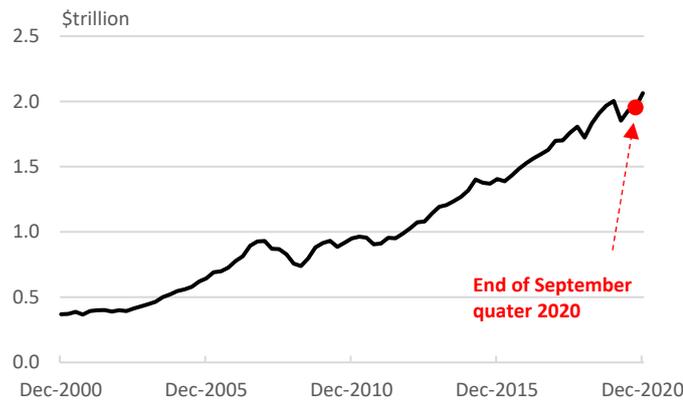


ASFA Economic Snapshot: week ending 23 April

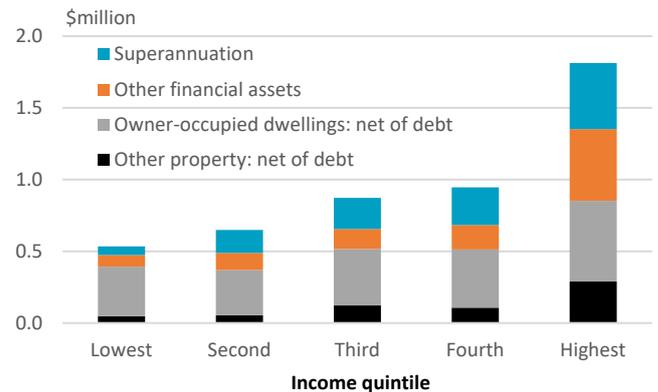
This is a weekly update on the impact of the COVID-19 pandemic on financial and economic conditions, in Australia and globally, and government policy measures to support economic activity and employment.

Superannuation wealth is recovering ...



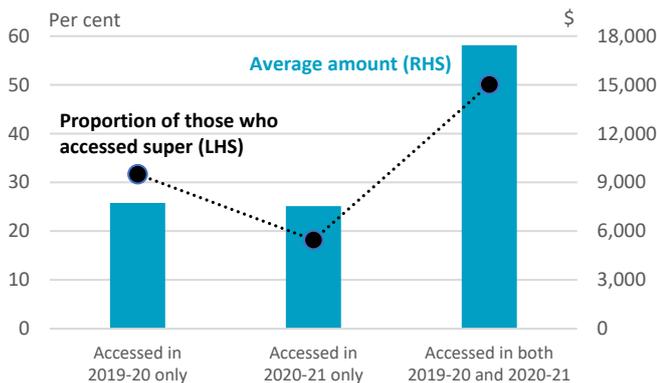
This chart shows total assets of APRA-regulated superannuation funds. With the recovery of financial markets since March 2020, and notwithstanding the withdrawal of \$37 billion under the COVID-19 Early Release of Super Scheme,[^] the value of super assets had exceeded pre-crisis levels by the end of 2020. That said, changes in total assets obscure differences among household cohorts (below).

... and remains a key source of household wealth



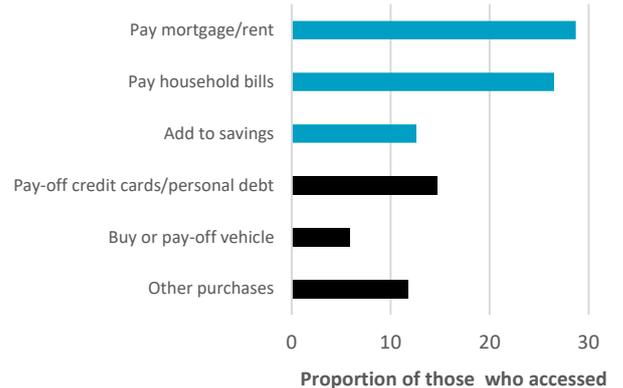
ABS data (for September quarter 2020) show that, excluding the family home, superannuation remains the most important wealth component for most household cohorts. The legislated increase in the SG rate to 12% will likely lead to a rise in the relative size of super assets, including for low-income earners. Note, given the data are for the September 2020, it excludes the full recovery in financial markets.

Significant withdrawals under early-release ...



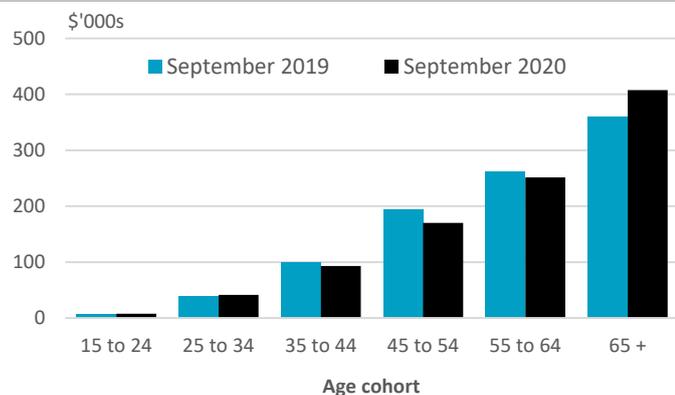
Last week's note showed that under the COVID early release scheme, funds made around 4.5 million separate payments. ABS data show that of those who accessed their super, more than half did so in both financial years. For those people, the average total amount was \$17,440, or \$8,720 per year. This was about \$1,000 more than for those who accessed the scheme in one year only (average of \$7,660).

... used to reduce debt and buy goods and services ...



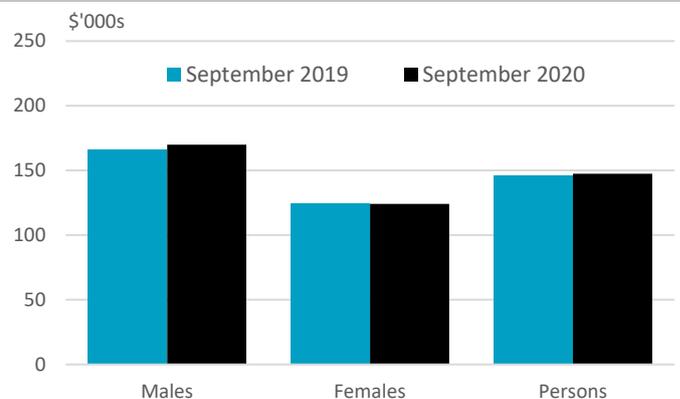
This chart shows individuals' reported use of early release payments. The ABS asked people to identify the *main use* of payments. 32% of recipients reported their *main use* was to either buy/pay-off vehicles, buy other goods and services, or pay-off credit card/personal debt (which likely funded purchases of goods and services). This is in line with other analysis of spending patterns using bank account data.[^]

... that reduced average balances for some age cohorts



For superannuation members aged 35 to 64, average balances were lower in September 2020 than a year ago. In part, this reflects the distribution of early release payments – that is, payments were more concentrated among members in the middle of the age distribution. This is consistent with data published by the ATO on the scheme.^{^^^}

Balances for women much lower than for men



In terms of gender, there was little change in average balances over the year, which suggests equivalent impacts with respect to early release payments. As at September 2020, average balances for women were 25% lower than for men. This highlights the need for policies to boost super balances for women, such as SG on paid parental leave.

Sources: (1) APRA, *Quarterly Superannuation Performance Statistics*, December 2020; (2 & 6) ABS, *Household Financial Resources*, September 2020. [^] The scheme allowed eligible applicants to withdraw up to \$10,000 from 20 April to 30 June 2020, and up to \$10,000 in the next 6 months. ^{^^} <https://www.illion.com.au/2020/08/14/new-real-time-data-what-has-happened-to-all-that-super/>. ^{^^^} ATO, *COVID-19 Early release of super report (20 April–31 December 2020)*.