, my accounts have doubled. (FG208).

I know it is expensive, but my life is so much better because of it. (FG301)

The costs associated with a strata title home was also raised as a concern.

I own a small unit and the levies have gone up 3 times in the last couple of years and retirement villages are the same and it is very hard. We looked at a unit at Lindfield and \$10k a year levies. (FG102)

I have a town house, and Body Corporate costs are \$2,600 a year on their own. Council rates are \$1,000 plus contents insurance and you have your electricity and maintenance and repairs. Some repairs are taken care of by the Body Corporate but you still have to do some things. I live on my own. (FG206)

You can defer maintenance if you own a property but you can't if you are in strata. (FG102)

HOUSEHOLD CONTENTS AND SERVICES

Participants stated that they only replaced whitegoods when the item was beyond repair and they did not seek to upgrade, rather they replaced the item with something similar. This is important in terms of the proposed budget as the bundle of goods need to be redesigned to reflect that items such as the two-door fridge in the 2004 is not an accurate example of this item in the Comfortable budget and has been removed.

I chose to replace the motor of the dishwasher it was cheaper than a new one. (FG209)

The govt said with the hand out all the retirees would go out and buy a plasma TV, but not all retirees got the govt handout. (FG207)

Every couple of years your toaster goes, the jug goes. They only last a couple of years. (FG306)

Oven blew up. Fridge went. AC needed doing. New lawnmower. All in January. (FG202)

This year we had to buy new fridge, washing machine, stove. We bought Westinghouse, to replace what we had. (FG205)

Most participants felt very safe in their own homes, and half had security systems, but many had cut the back to base due to the costs.

After retiring I disconnected the back to base because it is expensive. (FG203)

We disconnected it and just run it within the house. (FG304).

In the reorganisation of the categories to marry the Budget Standards with the CPI, personal care is now included in household goods and services.

HEALTH

This was an area of real concern for all participants; in particular the cost of meeting the gap between medical benefit refund and the charges incurred by medical practitioners was significant. The cost of prescriptions is another aspect of health costs which have increased dramatically since the last budget. Participants are cutting costs through management of their visits to medical practitioners and also with medication.

I have a GP who doesn't bulk bill. But if I just have a cold and a snuffle, I go down to the medical centre. So that cuts that bill. (FG304)

Well I do, because I hate paying so much for scripts, so I get double strength and cut it in half. (FG207)

The cost included in my tax return was \$3,850 last year. This year it is already up to \$900. (FG205)

I had cataracts done 6 or 8 weeks ago I was out about \$200 on the anaesthetist and \$1,200 out on the specialist. I have had 2 of those. I am out about \$6,000 or \$8,000. (FG206)

My husband, I know he would be several thousand dollars out of pocket and we got to the point where at the end of the financial year, we prayed the govt would give some of it back. (FG1010)

We seem to spend more on medical in the last years of your life than over the rest of your life. Maybe I am spending more than I ever have. I get bulk billed. Last year I have been going every 3 or 4 weeks for something. (FG302)

It costs me \$50 over and above what the health fund pays to see the osteopath. (FG105)

I have put off having medical procedures because of the cost things that aren't absolutely essential. (FC1010)

When probed about private health cover all but two of the participants had cover. The reasons as to why the two did not have cover were:

I had to have a check when I left work they said I had to have an annual check up and anaesthetic and said it would cost \$13k and I said I don't have private health cover my husband has and she said "you can go to Hornsby under the public thing" and I had my doctor and it was quickly and I walked out and didn't spend a red cent and it was wrong when you pay all this money for insurance and you get the same thing.(FG108)

Depends on what area you live in if living in some parts of Sydney and self funded retiree I think you would have to be privately insured but on north shore and northern beaches the service that we get at royal north shore is fantastic and I have had 3 operations in past 18 months and needed to go to hospital. I said if it need to go I will go private and in each circumstance the doctor's receptionist said 'no we can get you on the public list' all within 2 weeks. (FG104)

Overall, participants raised concerns that the Health budget was too low, the costs incurred in meeting the gap between medical rebates and medical charges was high and in many cases, money was drawn from other areas to cover this shortfall. Many participants did not seem to have anticipated their level of health expenditure change post retirement.

TRANSPORTATION

The cost of transport is a significant cost for self funded retirees. The majority of the participants used their cars on a daily basis. Many of the participants had not purchased a new car on retirement, rather as with renovations, participants had leased their car while they were still working and paid out the car to own outright prior to retiring. Most of the retirees had embraced the Seniors travel discounts available in terms of using public transport. Only one of the participants did not own a motor vehicle. The issue of tolls was raised as a factor in the cost of running of their motor vehicle.

I am a great user of public transport because I am a senior I get \$2.50 a day and I can get to most places I want to go by public transport and it saves a lot. (FG109)

Insurance and rego is one factor and petrol and maintenance. Then public transport is another. I spend another lot going back and forth across the bridge. It used to cost me 5 cents to go across the harbor bridge. It now costs \$3. (FG307)

There was a wide range of cars owned within the groups, ranging from new smaller cars such as a Mitsubishi through to a 25 year Porsche. The average age of a vehicle was 6 years old and 25% of participants own two cars. All the vehicles were owned outright.

RECREATION

As self funded retirees, this group spends a large portion of their budget on leisure related activities such as travel, sporting pursuits, entertainment and other forms of relaxation. Participants sought to travel at least once a year and undertake trips internationally.

\$28800 a year last year 6 weeks to Europe and Spain Germany everything. I came back from the trip and my financial people gave me a call and well I was pleased we had spent the money then as its not there now! (FG103)

I am budgeting \$25k a year for us to have trips because I feel as I keep on spending it won't be long to get (inaudible) and 5 years from now I should be entitled to the pension. (FG102)

I go once a year. Once to London and one to US to see my children. It costs too much. We don't call that a holiday because they are family. We did go on a few holidays last year. First time cruisers and we did 2 in the one year and spent \$30,000. (FG308)

I spent \$28,300 last year, Spain, Japan and Dubai. (FG203)

The cost of club memberships is now proving prohibitive to some participants. However, all still undertook a range of physical activities on a weekly basis ranging from golf, tennis, sailing, bushwalking, swimming and bowls to Pilates, yoga, walking.

Golf is expensive. I like to belong to a club again but it is \$10,000 joining plus your fees. I don't belong anymore. \$20,000 for 2 people (FG309)

I spend about \$1,500 a year and to play is \$20 a week and the other one is \$25/\$30 (FG2010)

My husband's membership is \$2,300 a year. (FG201)

COMMUNICATION

All participants had at least one computer, all accessed the Internet on a regular basis. The majority had combined their phone requirements on a bundle plan, and most had a prepaid mobile. Many had updated their computers to keep up with the changes in technology. However, many were concerned about how quickly technology is changing and the cost of keeping up to date. Some were downloading programs and music from the Internet. Many used a range of online communication tools such as email, Skype, Facebook to keep in contact with friends and family.

I am in that [] bundle, it costs me \$100 and I can talk anywhere in Aust for as long as I like and I can talk for 20 mins. Mine never changes. (FC203)

I have a prepaid plan and I charge it up whenever it expires at the rate of \$30 and I do that 4 times a year but at home we have []. But both my wife and myself, I just use it for emergencies. (FC206)

It is all new and crept up on us in the last 5 years and you don't plan. Technology has changed so much you have to adapt to it and you can't pre plan that sort of thing. (FC104)

Yes you have to. The old computer which I have and I can't bring up Facebook, it is only 6 years old but out of date. (FC109)

I had a Windows 98 and when they gave me the Laptop which is an XP so now I am going to lessons for seniors. (FC107)

I used to be on a prepaid \$30 a month but I would just go through it like it is going out of fashion. I only text. I ended up going on to a \$19.99 plan, and if I go over with my texting it is only 25 cents. (FC302)

With the new CPI categories, communication has been removed from household services and is now a separate area within the budget.

OVERALL

The opinions of the participants as self-funded retirees illustrate that the proposed budget with the CPI increases was slightly higher than their current spending patterns, and categories such as clothing and footwear and recreation needed to be adjusted slightly downwards. Also the types of items captured in the bundle also needed to be addressed.

Other categories identified as areas of additional cost that placed pressure on the self-funded retiree's income were health, energy costs and food. While these were subject to some variation, the cost of prescriptions and out of pocket expenses for health care in particular was noted across all groups. Further, the costs incurred with helping children and supporting and paying for the grandchildren's education and care was raised as an area that did not appear in the proposed budget. However, while not specified this has been captured to a limited extent in the recreation category in terms of dining and eating out. The gifts area has not been included due to wide variations in this area.

Lifestyle is such that you only spend so much a month unless you do a trip overseas but when you think of lifestyle it runs along the same. (FG107)

I think money should be run or whole assets should be run like a business and not like money that is going to run out. I think of it as a family business and this concept that you have allocated pension and money runs out at 82 and I said 'what do I do then do I top myself'. You should live on your money not use up your money. (FG1010)

I don't think there is any benefit in being a self funded retiree in this country. You are much better off if you are on the pension and I think the pension is far too high. You can still get a pension with \$900,000. (FG308)

We give money to our 4 children from our estate because we didn't want them to wait until we died to give them a hand. We were very lucky, we pay each of our 4 children \$500 a month into a wealth creation fund. They can only put it into their super or their house to reduce their mortgage. We have done that over the last 2 years. We are trying to get them ahead. I don't mean to be a skite. The kids don't need \$20,000,000 in 20 years time when they can pay it off their mortgage now. (FG205)

We gave our kids \$20,000 each to put towards the purchase of their first house. (FG203)

Grandchild costs, she has just had her teeth done and will cost us over the year \$8,000. (FG106)

We put money into an education fund for our grandson and will do so for the next 2 that come along. (FG309)

We put money into an education fund. (FG2010)

Overall the lifestyle choices of both couples and singles are fairly similar, however since the 2004 study, couples are now reporting higher levels of outside entertainment and meals rather than staying at home.

THE COMFORTABLE BUDGET STANDARD FOR SELF FUNDED RETIREES 2009

Revision of the proposed Budget Standard

The proposed budget was derived from the CPI changes measured from September 2003 to September 2009. After the focus group research which was presented in the previous section, the researchers sought to explore the budget and items contained with the Budget Standard to ensure that bundle of goods and services accurately matched that of the consumption of a self-funded retiree in Australia in 2009.

This group of consumers in the focus groups are highly experienced shoppers who have the available time and resources to search for specific items and bargains. They do not succumb to fad purchases and are prepared to wait for items to go on sale before purchasing the item.

Several adjustments have been made to the Budget Standard for Comfortable self-funded retirees. The item of gifts to children and grandchild has not been incorporated into the budget standard due to the varying amounts and types of gifts made.

FOOD

The proposed budget for Food was lower than the research participants' expenditure. Hence the food budget item was adjusted upwards according to the average expense from the dairies. Research has shown that participation in physical activity and the consumption of a healthy diet for older people can produce significant health benefits (NH&MRC, 2009a). The 2008 Deakin University Study found that the cost of food is rising and the cost of healthy foods is rising more quickly than the cost of unhealthy food (Burns, Stacks & Gold, 2008). As self funded retirees are seeking to achieve a healthy lifestyle, and are consuming more healthy rather than unhealthy food options, then this budget category was increased.

The 2009 research supports the findings from the 2004 study and the modest alcohol component of the budget remains. The ABS budget suggests \$59 per week on alcohol and tobacco (ABS, 2009b), however the Comfortable budget standard has only included wine based on safe consumption. Recent studies have suggested that low levels of alcohol consumption may slightly reduce the risk of some cardiovascular disease (NH&MRC, 2009b). Further, NH&MRC guidelines suggest that healthy men and women, drinking no more than two standard drinks on any day will reduce the lifetime risk of harm from alcohol-related disease or injury (NH&MRC, 2009c).

Many participants enjoyed wine and/or beer with their meals whether dining out or at home. This is consistent with the 2004 study. Based on the research undertaken this category was revised upwards to reflect this cost in the Comfortable budget.

CLOTHING AND FOOTWEAR

The majority of participants did not shop at high end department stores and were experienced shoppers with the time available to shop for the best prices for items. Self-funded retirees seek out bargains and purchase items out of season when reduced. Should a special occasion call for a more expensive purchase, they do not hesitate. However the lifetime for those purchases is much longer than in the budget standard (up to 10 years).

While the 2004 study altered the items in the clothing and footwear category to a more expensive outlet (David Jones vs Kmart used in the Modest Study), the findings from the 2009 research suggests they do not tend to frequent department stores. In terms of footwear, specific shoes designed for specific sports (i.e. bushwalking, golf and tennis) are purchased regardless of the price. Further research was undertaken in this component to price the 125 items allocated in the Comfortable budget. Each item was repriced and this data was used in the development of the 2009 provisional budget. This presented a reduced figure for this category. (See Appendix 2)

HOUSING

A significant proportion of retired people who had received lump sum payments in the last 4 years had used it to purchase or pay off a home or make home improvements (22%) (ABS, 2009d). According to energy price comparison website GoSwitch.com.au, the average Australian household spends about \$1,800 on energy bills each year and this is likely to grow further. In 2009 electricity prices rose by 20 per cent, which equates to an additional \$200 per year in costs (Robins, 2009).

There are ways to save money and help the environment. Many self-funded retirees have taken advantage of the Federal Government and State Government assistance in changing to energy efficient light bulbs. The estimated cost of drawing on off-peak water heating and the cost of running an air conditioner have been retained in the budget as these are things that many self-funded retirees do and use.

HOUSEHOLD CONTENTS AND SERVICES

The budget for household goods and services was explored as the adjustments made in 2004 to derive the original Comfortable budget included items that were not typical purchase patterns for self-funded retirees. Self-funded retirees purchase habits are to replace when items wear out, but not upgrade to the 'trophy fridge'. (See Appendix 2). The bundle of goods in this category have been updated to reflect this purchase behaviour. Further, with the rapid changes in technology a more modern computer, software and printer was included in the Modest Budget and the Comfortable Budget.

Again, many used financial advisors and accountants, however due to the results of last year's GFC and the impact on their earnings, several participants had terminated their arrangements with financial advisors. There is a wide range of reported spending from very high to very little. However, as the HES data indicated that the amounts individuals spend vary and in light of the ALCI released in September 2009, the apportioned amount has not been retained in the proposed budget.

HEALTH

The cost imposed by medical care such as dental, specialist treatments and general practice that no longer bulk bill have placed added strain on the self funded retiree's budget. Due to the expressed and particular concern with the gap between Medicare refunds and medical fees, this area of the budget that has been increased to capture the impact on the Comfortable Budget standard.

Many self-funded retirees have had decreases in their gross income in recent years, because of the downward movements in the share market which affects share dividends, allocated pensions etc. At the same time the cost of living has increased, as has the cost of pharmaceutical prescription items. Failing health as a person ages requires the expenditure of quite large sums of money on prescriptions, and other pharmaceutical items. This increased expenditure has been taken into account for this budget category. (See Appendix 2)

TRANSPORTATION

In 2008, within the Household final National consumption expenditure, Transport (up 3.4%) was identified as one of the largest contributors. (ABS, 2008c). The budget standard includes the depreciation cost on a 2006 Toyota Corolla for the Comfortable Budget.

RECREATION

As self funded retirees, this group spends a large portion of their budget on leisure related activities such as travel, sporting pursuits, entertainment and other forms of relaxation. Participants sought to travel at least once a year and undertake extensive trips internationally. This was predicted in the 2004 provisional budget but downgraded due to the focus group results. In 2009, due to the strength of the Australian dollar and the participants' reaction to the recreation budget travel, expenditure for the Comfortable budget was increased.

The focus group participants supported the inclusion of the cost of a new digital television in the budget standard allocations due to the phasing out of analogue television in 2013. However, it was the general consensus that large plasma televisions would not be purchased, rather a television of similar size to current models.

The computer, printer and software listed in the proposed budget was included as now 50% of all Australians over the age of 65 have access to the Internet at home. (ABS, 2008c) Participants discussed the need to upgrade technology on a regular basis, with the majority purchasing a new computer in the past 2 years. Items such as iPods, MP3 players etc have not been included in the budget, as all the participants except one had not used or wanted an iPod. The majority had however purchased these items as gifts for children and grandchildren.

The television and DVD costs have been included in the Recreation budget as per the CPI guidelines, and removed as a cost from the Household goods.

The cost of memberships to clubs was included as many were members of their local League or RSL club, as well as sporting clubs such as golf clubs. The majority of couples did dine out regularly (at least once a week). While this budget item had been removed in 2004, it was reinstated in 2009 to reflect the change in consumption of self funded retirees.

COMMUNICATION

With the new CPI categories, communication has been removed from household services and is now a separate area within the budget. The majority of participants had a pre-paid mobile, typically on a very basic plan as it was used mainly for emergencies and texting younger family members. All stated that they still maintain a landline due to costs now incurred in

doing business, banking and the like via telephone. Typically, the household had bundled the landline and internet access together.

Revised Comfortable Budget Standard

The adjustments discussed in relation to the proposed budget standard estimate have been taken into account to develop the 2009 Comfortable Budget Standard. The feedback from the focus groups has been very important in deriving this final standard. While the changes in CPI reflect and map the overall changes within our economy, the changes specific to self-funded retirees have been different and requires alterations in the bundle of goods and services.

The new Comfortable Budget suggests that a single self-funded retiree would require \$749 a week to enjoy a comfortable standard of living, for a couple, \$1014 per week would be required to enjoy a comfortable standard of living.

The new budgets reflect the changes in communication technology and the need for self funded retirees to remain abreast of these changes. The Recreation allocation now includes revised costs for international and domestic travel in response to the research undertaken. Further, for many self funded retirees the increase in costs from the medical benefits gap for a range of care have required them to spend quite large and unexpected sums of money on dental, optical, prescriptions, other non-prescription pharmaceutical items, and medical care.

Table 7: Final Comfortable Budget Standard estimates for older Australians, \$ per week, September 2009

| Household Type | Older Female | | | Older Couple | | |
|------------------------------|-----------------|------------------|-------------|-----------------|-------------------|-------------|
| | Modest 2009 | Comfortable 2009 | Ratio | Modest 2009 | Comfortable 2009 | Ratio |
| Food | \$70.00 | \$100.00 | 1.43 | \$145.00 | \$180.00 | 1.24 |
| Clothing and Footwear | \$18.50 | \$40.00 | 2.16 | \$29.50 | \$60.00 | 2.03 |
| Housing | \$79.90 | \$88.70 | 1.11 | \$86.60 | \$108.20 | 1.25 |
| Household Goods and Services | \$26.10 | \$78.60 | 3.01 | \$38.10 | \$84.40 | 2.22 |
| Health* | \$31.90 | \$63.20 | 1.98 | \$61.50 | \$111.50 | 1.81 |
| Transport | \$87.90 | \$131.00 | 1.49 | \$90.40 | \$133.50 | 1.48 |
| Recreation | \$78.30 | \$222.30 | 2.84 | \$104.60 | \$304.60 | 2.91 |
| Communication | \$9.20 | \$25.30 | 2.75 | \$16.20 | \$32.20 | 1.99 |
| TOTAL | \$401.80 | \$749.10 | 1.86 | \$571.90 | \$1,014.40 | 1.77 |

Note: The original Modest Budget Standard was updated to 2009 September Quarter Consumer prices and adapted to meet the requirements of the CPI categories.

*Further adjustment has been made to the Health Category to reflect private health insurance for modest and comfortable as per ABS data. All estimates have been rounded to the nearest ten cents; totals may not add exactly due to rounding.

Source: see main text.

CONCLUSION

In 2009 the modest and comfortable standards of retirement income are defined as follows.

For a modest standard of living in retirement where the retirees can afford to participate fully in the opportunities possible in contemporary Australian society, the estimated cost of this lifestyle in September 2009, is \$29,853 per annum, and

a comfortable standard of living in retirement is where retirees engage actively in a broad range of leisure and recreational activities. The estimated cost of this lifestyle, is \$52,951 per annum in 2009.

Both these standards of living assume that the retirees own their own home.

The revised 2009 Comfortable budget standard reflects the changes in consumption and behavioural patterns for self-funded retirees in Australia since 2004. This standard of living is for Australians who are older, healthy self funded retirees, who are actively engaging with a broad range of leisure and recreational activities, and who do not require a rapid or substantial disbursement of any financial or other assets to do so.

The research undertaken by Harvestdata has updated the 2004 budget standard to the contemporary 2009 Comfortable Budget Standard. The revision of this standard required the detailed manipulation of data as well as a series of judgements on the items captured in the Comfortable bundle of goods and services. These judgements have been drawn from the available ABS data. However, the budgeting approach employed in this research does not take into account for a person's capacity to save sufficient resources to achieve the desired post-retirement income.

The updated Comfortable budget was further enhanced by the series of focus groups undertaken. This has improved the relevance and accuracy of the proposed budget, and ensured it reflects the 2009 consumption patterns of self-funded retirees in Australia.

Today, based on the discussions during the focus groups, it is apparent that many older self-funded retirees enjoy a living standard that is approximate to the 2009 Comfortable Budget Standard. However, the adequacy of superannuation savings to fund the retirement of current and subsequent generations of self-funded retirees is an on-going concern.

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APPENDIX ONE

| HOUSEHOLD EXPENSE FORM | | |
|--|--|----------------------------|
| Items | Instructions and Examples only | Your household costs (\$) |
| <i>Please enter your family costs but if single, fill in your own costs only</i> | | |
| HOUSING COSTS | | |
| (a) Weekly household rent – if sharing rent costs record only your contribution to the cost | (fill in either a, b or c) (a) | (weekly) |
| (b) Weekly mortgage cost | (b) | (weekly) |
| (c) Own home | (c) <input checked="" type="checkbox"/> tick the box | <input type="checkbox"/> |
| Record an estimate and the details of your maintenance and/or repair costs for the home/townhouse/unit for the last 12 months | <i>e.g. all rooms painted, some roof tiles replaced, dead tree removed, new security doors fitted etc.</i> | (last 12 months) |
| House (building only) insurance costs for the last 12 months | <i>Insurance premium</i> | (last 12 months) |
| House contents insurance costs for the last 12 months | <i>Insurance premium</i> | (last 12 months) |
| House (building) and Contents combined insurance costs for the last 12 months | <i>Insurance premium</i> | (last 12 months) |
| FOOD COSTS | | |
| Supermarket and other food outlets Weekly cost for: • Groceries • Meat • Fish • Fruit and Vegetables | <i>You will be asked for other costs (e.g. soap, washing powder, toothpaste further in the diary)</i> | (weekly) |
| Take away food weekly cost (e.g. pizza, fish and chips, McDonalds etc.) | <i>If a family, please include your partner as well</i> | (weekly) |
| Eating out weekly cost (restaurants only) | <i>e.g. 2 adults – dinner with wine. If BYO, include costs of beer / wine</i> | (weekly) |
| Snacks and treats weekly cost (lunches, coffee and cake etc) | <i>If a family, please include your partner as well</i> | (weekly) |
| Wine, beer, spirits, premix alcoholic drinks weekly cost | <i>If a family, please include your partner as well</i> | (weekly) |
| COST OF UTILITIES | | |
| Electricity – last quarterly account | <i>If not paid quarterly, please note time period the account covers and the amount</i> | (Quarterly account) |
| Gas – last quarterly account | <i>If not paid quarterly, please note time period the account covers and the amount</i> | (Quarterly account) |
| Water – last quarterly account | <i>If not paid quarterly, please note time period the account covers and the amount</i> | (Quarterly account) |
| Telephone (land line) – last monthly account | <i>If not paid monthly, please note time period the account covers and the amount</i> | (monthly account) |

| HOUSEHOLD EXPENSE FORM | | |
|---|--|----------------------------------|
| Items | Instructions and Examples only | Your household costs (\$) |
| Telephone (mobile) – last monthly account | <i>If not paid monthly, please note time period the account covers and the amount</i> | (monthly account) |
| Internet access – last monthly account | <i>If not paid monthly, please note time period the account covers and the amount</i> | (monthly account) |
| CLOTHING AND FOOTWEAR COSTS | | |
| Self – last 12 months | <i>(e.g. shoes, shorts, shirts, pants, jeans, skirts, dresses, underwear, socks, swimwear, sports clothes)</i> | (last 12 months) |
| Partner – last 12 months | | (last 12 months) |
| Regular dry cleaning, laundry, ironing services costs – last week | | (weekly) |
| TRANSPORT COSTS | | |
| Motor vehicle – petrol – weekly | <i>If more than one car, please note the separate amounts spent for each of motor vehicle questions</i> | (weekly) |
| Motor vehicle – maintenance costs – last service | <i>Oil change / service costs</i> | (last service) |
| Motor vehicle – repairs and/or replacement – last 12 months | <i>e.g. new clutch, new tyres</i> | (last 12 months) |
| Motor vehicle – insurance – last 12 months | <i>If more than one car, please note the separate amounts spent for each of motor vehicle questions</i> | (last 12 months) |
| Motor vehicle – registration – last 12 months | <i>If more than one car, please note the separate amounts spent for each of motor vehicle questions</i> | (last 12 months) |
| Drivers Licence – last 12 months | <i>If you are a family, please include your partners costs</i> | (last 12 months) |
| Bus – weekly | <i>If you are a family, please include your partners costs</i> | (weekly) |
| Train and/or Tram – weekly | <i>If you are a family, please include your partners costs</i> | (weekly) |
| Taxi – weekly | <i>If you are a family, please include your partners costs</i> | (weekly) |
| Ferry – weekly | <i>If you are a family, please include your partners costs</i> | (weekly) |
| HEALTH COSTS | | |
| Visits to the GP – last 12 months | <i>Please note GAP or Bulk Billing arrangement, and list your costs</i> | (last 12 months) |
| Visit to Dentist – last 12 months | <i>Please note Private Health Insurance arrangement, and list your costs</i> | (last 12 months) |
| Visits to the Alternative Health Care – last 12 months | <i>Please note GAP or Bulk Billing arrangement, and list your costs</i> | (last 12 months) |
| Visits to the Medical Specialists – last 12 months | <i>Please note GAP or Bulk Billing arrangement, and list your costs</i> | (last 12 months) |
| Visits to the Physiotherapist (or any other therapist) – last 12 months | <i>Please note Private Health Insurance arrangement, and list your costs</i> | (last 12 months) |
| Alternative health care (chiropractor; naturopath; acupuncture) – last 12 mths | <i>Please note Private Health Insurance arrangement, and list your costs</i> | (last 12 months) |

| HOUSEHOLD EXPENSE FORM | | |
|---|--|----------------------------------|
| Items | Instructions and Examples only | Your household costs (\$) |
| Private Health Insurance – last 12 months | <i>Note cost and type of cover</i> | (last 12 months) |
| Pharmaceuticals – prescriptions and non prescriptions – monthly | <i>e.g. doctor's scripts, other medicines, tablets, creams, lotions, inhalations and hiring equipment such as a nebuliser</i> | (monthly) |
| HOUSEHOLD GOODS AND SERVICES | | |
| Major Electrical or Gas appliances – either purchase, rental costs or repairs – last 12 months | <i>e.g. fridge, stove, microwave, air conditioner, heater, TV, DVD recorder/player, CD player, computer, printer, hot water tank, etc.</i> | (last 12 months) |
| Minor Electrical appliances – either purchase and/or repairs - last 12 months | <i>e.g. iron, toaster, mobile phone, mixer, blender etc.</i> | (last 12 months) |
| Large furniture items – either purchase and/or repairs - last 12 months | <i>e.g. bed, mattress, desk, table, chairs, sofas, lounge suite, bookcase etc.</i> | (last 12 months) |
| Small furniture items – either purchase and/or repairs - last 12 months | <i>e.g. lamps, mats, rugs, baskets, magazine holders, occasional tables etc.</i> | (last 12 months) |
| Household linen - last 12 months | <i>e.g. sheets, towels, pillowcases, blankets, doona covers, table cloths, tea towels etc.</i> | (last 12 months) |
| Crockery or cutlery - last 12 months | <i>e.g. cutlery, coffee mugs, chopping boards, glasses, kitchen utensils etc.</i> | (last 12 months) |
| Household cleaning products - monthly | <i>If purchased at a supermarket with other items such as food, please estimate the cost.</i> | (monthly) |
| Soap, toothpaste, shampoo, conditioner, moisturiser, hair products, aftershave, perfume, razors, etc - monthly | <i>If purchased at a supermarket with other items such as food, please estimate the cost.</i> | (monthly) |
| Make up – last 12 months | <i>Lipstick, foundation, eyeliner, mascara, blusher etc.</i> | (last 12 months) |
| Hairdresser – last 12 months | <i>If you are a family, please include your partners costs</i> | (last 12 months) |
| Jewellery, watches – last 2 years | <i>e.g. watches, rings, earrings, chains, bracelets, brooches etc.</i> | (last 2 years) |
| Bags of any description – last 2 years | <i>e.g. wallets, suitcases, briefcases, purses etc</i> | (last 2 years) |
| RECREATION COSTS | | |
| Club membership – last 12 months | <i>If the family belongs, don't forget to include your partner.</i> | (last 12 months) |
| Outings - the most recent and include food and transport | <i>e.g. movies, concert, play etc. If the family belongs, don't forget to include your partner.</i> | (Most recent) |
| Holidays – (less than 5 days) | <i>Number of trips in last 12 months and the total cost. If the family belongs, don't forget to include your partner.</i> | (last 12 months) |
| Holidays – (more than 5 days) | <i>Number of trips in last 12 months and the total cost. If the family belongs, don't forget to include your partner.</i> | (last 12 months) |
| Postage – monthly | <i>e.g. stamps, parcels etc.</i> | (monthly) |

| HOUSEHOLD EXPENSE FORM | | |
|---|---|----------------------------------|
| Items | Instructions and Examples only | Your household costs (\$) |
| Books, CD's, DVD's – monthly | <i>If the family belongs, don't forget to include your partner.</i> | (last 12 months) |
| Newspapers and magazines – weekly | If the family belongs, don't forget to include your partner. | (weekly) |
| Online subscriptions – monthly | If the family belongs, don't forget to include your partner. | (monthly) |
| Pay TV subscriptions – monthly | | (monthly) |
| Any other major household purchase in the last 12 months | <i>e.g. new car, renovations, lawn mower, pest services</i> | (last 12 months) |

APPENDIX TWO

Clothing and Footwear – Female Comfortable Budget Standard

| Item | Description | Fibre | Unit Price | Quantity | Years of Use | Weekly Cost |
|------------------------|--|-------------|------------|----------|--------------|-------------|
| Parka | 3/4 Length, pockets, lining and removable hood | Poly/Cotton | \$99.95 | 1 | 10 | \$0.19 |
| Rain coat | Full length, fold up, front buttons | Plastic | \$29.95 | 1 | 10 | \$0.06 |
| Long sleeve blouse | Long sleeve blouse front opening with buttons | Cotton | \$59.95 | 4 | 5 | \$0.92 |
| Winter dress (casual) | Long sleeve front opening with buttons, 3/4 length | Poly/Cotton | \$79.95 | 3 | 5 | \$0.92 |
| Winter slacks | Front zip, side pockets | Wool | \$69.95 | 1 | 5 | \$0.27 |
| Winter slacks (casual) | Elasticised waist | Poly/Knit | \$49.95 | 1 | 5 | \$0.19 |
| Winter dress (smart) | Long sleeve, stand up collar, belted waist | Wool | \$129.95 | 1 | 5 | \$0.50 |
| Winter jumper | Long sleeve, v neck | Wool | \$95.95 | 1 | 5 | \$0.37 |
| Winter jumper (light) | Long sleeve, crew neck | Wool | \$89.95 | 1 | 5 | \$0.35 |
| Winter cardigan | Long sleeve, buttoned front | Cotton Knit | \$49.95 | 2 | 5 | \$0.38 |
| Skivvy | Long sleeve, plain | Cotton Knit | \$19.95 | 2 | 3 | \$0.26 |
| Special Occasion Dress | 3/4 Length full skirt back zip | Silk | \$129.95 | 1 | 10 | \$0.25 |
| Winter 2 pce | Long sleeve t-shirt and elasticised waist skirt | Poly/Knit | \$49.95 | 2 | 5 | \$0.38 |
| Short sleeve blouse | Short sleeve blouse with turn down collar | Cotton | \$49.95 | 2 | 5 | \$0.38 |
| Tracksuit top | Sloppy Joe Front Zip Top | Poly/Cotton | \$44.95 | 1 | 3 | \$0.29 |
| Tracksuit bottom | Elasticised waist | Poly/Cotton | \$34.95 | 2 | 3 | \$0.45 |
| Summer dress (casual) | Short sleeve below knee dress | Cotton | \$89.95 | 6 | 5 | \$2.08 |
| Summer skirt | A Line below the knee slide zip, back pockets | Cotton | \$79.95 | 3 | 5 | \$0.92 |
| Summer slacks | Elasticised waist, straight leg | Poly/Cotton | \$79.95 | 2 | 5 | \$0.62 |
| Summer shorts | Knee length, tailored shorts | Poly/Cotton | \$89.95 | 2 | 5 | \$0.69 |
| Summer sweater | V neck knit | Cotton | \$99.95 | 1 | 5 | \$0.38 |
| Summer cardigan | Round neck, front buttons long sleeve | Cotton Knit | \$49.95 | 2 | 5 | \$0.38 |
| Polo shirt | Short sleeve, turn down collar | Cotton Knit | \$39.95 | 2 | 4 | \$0.38 |
| Summer blouse | Short sleeve, round neck | Cotton | \$29.95 | 1 | 4 | \$0.14 |
| Summer blouse (smart) | Short sleeve , back opening | Poly/Cotton | \$39.95 | 1 | 4 | \$0.19 |
| Swim suit | Built in support, one piece | Lycra | \$99.95 | 1 | 4 | \$0.48 |
| Briefs / underpants | Full brief to waist (pack of 5) | Cotton | \$3.99 | 10 | 3 | \$0.26 |
| Spencer | Long sleeve, round neck | Poly/Cotton | \$19.95 | 3 | 2 | \$0.58 |
| Singlet | Sleeveless | Poly/Cotton | \$9.95 | 3 | 3 | \$0.19 |
| Bra | Standard, wire, soft cup | Poly/Cotton | \$27.95 | 5 | 3 | \$0.90 |

| Item | Description | Fibre | Unit Price | Quantity | Years of Use | Weekly Cost |
|------------------------|---|----------------|------------|----------|--------------|-------------|
| Waist slip | Knee length, elastic waist | Nylon | \$9.95 | 5 | 4 | \$0.24 |
| Winter nightie | Long sleeve, front opening, full length | Cotton | \$59.95 | 2 | 3 | \$0.77 |
| Winter pyjamas | Long sleeve, bottom front, elastic waist | Cotton | \$49.95 | 2 | 3 | \$0.64 |
| Summer nightie | Knee length, sleeveless, front buttons | Cotton | \$34.95 | 2 | 3 | \$0.45 |
| Summer pyjamas | 3/4 length pants, elastic waist, front button s/s top | Cotton | \$29.95 | 2 | 3 | \$0.38 |
| Dressing gown (summer) | Short sleeve, 3/4 length, tie waist | Cotton | \$39.95 | 1 | 5 | \$0.15 |
| Dressing gown (winter) | Long sleeve, 3/4 length, tie waist | Acrylic | \$49.95 | 1 | 8 | \$0.12 |
| Pantyhose | 15 denier, nude 4 pack | lycra | \$1.50 | 7 | 1 | \$0.20 |
| Socks | Cotton, short turn down | Cotton/Lycra | \$3.33 | 5 | 3 | \$0.11 |
| Belt | Simple waist belt with gold buckle | Leather | \$35.95 | 2 | 3 | \$0.46 |
| Hat | wide brimmed, round crown | Straw | \$29.95 | 1 | 5 | \$0.12 |
| Handkerchiefs | Plain with turned hem | Cotton | \$2.32 | 10 | 2 | \$0.22 |
| Court shoes | Wide Steps, square toe, small heel | Leather uppers | \$129.95 | 2 | 6 | \$0.42 |
| Sandals | Supersoft by Diana Ferrie | Leather uppers | \$99.95 | 1 | 3 | \$0.64 |
| Loafers | Heeled Loafer | Leather uppers | \$99.95 | 3 | 5 | \$0.38 |
| Sports shoes | Walker Shoes | Leather uppers | \$159.95 | 1 | 2 | \$1.54 |

Clothing and Footwear – Male Comfortable Budget Standard

| Item | Description | Fibre | Unit Price | Quantity | Years of Use | Weekly Cost |
|-----------------------------|--|------------------|------------|----------|--------------|-------------|
| Parker | 3/4 Length, pockets, lining and removable hood | Poly/Cotton | \$99.95 | 1 | 6 | \$0.32 |
| Rain coat | Full length, fold up, front buttons | Plastic | \$29.95 | 1 | 6 | \$0.10 |
| Sports jacket | Tailored Jacket | Wool poly lining | \$349.95 | 1 | 6 | \$1.12 |
| Suit | Single Breasted Jacket, lined | Wool poly lining | \$699.00 | 1 | 8 | \$1.68 |
| Trousers / smart casual | Front fly, side pockets, not lined | Poly/Viscose | \$109.95 | 2 | 4 | \$1.06 |
| Jeans | Waisted jeans with side and back pockets | Cotton | \$79.95 | 2 | 3 | \$1.03 |
| Tracksuit bottom | Sloppy Joe Front Zip Top | Poly/Cotton | \$59.95 | 3 | 2 | \$1.73 |
| Tracksuit top | Elasticised waist | Poly/Cotton | \$69.95 | 2 | 2 | \$1.35 |
| Rugby top | Long sleeve, collar, front opening | Cotton Knit | \$59.95 | 2 | 3 | \$0.77 |
| Long sleeve shirt casual | Buttoned front | Cotton | \$89.95 | 2 | 3 | \$1.15 |
| Long sleeve shirt business | Buttoned front | Cotton | \$74.95 | 4 | 3 | \$1.92 |
| Winter knitted vest | sleeve less V neck | Wool/acrylic | \$49.95 | 1 | 4 | \$0.24 |
| Winter jumper | Long sleeve, crew neck | Wool | \$99.95 | 1 | 5 | \$0.38 |
| Winter cardigan | Long sleeve, buttoned front | Wool/acrylic | \$59.95 | 1 | 4 | \$0.29 |
| Summer casual jacket | Long sleeve, zip front, elastic hem and cuffs | Poly/Cotton | \$99.95 | 1 | 8 | \$0.24 |
| Summer smart trousers | Front fly, side pockets, not lined | Poly/Viscose | \$109.95 | 1 | 5 | \$0.42 |
| Summer casual trousers | Front fly, side pockets, not lined | Cotton | \$99.95 | 2 | 4 | \$0.96 |
| Shorts, smart | Font fly, side pockets knee length | Poly/Viscose | \$79.95 | 1 | 5 | \$0.31 |
| Shorts, sports | Elasticised waist | Cotton | \$34.95 | 1 | 3 | \$0.22 |
| Summer sweater | Long sleeve, crew neck | Cotton Knit | \$99.95 | 1 | 3 | \$0.64 |
| Short sleeve shirt | Short sleeve, front button with collar | Cotton | \$45.95 | 2 | 3 | \$0.59 |
| Short sleeve shirt (casual) | short sleeve, v neck with collar | Cotton Knit | \$34.95 | 2 | 3 | \$0.45 |
| Polo shirt | Short sleeve, button front with collar | Cotton | \$34.95 | 2 | 4 | \$0.34 |
| T-shirt | Short sleeve, crew neck | Cotton Knit | \$14.95 | 5 | 3 | \$0.48 |
| Swim suit | Board shorts | Poly/Viscose | \$35.95 | 1 | 5 | \$0.14 |
| Briefs | Boxers | Cotton | \$19.95 | 10 | 3 | \$1.28 |
| Singlet | Sleeve less V neck | Cotton | \$9.95 | 6 | 4 | \$0.29 |
| Winter pyjamas | Long sleeve, bottom front, elastic waist | Cotton | \$39.95 | 1 | 3 | \$0.26 |
| Summer pyjamas | Long sleeve, bottom front, elastic waist | Cotton | \$29.95 | 1 | 3 | \$0.19 |
| Dressing gown | Long sleeve, full length, tie waist | Cotton | \$99.95 | 1 | 8 | \$0.24 |

| Item | Description | Fibre | Unit Price | Quantity | Years of Use | Weekly Cost |
|----------------|---------------------------|--------------|------------|----------|--------------|-------------|
| Socks | Ankle length | Cotton Blend | \$3.95 | 5 | 3 | \$0.13 |
| Hat | Akubra | Canvas | \$25.95 | 1 | 3 | \$0.17 |
| Sports socks | Cushioned foot | Cotton Blend | \$9.95 | 3 | 3 | \$0.19 |
| Belt | Bronze buckle | Leather | \$39.95 | 2 | 8 | \$0.19 |
| Tie | Classic style | Silk | \$49.95 | 7 | 7 | \$0.96 |
| Handkerchiefs | Plain | Cotton | \$6.95 | 9 | 2 | \$0.60 |
| Shoes, casual | Lace less slip-ons | Canvas | \$59.95 | 2 | 6 | \$0.38 |
| Shoes, leather | Square toe, lace up | Leather | \$159.95 | 1 | 6 | \$0.51 |
| Running shoes | Asics Men's walking shoes | Synthetic | \$169.95 | 1 | 4 | \$0.82 |
| Slipper | Slip on | Leather | \$89.95 | 1 | 4 | \$0.43 |
| Sandals | Croc sandals | Synthetic | \$59.95 | 1 | 3 | \$0.38 |

Communication – Comfortable Single

| Category | Description | Life time (years) | Unit Price | Weekly Cost |
|----------------------|--|-------------------|------------|-------------|
| Communication bundle | Home Phone (inc line rental) Broadband (5GB) | 1 | \$1,079.40 | \$20.80 |
| Mobile Phone | Pre-paid Plan | 1 | \$239.40 | \$4.60 |

Communication – Comfortable Couple

| Category | Description | Life time (years) | Unit Price | Weekly Cost |
|----------------------|--|-------------------|------------|-------------|
| Communication bundle | Home Phone (inc line rental) Broadband (5GB) | 1 | \$1438.80 | \$27.60 |
| Mobile Phone | Pre-paid Plan | 1 | \$239.40 | \$4.60 |

Communication – Modest Single

| Category | Description | Life time (years) | Unit Price | Weekly Cost |
|----------------------|---|-------------------|------------|-------------|
| Communication bundle | Home Phone (inc line rental) Broadband (2GB) Mobile | 1 | \$479.90 | \$9.20 |

Communication – Modest Couple

| Category | Description | Life time (years) | Unit Price | Weekly Cost |
|----------------------|---|-------------------|------------|-------------|
| Communication bundle | Home Phone (inc line rental) Broadband (4GB) 2 Mobile | 1 | \$839.90 | \$16.90 |

Health – Comfortable Single

| Category | Description | Life time (years) | Unit Price | Weekly Cost |
|------------------------------|--|-------------------|------------|-------------|
| Insurance | HBA Hospital Cover with Excess Bonus and Gold Extras | 1 | \$1,636.00 | \$31.47 |
| Prescriptions | Range of medications for existing conditions 13 scripts per year | 1 | \$423.80 | \$8.15 |
| Over-the-counter supplements | Multivitamins | 1 | \$97.80 | \$1.88 |
| Co-payments/out-of-pocket | Visits to GP and other Medicos gap payments | 1 | \$1,139.40 | \$21.90 |

Health – Comfortable Couple

| Category | Description | Life time (years) | Unit Price | Weekly Cost |
|------------------------------|--|-------------------|------------|-------------|
| Insurance | HBA Hospital Cover with Excess Bonus and Gold Extras | 1 | \$3203.00 | \$61.60 |
| Prescriptions | Range of medications for existing conditions 23 scripts per year | 1 | \$749.80 | \$14.36 |
| Over-the-counter supplements | Multivitamins | 1 | \$195.60 | \$3.75 |
| Co-payments/out-of-pocket | Visits to GP and other Medicos gap payments | 1 | \$1658.80 | \$31.78 |

Health – Modest Single

| Category | Description | Life time (years) | Unit Price | Weekly Cost |
|---------------------------|--|-------------------|------------|-------------|
| Insurance | HBA Hospital Cover only | 1 | \$1289.40 | \$24.7 |
| Prescriptions | Range of medications for existing conditions 13 scripts per year | 1 | \$72.80 | \$1.40 |
| Co-payments/out-of-pocket | Visits to GP and other Medicos gap payments | 1 | \$300.00 | \$5.80 |

Health – Modest Couple

| Category | Description | Life time (years) | Unit Price | Weekly Cost |
|---------------------------|--|-------------------|------------|-------------|
| Insurance | HBA Hospital Cover only | 1 | \$2087.80 | \$40.0 |
| Prescriptions | Range of medications for existing conditions 23 scripts per year | 1 | \$128.80 | \$2.47 |
| Co-payments/out-of-pocket | Visits to GP and other Medicos gap payments | 1 | \$500.00 | \$9.60 |

Household Goods and Services – Comfortable Couple

| Category | Description | Life time (years) | Unit Price | Weekly Cost |
|-------------------------------|--|-------------------|------------|-------------|
| Computer | Toshiba NB200/D01 Notebook | 5 | \$737.00 | \$4.72 |
| Printer | HP Deskjet F2280 All-in-One | 5 | \$69.00 | \$0.44 |
| Software | Microsoft® Windows® 7 Home Premium | 5 | \$265.00 | \$1.70 |
| Home security | Back to Base Alarm service | 1 | \$401.00 | \$7.70 |
| Refrigerator | LG Refrigerator 564 Litre frost free refrigerator | 15 | \$1,479.00 | \$1.90 |
| Stove | Euromaid 60cm Gas Freestanding Oven | 15 | \$1,499.00 | \$1.92 |
| Air Conditioning Unit | 6.8KW Cooling 8.0KW Heating Reverse Cycle Inverter LG, reverse cycle, split System | 15 | \$1,297.00 | \$1.66 |
| Air Conditioning Installation | | 15 | \$500.00 | \$0.64 |
| Washing machine | Bosch 6.5kg Front load washer | 15 | \$999.00 | \$1.28 |
| Clothes Dryer | Westinghouse 5kg Clothes Dryer | 15 | \$494.00 | \$0.63 |
| Mobile Phone | Nokia 3720 mobile phone | 3 | \$269.00 | \$1.72 |
| Pest Control | Spray for termites, ants etc | 1 | \$280.00 | \$0.36 |
| House Products | Toilet paper, cleaning products, tissues etc | 1 | \$1,305.00 | \$25.0 |
| Media | Newspapers, magazines etc | 1 | \$418.20 | \$8.04 |

Household Goods and Services – Modest Couple

| Category | Description | Life time (years) | Unit Price | Weekly Cost |
|-----------------|---|-------------------|------------|-------------|
| Computer | Toshiba NB200/D01 Notebook | 5 | \$737.00 | \$4.72 |
| Printer | HP Deskjet F2280 All-in-One | 5 | \$69.00 | \$0.44 |
| Software | Microsoft® Windows® 7 Home Premium | 5 | \$265.00 | \$1.70 |
| Refrigerator | Samsung 244 litres | 15 | \$549.00 | \$0.70 |
| Stove | Chef Conventional electric oven | 15 | \$739.00 | \$0.94 |
| Washing machine | Samsung 5kg Top Loading washing machine | 15 | \$499.00 | \$0.64 |
| Clothes Dryer | Westinghouse 5kg Clothes Dryer | 15 | \$494.00 | \$0.63 |
| Mobile Phone | Nokia 3720 mobile phone | 3 | \$269.00 | \$1.72 |
| House Products | Toilet paper, cleaning products tissues | 1 | \$783.00 | \$15.00 |

Recreation – Comfortable Single

| Category | Description | Life time (years) | Unit Price | Weekly Cost |
|-----------------------|--|-------------------|------------|-------------|
| Television HD and DVD | Grundig (19") 48cm High Definition LCD Television with Built-In DVD Player | 15 | \$699.00 | \$0.89 |
| Digital Camera | Sony 10.1MP Cyber-shot Camera | 5 | \$229.00 | \$0.88 |
| Movies/plays | 5 Movies and 3 plays | 1 | \$350.00 | \$6.70 |
| Social Activities | Dinner and Lunches out | 1 | \$3,120.00 | \$59.77 |
| Snacks and Treats | Coffee, morning tea, etc | 1 | \$783.00 | \$15.00 |
| Plane fare | National Trips 2 per year | 1 | \$1,000.00 | \$19.16 |
| Plane Fare | International Trip once every 5 years | 5 | \$5,000.00 | \$19.16 |
| Accommodation | National Trips 2 per year | 1 | \$1,200.00 | \$22.99 |
| Accommodation | International Trip once every 5 years | 5 | \$3,000.00 | \$11.49 |
| Food and Beverage | National Trips 2 per year | 1 | \$1,200.00 | \$22.99 |
| Food and Beverage | International Trip once every 5 years | 5 | \$1,500.00 | \$5.75 |
| Sports equipment | Recreational items (garden equipment, fishing gear, potting wheel, golf clubs) | 15 | \$1,500.00 | \$1.92 |
| Beverages | Wine with dinner | 1 | \$1,305.00 | \$25.00 |
| Takeaway Food | Fast Food | 1 | \$300.00 | \$5.77 |
| Memberships | Memberships to Social Clubs , Sporting Clubs | 1 | \$250.00 | \$4.81 |

Recreation – Comfortable Couple

| Category | Description | Life time (years) | Unit Price | Weekly Cost |
|-----------------------|--|-------------------|------------|-------------|
| Television HD and DVD | Grundig (19") 48cm High Definition LCD Television with Built-In DVD Player | 15 | \$699.00 | \$0.89 |
| Digital Camera | Sony 10.1MP Cyber-shot Camera | 5 | \$229.00 | \$0.88 |
| Movies/plays | 5 Movies and 3 plays | 1 | \$700.00 | \$13.41 |
| Social Activities | Dinner and Lunches out | 1 | \$4,176.00 | \$80.00 |
| Snacks and Treats | Coffee, morning tea, etc | 1 | \$1,044.00 | \$20.00 |
| Plane fare | National Trips 2 per year | 1 | \$1,500.00 | \$28.74 |
| Plane Fare | International Trip once every 5 years | 5 | \$8,000.00 | \$30.65 |
| Accommodation | National Trips 2 per year | 1 | \$1,500.00 | \$28.74 |
| Accommodation | International Trip once every 5 years | 5 | \$3,000.00 | \$11.49 |
| Food and Beverage | National Trips 2 per year | 1 | \$1,000.00 | \$19.16 |
| Food and Beverage | International Trip once every 5 years | 5 | \$3,000.00 | \$11.49 |
| Sports equipment | Recreational items (garden equipment, fishing gear, potting wheel, golf clubs) | 15 | \$1,500.00 | \$1.92 |
| Beverages | Wine with dinner | 1 | \$2,088.00 | \$40.00 |
| Takeaway Food | Fast Food | 1 | \$400.00 | \$7.66 |
| Team dues | Memberships | 1 | \$500.00 | \$9.58 |