

An update on the level and distribution of retirement savings

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Executive summary

Background

- Data from the Australian Bureau of Statistics (ABS) Survey of Income and Housing, which has been compiled specifically for ASFA, allows us to update information on the incidence of superannuation in the community and the distribution of superannuation assets between individuals.
- Average superannuation balances in Australia can be expected to continue to grow for many years as the private retirement-income system matures. The Australian compulsory superannuation system is still relatively immature in the sense that many individuals have had superannuation coverage only since the commencement of industrial award-based superannuation in the late 1980s and the introduction of the Superannuation Guarantee (SG) in 1992. Further increases in the rate of the SG are currently scheduled over the period to 2019.

Average account balances

- Average super account balances were \$82,615 for men and \$44,866 for women in 2011-12. These averages are well above the balances of \$56,400 for men and \$23,900 for women in prepared for ASFA in regard to 2003-04. These figures include zero balance superannuation accounts.
- Balances grew because of continued contributions and positive investment earnings over the period, despite the impact of the global financial crisis (GFC).
- For those with superannuation, the average balance for males was around \$112,000 while for females it is around \$68,600. These figures exclude zero balance superannuation accounts.

Superannuation balances of younger Australians

For individuals aged 30 to 34 in 2011-12, average balances were around \$20,000 for men and \$14,000 for women.

For those on average earnings of around \$70,000 a year, balances were \$38,000 for men and \$29,000 for women. Assuming a further 32 years of employment at the same salary level in real terms, these balances can be projected to grow in today's dollars to around \$440,000 for men and \$422,000 for women. However, these projections are based on uninterrupted paid employment, which is not the case for many women now, and is becoming reality for an increasing proportion of men.

Superannuation balances at retirement

- With average superannuation balances at the time of retirement in 2011-12 of the order of \$197,000 for men and only \$105,000 for women, it is clear that most recent retirees will need to substantially rely on the Age Pension in their retirement.
- These average figures are considerably higher than those which applied in 2005-06, which were of the order of \$136,000 for men and only \$63,000 for women. The increase in average balances for women is particularly significant.
- Both average balances and the proportion of retirees with superannuation will rise in the future as the compulsory superannuation system matures and the rate of compulsory contributions rises to 12 per cent of wages. In particular, cohorts of women with more paid labour force experience than their mothers and grandmothers will move through the system.
- Given ongoing contributions and investment returns, average retirement payment statistics for June 2013 are also likely to be up to 20 per cent higher than ABS figures for 2011-12.
- The average total superannuation balance in 2011-12 for a household headed by a person aged 60 to 64 was around \$238,000.

The distribution of superannuation balances

- Between 2005-06 and 2011-12, there were improvements in the coverage of superannuation in the

community with a smaller proportion of persons with no superannuation and an increase in the incidence of more substantial superannuation balances.

- Around 26.1 per cent of males reported nil superannuation, and 34.6 per cent of women with no super. These figures are down significantly from two years earlier, from around 31.6 per cent of males reporting nil superannuation and 38.5 per cent of women with no superannuation. Around 60 per cent of females aged 65 to 69 reported having no superannuation and this has not really changed over the last two years.
- The percentage of males with more than \$100,000 in superannuation increased from 8.4 per cent to 18.2 per cent, while for females the percentage increased from 2.8 per cent to 10.3 per cent. There also were increases in the proportions with balances between \$40,000 and \$100,000, with an increase for males from 10.1 per cent to 19.6 per cent and from 6.4 per cent to 14.4 per cent for females.

Shares of total superannuation by age and gender

Given that the incidence of superannuation is higher for men and their account balances are on average higher, men held around 64 per cent of total account balances in 2011-12, compared to around 36 per cent for women. While on the face of it this would appear to be a very substantial disparity, it amounts to a very substantial improvement on the estimated share for women in 1994 of 23 per cent. It also was a large improvement for women from as recently as 2003-04 when the share held by women was 30 per cent. However, there has not been any significant change in the shares since 2009-10.

While improvements for women in superannuation coverage and average balance were recorded across the range of age groups, the most significant increases recorded were for older women.

The percentage share figures also clearly demonstrate both the build-up of superannuation assets with increasing age but also cohort effects, with older Australians having relatively little superannuation. The age group 60 to 64 appears to be the one where holdings of superannuation peak.

While the 9.3 per cent of the population aged 25 to 29 have just 2.4 per cent of total superannuation assets, the 7.5 per cent of the population aged 55 to 59 hold around 17 per cent of superannuation assets. Nearly 60 per cent of total superannuation assets are held by those aged between 50 and 69.

Difference in superannuation balances of men and women

The various data indicates that, on average, men are more likely both to have superannuation and to have a higher account balance. There are a number of reasons for this, including women having more time out of the paid labour force for family and other reasons, and women being more likely to be employed in part-time and/or lower paid occupations.

The data appears to indicate that the share of superannuation assets held by women has not increased over the two years to 2011-12 after growing significantly over the previous two decades.

Going forward, there are likely to be some factors that will assist in boosting the share of superannuation held by women. They are:

- the phased increase in the rate of SG contributions to 12 per cent, which will benefit women in particular, given that they are less likely to be receiving higher-than-minimum contributions from their employer
- the proposed payment of superannuation contributions in regard to paid parental leave.

Less positive for women, going forward, is the proposed abolition of the Low Income Superannuation Contribution (LISC), with substantially more women than men currently benefiting from that government payment. The scaling back of the Superannuation Co-contribution by the previous government also has impacted more women than men.

Average balances of employees and the self employed

Average balances achieved by employees in 2011-12 were in the order of \$86,000 for males and \$52,000 for females. These figures are well above the inflation-adjusted average figures of around \$30,000 for male employees and around \$10,500 for female employees, which applied 20 years earlier.

Average retirement payouts in 2011-12 for employees aged 60 to 64 were in the order of \$220,000 for males and \$135,000 for females. These compare to the inflation-adjusted figures of around \$100,000 for males and \$45,000 for females from 20 years before this period.

However, since 2011-12, there have been further increases in balances, with average retirement payments in June 2013 likely to be at least 15 per cent higher, given strong investment returns in 2012-13. Current retirement balances for employees are likely to have reached around \$260,000 for males and \$160,000 for females.

Around 23 per cent of self employed people have no superannuation, compared to only 7.5 per cent of other employees. Females who are self employed are less likely to have superannuation than males who are self employed. Average balances of the self employed also tend to be lower than for employees, particularly in the case of males.

Assets held outside the superannuation system

The ABS figures also indicate that superannuation is the main financial asset held by employees. Superannuation balances are much higher on average than average bank account balances or direct shareholdings. Some individuals will have an investment property, but they form only a small minority of employees.

How are retirement savings tracking?

Background

A perennial question for individuals and policy makers is whether retirement savings are on track. Naturally enough, individuals want to know whether they will be able to afford the lifestyle they want in retirement. Policy makers are interested in the issues of whether adequate retirement incomes will be generated, and whether pressures will be taken off Age Pension expenditures. For funds, such information is also basic market research.

In terms of policy settings, how savings are tracking is important for assessing whether the rate of compulsory contributions is appropriate. If superannuation balances at the time of retirement and in the years prior to retirement are still at modest, albeit growing, levels, the case for moving the SG to 12 per cent is all the stronger.

Data from the ABS Survey of Income and Housing (SIH), which has been compiled specifically for ASFA by the ABS, allows us to update information on the incidence of superannuation in the community and on the distribution of superannuation assets between individuals.

Superannuation account balance information is collected as part of the wealth module of the SIH. Wealth information is available from the 2003-04, 2005-06, and 2009-10 releases and is now available for 2011-12. A paper on the superannuation data from the 2009-10 survey, dated September 2011, is available from the ASFA website.

The SIH was conducted throughout 2011-12. Amongst many other things, respondents were asked what their current superannuation balance and it was suggested that they refer to the last superannuation statement they received. In many cases, that statement would have referred to the account balance as at 30 June 2011. In some cases, the relevant date for the information provided would be later in the financial year.

The superannuation system is still maturing

Average superannuation balances in Australia can be expected to continue to grow for many years as the private retirement income system matures. The Australian compulsory superannuation system is still relatively immature in the sense that many individuals have had superannuation coverage only since the commencement of industrial award-based superannuation in the late 1980s and the introduction of the Superannuation Guarantee (SG) in 1992. The SG only reached the rate of 9 per cent in 2002. A phased increase in the rate to 12 per cent has commenced and in 2013-14 the rate is 9.25 per cent. It is currently legislated to increase to 12 per cent by 2019, but there is legislation currently before the Parliament that proposes a two-year pause in the scheduled timetable of increases.

Given that the system is still maturing in terms of reaching the proposed long-term rate of contributions and many Australians have received compulsory contributions for not much more than 20 years, the majority of adult Australians still have relatively modest levels of superannuation.

- The gender gap is closing, but women still lag substantially when it comes to average account balances at all ages.
- Even young people entering the workforce today, many of whom will receive the full benefit of the increase in the SG to 12 per cent, still need to contribute over and above compulsory contributions to their superannuation to ensure they have adequate retirement savings.
- Most people retiring in the next few years will rely partially or substantially on the Age Pension to fund their retirement as they have inadequate super savings.
- There is still a significant proportion of the population who do not have any superannuation, with one in four men and one in three women reporting they have no superannuation savings.
- Self-employed people represent a big gap in coverage in the system, with one in four reporting they have no superannuation savings and those with superannuation reporting lower balances on average relative to employees.

It will be another 35 years or more before most individuals will have the full benefit of a mature SG system. Even then, a small but significant minority, principally those who have had little or no paid labour force experience since 1992 or who have cashed out their super benefit, will have no superannuation at all.

The impact of the global financial crisis

As superannuation fund members are very much aware, the global financial crisis (GFC) had an impact on the retirement savings of many Australians. It is generally thought that the GFC had run its course by the end of 2008 or the first half of 2009.

The variation in investment earnings has impacted on the average superannuation savings figures in the various ABS surveys undertaken since 2005-06. The variations have been very significant from year to year. More specifically, the average investment earnings of a superannuation account were 15 per cent in 2005-06 and 15.3 per cent in 2006-07, followed by a negative return of 8.0 per cent in 2007-08 and a further negative return of 12.9 per cent in 2008-09. In 2009-10, the average return was 10.5 per cent, followed by an average return of 8.7 per cent in 2010-11. The average return in 2011-12 was 0.3 per cent but this was followed by relatively strong average investment returns of 16.7 per cent in 2012-13.

Average balances in 2011-12

Average balances achieved in 2011-12 were \$82,615 for men and \$44,866 for women. These averages are well above the balances of \$56,400 for men and \$23,900 for women in regard to 2003-04. Table 1 provides further details.

Balances grew because of continued contributions and positive investment earnings over the period, despite the impact of the GFC.

For both men and women, the average balance increases steadily by age group, up until about age 60, when average balances start to decrease. The decrease is due to both individuals starting to draw down on their superannuation and larger proportions of older age cohorts, particularly women, not ever having had superannuation.

Table 1: Mean superannuation balance, 2011-12

	Male	Female	Persons
Age	Mean superannuation balance (\$)		
15 to 19 years	603	398	503
20 to 24 years	5,533	4,403	4,981
25 to 29 years	18,899	13,399	16,168
30 to 34 years	32,819	22,765	27,772
35 to 39 years	53,221	36,142	44,592
40 to 44 years	66,503	43,826	55,020
45 to 49 years	102,358	60,618	81,231
50 to 54 years	136,707	71,661	103,613
55 to 59 years	203,909	91,216	146,663
60 to 64 years	197,054	104,734	150,321
65 to 69 years	172,767	90,185	130,990
70 to 74 years	142,790	65,121	102,781
75 to 79 years	55,291	24,027	38,708

80 to 84 years	52,006	15,536	31,800
85 years and over	35,555	*17,544	*24,648
TOTAL	82,615	44,866	63,518

The figures in the table are averages and distributions for all persons in the various age groups. Medians (the point where 50 per cent of those surveyed have a balance above the amount and 50 per cent below) are considerably below the average figures given that a significant proportion of each age group has nil or little superannuation (Table 2). For instance, the median for all males is \$17,000 compared to an average (mean) of \$82,615 as indicated in Table 1.

Table 2: Median superannuation balance, 2011-12

	Male	Female	Persons
Age	Median superannuation balance (\$)		
15 to 19 years	-	-	-
20 to 24 years	2,441	2,000	2,000
25 to 29 years	11,000	8,000	10,000
30 to 34 years	20,661	14,161	18,957
35 to 39 years	38,000	23,999	30,000
40 to 44 years	45,000	20,000	30,384
45 to 49 years	60,000	28,000	42,000
50 to 54 years	67,000	27,000	43,000
55 to 59 years	75,000	30,000	47,000
60 to 64 years	70,000	*16,055	42,000
65 to 69 years	**22,000	-	-
70 to 74 years	-	-	-
75 to 79 years	-	-	-
80 to 84 years	-	-	-
85 years and over	-	-	-
TOTAL	17,000	6,000	10,000

*Estimate has a relative standard error rate of between 25 and 50 per cent and should be used with caution.

The calculation of average balances for only those with superannuation would result in somewhat higher figures due to the exclusion of the substantial proportion with nil superannuation. Around 26.1 per cent of males reported nil superannuation, and 34.6 per cent of women with no superannuation. These figures are down significantly from two years earlier, from around 31.6 per cent of males reporting nil superannuation and 38.5 per cent of women with no superannuation, showing the continued impact of compulsory superannuation.

Around 60 per cent of females aged 65 to 69 reported having no superannuation and this has not really changed over the last two years. This would be a result of some people in the age group never having had super, while others would have had some superannuation but had taken their benefit from the superannuation system.

For those across all age groups with superannuation, the average balance for males was around \$112,000, while for females it was around \$68,600.

Superannuation balances of younger Australians

There is a clear relationship between age and average superannuation balance, at least up until retirement. The more years an individual has of contributions and investment earnings the higher their account balance.

For individuals aged 30 to 34 in 2011-12, average balances were around \$20,000 for men and \$14,000 for women.

For those earning approximately \$70,000 a year, balances were \$38,000 for men and \$29,000 for women. Assuming a further 32 years of employment at the same salary level in real terms, these balances can be projected to grow in today's dollars to around \$440,000 for men and \$422,000 for women. However, these projections are based on uninterrupted paid employment, which is not the case for many women now and for an increasing proportion of men.

A lower wage and/or career breaks will lead to a lower balance at retirement. For instance, five years out of the paid labour force for a person on average earnings during their early 30s, will reduce the eventual retirement account balance by over \$80,000 in today's dollars.

Superannuation balances at retirement

The average balance for those aged 60 to 64 is a reasonable proxy for average retirement payouts given that most individuals retire at or around their early 60s.

With average retirement payouts in 2011-12 of the order of \$197,000 for men and only \$105,000 for women, it is clear that most recent retirees will need to substantially rely on the Age Pension in their retirement.

However, these average figures are considerably higher than those which applied in 2005-06, which were of the order of \$136,000 for men and only \$63,000 for women. The increase in average balances for women is particularly significant.

Average balances will rise in the future as the compulsory superannuation system matures. In addition, cohorts of women with more paid labour force experience than their mothers and grandmothers will move through the system. These effects are already starting to show up in the data. However, early retirement, retrenchment and withdrawal from the paid labour force for family and other reasons will also have an impact.

Relatively low average investment returns over the last four or five years have also had an impact. However, over the medium to longer term, investment returns on superannuation accounts are likely to average around seven per cent per year.

Distribution of super balances by household

Most retirees are in households made up of more than one person, but a significant minority of retirees are single, divorced or widowed persons. In 2011-12 there were about 796,000 households where the reference person was aged 65 or over where there was a couple only (1.59 million people in total). About 802,000 single people aged 65 or over were living alone.

Accordingly, around two-thirds of those aged 65 and over are in a couple household. While the rate of divorce has increased, many people who divorce remarry and with men living longer on average, there are fewer widows.

As indicated by Table 3, average balances per household are less than the total of the average superannuation held by both a male and a female in the same age group as the reference person for a household. Very often, there will be a secondary income earner in a couple who has a lower income and lower superannuation balance than their partner or their age group more generally.

The average total superannuation balance for a household headed by a person aged 60 to 64 was \$237,600. This can be taken as a proxy for what the average amount of superannuation for a household is at retirement.

It should also be noted that many households include a mixture of generations, with the superannuation of a 30-year-old child not available to their 62-year-old parent.

The differences between the various states and territories in average balances per household reflect a range of demographic and economic factors. In the Australian Capital Territory (ACT) the impact of more generous public sector superannuation schemes can be seen. Average wages in the ACT are higher than elsewhere, which also boosts superannuation entitlements.

Table 3: Average balance per household, 2011-12

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	Australia
Age of household reference person	Mean (\$)								
15 to 19 years	n.p	n.p	*6,833	*3,083	*2,301	n.p	n.p	0	*3,904
20 to 24 years	14,171	10,827	21,597	12,853	20,028	10,134	23,855	21,857	15,806
25 to 29 years	35,843	33,449	31,855	30,215	31,789	29,479	*57,495	57,855	34,009
30 to 34 years	54,315	45,599	57,980	54,277	56,757	50,422	53,945	82,092	53,541
35 to 39 years	79,206	84,700	74,270	65,174	93,855	68,105	78,052	156,165	81,330
40 to 44 years	83,801	111,677	102,340	96,647	104,032	91,252	130,316	200,116	100,008
45 to 49 years	142,547	170,050	137,953	114,034	134,989	172,484	*138,409	267,239	148,078
50 to 54 years	178,858	183,241	154,203	*230,198	167,993	169,102	167,754	321,387	179,706
55 to 59 years	230,022	254,402	256,800	257,160	238,893	178,079	252,020	428,926	246,611
60 to 64 years	202,587	245,580	261,636	219,984	245,320	292,429	339,185	424,755	237,637
65 to 69 years	281,763	179,909	202,790	181,900	207,967	*181,139	**96,550	312,336	221,602
70 to 74 years	*173,068	212,782	*163,662	*113,181	*168,880	*179,898	n.p	**252,933	176,368
75 to 79 years	*80,227	71,426	*46,566	*52,688	*70,222	*81,307	*210,589	**207,137	70,724
80 to 84 years	*33,720	*80,801	**35,665	*59,454	*39,615	*58,829	n.p	**114,613	51,206
85 years and over	*29,046	*58,146	*7,106	**33,862	**101,583	**18,823	0	**58,392	*40,309
TOTAL	130,121	136,420	127,003	125,986	129,376	131,271	133,695	229,008	132,320

*Estimate has a relative standard error rate of between 25 and 50 per cent and should be used with caution.

**Estimate has a relative standard error rate greater than 50 per cent and is considered too unreliable for general use.

The distribution of superannuation balances

Between 2005-06 and 2011-12, there were improvements in the coverage of superannuation in the community, and in the incidence of more substantial superannuation balances.

For instance, the percentage of males with more than \$100,000 in superannuation increased from 8.4 per cent to 18.2 per cent, while for females the percentage increased from 2.8 per cent to 10.3 per cent. There also were increases in the proportions with balances between \$40,000 and \$100,000, with an increase for males from 10.1 per cent to 19.6 per cent and from 6.4 per cent to 14.4 per cent for females.

However, considerable disparities between individuals remain. While the average balance for men aged 60 to 64 was \$197,000, over 60 per cent of men in that age group had balances of less than \$100,000. Around 75 per cent of women aged 60 to 64 had superannuation balances less than \$100,000, with nearly 60 per cent of women having nil or less than \$40,000 (see Table 4).

There also are differences in the average balance between men and women, even amongst those who had more than \$100,000 in superannuation. More specifically, for males in the 60 to 64 age group with more than \$100,000 in super, the average balance was around \$358,000, while for the women in that age group with more than \$100,000 in super, the average was \$295,000. It is the significant minority of men with large superannuation balances that is a major contributor to the average for men overall being larger than that for women. However, these average figures for the higher account balances are down from two years earlier, with contribution caps amongst other things playing a role in this.

Table 4: Proportions of the population by account balance bands, 2011-12

	SUPERANNUATION BALANCE GROUP				
	Nil	Low	Middle	High	Total
	Distribution of population (%)				
Male					
15 to 19 years	2.9	1.3	n.p	n.p	4.1
20 to 24 years	1.1	3.4	n.p	n.p	4.6
25 to 29 years	0.6	3.5	0.5	*0.1	4.7
30 to 34 years	0.4	2.7	1.0	0.2	4.3
35 to 39 years	0.5	1.7	1.6	0.5	4.3
40 to 44 years	0.5	1.5	1.6	0.8	4.4
45 to 49 years	0.5	1.1	1.4	1.3	4.2
50 to 54 years	0.6	0.8	1.2	1.5	4.1
55 to 59 years	0.6	0.7	0.8	1.6	3.7
60 to 64 years	0.9	0.5	0.8	1.3	3.4
65 to 69 years	1.1	0.3	0.4	0.9	2.7
70 to 74 years	1.1	0.1	0.2	0.5	2.0
75 to 79 years	1.0	0.1	0.1	0.2	1.4
80 to 84 years	0.8	*0.1	*0.1	0.1	1.1
85 years and over	0.5	*0.1	*0.0	*0.0	0.6
TOTAL	12.9	17.9	9.7	9.0	49.4
Female					
15 to 19 years	2.8	1.1	n.p	n.p	3.9

20 to 24 years	0.9	3.4	n.p	n.p	4.4
25 to 29 years	0.9	3.5	0.3	*0.0	4.6
30 to 34 years	0.8	2.8	0.8	*0.1	4.4
35 to 39 years	0.8	2.2	1.1	0.3	4.4
40 to 44 years	0.9	2.0	1.1	0.5	4.5
45 to 49 years	0.7	1.8	1.2	0.6	4.3
50 to 54 years	0.8	1.7	0.9	0.8	4.2
55 to 59 years	1.0	1.1	0.8	0.9	3.8
60 to 64 years	1.3	0.7	0.6	1 0.9	3.5
65 to 69 years	1.7	0.2	0.2	0.7	2.7
70 to 74 years	1.5	0.1	0.2	0.3	2.1
75 to 79 years	1.4	*0.1	0.1	0.1	1.6
80 to 84 years	1.2	*0.0	*0.0	0.1	1.3
85 years and over	0.8	*0.0	*0.1	*0.0	0.9
TOTAL	17.5	20.7	7.3	5.2	50.6
Persons					
15 to 19 years	5.7	2.3	n.p	n.p	8.0
20 to 24 years	2.0	6.9	n.p	n.p	8.9
25 to 29 years	1.5	6.9	0.8	*0.1	9.3
30 to 34 years	1.2	5.5	1.8	0.2	8.7
35 to 39 years	1.2	3.9	2.7	0.8	8.7
40 to 44 years	1.4	3.5	2.7	1.3	8.9
45 to 49 years	1.2	2.9	2.6	1.9	8.6
50 to 54 years	1.4	2.5	2.1	2.2	8.3
55 to 59 years	1.6	1.8	1.6	2.5	7.5
60 to 64 years	2.2	1.1	1.3	2.2	6.8
65 to 69 years	2.8	0.6	0.6	1.6	5.4
70 to 74 years	2.7	0.3	0.4	0.8	4.0
75 to 79 years	2.3	0.2	0.2	0.3	3.0
80 to 84 years	2.0	0.1	0.1	0.2	2.4
85 years and over	1.3	*0.1	*0.1	0.1	1.5
TOTAL	30.3	38.5	17.0	14.2	100.0

Notes: 'Low balance' is defined as less than \$40,000, 'high balance' is over \$100,000 and (logically enough) 'middle balance' lies between high and low.

*Estimate has a relative standard error rate of between 25 and 50 per cent and should be used with caution.

Shares of total superannuation by age and gender

Given that the incidence of superannuation is higher for men and their account balances are on average higher, *men held around 64 per cent of total account balances in 2011-12, compared to around 36 per cent for women* (see Table 5). This is not much different to two years earlier.

While on the face of it, there would appear to be a very substantial disparity in the superannuation entitlements of men and women, 2011-12 account balances for women have substantially improved, compared to the Treasury's estimated share for women in 1994 of 23 per cent. There also was a large improvement for women from as recently as 2003-04, when the share held by women was 30 per cent.

While improvements for women in superannuation coverage and average balance were recorded across the range of age groups, the most significant increases recorded were for older women.

The percentage share figures also clearly demonstrate both the build-up of superannuation assets with increasing age but also cohort effects, with older Australians having relatively little superannuation. The age group 60 to 64 appears to be the one where holdings of superannuation peak.

Table 5: Shares of superannuation by age group and gender, 2011-12

	SUPERANNUATION BALANCE GROUP (a)				
	Nil	Low	Middle	High	Total
	Share of total super (%)				
Male					
15 to 19 years	0.0	0.0	-	-	0.0
20 to 24 years	0.0	0.4	-	-	0.4
25 to 29 years	0.0	0.7	0.5	*0.2	1.4
30 to 34 years	0.0	0.7	1.0	0.6	2.2
35 to 39 years	0.0	0.5	1.6	1.6	3.6
40 to 44 years	0.0	0.4	1.6	2.6	4.6
45 to 49 years	0.0	0.3	1.4	5.1	6.8
50 to 54 years	0.0	0.2	1.3	7.3	8.8
55 to 59 years	0.0	0.2	0.8	10.8	11.8
60 to 64 years	0.0	0.1	0.8	9.5	10.5
65 to 69 years	0.0	0.1	0.4	6.8	7.3
70 to 74 years	0.0	0.0	0.2	4.1	4.4
75 to 79 years	0.0	0.0	0.1	1.1	1.2
80 to 84 years	0.0	*0.0	*0.1	0.8	0.9
85 years and over	0.0	*0.0	*0.0	**0.3	*0.3
TOTAL	0.0	3.7	9.9	50.7	64.3
Female					
15 to 19 years	0.0	0.0	-	-	0.0
20 to 24 years	0.0	0.3	-	-	0.3
25 to 29 years	0.0	0.7	0.2	*0.1	1.0
30 to 34 years	0.0	0.7	0.7	*0.2	1.6
35 to 39 years	0.0	0.6	1.1	0.8	2.5

40 to 44 years	0.0	0.5	1.1	1.5	3.1
45 to 49 years	0.0	0.4	1.2	2.5	4.1
50 to 54 years	0.0	0.5	0.9	3.4	4.8
55 to 59 years	0.0	0.3	0.8	4.3	5.5
60 to 64 years	0.0	0.2	0.6	5.0	5.7
65 to 69 years	0.0	0.1	0.2	3.6	3.9
70 to 74 years	0.0	0.0	0.2	1.9	2.1
75 to 79 years	0.0	*0.0	0.1	0.5	0.6
80 to 84 years	0.0	*0.0	*0.1	*0.3	0.3
85 years and over	0.0	*0.0	*0.1	*0.2	*0.3
TOTAL	0.0	4.3	7.2	24.2	35.7
Persons					
15 to 19 years	0.0	0.1	-	-	0.1
20 to 24 years	0.0	0.6	-	-	0.7
25 to 29 years	0.0	1.4	0.7	*0.2	2.4
30 to 34 years	0.0	1.4	1.7	0.7	3.8
35 to 39 years	0.0	1.1	2.6	2.4	6.1
40 to 44 years	0.0	0.9	2.7	4.1	7.7
45 to 49 years	0.0	0.8	2.7	7.5	11.0
50 to 54 years	0.0	0.7	2.2	10.7	13.6
55 to 59 years	0.0	0.5	1.7	15.1	17.3
60 to 64 years	0.0	0.3	1.4	14.5	16.2
65 to 69 years	0.0	0.1	0.6	10.4	11.2
70 to 74 years	0.0	0.1	0.4	6.1	6.5
75 to 79 years	0.0	0.1	0.2	1.6	1.8
80 to 84 years	0.0	0.0	0.1	1.1	1.2
85 years and over	0.0	*0.0	*0.1	*0.5	*0.6
TOTAL	0.0	8.0	17.1	74.9	100.0

Notes: 'Low balance' is defined as less than \$40,000, 'high balance' is over \$100,000 and (logically enough) 'middle balance' lies between high and low.

*Estimate has a relative standard error rate of between 25 and 50 per cent and should be used with caution.

The data clearly indicates that, not surprisingly given the impact of continuing contributions and investment returns, the relative shares of superannuation rise markedly with age. While the 9.3 per cent of the population aged 25 to 29 have just 2.4 per cent of total superannuation assets, the 7.5 per cent of the population aged 55 to 59 hold around 17.3 per cent of superannuation assets. Nearly 60 per cent of total superannuation assets are held by those aged between 50 and 69.

Disparities between superannuation entitlements of men and women

The various data indicate that on average men are more likely both to have superannuation and to have a higher account balance. There are a number of reasons for this, including women having more time out of the paid labour force for family and other reasons and women being more likely to be employed in part-time and/or lower paid occupations.

The data appear to indicate that the share of superannuation assets held by women has not increased over the two years to 2011-12 after growing significantly over the previous two decades.

Going forward, there are likely to be some factors that will assist in boosting the share held by women:

- the phased increase in the rate of Superannuation Guarantee contributions to 12 per cent, which will benefit women in particular given that they are less likely to be receiving higher than minimum contributions from their employer.
- the proposed payment of superannuation contributions in regard to paid parental leave.

Less positive for women going forward is the proposed abolition of the Low Income Superannuation Contribution, with substantially more women than men currently the benefit of that government payment. The scaling back of the Superannuation Co-contribution by the previous Government also has impacted more on women than men.

Superannuation balances of employees

Before the introduction of award superannuation in the 1980s and the Superannuation Guarantee compulsory contributions in 1992, the coverage of superannuation was only around 40 per cent of employees, mostly in defined benefit schemes. Members were predominantly white-collar employees of large companies or in the public sector. Most fund members were male. Many large employers had in place a marriage bar on the permanent employment of women, with the Australian public service removing the marriage bar in 1966.

Along with the marriage bar, the concentration of women in industries and jobs with low rates of superannuation coverage led to only a relatively small proportion of women having superannuation. By 1992 award superannuation and other labour force developments had increased coverage to around 84 per cent of male employees and 76 per cent of female employees. Average balances were relatively modest, at around \$29,300 for males [in today's dollars, after adjusting for inflation since 1992] and only around \$10,600 for females. Breaks in employment also further limited women in accumulating superannuation savings.

At average retirement age, 60 to 64 years, the average balances for employees, again in today's dollars, were \$95,500 for men and \$46,900 for women. These average figures were influenced by the few with high balances, with the median figures [where 50 per cent of balances are below and 50 per cent are above] much lower. Those who were self employed or not employed at all had substantially lower superannuation balances.

These relatively low overall average balances are reflected in the average account figures for those on average or lower than average wages. For a male on the equivalent of \$30,000 a year now, the average balance was only around \$5,000 in today's dollars, while for a female it was \$3,200. For a male earning the equivalent of \$70,000 a year now, the average balance was only around \$30,000 in today's dollars, while for a female it was \$19,200.

Average balances in 2011-12

Average balances achieved by employees in 2011-12 were in the order of \$86,000 for males and \$52,000 for women (Table 6). These figures are well up on the inflation-adjusted average figures of around \$30,000 for male employees and around \$10,500 for female employees that applied 20 years earlier. Average balances are up in real terms and the disparity in balances between male and female average balances is much lower.

Average retirement payouts in 2011-12 for employees aged 60 to 64 were in the order of \$220,000 for males and \$135,000 for women. These compare to inflation adjusted figures of around \$100,000 for males and \$45,000 for females that applied 20 years earlier.

However, since 2011-12 there have been further increases in balances, with average retirement payments in June 2013 likely to be at least 15 per cent higher, given strong investment returns in 2012-13. Current retirement balances for employees are likely to have reached around \$260,000 for males and \$160,000 for females.

Table 6

	MAIN SOURCE OF INCOME (a)	
	Wage and salary	Own unincorporated business income
	Mean superannuation balance (\$)	
Male		
15 to 19 years	1,326	**1,844
20 to 24 years	7,029	6,482
25 to 29 years	21,773	11,232
30 to 34 years	37,372	17,678
35 to 39 years	61,287	26,892
40 to 44 years	81,180	31,648
45 to 49 years	121,378	54,857
50 to 54 years	163,825	45,058
55 to 59 years	218,707	127,416
60 to 64 years	221,267	*143,718
65 to 69 years	158,791	*205,611
70 to 74 years	*281,656	*32,619
75 to 79 years	n.p	n.p
80 to 84 years	n.p	n.p
85 years and over	n.p	n.p
TOTAL	85,645	56,682
Female		
15 to 19 years	789	**141
20 to 24 years	5,824	**3,360
25 to 29 years	16,399	*13,988
30 to 34 years	30,516	12,536
35 to 39 years	48,572	19,393
40 to 44 years	56,016	26,509
45 to 49 years	74,701	*26,799
50 to 54 years	85,316	*82,044
55 to 59 years	108,548	*99,572
60 to 64 years	133,801	*68,692
65 to 69 years	133,125	**181,984
70 to 74 years	**221,263	-
75 to 79 years	n.p	n.p
80 to 84 years	n.p	n.p
85 years and over	n.p	n.p
TOTAL	51,584	50,850
Persons		
15 to 19 years	1,047	**1,195

20 to 24 years	6,449	5,584
25 to 29 years	19,289	11,452
30 to 34 years	34,347	16,125
35 to 39 years	55,649	24,848
40 to 44 years	69,644	30,092
45 to 49 years	98,796	46,687
50 to 54 years	125,950	57,558
55 to 59 years	166,283	116,458
60 to 64 years	183,254	121,887
65 to 69 years	150,281	*200,228
70 to 74 years	*265,248	*29,139
75 to 79 years	n.p	n.p
80 to 84 years	n.p	n.p
85 years and over	n.p	n.p
TOTAL	69,796	54,990

*Estimate has a relative standard error rate of between 25 and 50 per cent and should be used with caution.

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The distribution of superannuation balances of employees and the self employed

Average balance figures are informative, but the distribution of account balances is also important. Table 7 provides details of the spread of account balances for both employees and the self employed.

Table 7: Distribution of superannuation by main source of income and sex of person, 2011-12

	SUPERANNUATION BALANCE GROUP (a)				
	Nil	Low	Middle	High	Total
	Distribution of population (%)				
Male					
Wage and salary	6.8	45.9	26.4	21.0	100.0
Self-employed	21.8	48.4	20.3	9.5	100.0
Total (a)	9.8	45.3	25.0	19.9	100.0
Female					
Wage and salary	8.3	57.0	22.8	12.0	100.0
Self-employed	24.7	48.7	16.3	10.3	100.0
Total (a)	10.9	56.0	21.4	11.7	100.0
Persons					
Wage and salary	7.5	51.0	24.7	16.8	100.0
Self-employed	22.6	48.5	19.1	9.7	100.0
Total	10.3	50.2	23.4	16.2	100.0

Note: (a) Low balance is defined as less than \$40,000, high balance is over \$100,000 and (logically enough), middle balance lies between high and low.

Only a minority of male employees currently have a superannuation balance over \$100,000. Even smaller proportions of females and the self employed, both male and female, have balances over \$100,000.

Assets held outside the superannuation system

The ABS figures also indicate that superannuation is the main financial asset held by employees. As indicated by Table 8, superannuation balances are much higher than average bank account balances or direct shareholdings. Some individuals will have an investment property, but they form only a small minority of employees.

Table 8: Financial assets of employees, 2011-12

	Cash	Shares	Superannuation
Age of person			
15 to 19 years	2,630	*150	1,047
20 to 24 years	5,558	*278	6,449
25 to 29 years	8,449	1,617	19,289
30 to 34 years	9,008	3,018	34,347
35 to 39 years	11,335	5,993	55,649
40 to 44 years	13,033	10,074	69,644
45 to 49 years	15,006	7,479	98,796
50 to 54 years	15,294	9,880	125,950
55 to 59 years	*26,736	6,810	166,283
60 to 64 years	19,858	10,663	183,254
65 to 69 years	25,773	*14,322	150,281

**Estimate has a relative standard error rate of between 25 and 50 per cent and should be used with caution.*