**Retirement/ Whakatā: Surviving on NZ Super**

When people turn 65, the government gives them money fortnightly to help pay for their living costs. This benefit is called New Zealand Superannuation (NZ Super). The amount people get is based on whether they are single or living as a couple.

* A single person receives $450.10 per week
* A couple receives $681.60 per week

In groups of four: If you were limited to the NZ Super as your only income, show what you are able to afford on this amount. Start with the basic needs first. Look at the **Smith family budget** for some ideas of household essentials.

The table below shows the living arrangements, family situations, mode of transport and debts of the four people:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| PERSON | LIVING ARRANGEMENT | FAMILY SITUATION | TRANSPORT OPTION | SAVINGS GOALS | DEBTS |
| A | Rent\* | Single | Car\*\* | Retire | none |
| B | Rent\* | Couple Pets | Bus | Retire | Car loan  $2000 @15% |
| C | Own | Single Pets | Car\*\* | Retire | $100,000  mortgage @ 5% |
| D | Own | Couple | Bus | Retire | none |

* To determine rental prices, use your local rental information from Trade Me, local newspapers or from local real estate agents as a guide.

\*\* To determine the price of [**running a car**](http://www.aa.co.nz/assets/site-information/running-costs/2013-Petrol-Running-Costs.pdf)per year.

# Instructions

Create a budget for each person using the [**Sorted budget template**](https://sorted.org.nz/tool/budgeting-tool%23/budget-template). To do this, you will need to estimate how much each person spends on different categories each week and calculate their loan or mortgage repayments.

Compare the budgets in terms of:

* + the difference between each person’s living costs and their NZ Super payment
  + the impact of paying rent or owning your own home.

Discuss changes that each person could make to be able to live within budget. Use the [**Sorted retirement**](https://sorted.org.nz/tools/retirement-planner)[**planner**](https://sorted.org.nz/tools/retirement-planner)to work out how much your person will need to save throughout their lifetime to make up the shortfall.

# How can you meet the shortfall?

Saving for retirement/whakatā from a young age can set you up for retirement/whakatā in surprising ways. Watch this video on [**compound interest**](https://www.youtube.com/watch?v=0NyQg2byAeo)to see how investing when you are young can create a large sum of money by the time you retire.

Investigate how compound interest works. You can find out more information using this webpage from the [**Sorted guide to saving and investing**](https://sorted.org.nz/guides/saving-and-investing/compound-interest-friend-or-foe/). Sum up your findings and share them with a friend or whānau member.