



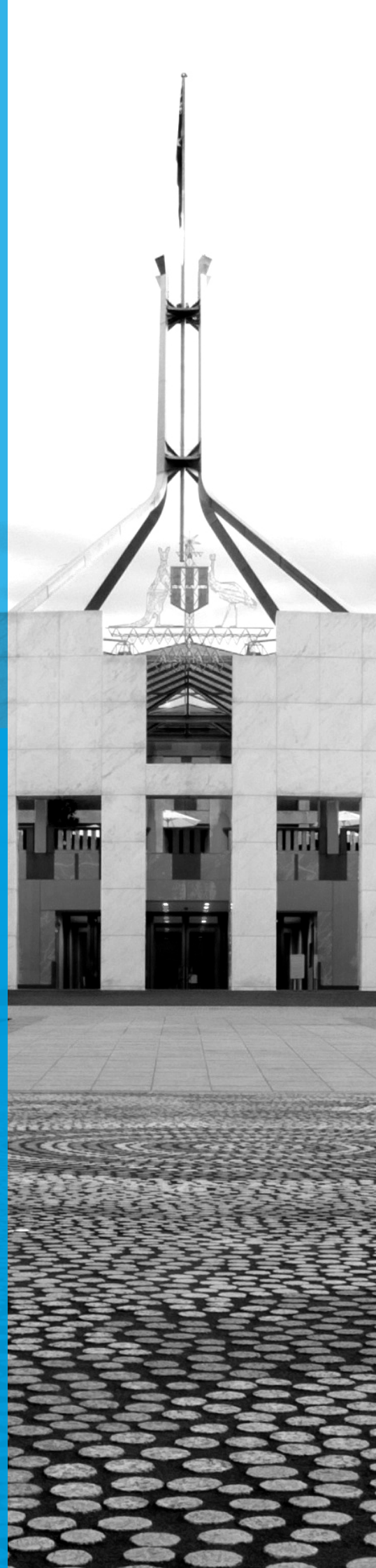
Community support for compulsory superannuation

Recent survey results of
community attitudes to
compulsory superannuation and
living standards in retirement

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ASFA is a non-profit, non-political national organisation whose mission is to continuously improve the superannuation system, so all Australians can enjoy a comfortable and dignified retirement. We focus on the issues that affect the entire Australian superannuation system and its \$2.8 trillion in retirement savings. Our membership is across all parts of the industry, including corporate, public sector, industry and retail superannuation funds, and associated service providers, representing over 90 per cent of the 16.1 million Australians with superannuation.

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The survey

In late March 2019, the Association of Superannuation Funds of Australia (ASFA) commissioned CoreData to conduct an online survey of the Australian individuals with a superannuation account in order to determine the level of support for compulsory superannuation and what level of income in retirement Australians are seeking.

The number of valid responses received was 1,000.

The sample size and sampling method were such that the respondents were drawn from a range of ages, income and wealth levels and geographic distribution broadly in line with the overall composition of the population.

Around 48 per cent of the respondents were male and 52 per cent female.

Around 36 per cent of respondents were Generation Y or younger (38 years old and below).

Around 25 per cent were Generation X and 35 per cent were Baby boomers, with the remainder Pre-boomers (74 years old and above).

Respondents had their main superannuation accounts across a broad range of industry, retail, public sector and corporate funds. Members of Self-Managed Superannuation funds were also represented in the survey sample, broadly in line with the use of such funds by the community generally.

The majority of respondents had household income under \$75,000 a year.

In the tables following, care should be taken in interpreting the cells shaded red given the sample size of each of those cells.

Support for the current level of compulsory contributions to superannuation

The first question asked was in relation to the current arrangements for compulsory superannuation. Respondents were asked what their view was in terms of level of support, with the presented options for responses ranging from strongly support to strongly oppose.

As indicated in Table 1 below, the great majority of those surveyed (over 90 per cent) either support or strongly support compulsory superannuation, with nearly 70 per cent strongly supporting it.

There is remarkable consistency across age groups and for males and females. The only minor variation is slightly lower “Strongly support” responses from Generation Y. However, even for Generation Y the proportion either strongly supporting or supporting the current system is around 90 per cent.

Table 1: Support for the current compulsory superannuation system by gender and age

UNDER THE CURRENT RULES, EMPLOYERS ARE REQUIRED TO MAKE SUPERANNUATION CONTRIBUTIONS FOR THEIR EMPLOYEES (AT A RATE OF 9.5 PER CENT OF WAGES).							
In relation to compulsory superannuation, my view is:	Overall	Gender		Age generation			
		Female	Male	Generation Y (38 years old & below)	Generation X (39 - 53 years old)	Baby Boomers (54 - 73 years old)	Pre-Boomers (74 years old and above)
Strongly support	69.3%	68.5%	70.2%	60.2%	73.0%	75.3%	75.9%
Support	20.8%	22.2%	19.4%	28.3%	17.3%	16.5%	13.7%
Neutral	7.4%	7.9%	6.7%	8.8%	6.2%	7.6%	0.0%
Oppose	1.6%	1.1%	2.1%	2.0%	0.7%	0.6%	10.4%
Strongly oppose	0.9%	0.4%	1.5%	0.7%	2.8%	0.0%	0.0%

Levels of support for the current system also were very much the same across households with different levels of household income (Table 2).

Almost all members of Public Sector and Corporate funds that were surveyed strongly support or support the current system. The level of support at those levels amongst members of SMSFs was slightly lower, but a still very substantial level of just under 80 per cent.

Table 2: Support for the current compulsory superannuation system by household income and by superannuation fund type

UNDER THE CURRENT RULES, EMPLOYERS ARE REQUIRED TO MAKE SUPERANNUATION CONTRIBUTIONS FOR THEIR EMPLOYEES (AT A RATE OF 9.5 PER CENT OF WAGES).										
In relation to compulsory superannuation, my view is:	Overall	Wealth Segments				Super Fund Type				
		Mass Market (less than \$75,000)	Mass Affluent (\$75,000-\$150,000)	Core Affluent (\$150,001-\$250,000)	HNW (greater than \$250,000)	Retail	Industry	Corporate	Public Sector	SMSF
Strongly support	69.3%	68.0%	71.0%	72.7%	69.7%	65.2%	68.9%	71.8%	81.1%	63.3%
Support	20.8%	21.0%	20.9%	25.0%	6.6%	19.6%	23.1%	28.2%	15.7%	15.4%
Neutral	7.4%	8.6%	5.2%	2.3%	18.2%	11.1%	6.3%	0.0%	1.7%	21.3%
Oppose	1.6%	1.7%	1.3%	0.0%	5.5%	2.4%	0.7%	0.0%	1.4%	0.0%
Strongly oppose	0.9%	0.7%	1.6%	0.0%	0.0%	1.6%	1.1%	0.0%	0.0%	0.0%

Support for increasing the level of compulsory contributions to superannuation to 12 per cent of wages

The second question was asked in regard to support for increasing compulsory contributions to 12 per cent of wages.

Again, the overwhelming majority of respondents supported or strongly supported the scheduled increase with around 80 per cent of respondents across a range of demographics either supporting or strongly supporting the increase (Table 3).

A very small proportion of respondents opposed the increase.

Older respondents were more likely to strongly support the increase in contributions. Greater proximity to retirement age might focus the mind of individuals on the need for retirement savings.

Table 3: Support for increasing compulsory superannuation contributions by age and gender

MANDATORY SUPERANNUATION IS SCHEDULED TO GRADUALLY INCREASE FROM 9.5 PER CENT OF WAGES TO 12 PER CENT OF WAGES BY 2025.							
In terms of the scheduled increase, what is your attitude:	Overall	Gender		Age generation			
		Female	Male	Generation Y (38 years old & below)	Generation X (39 - 53 years old)	Baby Boomers (54 - 73 years old)	Pre-Boomers (74 years old and above)
Strongly support	53.7%	51.5%	56.0%	47.3%	56.1%	58.2%	56.2%
Support	26.2%	28.1%	24.1%	28.0%	28.6%	22.7%	25.5%
Neutral	12.4%	14.2%	10.5%	15.0%	7.8%	13.1%	11.5%
Oppose	5.5%	4.7%	6.3%	6.9%	3.8%	5.0%	6.8%
Strongly oppose	2.3%	1.5%	3.1%	2.8%	3.7%	1.0%	0.0%

There was not much variation in support for increasing compulsory contributions across income levels or type of fund an individual is in (Table 4).

However, perhaps not too surprisingly given the membership composition of SMSFs, support for moving to 12 per cent contributions was lower for members of SMSFs.

Members of public sector funds, many of whom would already be receiving the benefit of contributions in excess of 9.5 per cent, were particularly in favour of the scheduled increase in compulsory contributions.

Table 4: Support for increasing compulsory superannuation contributions by household income and by superannuation fund type

MANDATORY SUPERANNUATION IS SCHEDULED TO GRADUALLY INCREASE FROM 9.5 PER CENT OF WAGES TO 12 PER CENT OF WAGES BY 2025.										
In relation to compulsory superannuation, my view is:	Overall	Wealth Segments				Super Fund Type				
		Mass Market (less than \$75,000)	Mass Affluent (\$75,000-\$150,000)	Core Affluent (\$150,001-\$250,000)	HNW (greater than \$250,000)	Retail	Industry	Corporate	Public Sector	SMSF
Strongly support	53.7%	53.0%	54.4%	57.5%	48.7%	52.6%	51.7%	61.7%	65.0%	36.4%
Support	26.2%	24.0%	28.8%	30.1%	32.9%	24.5%	28.1%	38.3%	27.5%	16.7%
Neutral	12.4%	15.4%	9.5%	5.0%	0.9%	12.0%	13.4%	0.0%	5.1%	21.3%
Oppose	5.5%	5.2%	4.9%	7.4%	13.1%	7.6%	5.2%	0.0%	1.0%	22.4%
Strongly oppose	2.3%	2.5%	2.3%	0.0%	4.4%	3.3%	1.7%	0.0%	1.4%	3.1%

Views on the required standard of living in retirement

The third question asked relates to views on the adequacy of the Age Pension and expectations in regard to the standard of living in retirement more generally.

As shown by the Table 5, around 80 per cent of those surveyed would like to be able to spend at least what is set in the ASFA Comfortable standard budgets.

Only a small minority of individuals (less than 20 per cent of the overall respondents) consider that the Age Pension or spending something just in excess of it would be sufficient.

Younger people in particular see the Age Pension as not being sufficient.

Table 5: Views on the adequacy of the Age Pension and required standard of living in retirement by gender and by age

THE FULL AGE PENSION PER YEAR IS CURRENTLY AROUND \$24,150 FOR A SINGLE PERSON AND \$36,400 FOR A COUPLE							
Thinking about your eventual (or current) retirement which of the following statements is most relevant to you:	Overall	Gender		Age generation			
		Female	Male	Generation Y (38 years old & below)	Generation X (39 - 53 years old)	Baby Boomers (54 - 73 years old)	Pre-Boomers (74 years old and above)
The Age Pension alone should be sufficient for my needs	5.9%	5.0%	6.9%	5.3%	5.0%	6.5%	10.9%
I would need to spend a little more than what is provided by the Age Pension	13.7%	12.8%	14.7%	14.6%	10.6%	14.2%	20.6%
I would want to be able to spend around what is set in the ASFA Comfortable standard budgets (around \$43,300 a year for a single person and \$61,000 combined for a couple)	41.5%	43.4%	39.4%	43.4%	36.7%	42.2%	47.3%
I want to be able to spend more in retirement than in the ASFA Comfortable standard budgets (around \$43,300 a year for a single person and \$61,000 combined for a couple)	38.9%	38.8%	39.1%	36.7%	47.7%	37.2%	21.2%

Views on adequacy of retirement income appear related to current level of income, with those on higher incomes very unlikely to consider that the Age Pension or something just above it to be adequate in retirement.

There are very similar views across members of different types of funds, with the notable exception of members of SMSF. Around two-thirds of the SMSF members surveyed want to be able to spend more than what is in the ASFA Comfortable budgets in retirement.

Table 6: Views on the adequacy of the Age Pension and required standard of living in retirement by income level and by fund type

THE FULL AGE PENSION PER YEAR IS CURRENTLY AROUND \$24,150 FOR A SINGLE PERSON AND \$36,400 FOR A COUPLE										
Thinking about your eventual (or current) retirement which of the following statements is most relevant to you:	Overall	Wealth Segments				Super Fund Type				
		Mass Market (less than \$75,000)	Mass Affluent (\$75,000-\$150,000)	Core Affluent (\$150,001-\$250,000)	HNW (greater than \$250,000)	Retail	Industry	Corporate	Public Sector	SMSF
The Age Pension alone should be sufficient for my needs	5.9%	8.1%	3.2%	1.3%	0.0%	5.1%	5.1%	8.2%	5.1%	1.9%
I would need to spend a little more than what is provided by the Age Pension	13.7%	15.6%	12.1%	6.5%	10.8%	12.5%	15.0%	5.7%	12.9%	4.2%
I would want to be able to spend around what is set in the ASFA Comfortable standard budgets (around \$43,300 a year for a single person and \$61,000 combined for a couple)	41.5%	43.2%	44.7%	19.9%	31.7%	40.1%	41.8%	64.2%	43.8%	26.3%
I want to be able to spend more in retirement than in the ASFA Comfortable standard budgets (around \$43,300 a year for a single person and \$61,000 combined for a couple)	38.9%	33.1%	40.0%	72.3%	57.5%	42.2%	38.1%	21.9%	38.2%	67.6%