

Lessons from the Latest Super Industry Research: The Consumer View in 2007

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Key issues investigated in 2007

- How have the government's super changes impacted on consumer attitudes and behaviour?
- How confident are consumers of their retirement savings lasting the distance?
- How are super funds measuring up to consumer expectations?
- What do financial planners deliver in the superannuation space?



ANOP's 2007 research for ASFA



What: Builds on previous studies since 2001 and addresses topical issues in 2007

Who: 750 working Australians 25-69 years

When: Mid-late September 2007



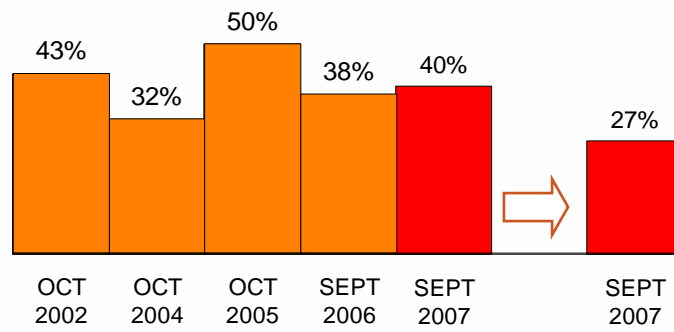
1. How have the government's super changes impacted on consumer attitudes and behaviour?



Consciousness of topical super issues?



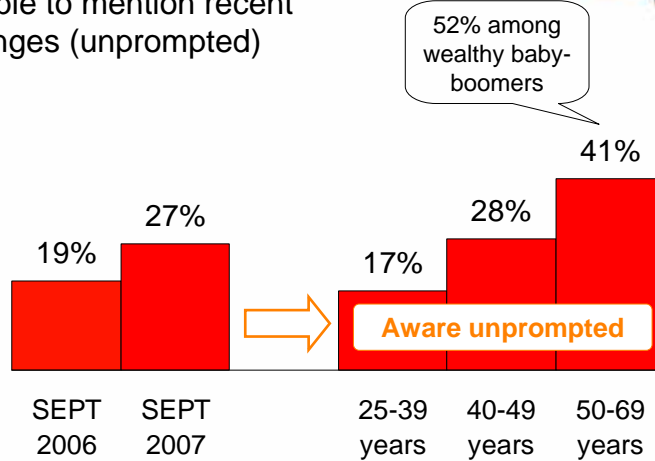
% able to mention issues (unprompted)



Who is aware of recent changes?

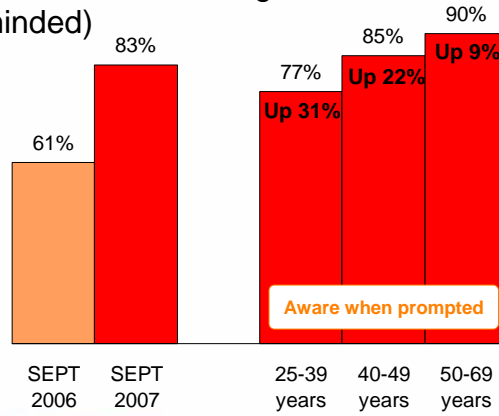


% able to mention recent changes (unprompted)

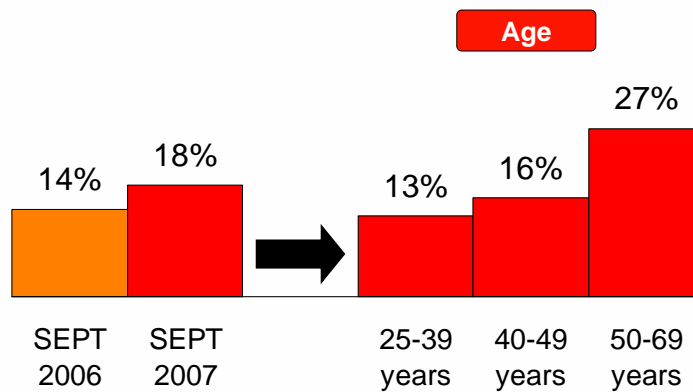


Awareness of recent changes when prompted?

% aware of tax & other changes (when reminded)



Have changes influenced the way you are saving for retirement?



What changes have the 18% made?

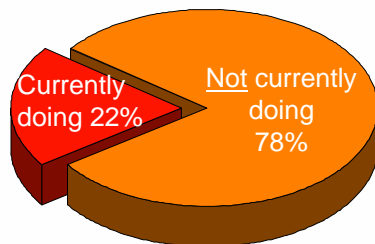


- 5% increased their contributions before 30 June 07
- 5% have increased their contributions this financial year
- 4% have done both
- 4% are seriously planning or re-assessing

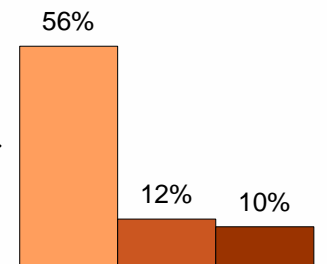
Only 2% report making a **substantial** contribution before 30 June.



Salary sacrifice?



Does employer allow it?



Reported salary sacrificing has been stable over 3 years at a 2 in 10 level

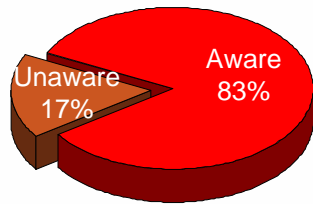
Yes, employer allows
No, does not allow
Unaware



Super Co-Contribution



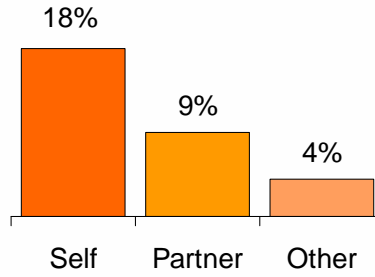
Aware?



Awareness & receipt are increasing

Who Has Received It?

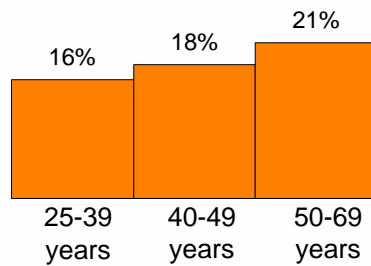
Receipt by someone in family up 13%



Who is involved in the Co-Contribution Scheme?



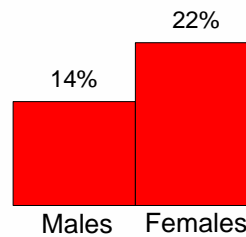
Age



Partner Receives

4% 9% 15%

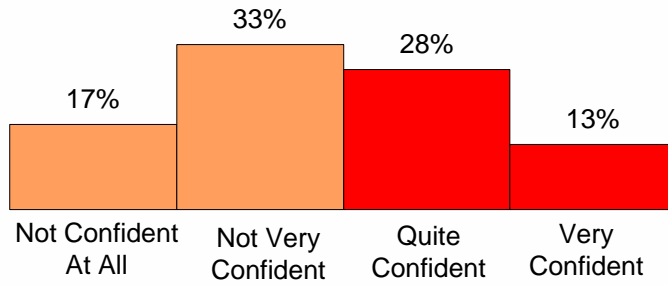
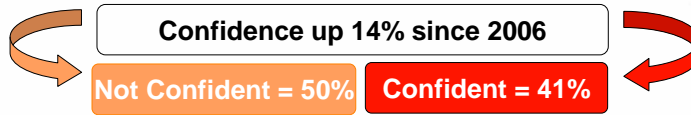
Gender



11% 6%



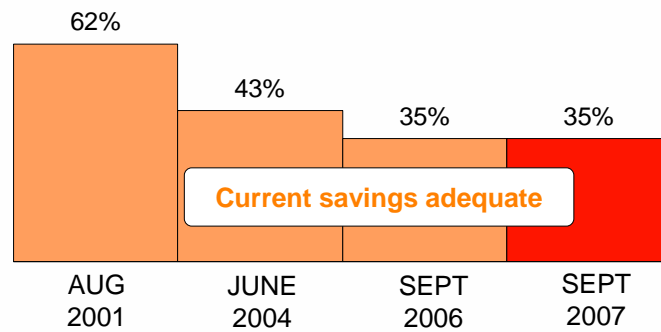
Permanence of super changes?



2. How confident are consumers of their retirement savings lasting the distance?



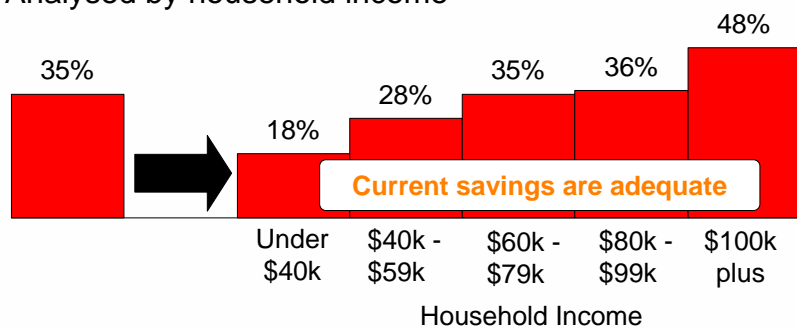
Adequacy of own retirement savings?



Adequacy of own retirement savings?



Analysed by household income



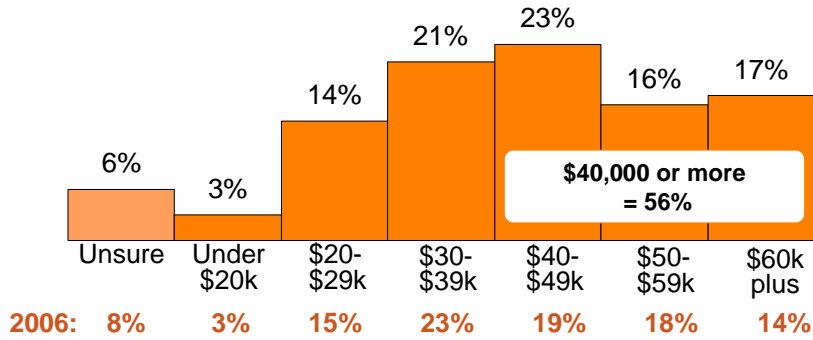
Men are more confident about the adequacy of their savings than women.



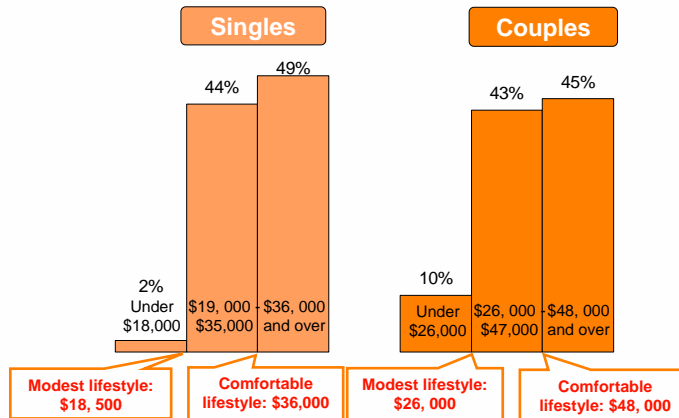
Annual income required in retirement?



Respondents estimated the minimum annual income they would require in retirement.



Retirement income estimates from singles and couples

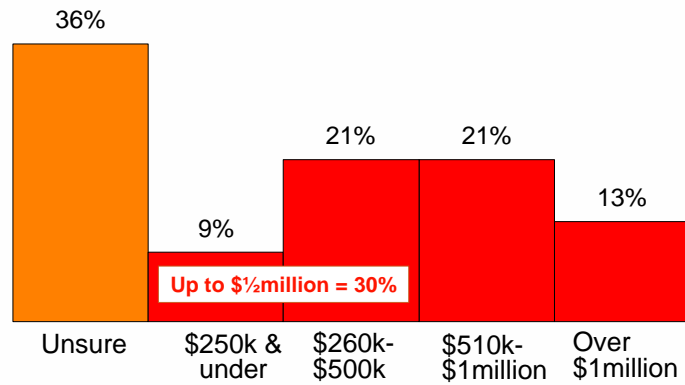


Analysed by Westpac – ASFA Retirement Standard

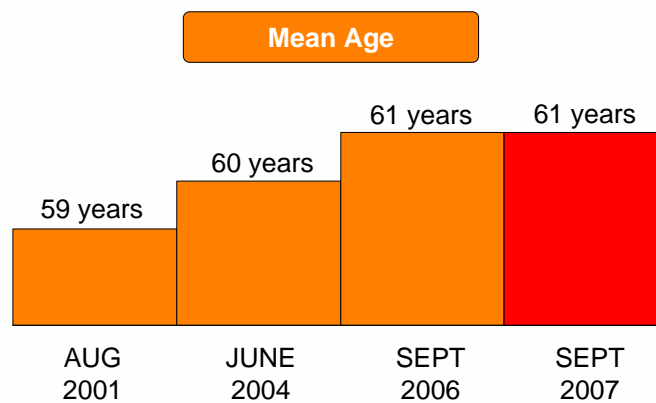


Total super savings needed?

Respondents estimated the total dollar amount they would need saved in super to provide their desired retirement income.



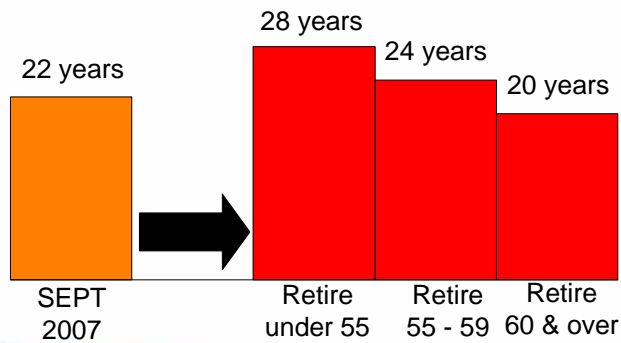
Age plan to start retiring?



Expected number of years in retirement?



Mean Years in Retirement as Fit & Active Person



Summing up so far...



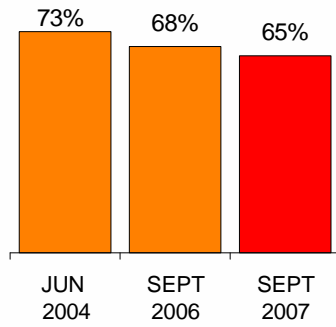
- Sectional impact of recent changes
- Realistic views on savings targets
- Most will fall short of desired retirement lifestyle



Is 9% enough?



Need more than 9%



What % is needed?

Response	Percentage
10 percent	7%
12 percent	18%
15 percent	28%
More than 15 percent	7%
Other. Unsure	5%

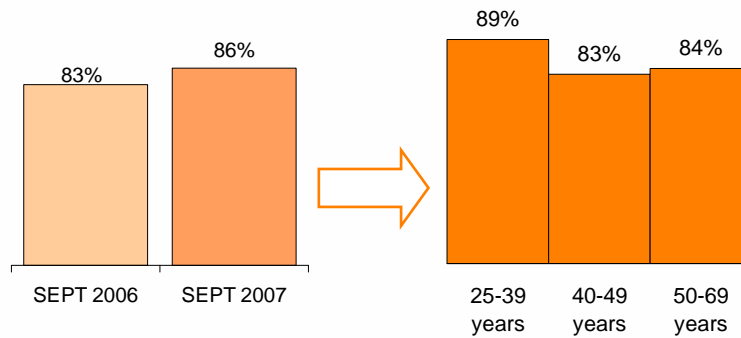
The 65%



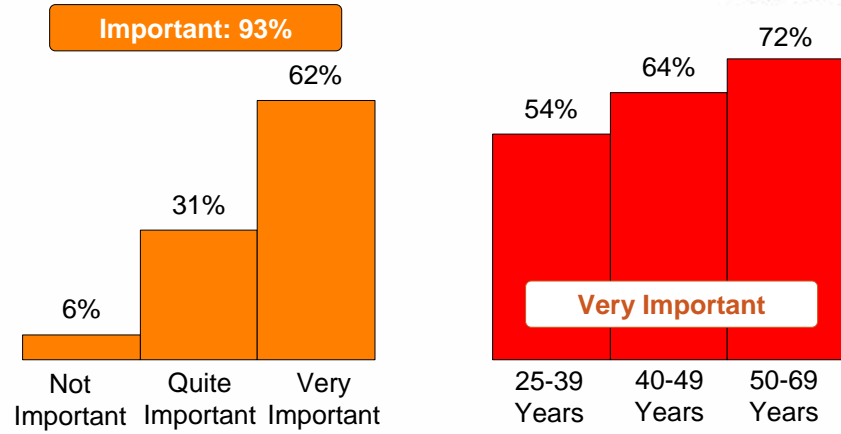
What about "soft compulsion"?



Good idea



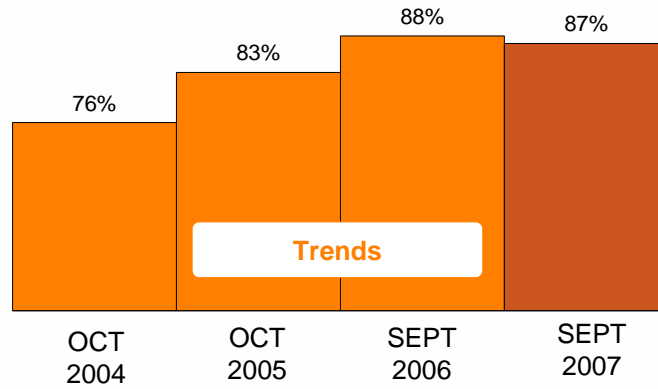
Importance of super as federal government issue?



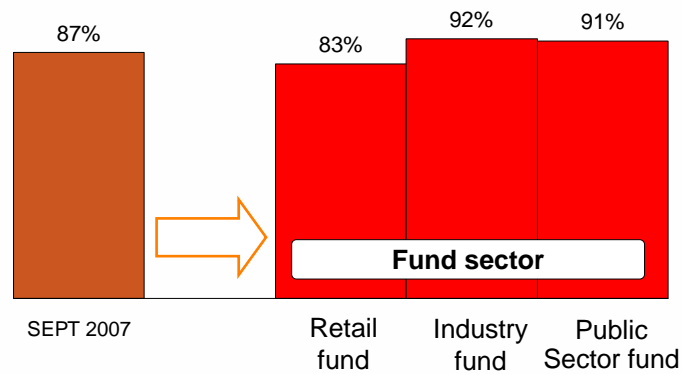
3. How are super funds measuring up to consumer expectations?



Happy with current super fund?



Happy with current super fund?



Drivers of satisfaction

Mentioned spontaneously



The main driver:

- **Good returns.** Good performance. Competitive returns

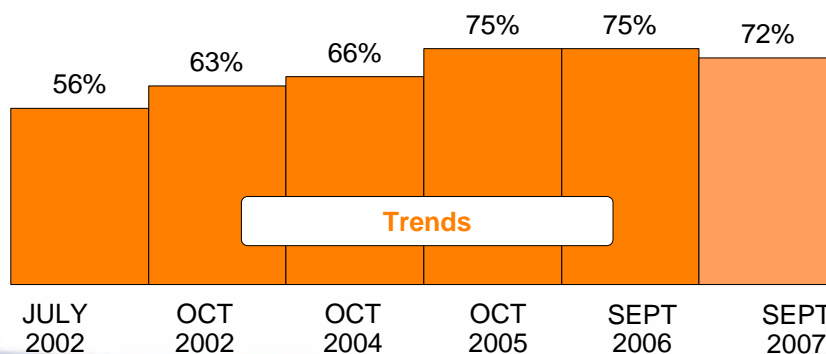
Followed by:

- **Good communication.** Keep me informed, up to date
- **No hassles.** No complaints. No problems
- **Low fees.** Reasonable. No hidden fees

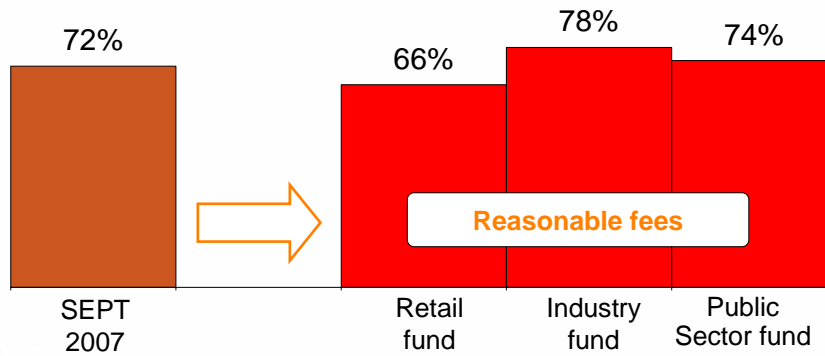


Are fees & charges reasonable?

% saying fees charged by current fund are reasonable

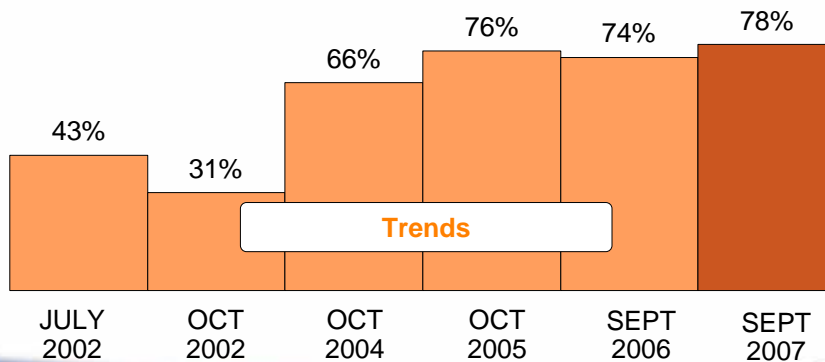


Are fees & charges reasonable?

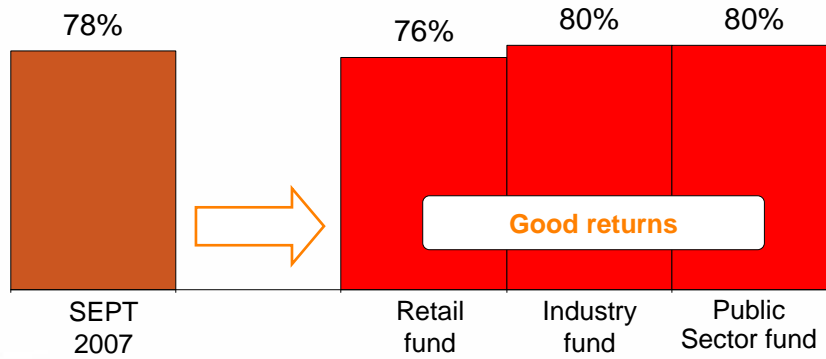


Satisfaction with current returns?

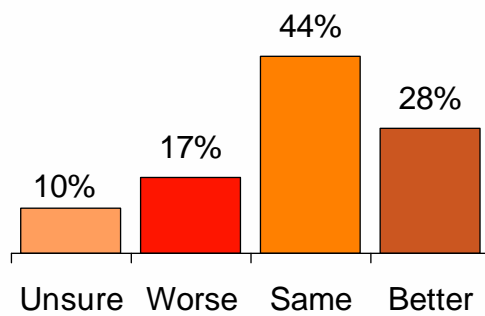
% rating returns from current fund as "very or quite good"



Satisfied with current returns?



Expected returns for 2007/8



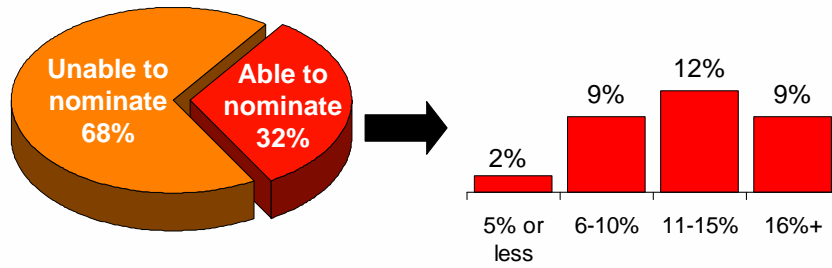
Optimism is highest among industry fund members, with 32% expecting better returns this year.



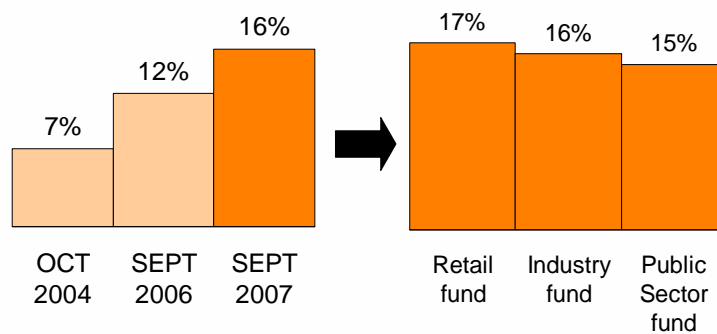
Knowledge of 2006/7 returns



Mean of 13.6%



How many have changed funds in the last 12 months?



Why did the 16% change funds?



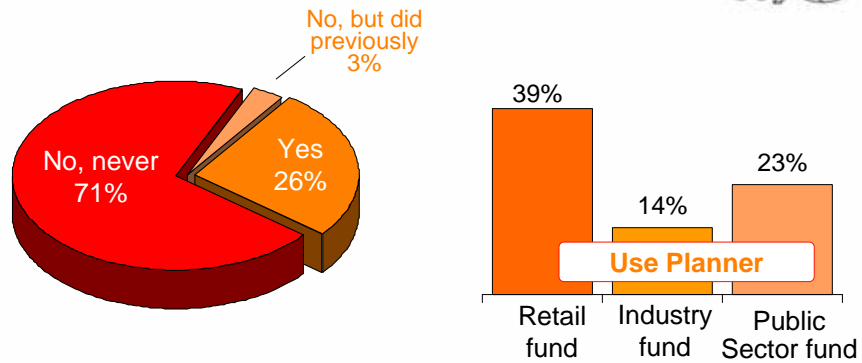
- 7% changed funds because they changed jobs
- 4% changed to consolidate
- 4% chose a new fund as a conscious act of choice – because of returns and/or fees & charges
- 1% changed because their employer changed funds



4. What do financial planners deliver in the superannuation space?



Use financial planner for help with super?



Half of those with financial planners have consulted them about whether to change super funds or not.



Those using financial planners are...



- ✓ More aware of super changes
- ✓ More likely to do something
- ✓ More confident about their super



Why have financial planner?



- **Expertise.** Knowledge
- **Need help.** Have complex investments

Why don't have financial planner?

- **No need.** Happy with way things are. Not much super
- **Cost.** Too expensive. Can't afford
- **Can do it myself.** Know what I'm doing
- **Other sources of advice.** Advice from accountant, relatives



Lessons from the research...



- In the super arena, changes in behaviour will be slow and incremental
- The challenge is to engage the Forty Somethings
- Member satisfaction is very sound but there is no room for complacency

