

**KEY VOTER GROUP
ATTITUDES ON SUPERANNUATION**
PREPARED FOR ASFA
MAY 1999
#4140





METHODOLOGY

Four focus groups were conducted in Melbourne and Sydney on Monday 3 May and Tuesday 4 May respectively.

To ensure we accommodated a range of relevant perspective's on superannuation, we stratified the groups as follows:

- 45-65 superannuation contributors - 2 groups;
- Soft Liberal voters, 35+ who are also super contributors - 1 group (the other three groups contained representative quotas of soft Liberal voters, but only one comprised specifically of this group);
- Small business owner / operators 35+, superannuation contributors - 1 group.

For all groups we also recruited to the following specifications

- Between 7 and 10 respondents per group;
- did not belong to any group actively trying to influence government;
- do not, have not, nor have any family member belong to a profession which might give them an unusual insight into social issues in Australia (marketing, PR, advertising, media, politics, teaching, financial services etc);
- are soft voters (ie are not active supporters of a political party and have not ruled out voting for either major party at the next election);

After thoroughly gauging top-of-mind responses to a number of superannuation issues, focus group participants were prompted with several pieces of stimulus material (attached) in order to gauge reaction to a number of key arguments and statements on superannuation issues.

In order to give the ASFA a closer "feel" of attitudes toward superannuation issues, a number of indicative verbatim comments from focus group participants are included within the report ¹.

- An (L) next to the comment, indicates that this comment was made by a soft Liberal voter;
- A (B) next to the comment indicates that this is a comment made by a small business owner / operators.

¹ Some comment's have been "tidied up" for readability (for example, excessive, non key words may have been removed, or a briefly interrupted comment may be presented as one statement). However there have been no changes which affect the substance, style or meaning of any participant's comment.



The focus groups were moderated by Simon Berger, Senior Project Director and this report written by Mark Textor, Managing Director and Simon Berger. Any questions relating to the findings in this report should be directed to Mark or Simon at +61-2-6260-4990.



EXECUTIVE SUMMARY

<u>“What they think”</u>	<u>“Why they think it”</u>
<p>Almost universal agreement that compulsory super was an undeniably good thing to have been introduced, that it should remain, be actively promoted by government and, if anything, <u>fortified</u>.</p>	<p>Encouraged self sufficiency and personal responsibility -- “doing the right thing” / “not being a drain on the tax payer” / “looking after yourself rather than looking for handouts”.</p> <p>Seen as absolutely necessary: Ageing population; System can’t cope</p>
<p>The government <u>should</u> remove tax on voluntary super</p>	<p>Need to encourage personal responsibility. To tax someone who is trying to do the right thing is <u>fundamentally wrong</u>.</p> <p>Tax on super is thought to be “short sighted” and “self defeating”. To tax super is to discourage personal responsibility and provision for retirement. To tax super therefore is to increase the dependence on that very same tax system later on.</p> <p>If you encourage people to save, you won’t need to pay them a pension. By removing tax you will be decreasing dependency on government handouts.</p> <p>For these reasons, super surcharge is deemed basically unfair.</p> <p>Discounted rate of tax for salary sacrifices is NOT seen as tax dodge -- indeed far from it! To tax it at all is deemed unfair. It is thought you need BIG incentives just to make it worthwhile (to salary sacrifice) because you <u>can’t touch the money for a long time</u>.</p> <p>‘While people see super as being currently unattractive for this reason, they, at the same time see it as important -- “I don’t find it appealing, but it’s for my own good.</p>



	<p>And it's extremely important for it to be appealing for <u>other</u> people, so that savings and personal responsibility are promoted and so the inevitable strain on the pension system is lessened. So the government needs to do MUCH MORE to make it appealing."</p> <p>It is thought that super is an investment "within the system", not a tax dodge. Super is seen an investment that <u>ordinary, honest</u> people make (People like Kerry Packer do something else entirely). It is acknowledged by a minority that more generous arrangements for super could possibly be taken advantage of by the big end of town, but that you could get around that by setting <u>limits</u> to tax free voluntary contributions.</p>
<p>Should make voluntary and compulsory super less complicated.</p>	<p>Because life's too complicated as it is. "Forget all this freedom to choose bull -- who's got the time or experience to work out the complex world of personal finance". Give me SIMPLICITY!</p>

Yes, Liberal soft voters propose solutions to the superannuation problem that may be somewhat simplistic (desire for a simple transparent universal government managed fund, etc), but they reflect the fact that:

- From a consumer / personal perspective, there is a strong desire for simplicity; bringing peace of mind and security in their decision -- over and above the freedom to choose;
- From their perspective of "what's right", Liberal soft voters value PERSONAL RESPONSIBILITY (albeit engaged through forced / encouraged saving) far more highly than freedom of choice.

If the government continues to claim to have done its job on super by increasing "choice" they are in real danger of marching to a tune far different than that which beats for ordinary Australians on this issue.