RESEARCH & RESOURCE CENTRE

Are retirement savings on track?

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EXECUTIVE SUMMARY

Until recently there has only been limited data available on levels and distribution of superannuation account balances. However, newly available unit records from the Australian Bureau of Statistics 2003-04 Survey of Income and Housing allow for the first time a comprehensive account to be compiled of the level and diversity of superannuation balances at both the individual and household level. Much of this information is published for the first time in this research paper.

The data indicate that there has been considerable progress in spreading superannuation to a larger proportion of the population and in increasing superannuation balances. However, current average balances are below those which the Commonwealth Treasury projected at the time compulsory superannuation was introduced. The data also indicate that there are a number of groups with relatively low levels of superannuation who need further assistance and encouragement to save if they are to achieve even a modest standard of living in retirement.

Average balances

Average balances achieved by 2004 were at $56,400 for men and $23,900 for women. These are just over half the Treasury projected balance for men, and less than half the projected average balance for women. Median balances were considerably lower given that many individuals have no or little superannuation.

With average retirement payouts in 2003-04 of the order of $110,000 for men and only $37,000 for women clearly most recent retirees will need to substantially rely on the Age Pension in their retirement.

Since 2003-04 there have been further increases in balances, with average retirement payments in 2006-07 likely to have reached around $130,000 for men and $45,000 for women, a grand average of around $90,000 for persons. For all persons aged 25 to 64 the averages in 2006-07 were likely to be around $68,000 for men, $29,000 for women and $48,000 for persons.

As the compulsory super system matures, outcomes will improve. On the basis of the current average superannuation balance and average income of those aged 35 to 44 and the assumption of only compulsory super contributions being made, the average retirement superannuation payout at age 60 for a male currently in this age group would be $183,000, while for a female it would only be $93,000. With around 70% of retirees in this age cohort likely to have superannuation balances below these amounts, these projections suggest that compulsory superannuation will provide a useful but modest supplement to the Age Pension for the majority of this age cohort.

The distribution of account balances

While the average super payout for men retiring in 2003-04 was $110,000 around 70% of men in that age group had balances of less than $100,000. Nearly 90% of women aged 60 to 64 had superannuation balances less than $100,000, with around 75% of women having less than $40,000. For younger age groups account balances were lower on average but with a similar skewed distribution with most people having balances below the average amount.

Government measures to assist retirement savings

While the abolition of taxes on benefits received by those aged 60 and over from a taxed fund provides a welcome boost to retirement living standards it is of direct relevance to less than 20% of current and reasonably prospective retirees. Only a small minority of retirees have or are likely to have lump sum benefits in excess of the tax free threshold applying to such benefits.

The abolition of the tax on benefits received by those aged over 60 is an affordable measure for government. The cost of the abolition of the tax on benefits from taxed funds and the rebate and lower rates on benefits from untaxed is projected to cost nearly $1.5 billion a year, making a direct contribution of this amount to the retirement savings and/or retirement income of Australians who have retired. As the SG system continues to mature the percentage benefiting from the abolition of taxes will increase.

For most Australians a boost to the co-contribution and/or a reduction in the tax on employer and other tax deductible contributions would be of greater benefit than the abolition of the tax on superannuation benefits received by those aged 60 and over. The cost to the Commonwealth Budget would also be potentially greater.

For example, for the current average male in the age group 35 to 44 an additional $1,000 a year contribution from after tax income together with the government co-contribution would boost the retirement payout to $220,000 from $183,000 in today's dollar terms. A permanent doubling of the co-contribution, rather than just a one-off increase in regard to contributions would further increase the payout to $229,000 (only the co-contribution would double, not the $1,000 a year after tax contribution).

Females on average get a higher co-contribution than do males because of their lower average income. For a female aged 35 to 44 with the current average superannuation balance and income for that group, a $1,000 a year contribution would boost the retirement payout from $93,000 to $154,000. A permanent doubling of the co-contribution would increase the payout to $186,000.

The easing of the assets test for receipt of the Age Pension with effect of 20 September 2007 also will be of assistance or potential assistance to a significant number of retirees. Around 165,000 current Age Pensioners will benefit from the easing of the assets test and perhaps there will be up to 50,000 new and additional Age Pensioners who qualify due to the easing in the assets test. The number benefiting will increase over time with the growth in superannuation balances and other retirement savings.

Identifying those with more or less superannuation

There are marked differences in superannuation entitlements by gender, income, labour force status, industry and occupation (although a number of these factors are correlated).

Men hold around 70% of total account balances. However, the share held by women is up markedly from the low 23% in 1994.

Those with relatively high account balances hold in total a large part of overall superannuation assets. The 10% of the population with superannuation balances over $100,000 accounted for just over 60% of the total superannuation assets at the time. The 14.5% of men with balances over $100,000 accounted for the bulk of this (with a share of 48%) with the 5.5% of women with balances over $100,000 accounting for a share of 15% of the total superannuation assets.

The data also indicate (not too surprisingly) that the relative shares of superannuation rise markedly with age. While the 27% of the population aged 25 to 34 have just 9% of total superannuation assets, the 10.7% of the population aged 55 to 59 have just over 20% of superannuation assets.

For men in particular high superannuation balances are associated with above average incomes, particularly at younger ages. However, for women the pattern is more mixed as many women have paid labour force experience which is disrupted by family and other responsibilities and by many women being in part-time jobs at older ages.

The data also confirm that those who are middle income and middle-aged frequently have low or modest superannuation balances. Many of these individuals have not had the benefit of superannuation contributions other than compulsory superannuation since 1992. They are a group that enhancements to the co-contribution would particularly assist. Given the stage of their lifecycle a system of soft compulsion leading to higher contributions than the compulsory 9% employer contribution unless the individual opts out could also play a useful role in boosting the retirement savings of this group.

ARE RETIREMENT SAVINGS ON TRACK?

Despite the commencement of industrial award based superannuation in the late 1980s and the introduction of compulsory superannuation in 1992 in the form of the Superannuation Guarantee, the majority of adult Australians still have relatively modest levels of superannuation. 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, have no superannuation at all.

For some individuals this lack of retirement savings in the form of superannuation will be remedied over time as the result of further contributions being made and investment returns being received. That said, for many who are approaching retirement it may be difficult to make up for lost ground even with significant additional contributions. For others government encouragement and assistance for further superannuation contributions might have the potential to lift superannuation savings to a level more consistent with a modest or even comfortable standard of living in retirement.

PAST PROJECTIONS OF RETIREMENT SAVINGS

Until recently the available data on the distribution of superannuation balances was very scant. Prior to 2004 most estimates of superannuation holdings at the household or individual level were based on microsimulation models derived from secondary sources, rather than direct collection of data from households. Examples of such estimates include various summary data published by the Retirement Income Modelling Group (or its predecessor) within the Commonwealth Treasury, and various papers published by the National Centre for Social and Economic Modelling (NATSEM) at the University of Canberra. Since then data has become available firstly from Wave 2 of the Household, Income and Labour Dynamics in Australia (HILDA) for superannuation balances in 2002 and recently from the ABS Survey of Income and Housing, 2003-04.

The data indicate that the compulsory superannuation system has been very successful in increasing the proportion of the population with superannuation and in increasing the average superannuation balance, but progress has not been as rapid as some forecasts made back in the 1990s. While microsimulation modelling attempts to take into account the various advances and/or setbacks that individuals encounter during the lifecycle, it is easy for projections to be unduly optimistic, particularly if the average balance is overestimated at the starting point.

For instance in 1996 Treasury estimated that the average superannuation balance was, as at 1994, $42,000 for men and $17,000 for women. Translating those figures into 2004 dollars by allowing for increases in the CPI (without any allowance for investment earnings or further contributions), this suggests average balances in excess of $60,000 for men and $24,000 for women in more or less today’s dollar terms. It was expected that by 2004 the real average balance for men would be

$74,000 and for women it would be $40,000. Translated into 2004 dollars these figures are around $100,000 for men and $53,000 for women. As indicated in the next section, these amounts are considerably higher than what was achieved on average.

NEW DATA ON THE LEVEL OF RETIREMENT SAVINGS

Average retirement savings by age group

Reality appears to have fallen short of the Treasury projections. As shown by Table 1 below, actual average balances achieved by 2004, were $56,400 for men and $23,900 for women. These balances were just over half the projected balance for men, and less than half the projected average balance for women (after adjusting for price changes).

Table 1: Average Superannuation Balance, 2003-04

Persons aged 25-64 years

Superannuation Group		Nil	Low	Middle	High	Overall
Male	**25-34**	$0	$12,480	$58,540	$137,228	$15,823
	35-44	$0	$16,058	$60,305	$180,854	$39,069
	45-54	$0	$17,130	$63,503	$250,670	$78,183
	55-59	$0	$16,034	$67,905	$324,755	$108,359
	60-64	$0	$16,484	$67,541	$337,754	**$108,377**
	All	$0	$14,806	$62,484	$265,645	**$56,405**
Female	**25-34**	$0	$10,464	$59,124	$166,573	$11,751
	35-44	$0	$11,232	$60,068	$158,600	$17,412
	45-54	$0	$12,942	$62,492	$203,277	$31,851
	55-59	$0	$14,318	$63,636	$239,275	$42,379
	60-64	$0	$15,914	$73,015	$236,086	**$36,614**
	All	$0	$11,678	$62,286	$209,116	**$23,889**
Persons	**25-34**	$0	$11,486	$58,743	$150,498	$13,770
	35-44	$0	$13,458	$60,229	$175,616	$28,136
	45-54	$0	$14,686	$63,149	$237,543	$54,822
	55-59	$0	$15,106	$65,958	$299,046	$75,221
	60-64	$0	$16,239	$69,611	$308,405	**$73,150**
	All	$0	$13,155	$62,414	$249,710	**$40,050**

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. Source for this and later tables is the Unit Record File of the ABS Survey of Income and Housing, 2003-04.

It is possible that the figures in the table, which were derived for ASFA by NATSEM from the ABS Survey of Income and Housing unit record file, underestimate superannuation balances as they are based on information from households with some individuals not aware of their current superannuation balance or underestimating their balance. However, the data in the table are for those aged 25 to 64. Inclusion of those aged less than 25 and those 65 and over reduces the overall averages significantly, by around 25%.

Release by the Treasury of updated projections together with their reconciliation of such numbers with their earlier projections would assist in coming to firm conclusions in this area.

The figures in the table above are averages and distributions for all persons in the various age groups. Medians are considerably below the average figures given that a significant proportion of each age group has nil or little superannuation. For instance, the median for all males is $17,775 compared to an average (mean) of $56,405.

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. More specifically, 24.3% of the group surveyed reported that they had nil superannuation. The percentage varied between males and females, with around 18.5% of males reporting nil superannuation, and 30% of women with no superannuation. Around 65% of females in their early 60s reported having no superannuation. This would be a result of some in the age group never having had super, while others would have had some superannuation but had taken their benefit from the superannuation system.

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 2003-04 of the order of $110,000 for men and only $37,000 for women it is clear that most recent retirees will need to substantially rely on the Age Pension in their retirement. This is confirmed by other ABS figures indicating that around 70% of income units headed by a person aged 65 and over rely on the government pension as the principal source of income.

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. However, even for these younger women early retirement, retrenchment and withdrawal from the paid labour force for family and other reasons also will have an impact.

All that said, average retirement payments in 2006-07 are likely to have reached around $130,000 for men and $45,000 for women, a grand average of around $90,000 for persons. For all persons aged 25 to 64 the averages in 2006-07 were likely to be around $68,000 for men, $29,000 for women and $48,000 for persons.

DISTRIBUTION OF SUPER BALANCES BY HOUSEHOLD

Most retiree households are made up of more than one person, but a significant minority of retiree households consist of single, divorced or widowed persons.

As indicated by Table 2, average balances per household tend to be not quite twice the average balance held by an individual the same age as the reference person for the household. However, the average balances are still modest (at $124,000 for households headed by a person aged 60 to 64). As well, around 70% of households with reference person aged 60 to 64 have balances less than $100,000.

It should also be noted that many households have a mixture of generations, with the superannuation of a 30 year old child not available to their 62 year old parent. This is the result of both the operation of the preservation arrangements applying to superannuation, and the attitudes of the average 30 year old.

Table 2: Average balance per person and per household

Age of reference person	Per Person	Per household
25-34	$13,770	$26,638
35-44	$28,136	$49,069
45-54	$54,822	$93,760
55-59	$75,221	$132,793
60-64	$73,150	$124,102
All	$40,050	$71,568

THE DISTRIBUTION OF SUPERANNUATION BALANCES

There is a significant impact on the averages by the minority with very substantial superannuation balances. More specifically, while the average balance for men aged 60 to 64 was $110,000 around 70% of men in that age group had balances of less than $100,000. Nearly 90% of women aged 60 to 64 had superannuation balances less than $100,000, with around 75% of women having less than $40,000 (Table 3).

That said, there are a significant minority of Australians with superannuation account balances in excess of $100,000. The ABS figures indicated that there are some 760,000 males and 300,000 females with such balances.

The million dollar club is more exclusive. Other data published by Rice Warner Actuaries suggest that there are less than 5,500 individuals with more than $1 million in a personal retail superannuation product, with fewer than 1,500 individuals with more than $1 million in a post-retirement income stream product.

However, the ranks of these superannuation relatively rich groups are set to expand, with media reports indicating that for one provider alone, Macquarie, there have been an additional 700 individuals making $1 million superannuation contributions in the context of the window of opportunity available to do that before 1 July 2007. That said, the evidence of substantial numbers of individuals contributing large amounts to superannuation in the run-up to 1 July 2007 is more anecdotal than statistical. It is likely the number involved will be more in the thousands than tens of thousands of individuals, with additional contributions somewhat less than $10 billion. Much of the flow is also likely to occur in the June quarter 2007, with little evidence of increased flows in the available data up to the March quarter 2007.

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 the 30% of men in the 60 to 64 age group with more than $100,000 in super, the average balance was around $338,000 while for the 12% of women in that age group with more than $100,000 in super the average was $236,000. It is the significant minority of men with large superannuation balances that leads to the average for men overall being larger than that for women.

However, it is not a bed of roses going forward for either men or women. Only a minority of the age cohort of those aged 55 to 59 appear likely to achieve superannuation balances in excess of $100,000 when they reach retirement. For this age group only 27% of men and 12% of women had balances in excess of $100,000. These percentages could be expected to increase as the result of further contributions and investments earnings attributable to this age group, but a large increase in the proportions is not likely.

Superannuation balances are even lower for those of younger ages. For instance, Table 3 indicates that 90% of women aged 35 to 44 had superannuation balances of less than $40,000, with around 70% of men also having balances of less than $40,000. While this age group still has some time to build up their superannuation balances many still have a long way to go in terms of achieving savings that will support a modest standard of living in retirement let alone a comfortable standard of living.

More specifically, on the basis of the current average superannuation balance and average income of those aged 35 to 44 and the assumption of only compulsory super contributions being made, the average retirement superannuation payout at age 60 for a male currently in this age group would be $183,000, while for a female it would only be $93,000. **With around 70% of retirees in this age cohort likely to have superannuation balances below these amounts, compulsory superannuation will provide a useful but relatively modest supplement to the Age Pension for the majority of this age cohort.**

Table 3: Distribution of superannuation by age group and gender

Level of super		Nil	Low	Middle	High	Overall
		% of Pop'n	% of Pop'n	% of Pop'n	% of Pop'n	% of Pop'n
Male	25-34	1.9	10.3	1.0	0.2	13.4
	35-44	2.2	7.5	2.9	1.4	14.0
	45-54	2.1	4.8	2.9	2.9	12.7
	55-59	1.5	1.5	0.9	1.5	5.4
	60-64	1.7	0.9	0.5	1.3	4.4
	All	9.3	25.0	8.3	7.2	49.8
Female	25-34	2.9	10.0	0.6	0.1	13.6
	35-44	3.7	8.7	1.4	0.4	14.2
	45-54	3.5	6.8	1.6	1.1	13.0
	55-59	2.3	1.7	0.7	0.7	5.4
	60-64	2.7	0.7	0.3	0.5	4.2
	All	15.0	27.9	4.6	2.8	50.3
Persons	25-34	4.7	20.3	1.6	0.3	26.9
	35-44	5.9	16.2	4.3	1.8	28.2
	45-54	5.5	11.6	4.5	4.0	25.6
	55-59	3.7	3.2	1.6	2.2	10.7
	60-64	4.4	1.6	0.9	1.8	8.7
	All	24.3	52.8	12.8	10.1	100

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.

While the abolition of taxes on benefits received by those aged 60 and over from a taxed fund provides a welcome boost to retirement living standards it is of relevance to less than 20% of those currently retiring as only a small minority of retirees have lump sum benefits in excess of the tax free threshold previously applying to such benefits ($135,590 in 2006-07). As well, most retirees with larger lump sums already paid little or no tax because they take their benefit in income stream form and receive a 15% tax rebate on their income stream with some also benefiting from the Seniors Tax Offset.

The abolition of the tax on benefits received by those aged over 60 is an affordable measure for government. That said, the cost of the abolition of the tax on benefits from taxed funds and the rebate and lower rates on benefits from untaxed is projected to cost nearly $1.5 billion a year by 2009-10, making a direct contribution of this amount to the retirement savings and/or retirement income of Australians who have retired.

As the SG system continues to mature the percentage benefiting from the abolition of taxes will increase. Another advantage of the abolition of taxes on benefits received from a taxed fund by those aged 60 and over is that it leads to much greater simplicity of the system. Public opinion polling undertaken in 2006 by ANOP for ASFA indicates widespread community for the Simpler Super package of measures. For individuals approaching retirement the prospect of a tax cut in the immediate future is attractive, and for younger persons the measure is seen as an additional incentive to save.

That said, for most Australians a boost to the co-contribution and/or a reduction in the tax on employer and other tax deductible contributions would be of greater objective benefit. In this context the additional one-off co-contribution applying to personal contributions made in 2005-06 was a welcome addition. However, to substantially increase the relatively low current and prospective superannuation benefits for most people further action is required. An additional and ongoing co-contribution would be of considerable assistance to those with low superannuation balances who are never likely to be assisted by the abolition of tax on benefits from a taxed fund.

For example, for the current average male in the age group 35 to 44 an additional $1,000 a year contribution from after tax income together with the current government co-contribution would boost the retirement payout at age 60 to $220,000 from $183,000 in today’s dollar terms. A permanent doubling of the co-contribution, rather than just a one-off increase in regard to contributions, would further increase the payout to $229,000 (an increase in the co-contribution would not require the member to make a contribution over and above their existing $1,000 a year contribution).

For a female aged 35 to 44 with the current average superannuation balance and income for that group, a $1,000 a year contribution would boost the retirement payout from $93,000 to $154,000. A permanent doubling of the co-contribution would increase the payout to $186,000, which is beginning to get respectable.

Increasing the maximum amount of the co-contribution would particularly benefit females given their lower average incomes, while easing the means test applying to the co-contribution would benefit both males and females. It would be of particular benefit to middle income earners. ASFA in its 2007-08 Pre-Budget Submission focused on middle income earners with modest or low superannuation balances who, if suitably encouraged, have a capacity to make additional contributions. ASFA recommended that for contributions made in 2007-08 and later years the maximum co-contribution remain at $1,500, but this be available for persons with assessable income and reportable fringe benefits of less than $40,000 a year. It also recommended that the maximum co-contribution phase down as income exceeds $40,000 a year, at a rate of 7.5 cents in the dollar.

For an individual on $40,000 per year the change proposed by ASFA to the co-contribution would provide up to $20,000 in benefits in today’s dollars, compared to only $2,460 in benefits in the form of less tax on a lump sum from the removal of the tax on benefits for those aged 60 and over. For an individual on $50,000 per year the proposed change to the co-contribution would provide up to $12,000 in benefits in today’s dollars, compared to only $8,310 in benefits in the from of less tax on a lump sum.

The Simpler Super package also made a number of significant changes to the means test for the Age Pension. The assets test taper rate was halved with effect from 20 September 2007 so that pension recipients will only lose $1.50 per fortnight (rather than $3) for every $1,000 of assets above the relevant threshold. The assets test exemption for complying income streams will also be removed for new income streams purchased on or after 20 September 2007. However, no change was made to the income test arrangements.

Over 90% of current Age Pensioners are on a part-rate pension through income testing (rather than asset testing). The reason for this is that there is a current assets test threshold for homeowners of $161,500 for couples and $229,000 (combined) for couples and most retirees have assets other than the family home (which is exempt from the test) below these amounts. That said, around 165,000 current Age Pensioners will benefit from the easing of the assets test and perhaps there will be up to 50,000 new and additional Age Pensioners who qualify due to the easing in the assets test.

These changes to the means test actually make up a large proportion of the costs of the Simpler Super package, with an estimated cost of $593 million in 2007-08 rising to $966 million in 2009-10, a total of over $2.4 billion over the three years.

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 70% of total account balances in 2003-04 compared to around 30% for women** (Table 4). While on the face of it this would appear to be a very substantial disparity, it amounts to a very substantial improvement for women on the Treasury estimated share for women in 1994 of 23%. Treasury projected that the share of superannuation assets held by women would only reach 33% by 2019 so **it would seem that "sisters are doin' it for themselves" (using the words of a classic Eurythmics song) a bit more rapidly than Treasury projected.**

Tables 3 and 4 indicate that the 10% of the population with superannuation balances over $100,000 accounted for just over 60% of the total superannuation assets at the time. The 14.5% of men with balances over $100,000 accounted for the bulk of this (with a share of 48%) with the 5.5% of women with balances over $100,000 accounting for a share of 15% of the total superannuation assets. While these figures indicate that superannuation entitlements are not evenly distributed in the community, it is not surprising that a minority of the population have a higher share as those with many years of employment have had the benefit of many years of contributions and investment earnings. Younger people with low balances have the time and opportunity in many instances to increase their account balance.

Consistent with this proposition, the data indicate that the relative shares of superannuation rise markedly with age. While the 27% of the population aged 25 to 34 have just 9% of total superannuation assets, the 10.7% of the population aged 55 to 59 have just over 20% of superannuation assets.

Table 4: Shares of superannuation by age group and gender

Level of super		Nil	Low	Middle	High	Overall
		% of Super	% of Super	% of Super	% of Super	% of Super
Male	**25-34**	0.0	3.2	1.5	0.6	5.3
	35-44	0.0	3.0	4.4	6.2	13.6
	45-54	0.0	2.1	4.7	18.1	24.9
	55-59	0.0	0.6	1.5	12.4	14.5
	60-64	0.0	0.4	0.9	10.6	11.9
	All	0.0	9.2	12.9	47.9	70.0
Female	**25-34**	0.0	2.6	0.8	0.6	4.0
	35-44	0.0	2.4	2.0	1.7	6.1
	45-54	0.0	2.2	2.5	5.6	10.3
	55-59	0.0	0.6	1.2	3.9	5.7
	60-64	0.0	0.3	0.6	3.0	3.9
	All	0.0	8.1	7.1	14.8	30.0
Persons	**25-34**	0.0	5.8	2.3	1.1	9.2
	35-44	0.0	5.4	6.4	7.9	19.7
	45-54	0.0	4.2	7.1	23.7	35.0
	55-59	0.0	1.2	2.6	16.3	20.1
	60-64	0.0	0.6	1.5	13.6	15.7
	All	0.0	17.4	20.0	62.7	100

WHAT FACTORS ARE ASSOCIATED WITH HIGH (OR LOW) SUPERANNUATION BALANCES?

The data quantify what could be regarded as "bleeding obvious" reasons for high or low superannuation balances. The data also indicate that there are numerous exceptions to general rules and/or that the life course has a range of experiences for many people. These obvious points (and exceptions) are explored below.

Level of income and superannuation balances

Low income is a pretty good predictor of a nil or low superannuation balance. Individuals with an annual income comparable to that provided by social security benefits are very well represented in the groups with no superannuation balance (Table 5). Those on very low incomes and relying on social security often have had limited paid labour force experience and they also have opportunities to draw on what superannuation they do have through release of benefits on the grounds of either permanent disability or hardship. The self employed also would be well represented in the nil superannuation category given the relatively low coverage rate amongst the self employed. This latter factor most likely boost the average income for the nil group, particularly for males.

Table 5: Average income by level of superannuation balance

Superannuation Group		Nil	Low	Middle	High	Overall
Male	**25-34**	$26,667	$42,871	$60,220	$62,723	$42,195
	35-44	$27,435	$43,142	$68,673	$81,426	$49,784
	45-54	$29,361	$37,274	$56,538	$74,697	$48,958
	55-59	$19,112	$34,905	$43,984	$57,911	$38,608
	60-64	$14,393	$31,972	$34,924	$45,979	$29,578
	All	$24,007	$41,002	$58,545	$67,157	$44,552
Female	**25-34**	$18,211	$30,732	$47,321	$45,955	$28,891
	35-44	$16,024	$28,579	$49,365	$46,324	$27,848
	45-54	$14,069	$27,133	$41,821	$51,374	$27,504
	55-59	$10,923	$22,989	$35,445	$33,716	$20,894
	60-64	$10,859	$23,863	$21,319	$28,447	$15,883
	All	$14,288	$28,536	$42,274	$42,133	$26,289
Persons	**25-34**	$21,528	$36,889	$55,739	$55,140	$35,489
	35-44	$20,268	$35,295	$62,496	$73,164	$38,710
	45-54	$19,757	$31,356	$51,378	$68,237	$38,141
	55-59	$14,144	$28,462	$40,090	$50,634	$29,711
	60-64	$12,215	$28,494	$29,781	$40,918	$22,855
	All	$17,994	$34,423	$52,769	$60,103	$35,366

For men in particular high superannuation balances are associated with above average incomes, particularly at younger ages. However, for women the pattern is more mixed with a significant number of women having high superannuation account balances but low current income. This is likely to reflect many women having paid labour force experience which is disrupted by family and other responsibilities and by the many women being in part-time jobs at older ages. The table also provides a reminder that women on average have lower incomes than men.

The data in the table also confirm that there are many who are middle income and middle-aged who have low or modest superannuation balances. Many of these individuals have not had the benefit of superannuation contributions other than compulsory superannuation since 1992.

They are a group that would be particularly assisted by enhancements to the co-contribution.

SUPERANNUATION BALANCES AND LABOUR FORCE STATUS AND LEVEL OF QUALIFICATIONS

As indicated by Table 6, lone parents and lone person households are disproportionately represented in the nil and low superannuation groups. While lone parents make up 8.2% of the total number with nil superannuation, they make up only 1.8% of those with high superannuation, that is a balance over $100,000.

Having little superannuation is not a direct consequence of being a sole parent, but it is a direct consequence of not being in the paid labour force. As also shown by the table, the majority of individuals with no superannuation are either unemployed or not in the labour force. On the other hand a large majority (but certainly not all) individuals with high superannuation are employed full-time. Those with low superannuation have a variety of labour force experiences, but being employed part-time appears to be a causal factor for a significant minority of those with low superannuation.

Table 6: Distribution of superannuation by personal characteristics

	Superannuation Group			
	Nil	Low	Middle	High
Lone Parent	8.2	4.8	2.1	1.8
Lone Person	25.3	23.0	16.9	15.6
Labour Force Status				
Employed Full-time	18.3	60.2	78.4	69.0
Employed Part time	13.4	25.0	12.7	11.4
Unemployed	5.9	3.2	1.0	0.7
Not in the labour force	62.4	11.7	7.9	18.9
All	100	100	100	100
Highest Qualification				
Degree+	11.8	21.2	29.0	34.4
Diploma	6.4	9.5	9.0	12.4
Certificate	20.7	28.9	28.9	23.4
No post school	60.1	39.2	31.9	28.2
Other	1.0	1.1	1.1	1.6
All	100	100	100	100

A university degree or other post-school qualification also appears to be of assistance in achieving higher levels of superannuation. Again this is tied up with paid labour force experience and rates of pay received. At the other end of the spectrum a large proportion of those with nil superannuation have no post-school qualification.

SUPERANNUATION BALANCES BY INDUSTRY AND OCCUPATION

Again the data shows the segmentation of superannuation balances according to the labour force characteristics of individuals. The incidence of low or nil superannuation is particularly high in the industries of agriculture, construction, retail trade, hospitality, and culture and recreation. The incidence of high balances is greatest in finance, government administration and education.

The level of earnings in various industries and occupations, the tendency to self employment and/or part-time work in specific industries, and the applicability of relatively generous defined benefit schemes to government employees are all relevant factors in the pattern of high and low balances by industry and occupation.

Table 7: Level of superannuation by industry of the individual

	Superannuation Group			
	Nil	Low	Middle	High
Industry (of those employed F/T or P/T)				
Agriculture, Forestry& Fishing	7.1	3.2	2.3	2.2
Mining	0.5	0.8	1.7	2.0
Manufacturing	9.3	12.8	14.5	12.0
Electricity, Gas & Water Supply	0.3	0.7	1.5	2.7
Construction	11.2	8.1	8.2	4.7
Wholesale Trade	4.4	4.8	5.0	4.4
Retail Trade	15.7	12.4	6.5	5.3
Accommodation, Cafes & Restaurants	4.8	4.1	1.5	1.0
Transport and Storage	5.2	5.5	5.4	4.6
Communication Services	1.5	1.8	3.0	3.2
Finance and Insurance	1.9	3.2	5.0	6.1
Property and Business Services	13.1	12.0	11.0	11.8
Government Administration and Defence	2.6	4.5	8.3	14.2
Education	5.3	7.3	9.8	12.8
Health and Community Services	8.1	13.1	10.6	8.0
Cultural and Recreational Services	3.2	2.2	2.0	1.5
Personal and Other Services	5.8	3.7	3.8	3.4

In regard to the split by professions, the incidence of high balances is greatest for managers and administrators, and professionals. It is lowest for tradepersons, clerical and sales, and labourers. Again average rates of pay, the incidence of self employment and rates of involvement in public sector schemes appear to be important factors in these outcomes. . In particular, just under half of the group “Government Administration and Defence” have balances over $100,000, a much higher proportion than for other groups.

Table 8: Level of superannuation by occupation of the individual

	Superannuation Group			
	Nil	Low	Middle	High
Occupation (of those employed F/T or P/T)				
Managers and Administrators	10.0	6.3	13.7	18.6
Professionals	13.2	18.7	27.6	30.7
Associate Professionals	12.1	12.3	15.2	18.1
Tradespersons and Related Workers	14.2	11.8	12.5	7.6
Advanced Clerical and Service Workers	4.4	3.9	3.2	3.1
Intermediate Clerical, Sales & Service Workers	13.3	19.7	11.3	9.6
Intermediate Production and Transport Workers	9.8	9.4	8.3	6.6
Elementary Clerical, Sales & Service Workers	9.2	7.9	3.5	2.8
Labourers and Related Workers	13.1	9.3	3.7	1.6