



# Annual Superannuation Survey

prepared for  
Association of Superannuation Funds

**Matt Balogh**  
Managing Consultant  
McNair Ingenuity Research Pty Ltd

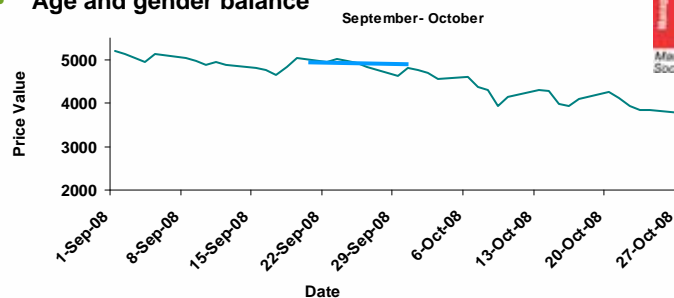


ASFA 2008 REACHING NEW HEIGHTS



## Method

- Quantitative telephone survey conducted amongst 750 people Australia wide.
- Conducted by McNair Ingenuity Research from our own call centre in Sydney between 16th September and 4th October, 2008
- Who?
  - Typically families
  - Employed – 67% full time (21% self employed)
  - Age and gender balance



## No Surprises!

- Investment returns an issue for 42% of respondents.
- Market collapse an issue for 9% of respondents.
- The recent declines in returns has influenced 13% of respondents to change how much they contribute to super or the way they are saving for retirement.
- 12% of respondents have increased their superannuation contribution this financial year (14% in 2007).
- Expectations:    ↑ 26%                    ↓ 39%                    ⇔ 45%



3

## Attitudes

- The one most important thing respondents value from a superannuation fund is good/better returns (42%), followed by a secure, big fund (13%).
- Drivers of super fund unhappiness are poor returns, high fees and charges.
- 79% of respondents reported their superannuation fund communicates with them well.
- 86% of respondents easily or mostly understand the transaction statements they receive from their super fund.
- 3 in 5 respondents think the fees charged by their super fund are reasonable.

4

## Fund Performance

- 46% of respondents rate returns from their main super fund as good (8% very good and 38% quite good).
- Satisfaction with the financial performance of a superannuation fund is related to overall satisfaction with a fund. 55% of respondents satisfied with their fund overall, rate the financial performance as good.
- 37% of respondents reported a percentage return from their main super fund for the period July 2007 to June 2008.
- 45% of respondents calculated returns will stay about the same or be better than last year's financial return.
- When asked about the approximate percentage return for the financial period July 2008 to June 2009, 39% expected a decline, 28% expected similar returns to 2008-2009 and 18% are expecting an improvement in returns. Only 7% expected and improvement of more than 5%, while one-in-five expected a decline of up to 5% and 17% a greater decline.


5

## Salary Sacrifice and Co-contributions

- 76% of respondents are aware of the super co-contribution scheme. Down by 7% from 2007.
- 65% of respondents would use the co-contribution scheme if the income test were eased.
- 82% of respondents agreed that the government should require all employers to allow employees to make salary sacrifice contributions.
- 29% of respondents reported that they or someone else in their family has received a super co-contribution from the government in the last financial year.


6

ASFA 2008 REACHING NEW HEIGHTS




## Generational Differences

25-39 years	50-69 years
Less likely to be thinking about investment returns	Thinking about investment returns
Did not change contributions this financial year	Increased contributions this financial year
Average age planned for retirement 62.1 years	Average age planned for retirement 65.1 years
Mostly understand transaction statements from super fund	Easily understand transaction statements from super fund
Less likely to have a financial planner	More likely to have a financial planner
Happy with main super fund	Not happy with main super fund
Minimum annual income in the hand required when retire \$50,000 plus	Minimum annual income in the hand required when retire \$30,000 - \$49,999
Would find it helpful to have access to a personalised projection of what their retirement income would be.	Less likely to find it helpful to have access to a personalised projection of what their retirement income would be.




7

ASFA 2008 REACHING NEW HEIGHTS



## Insights – Changes between 2007 and 2008

2007	2008
Increased awareness of : <ul style="list-style-type: none"> <li>changes to tax on super (11%);</li> <li>co-contribution scheme (6%);</li> <li>new laws/rules (6%);</li> <li>changes to contribution (6%)</li> </ul>	Increased awareness of: <ul style="list-style-type: none"> <li>investment returns (42%);</li> <li>market collapse (9%);</li> <li>changes to tax on super (3%);</li> <li>changes to contributions(3%)</li> </ul>
Changed how much you've contributed to super or changed the way you're saving for retirement <ul style="list-style-type: none"> <li>Yes, made changes (18%)</li> <li>No, no change (65%)</li> </ul>	Changed how much you've contributed to super or changed the way you're saving for retirement <ul style="list-style-type: none"> <li>Yes, made changes (13%)</li> <li>No, no change (87%)</li> </ul>
14% increased super contributions in 2007	12% increased super contributions this year
3% planning to contribute more to superannuation	8% planning to contribute more to superannuation
Confident superannuation changes are here to stay: <ul style="list-style-type: none"> <li>Very confident (13%)</li> <li>Quite confident (28%)</li> </ul>	Confident superannuation changes are here to stay: <ul style="list-style-type: none"> <li>Very confident (26%)</li> <li>Quite confident (39%)</li> </ul>
60.9 average retirement age	63.4 average retirement age



8

## Insights – Changes between 2007 and 2008



2007	2008
<p>87% Satisfied with main superfund</p> <p>Reasons for satisfaction:</p> <ul style="list-style-type: none"> <li>• Good returns (37%), good customer service (15%), no problems (14%), low fees (10%)</li> </ul> <p>Reasons for dissatisfaction:</p> <ul style="list-style-type: none"> <li>• Poor returns, high fees and charges, poor communication</li> </ul>	<p>80% Satisfied with main superfund</p> <p>Reasons for satisfaction:</p> <ul style="list-style-type: none"> <li>• Good returns (22%), easy/convenient (11%), no problems (10%), secure, big fund (9%)</li> </ul> <p>Reasons for dissatisfaction:</p> <ul style="list-style-type: none"> <li>• Poor returns, high fees and charges, it is not the superfund of my choice due to employer or award.</li> </ul>
<p>Financial performance of main superfund:</p> <ul style="list-style-type: none"> <li>• Very good (21%);</li> <li>• Quite good (57%);</li> <li>• Not very good (9%); and</li> <li>• Poor (3%)</li> </ul>	<p>Financial performance of main superfund:</p> <ul style="list-style-type: none"> <li>• Very good (8%);</li> <li>• Quite good (38%);</li> <li>• Not very good (22%); and</li> <li>• Poor (19%)</li> </ul>

## Insights – By Fund

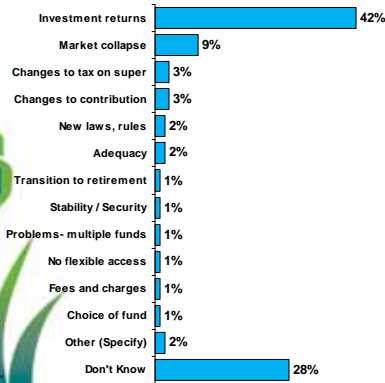


	Company	Industry	Retail	SMSF
Recent Declines in investment returns	Influenced respondents to change how much they contribute to super or the way they are saving for retirement	Less likely to influence respondents to change the way they are saving for retirement.	Less likely to influence respondents to change the way they are saving for retirement.	Influenced respondents to change how much they contribute to super or the way they are saving for retirement
Generally happy with main super fund	60% happy -Good/better returns -Employer makes contributions	83% happy -Good/better returns -Low fees	72% happy -Good/better returns -Easy/convenient	86% happy -No problems -Control/ I have control
Not happy with main super fund	24% not happy -Poor returns -High fees and charges	11% unhappy -Poor returns -High fees and charges	23% unhappy -Poor returns -High fees and charges	12% unhappy -Poor returns -High fees and charges
Super fund communicates well	76% of respondents in a company fund agree with this statement.	81% of respondents in an industry fund agree with this statement.	75% of respondents in a retail fund agree with this statement.	87% of respondents in a SMSF agree with this statement.
Financial performance of main super fund	39% good 20% not very good 41% poor	10% very good 39% quite good 19% not very good 19% poor	2% very good 41% quite good 25% not very good 25% poor	15% very good 40% quite good 21% not very good 18% poor

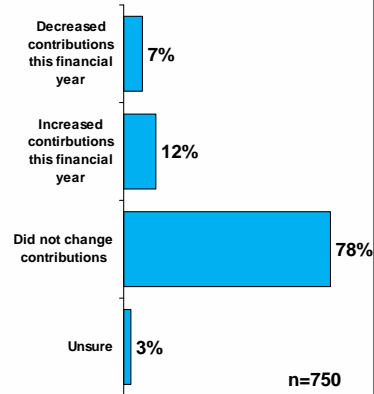
# Awareness and Impact of Superannuation



Q5: Thinking about things to do with superannuation. Are there any issues related to superannuation that have caught your attention recently? What are they?



Q7: And have you increased or decreased your superannuation contribution this financial year? (I mean for the period July 2008 to June 2009)



# Awareness and Impact of Superannuation



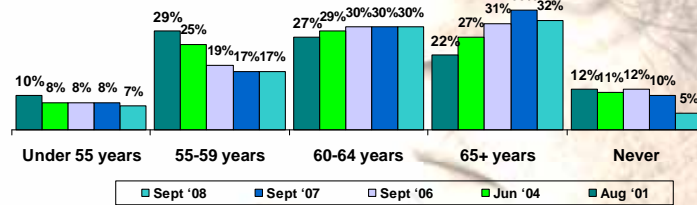
Q9: How confident are you that superannuation tax arrangements are here to stay and won't be changed significantly?



## Expected Years in Retirement



Q11: At what age do you plan to start retiring, or did you start retiring?

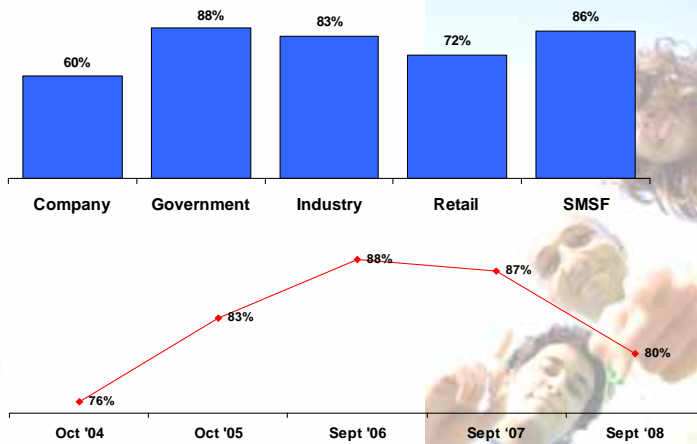


n=750

## Attitudes to Own Superannuation Fund



Q12: Are you generally happy with your (main) super fund, or not happy with them?



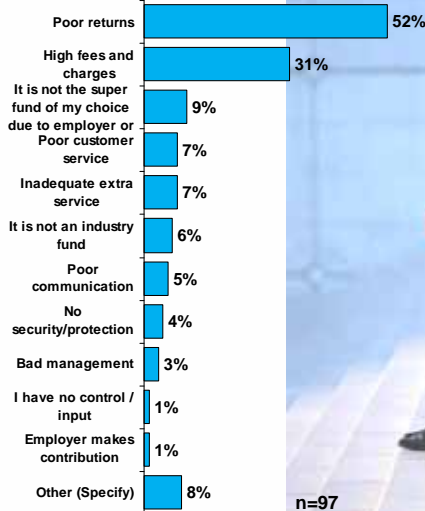
n=750



## Attitudes to Own Superannuation Fund



Q13a: Why are you not happy with your super fund?



n=97

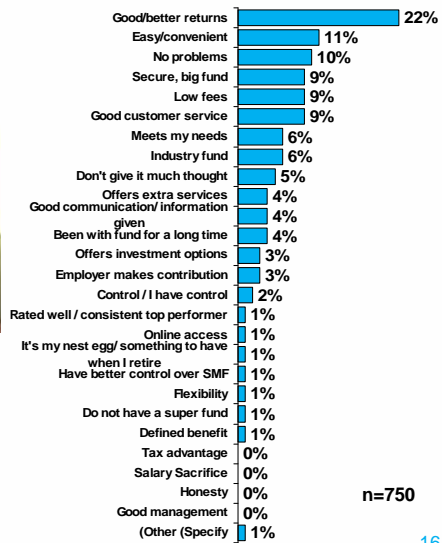
15



## Attitudes to Own Superannuation Fund



Q13b: What do you like about your super fund?



n=750

16

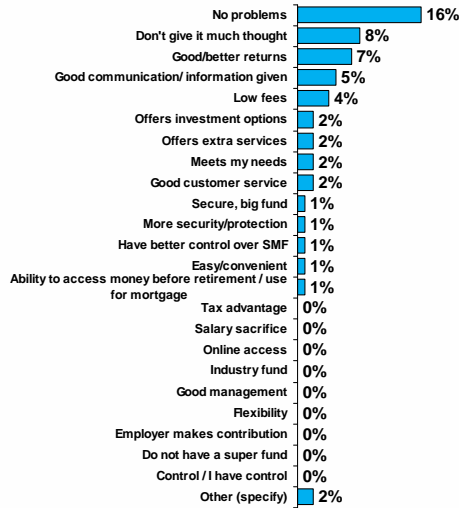




## Attitudes to Own Superannuation Fund



Q13c: Are there any things that you feel your superannuation fund should be providing but are not doing so?

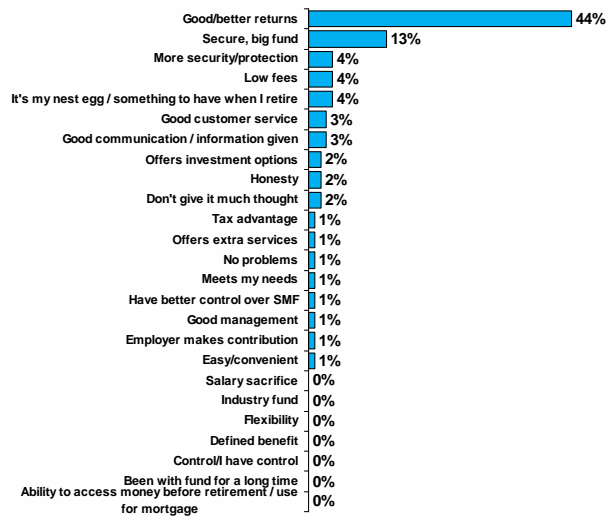


n=750

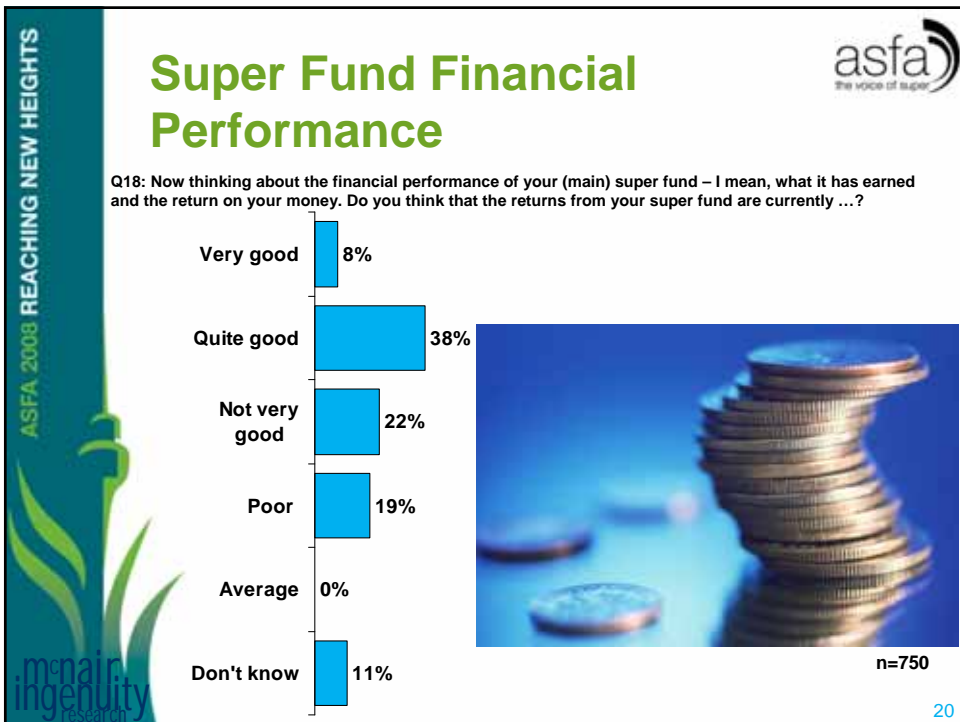
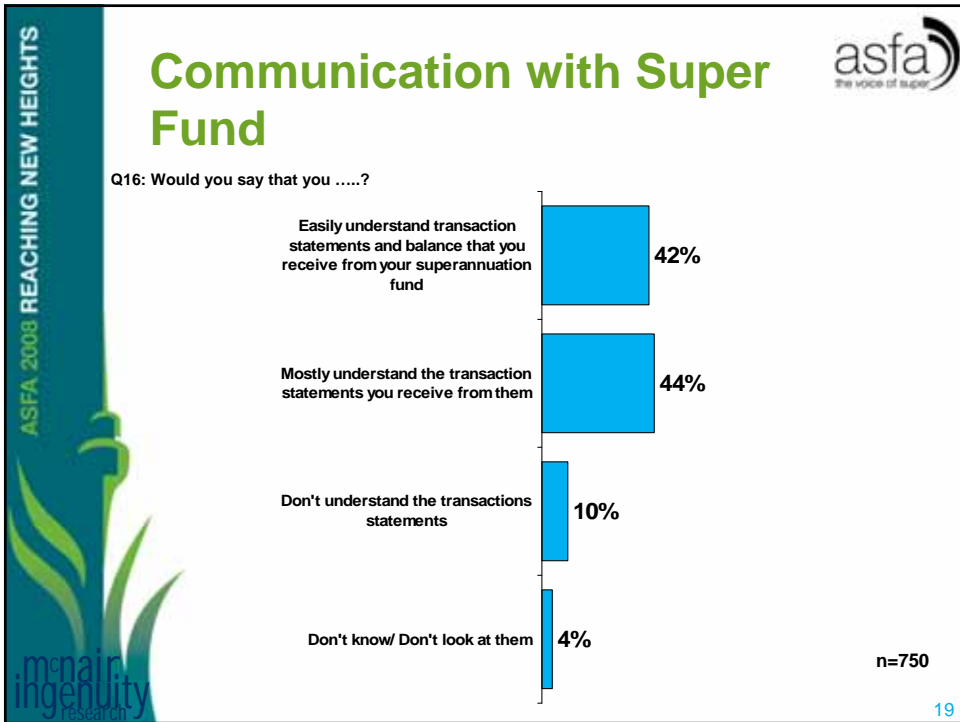
## Attitudes to Own Superannuation Fund



Q13d: What would be the one most important thing you value from a superannuation fund?



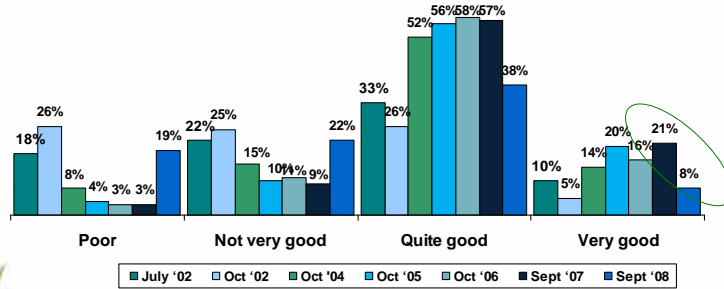
n=750



## Super Fund Financial Performance



Q18: Now thinking about the financial performance of your (main) super fund – I mean, what it has earned and the return on your money. Do you think that the returns from your super fund are currently ...?

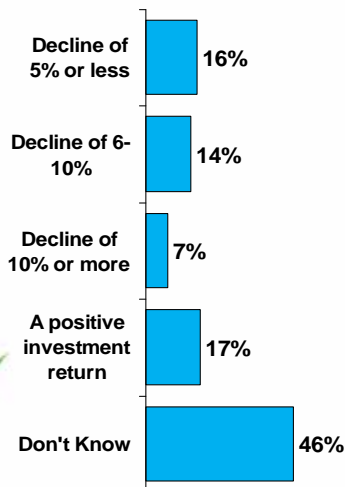


n=750

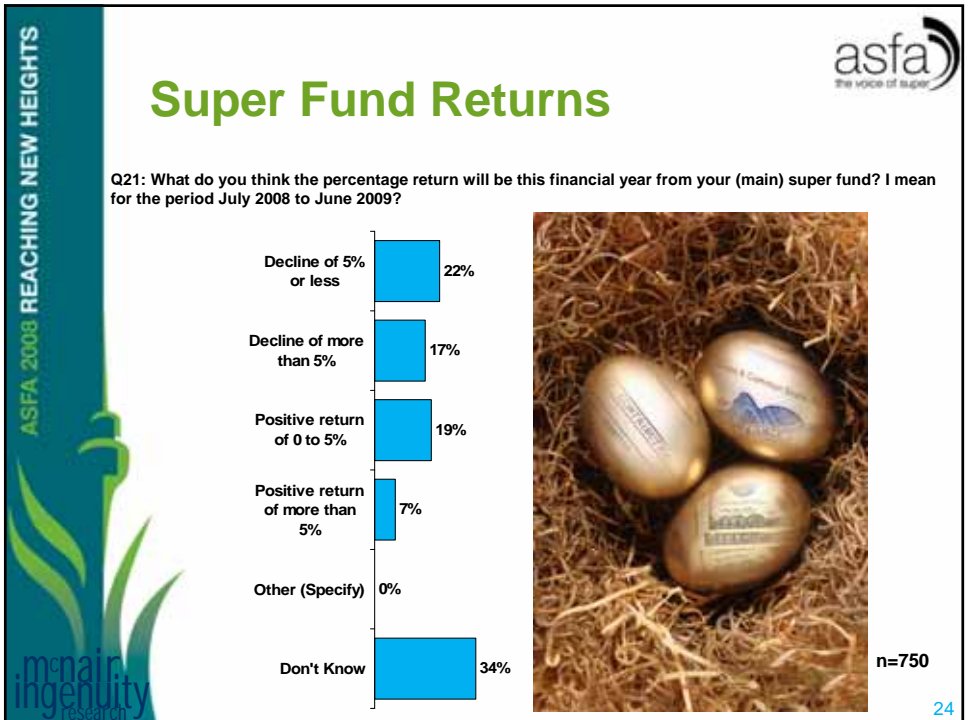
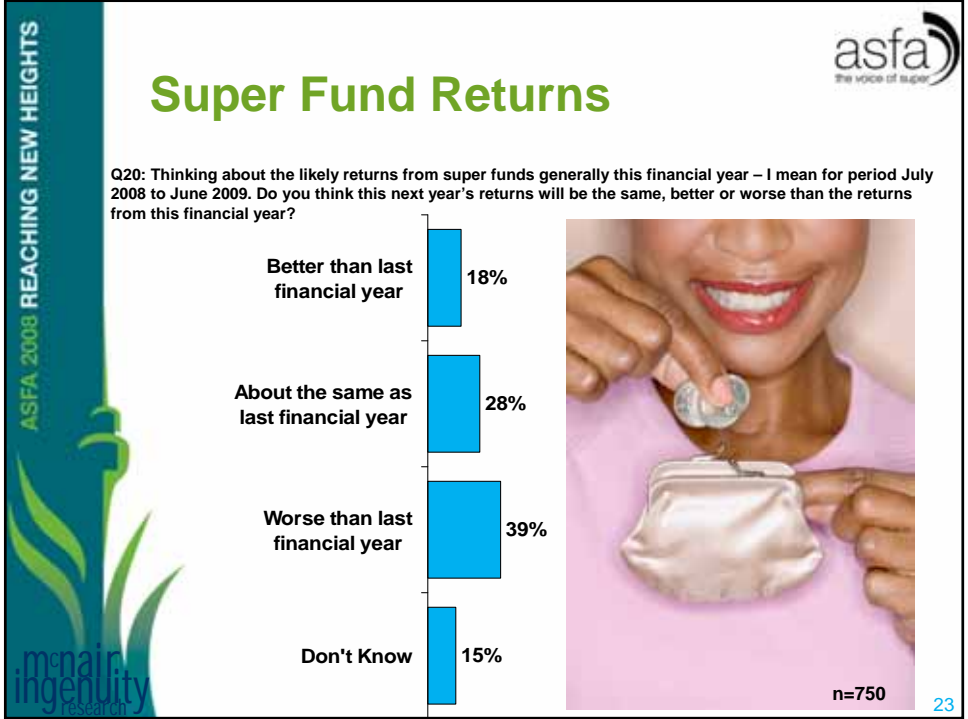
## Super Fund Returns



Q19: Do you know approximately what the percentage return was from your (main) super fund for the past financial year – I mean for the period July 2007 to June 2008? Was it a...



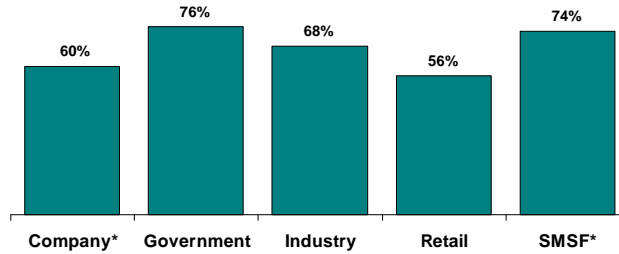
n=750



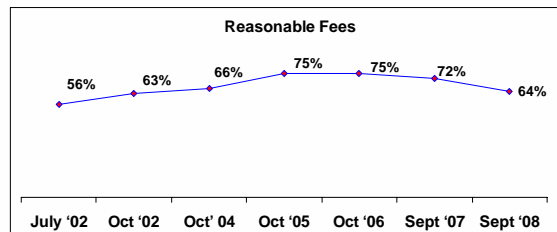
## Super Fund Fees and Charges



Q22: And thinking about fees charged by your super fund, Do you think your (main) super fund's fees and charges are reasonable or not reasonable?



\*Small Sample

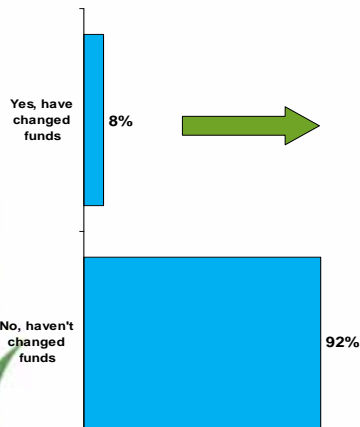


n=750

## Changed Super Funds in last 12 months

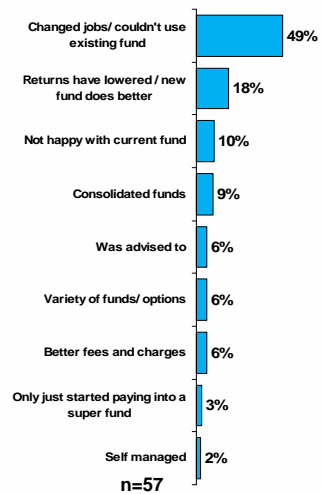


Q24: Have you changed super funds in the last 12 months or not? I mean since September last year?



n=750

Q25: If yes, why did you change super funds?

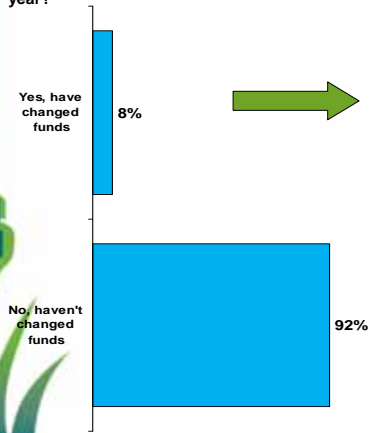


n=57

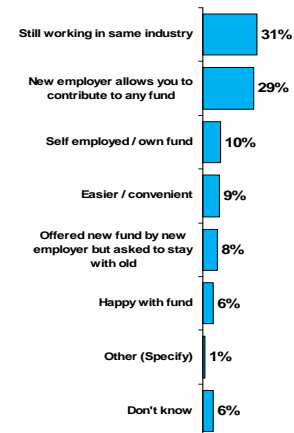
## Changed Super Funds in last 12 months



Q24: Have you changed super funds in the last 12 months or not? I mean since September last year?



Q26: Why didn't you change super funds when you changed jobs?



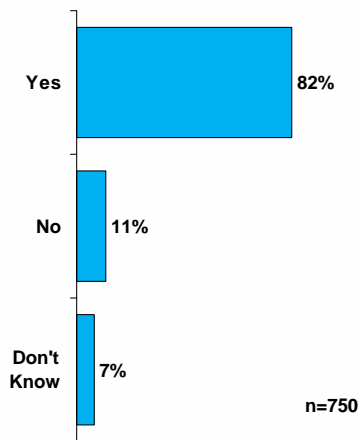
McNair Ingenuity Research n=750

n=62

## Salary Sacrifice and Co-contributions



Q27: Some employers do not allow their employees to make salary sacrifice contributions to superannuation. Do you think that the government should require all employers to allow their employees to make salary sacrifice contributions?



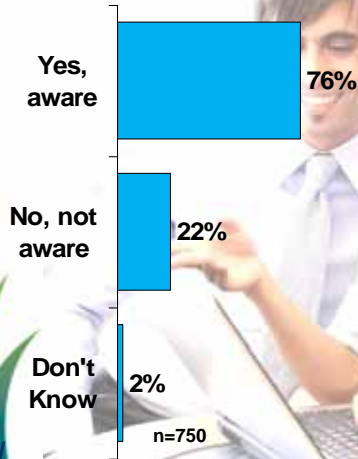
McNair Ingenuity Research

n=750

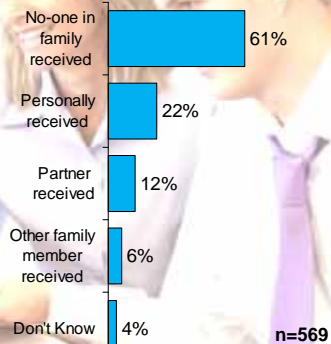
## Salary Sacrifice and Co-contributions



Q28: The government has a scheme called the Super Co-contribution, under which the government matches personal super contributions made by low and middle income earners up to certain limits. Are you aware of the super Co-contribution scheme or not?



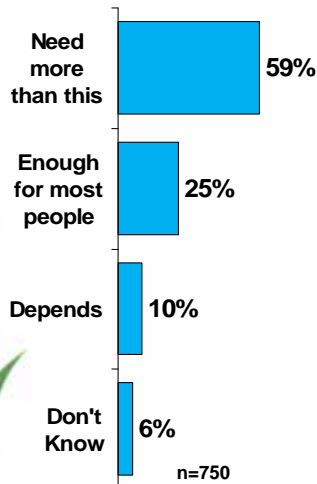
Q29: Will you or someone else in your family be receiving a Super Co-contribution from the government (for extra contributions you made in the last financial year)



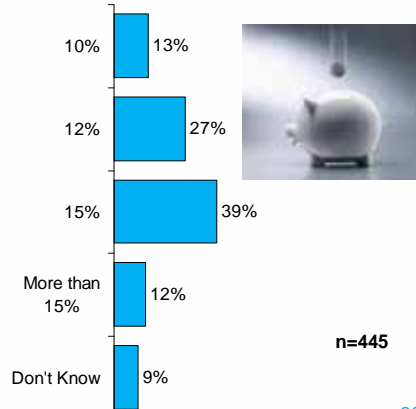
## Salary Sacrifice and Co-contributions



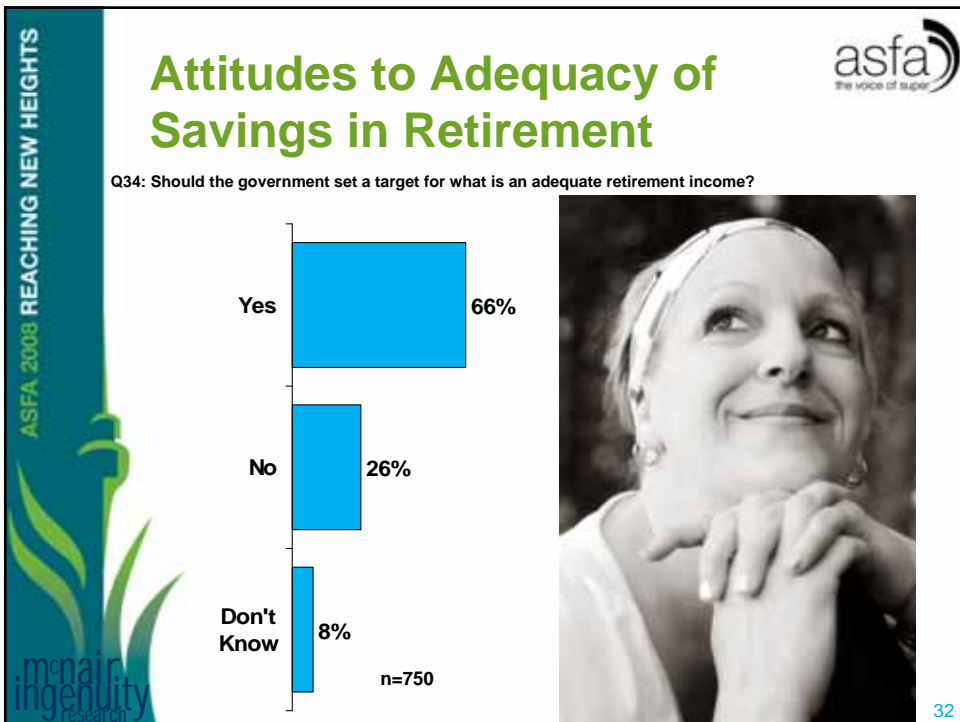
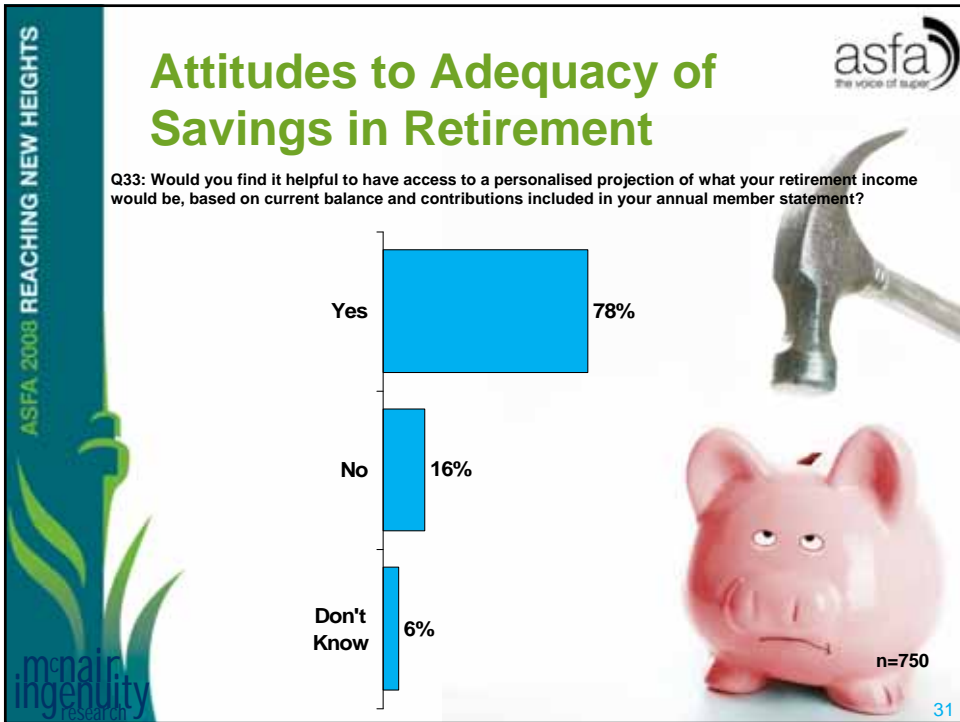
Q31: Currently employers pay at least 9% of people's wages to superannuation. Do you think that this is enough superannuation for most people, or do they need more than this to have adequate savings when they retire?



Q32: What percentage of people's wages do you think needs to go into super to ensure adequate retirement savings- would you say 10%, 12%, 15% or something else?



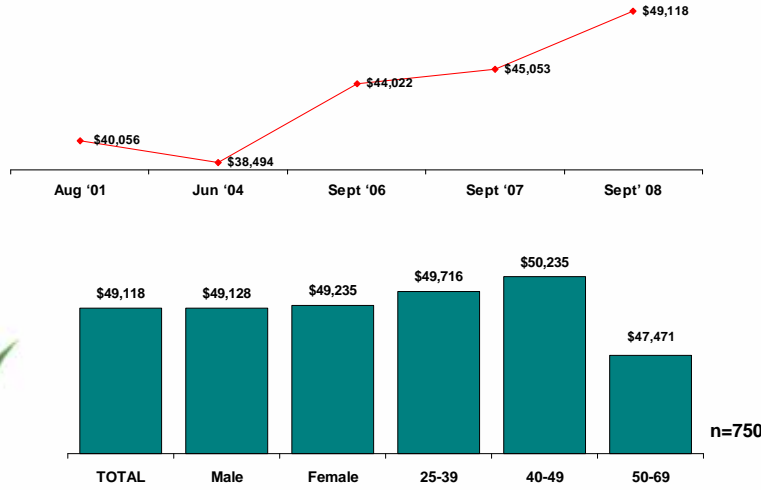




## Attitudes to Adequacy of Savings in Retirement



Q35: What do you think is approximately the minimum annual income in the hand that you will require in retirement? I mean the total income you'll need to maintain an adequate lifestyle each year in retirement, in today's dollar terms.

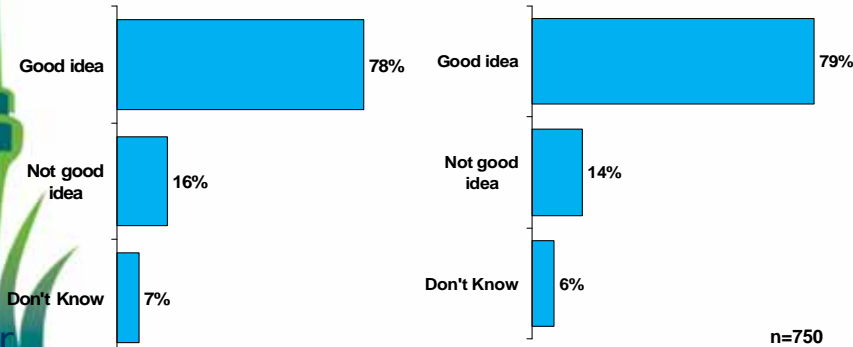


## Attitudes to Adequacy of Savings in Retirement



Q36: One suggested way of increasing people's savings is to put an extra 1% into super each time you receive a wage increase or start a new job, up to a maximum of 3%. This would be on top of the 9% compulsory super, but you could choose to opt out of these extra contributions? Do you think this sounds like a good idea or not?

Q37: There has been a suggestion that next time there is a tax cut, to give people half the tax cut promised and to let them put the other half into their superannuation. You could opt out from putting this money into superannuation and take it as a tax refund. Do you think this sounds like a good idea or not?



## Insights – The Big Picture

- The main driver of satisfaction in 2008 across the board is returns.
- Many respondents are still not dynamically engaged in their super.
- The one most important thing respondents value from their superannuation fund is good/better returns.
- Fees, charges and poor returns are pertinent in this time of lower returns.
- There is growing confidence that superannuation tax arrangements are here to stay.
- Superannuation is still a mystery to many Australians. There is growing awareness about saving and planning for retirement.
- Respondents are keen on the idea of having access to a personalised projection of what their retirement income would be, based on current balance and superannuation contributions.
- Respondents are keen to use the co-contribution scheme if the income tests were eased.

Respondents would find it helpful if super fund staff could provide advice on simple matters such as investment choice within their fund.

## Annual Superannuation Survey

prepared for  
Association of Superannuation Funds

**Matt Balogh**  
**Managing Consultant**  
**McNair Ingenuity Research Pty Ltd**