

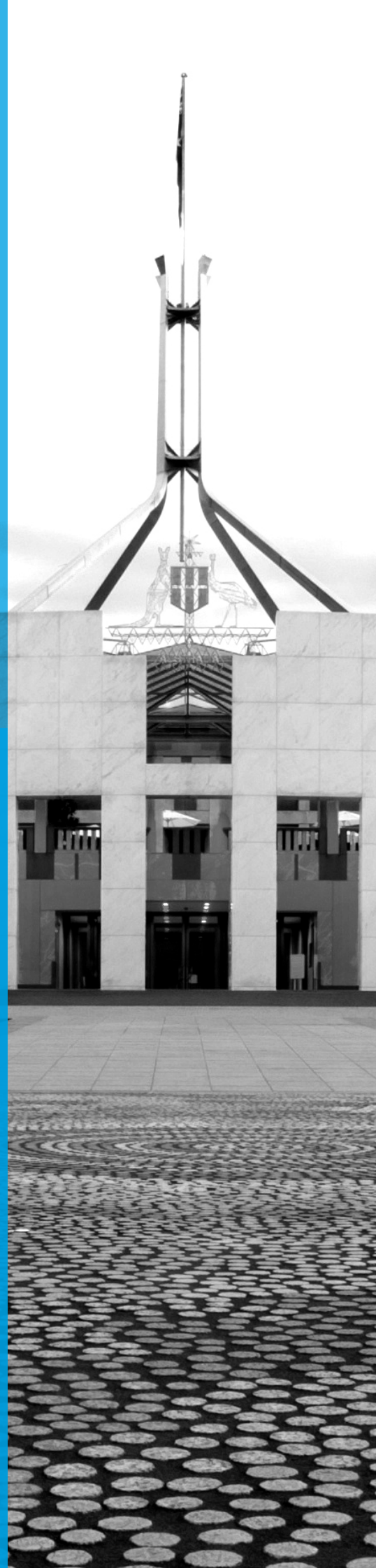


Better Retirement Outcomes: a snapshot of account balances in Australia

Ross Clare

Director of Research

July 2019



The Association of Superannuation Funds of Australia Limited (ASFA)

PO Box 1485, Sydney NSW 2001

T +61 2 9264 9300 or 1800 812 798 (outside Sydney)

ABN 29 002 786 290

ACN 002 786 290

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.

This material is copyright. Apart from any fair dealing for the purpose of private study, research, criticism or review as permitted under the Copyright Act, no part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise without prior written permission.

Enquiries are to be made to The Association of Superannuation Funds of Australia Limited.

www.superannuation.asn.au

© ASFA 2019

Executive Summary

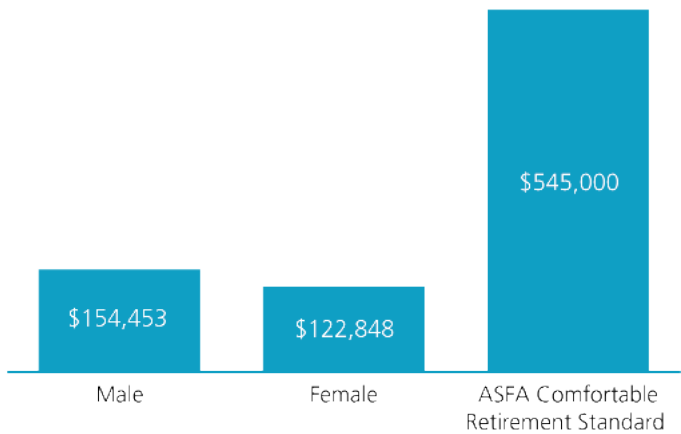
From the inception of superannuation under the industrial award-based system in 1980s, to the now legislated move to 12 per cent in 2025, the benefits of our superannuation system are being realised by more and more Australians.

This report demonstrates the efficacy of our system in the rise of self-funded retirees and the increasing proportion of people retiring with greater account balances. Key findings from this report show:

- there are 16.1 million Australians with at least one superannuation account – however, one in three women and one in four men, across all ages, have no superannuation account.
- approximately 25 per cent of women and 13 per cent of men are retiring with no superannuation.
- most people retiring in the next few years will rely partially or substantially on the Age Pension for their retirement income as they have inadequate super savings
- but the proportion of new retirees who are fully self-funded has been increasing.
- it's projected that 43 per cent of Australians at retirement age will be self-funded by 2023, compared with 22 per cent in 2000.
- many people, especially those who will not receive the full benefit of the increase in the SG to 12 per cent over their entire time in the labour force, still need to contribute over and above compulsory contributions to their superannuation to ensure they have adequate retirement savings.

Balances still have a long way to go, and concerns remain for the many people who will retire with very little, or no, superannuation at all. Australians aged between 60-64 are retiring with a median balance of \$154,453 for males and \$122,848 for females, compared to a targeted retirement balance of \$545,000 (ASFA Comfortable Retirement Standard).

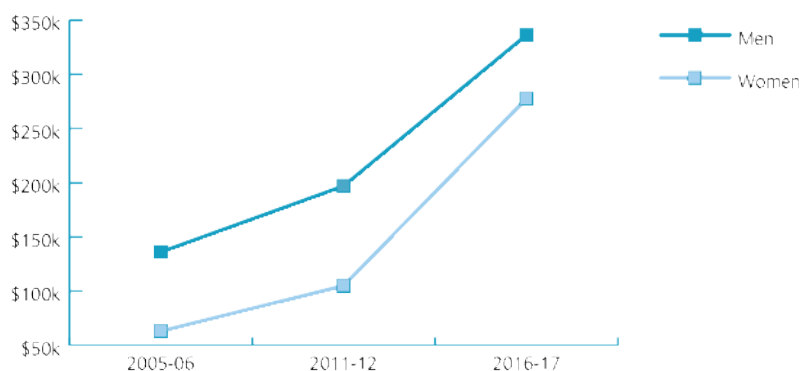
Balances are still below target



Graph: The median account balance for 60-64 age group is well below the ASFA Comfortable Retirement Standard for a single person.

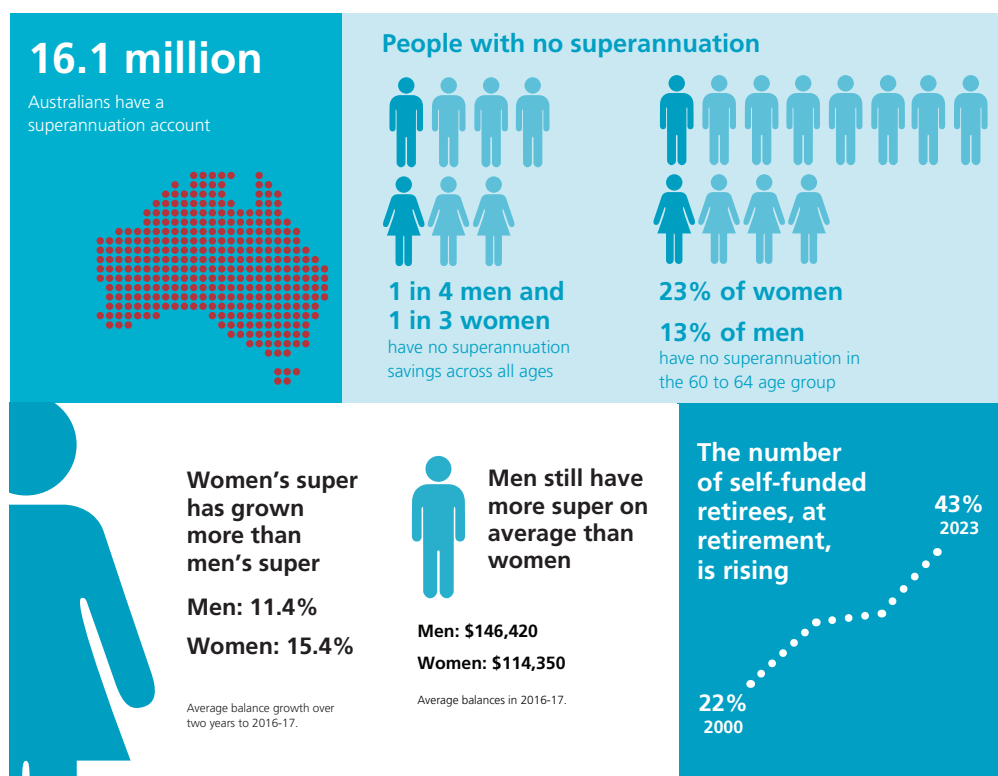
This report shows how superannuation is working for women, albeit slowly, as the gender gap between account balances at retirement is drawing closer together. While balances for males more or less doubled in constant dollar terms, balances for females increased about three-fold since 2003-04. Also, balances are growing strongly at the lower end of the income brackets, which particularly helps women.

The gender gap is closing



Graph: Mean balance size for men and women over time.

We anticipate that more Australians will achieve a self-reliant retirement in the future as our superannuation system matures and more Australians have lived with the Superannuation Guarantee in place – particularly once it has moved to 12 per cent. Having self-reliant retirees is imperative given that our ageing population will lead to a skewed ratio of workers to retirees, as this will make pensions unaffordable.



Women are starting to catch up

Our system is still maturing in terms of reaching the proposed long-term rate of contributions. Many Australians have only had superannuation coverage since the commencement of industrial award-based superannuation in the late 1980s or, later still, with the introduction of the Superannuation Guarantee (SG) in 1992. The SG reached the rate of 9 per cent in only 2002. It is currently legislated to increase to 12 per cent but it is paused at 9.5 per cent until 2021.

For most people, superannuation is the largest financial asset they hold (apart from the family home for those who are home owners).

However, since Australians have only received compulsory contributions for not much more than 20 years, which means many still have relatively modest levels of superannuation:

- Women still lag substantially when it comes to average account balances, although the gender gap is closing.
- Many people, especially those who will not have received the full benefit of the increase in the SG to 12 per cent over their entire time in the labour force, still need to contribute over and above compulsory contributions to their superannuation to ensure they have adequate retirement savings.
- Most people retiring in the next few years will rely partially or substantially on the Age Pension for their retirement income as they have inadequate super savings, but the proportion of new retirees who are fully self-funded has been increasing.
- There is still a significant proportion of the population who do not have any superannuation. Around 1 in 4 men and 1 in 3 women having no superannuation savings because they either have never had superannuation or they have cashed it out.
- It will be another 30 years or so before most individuals will have the full benefit of a mature SG system. Even then, a small but significant minority of retirees will have no superannuation at all. This includes:
 - those who have had little or no paid labour force experience since 1992 (such as individuals well into their nineties)
 - those who have been self-employed and have not made voluntary contributions, or
 - those who have cashed out their super benefit.

The good news is that balances have been growing for most individuals because of continued contributions and positive investment earnings. Many individuals now have substantial superannuation account balances. In this context, new data have recently become available.

More specifically, for only those with superannuation (excluding persons with a nil balance), the Australian Taxation Office (ATO) data indicate that the average balance in 2016-17 for males was around \$146,420 while for females it was around \$114,350. Females held around 41.9 per cent of total superannuation assets, with males 58.1 per cent.

These averages are up substantially, by 11.4 per cent for males and by 15.4 per cent for females, from just two years before, when the average for males was \$131,430 and \$99,075 for females.

Table 1 provides further details of average balances in 2016-17 by age and gender.

Compulsory superannuation has particularly worked for females

The Australian Bureau of Statistics (ABS) has also recently released superannuation data. The most recent ABS figures are for 2017-18, but they are less detailed than the ATO data and rely on figures provided by survey respondents.

The ABS data indicate an average in 2017-18 of \$168,500 for males and \$121,300 for females. The median figures were \$65,000 for males and \$45,000 for females.

These figures are well up on the mean and median balances from 2003-04. The mean and median figures for males in 2003-2004 were \$95,000 and \$30,200 respectively in 2017-18 dollars. For females, the mean figures in 2003-04 was \$57,300 and the median was only \$14,100, again in 2017-18 dollars.

While balances for males more or less doubled in constant dollar terms, for females, balances increased about three-fold.

Table 1: Superannuation balances by age and gender, 2016-17

Age	Male			Female		
	Number	Average account balance \$	Median account balance \$	Number	Average account balance \$	Median account balance \$
under 18	43,064	11,932	243	39,962	8,172	133
18-24	920,550	7,694	3,715	871,616	6,542	3,427
25-29	943,987	24,051	16,949	878,607	20,523	16,001
30-34	972,402	46,974	35,768	898,111	38,731	30,129
35-39	892,770	73,985	56,995	815,169	58,729	43,439
40-44	848,183	106,187	79,055	786,942	79,709	55,169
45-49	843,071	144,216	99,305	796,445	104,648	65,796
50-54	764,807	189,211	116,043	721,314	136,148	76,098
55-59	705,941	263,996	137,366	665,456	192,378	93,035
60-64	565,400	336,360	154,453	523,676	277,880	122,848
65-69	400,936	392,805	172,914	359,582	349,947	165,857
70-74	251,785	439,086	182,272	215,294	375,605	170,885
75 or more	205,143	394,416	132,324	147,662	348,982	131,061

For both males and females, the average balance increases steadily by age group until well into retirement. After age 75, contributions drop off in nearly all cases, as individuals draw down on their superannuation. However, there are limited circumstances where those aged over 65 (or 75) can make contributions to superannuation. These include when an individual is employed and receiving SG contributions, and the downsizer provision, which has no upper age limit. In 2017-18, 4,246 individuals made downsizer contributions at an average of around \$250,000. Over half of the contributors were female.

The median balance sizes are important to note, given balances of relatively few individuals can impact on average figures. Encouragingly, the median account balances (the balance at which 50 per cent of individuals have a lower balance and 50 per cent have a higher balance) are now quite substantial across a range of age groups.

As people get older, the gap between median and mean increases. At earlier ages the median figures are not much below average (mean) balances, but from age 45 onwards the difference increases.

The ATO release also includes comparable figures for 2014-15. Details are in Table 2 on the next page.

Table 2: Superannuation balances by age and gender, 2014-15

Age	Male			Female		
	Number	Average account balance \$	Median account balance \$	Number	Average account balance \$	Median account balance \$
under 18	38,978	10,449	284	36,223	7,458	149
18-24	903,288	7,904	3,899	851,885	6,403	3,442
25-29	920,774	23,592	17,059	848,162	19,967	15,665
30-34	941,881	43,785	33,607	862,043	36,250	28,112
35-39	850,158	68,262	52,216	776,567	53,333	39,170
40-44	872,664	98,108	71,506	812,334	71,431	48,321
45-49	794,463	131,102	87,052	744,066	91,740	55,702
50-54	772,632	174,626	102,556	724,735	119,019	64,979
55-59	667,167	243,694	120,712	623,063	170,180	80,787
60-64	536,560	310,240	138,337	487,811	246,632	107,897
65-69	378,520	365,919	158,328	328,716	323,540	150,622
70-74	209,653	393,899	158,318	168,650	340,196	149,506
75 or more	157,526	343,345	107,163	102,153	312,772	108,288

Even over just a two year period there were considerable improvements in superannuation coverage and average account balances across the various age groups.

The number of males with superannuation increased by 3.9 per cent over the two years, with the number of females with superannuation increasing by 4.8 per cent. These figures are in excess of population growth, which is about 1.6 per cent per year.

In 2016-17, there were some 16.1 million Australians holding a superannuation account.

The average balance for males grew by 11.4 per cent, while for females it grew by 15.4 per cent. As a result of these developments the share of total superannuation assets held by women increased over the two years to 2016-17 from 40.8 per cent to 41.9 per cent.

Average super balances are growing sustainably

Superannuation balances were quite substantial for individuals aged 60 to 64 in 2016-17. For those in this age group, the average for males was \$336,360 with a median of \$154,453 and for females the average was \$277,880 with a median of \$122,848, excluding those with nil balance.

Around 23 per cent of females in that age group have no superannuation compared to 13 per cent of males. The average superannuation balance for all males in the age group (including those with a nil superannuation balance) was \$292,000 and for females it was \$213,140.

These figures for all in the age group are well up on the equivalent averages for 2011-12, which were of the order of \$197,000 for men and only \$105,000 for women. They are also considerably higher than previous years, with an increase of 115 per cent for males and 238 per cent for females from those which applied in 2005-06. The increase in average balances for women is particularly significant.

Data are also available from the ABS, but for a wider age group only (55-64 years). In today's dollars, the mean balance for males aged 55-64 was \$240,200 in 2003-04, with the median \$109,600. In 2017-18, the mean grew to \$332,700 and the median was \$183,000.

For females in 2003-04, the mean was \$122,100 and the median was \$50,900. In 2018-19, the equivalent figures were \$245,100 and \$118,600.

The data suggest that average and median balances actually increase after age 65. This somewhat surprising outcome appears to be largely driven by a significant number of low account balance individuals cashing out their superannuation after age 65. Consistent with this, the data indicate that there were 565,400 males with superannuation aged 60 to 64 but only 400,936 with superannuation aged 65 to 69. For females the equivalent figures were 523,676 and 358,582.

However, the number of people aged 65 plus with superannuation was large, with 857,864 males and 722,538 females falling within that category. Around 1.6 million out of 3.8 million Australians aged 65 and over have superannuation. This figure is up from around 1.3 million Australians just two years before. Superannuation now forms a significant and growing part of the retirement income of many Australians.

For those aged 65 and over, around 2.6 million are currently on a part or full Age Pension. Based on ATO data, in 2016-17 there were some 977,200 people aged 65 and over who lodged a tax return and did not get the Age Pension. Of that group, 677,300 had a superannuation account.

The median super balance for those aged 65 and over who were not receiving any Age Pension and lodging a tax return was \$123,110 with an average of \$432,365. The average for those in that group with super (as in more than a nil balance) was \$623,843. The average annual taxable income for those 65 and over and not receiving the Age Pension was \$53,040. It should be noted that there can be a number of reasons why an individual aged 65 or over does not receive the Age Pension, including being involved in paid employment or being the spouse of an individual with assets and income above the cut-off thresholds for the Age Pension.

As shown by a recent Challenger research paper¹, superannuation is reducing reliance on the Age Pension for the majority of people entering retirement. This is evidenced by the fact that only 45 per cent of 66-year-olds were accessing the Age Pension at December 2018 and only 25 per cent of them were drawing a full Age Pension.

Consistent with this, the recent ABS data indicate the proportion of households with superannuation as main source of household income has increased over the past decade, from four per cent in 2007-08 to six per cent in 2017-18 (an increase of over 200,000 households). Since 2015-16, superannuation has been the third most common main source of household income, behind employee income and government pensions and allowances. However, the proportion of households who had investment income as their main source of household income remained relatively stable at around four per cent over this same time period.

Currently, on the basis that the scheduled increases in the SG to an eventual rate of 12 per cent will occur, the proportion of the population aged Age Pension eligibility age receiving a full or part Age Pension will fall from the current 70 per cent to 60 per cent by 2055, with 60 per cent of those receiving the Age Pension or the full Age Pension falling to 40 per cent over the same time period. Not going to 12 per cent would mean that the reduction in the proportion on the Age Pension would

¹ <https://www.challenger.com.au/about-us/media-centre/retirement-income-research/super-is-delivering-for-people-about-to-retire>

be not be as great, with ASFA projections suggesting that the proportion receiving a full or part Age Pension will only fall to around 65 per cent. As well, the proportion on the full Age Pension would be higher than 40 per cent in 2055. This has implications for both Age Pension expenditures and living standards of retirees in the future.

Over the past decade, there has been an increase in the mean weekly gross income for households whose main source of income is superannuation, from \$1,376 per week (in 2017-18 dollars) in 2007-08 to \$1,689 per week in 2017-18 (a 23 per cent increase). This weekly amount is more than double than that for households with a main source of income from government pensions and allowances (\$736 per week in 2017-18).

By 2017-18, employees who retired aged 65 would have been eligible for Superannuation Guarantee contributions for almost 25 years, whereas those retiring in 2007-08 would have only received it for around 15 years.

In 2017-18, households with superannuation as their main source of household income had characteristics that are consistent with people who are generally considered to be retired.

These were:

- 78 per cent of households had no people working or looking for work
- 81 per cent of households had a household reference person aged 65 years or over
- 58 per cent were couple only households and a further 32 per cent were a lone person household
- 87 per cent of these households were owned outright (owners without a mortgage).

Reducing reliance on government payments in retirement years is the aim of many government policies. The proportion of households receiving nil or less than one per cent of their income from government payments increased significantly over the decade. For households with a main source of income from superannuation the proportion increased from 27 per cent to 60 per cent.

For those with superannuation aged 60 to 64, who are retired or approaching retirement, there was an increase over the two year period in the average balance from \$310,240 to \$336,360, an 8.4 per cent increase. For females the increase was from \$246,632 to \$277,880, a 12.7 per cent increase.

For this age group, median account balance increased from \$138,337 to \$154,453 for males and from \$107,897 to \$122,848 for females. It indicates that growth has been strongest for accounts at the lower end of the distribution.

Median balances for those aged 60 to 64 still fall somewhat short, even for couples, who are aiming for the ASFA Comfortable standard of living in retirement, but the balances are sufficient to support significant retirement income on top of the Age Pension.

The picture is a bit more positive for those aged 60 to 64, who are still economically active and who have taxable income, especially individuals with a taxable income over \$87,000 a year. For females aged 60 to 64 in the tax band \$87,001 to \$180,000, the average superannuation balance was \$570,556 and for males it was \$530,401.

However, only 8 per cent of females and 18 per cent of males in that age group have a taxable income over \$87,000. The percentages are lower still for those with taxable income over \$180,000, with just one per cent of females and 4 per cent of males in the age group.

Those aged 60 to 64 are much more likely to make more frequent and more substantial personal contributions than the population generally. By comparison, only around 0.4 per cent of those aged 25 to 29 make personal contributions to superannuation. People tend to feel more comfortable making voluntary, personal contributions having passed preservation age for accessing superannuation and approaching the age at which unconditional release of superannuation is possible. It is interesting to note that differences in average account balances generally are relatively small for males and females on the same sort of income level. Much of the difference in average account balances by gender appears to be related to more females being in the lower income tax brackets. There are a number of well-known reasons for this, including gender segmentation of the labour force and females more likely to have breaks from the paid labour force for family and other care reasons.

Perhaps as a consequence of the disparity in superannuation balances, females in the age group 60 to 64 are more likely to make personal contributions.

Table 3: Contributions and account balances by gender for those aged 60 to 64 by taxable income, 2016-17

Taxable income range - tax brackets	Percentage of total females or males (as applicable) in the age group	Average employer contribution	Percentage making personal contribution	Average personal contribution for those making them	Average total super member accounts balance	Median account balance \$
Female						
\$18,200 or less	17	2,688	26	130,735	296,540	127,138
\$18,201 to \$37,000	21	5,967	31	74,084	232,807	95,597
\$37,001 to \$87,000	30	10,387	28	65,711	268,910	144,257
\$87,001 to \$180,000	7	17,506	37	113,562	570,556	332,906
\$180,001 or more	1	25,127	57	205,207	1,323,120	874,843
No income tax return	24	5,443	12	132,402	167,420	51,195
All females	100	8,884	26	95,478	277,880	128,848
Males						
\$18,200 or less	13	3,207	22	92,766	337,040	148,490
\$18,201 to \$37,000	14	7,009	29	60,381	279,685	113,010
\$37,001 to \$87,000	32	10,716	26	48,667	280,468	160,097
\$87,001 to \$180,000	14	18,320	30	73,571	530,401	352,189
\$180,001 or more	4	27,338	45	154,081	1,224,954	821,132
No ITR	22	6,858	9	80,422	164,054	37,890
All males	100	11,865	23	134,249	336,360	154,453

Broken employment patterns are still a problem

There is a clear correlation between average account balance and age and income level. Average account balances increase with age and at any given age are very strongly correlated to income level.

However, females tend to have slightly lower average account balances compared to males of similar age and income level, particularly after around age 45. Breaks from paid work due to family responsibilities contribute to these outcomes.

As well there are more females than males in the lower income bands and fewer in the tax bands above \$87,000. This is a strong contributing factor to entire population of females having less superannuation than the entire population of males on average.

The average balance for males aged 60 to 64 in the \$37,001 to \$87,000 tax bracket in 2016-17 was \$280,468 and for females it was \$268,910.

In comparison, the average balance for males aged 60 to 64 in the \$87,001 to \$180,000 tax bracket was \$530,401 and for females it was \$570,556. Balances for those in the \$180,000 plus tax bracket are even higher.

Tables 4 to 7 set out the number of people with superannuation and average account balance and median account balance by age and gender for each income tax band.

Table 4: Average and median superannuation balances by age and gender for those in the \$18,201 to \$37,000 tax bracket, 2016-17

Age	Male			Female		
	Number	Average account balance \$	Median account balance \$	Number	Average account balance \$	Median account balance \$
under 18	6,425	6,983	1,472	2,460	11,341	1,218
18-24	289,392	5,463	3,827	300,444	5,606	4,107
25-29	155,439	13,490	8,746	186,568	14,620	11,190
30-34	109,755	23,773	15,491	172,982	28,688	22,465
35-39	85,204	36,838	24,617	152,226	41,367	32,023
40-44	76,137	52,243	35,112	143,377	50,836	37,267
45-49	77,473	71,583	45,038	146,855	61,798	41,239
50-54	76,403	97,518	55,868	134,935	81,883	48,456
55-59	78,301	159,622	74,521	130,818	132,200	64,513
60-64	82,673	279,685	113,010	109,973	232,807	95,597
65-69	68,021	355,088	152,926	70,526	316,922	135,816
70-74	39,104	442,014	190,656	35,527	398,850	177,658
75 or more	29,792	424,530	163,438	25,678	345,559	145,429

Table 5: Average and median superannuation balances by age and gender for those in the \$37,001 to \$87,000 tax bracket, 2016-17

Age	Male			Female		
	Number	Average account balance \$	Median account balance \$	Number	Average account balance \$	Median account balance \$
under 18	527	40,069	3,318	96	72,711	2,268
18-24	258,864	14,301	11,635	213,529	13,240	11,548
25-29	413,047	29,454	25,096	374,184	28,320	25,304
30-34	396,244	47,500	41,780	335,945	48,876	44,006
35-39	324,984	67,310	59,523	281,358	70,472	61,778
40-44	285,789	90,467	78,979	275,609	88,809	74,797
45-49	282,107	118,097	97,434	299,627	110,007	85,390
50-54	263,583	154,536	116,330	284,492	140,792	98,731
55-59	250,553	217,154	140,399	258,221	195,480	119,564
60-64	184,390	280,468	160,097	161,061	268,910	144,257
65-69	90,667	361,243	163,355	68,194	372,722	163,902
70-74	35,050	559,651	220,248	23,664	569,534	242,840
75 or more	21,375	688,608	282,632	15,764	622,919	298,923

Table 6: Average and median superannuation balances by age and gender for those in the \$87,001 to \$180,000 tax bracket, 2016-17

Age	Male			Female		
	Number	Average account balance \$	Median account balance \$	Number	Average account balance \$	Median account balance \$
under 18	29	78,395	2,064	96	72,711	2,268
18-24	19,926	25,626	22,168	7,565	20,589	9,146
25-29	92,644	55,156	48,131	39,802	49,215	43,766
30-34	189,938	85,563	77,204	83,329	80,138	73,023
35-39	214,539	122,168	110,202	91,862	119,304	107,699
40-44	208,798	169,660	148,397	97,493	161,543	140,567
45-49	203,687	227,520	188,933	100,926	214,163	174,518
50-54	174,146	300,650	235,822	85,068	292,003	216,843
55-59	148,590	414,981	301,549	71,548	404,354	267,009
60-64	80,510	530,401	352,189	36,992	570,556	332,906
65-69	32,465	707,317	380,585	15,340	841,059	448,095
70-74	11,470	1,080,141	525,740	6,341	1,171,694	633,885
75 or more	7,585	1,280,768	650,463	5,366	1,094,069	618,997

Table 7: Average and median superannuation balances by age and gender for those in the \$180,000 plus tax bracket, 2016-17

Age	Male			Female		
	Number	Average account balance \$	Median account balance \$	Number	Average account balance \$	Median account balance \$
under 18	6	1,407,302	1,577,424	11	551,216	576,218
18-24	1,992	44,989	11,428	1,338	24,404	3,632
25-29	5,980	73,403	60,930	1,760	53,977	37,758
30-34	18,788	127,250	111,538	5,603	116,148	98,298
35-39	36,537	178,042	164,604	11,983	168,349	149,298
40-44	50,667	254,740	229,172	17,772	243,789	207,820
45-49	56,425	364,378	301,729	19,217	357,928	277,110
50-54	47,942	544,040	408,432	14,884	549,910	385,170
55-59	42,617	852,162	582,046	13,164	889,785	556,557
60-64	23,850	1,224,954	821,132	7,460	1,323,120	874,843
65-69	12,130	1,637,060	991,043	4,484	1,834,578	1,048,608
70-74	5,364	2,393,023	1,302,306	2,565	2,057,983	1,259,677
75 or more	3,953	2,421,887	1,259,017	2,541	1,837,977	1,079,892

A small portion of Australians have high balances

As indicated by the earlier sections of this paper, most Australians still have relatively low superannuation balances. This is a function of a number of factors. Those who are relatively young are starting from a low base but still have some decades to build up their superannuation balance. The compulsory superannuation system also is yet to reach the maximum legislated contribution rate of 12 per cent of earnings. On the other hand, going forward contribution caps will limit the ability of individuals to achieve very high balances.

However, as the system matures, a growing number of Australians will be able to achieve a dignified and comfortable standard of living in retirement, largely through the contribution of their accumulated superannuation.

In this context, relatively high account balances are not uncommon in SMSFs.

An examination by the ATO of the number of SMSFs by asset holdings indicates in 2011–12 approximately 10 per cent (47,400) of SMSFs held assets of greater than \$2 million. By 2016–17 this figure had increased to 16 per cent (92,700). Furthermore, in 2011–12, while some 2 per cent (8,100) of SMSFs held assets of greater than \$5 million, this has increased to over 3 per cent (19,550) in 2016–17. In 2011–12, approximately 0.3 per cent (1,300) had assets over \$10 million, which had increased to 0.7 per cent (4,250) in 2016–17.

In 2015–16, there were six SMSFs with over \$100 million in assets and across APRA and SMSF funds, there were about 1,500 individuals (up from 1,400 in 2014–15 financial year) with a combined APRA fund and SMSF balance over \$5 million. Table 8 provides more details of the size distribution of accounts in SMSFs and Table 9 provides such details for APRA regulated funds.

The information in Tables 8 and 9 confirms the need for a measure such as the transfer balance cap. In 2016-17 SMSF members with an account balance more than \$2 million drew down around \$11.7 billion in total in tax free income.

Table 10 provides further information on SMSF members receiving an income stream. Around 111,500 such SMSF members had an account balance greater than \$1 million as at June 2017. Nearly 40,000 had an account balance over \$2 million. The account size distribution of SMSF members receiving an income stream will change given the introduction of the transfer balance cap which from 1 July 2017 in effect limits the account balance of income stream accounts to \$1.6 million.

The data indicate that, as at June 2016, 56,300 female members of SMSFs had account balances in excess of \$1 million, with around 111,000 males, a total of around 167,000. This latter total increased to around 195,600 in 2016-17.

There also are around 177,000 accounts in APRA funds with a balance in excess of \$1 million. Allowing for some individuals having more than one account (in an APRA regulated fund and/or an SMSF) this suggests that in excess of 373,000 individuals had an account balance in excess of \$1 million in 2017.

Data from the ATO (a 2 per cent sample file of all Australians who lodged an income tax return for 2016-17), indicates that some 246,000 persons who lodged a tax return had a superannuation account balance of \$1 million or more. This suggests that around 130,000 people with more than \$1 million in superannuation did not have a taxable income. This could be because they were drawing down tax free income in retirement or that they were still in the accumulation phase for their superannuation but were having a break from paid employment.

Going forward it would be challenging for an individual to achieve account balances in excess of \$2 million given that both concessional and non-concessional contribution caps have been tightened over recent years. However, if an SMSF holds equity in a small business that increases markedly in value then a relatively high account balance might be achieved in some cases.

Table 8: Percentage of SMSF members by member's balance range

Member asset range	2013	2014	2015	2016	2017
\$0-\$50k	21.09%	19.92%	18.95%	17.78%	16.21%
>\$50k-\$100k	10.86%	10.69%	10.46%	10.22%	9.23%
>\$100k-\$200k	15.09%	15.09%	15.14%	15.42%	14.67%
>\$200k-\$500k	23.57%	23.40%	23.48%	23.97%	23.89%
>\$500k-\$1m	16.01%	16.33%	16.66%	17.01%	18.06%
>\$1m-\$2m	9.10%	9.67%	10.06%	10.28%	11.81%
>\$2m-\$5m	3.79%	4.27%	4.54%	4.57%	5.15%
>\$5m-\$10m	0.42%	0.52%	0.59%	0.61%	0.79%
>\$10m	0.09%	0.11%	0.12%	0.14%	0.18%
Total	100%	100%	100%	100%	100%

Table 9: Number of accounts in APRA regulated funds by account balance and age, June 2018

Member asset range	< \$1,000	\$1,000 to \$24,999	\$25,000 to \$49,999	\$50,000 to \$99,999	\$100,000 to \$199,999	\$200,000 to \$499,999	\$500,000 to \$999,999	\$1,000,000 +
<25	1,351	1,540	46	4	0	0	0	0
25 to 34	1,770	2,636	901	594	147	9	0	0
35 to 44	1,542	1,948	666	842	678	197	5	1
45 to 49	670	899	303	367	382	230	26	2
50 to 54	495	714	258	318	330	241	55	7
55 to 59	407	589	219	287	313	260	92	22
60 to 64	295	432	158	210	236	235	112	31
65 to 69	162	233	84	116	153	188	90	25
70 to 74	77	106	45	73	105	125	51	13
75 to 84	35	58	46	74	80	78	24	7
85+	6	15	11	14	14	9	1	0
Age information not available	10	3	0	0	0	0	0	68
Total	6,822	9,171	2,736	2,899	2,440	1,573	456	177

Source: APRA Annual Superannuation Statistics <https://www.apra.gov.au/publications/annual-superannuation-bulletin>

Table 10: Number of SMSF members with income stream payments by age range and opening account balance in 2017

Age	\$1- \$50k	>\$50k - \$100k	>\$100k - \$200k	>\$200k - \$500k	>\$500k - \$1m	>\$1m - \$2m	>\$2m - \$5m	>\$5m - \$10m	>\$10m - \$500m	Unknown	Total number of Members With Income Stream
< 55	36	38	78	191	224	162	88	25	7	36	885
55 - 59	522	792	2,034	5,729	5,678	3,460	1,420	155	32	421	20,243
60 - 64	2,072	2,531	6,610	21,710	24,464	16,503	7,071	765	153	1,180	83,059
65 - 69	3,304	3,250	8,516	28,148	31,168	21,570	10,133	1,239	239	1,083	108,650
70 - 74	2,729	2,801	7,639	23,353	23,146	17,172	8,641	1,313	258	577	87,629
75 - 84	1,818	2,250	5,751	16,250	15,788	12,143	6,325	1,025	266	470	62,086
85+	193	198	482	1,270	1,069	787	368	81	20	73	4,541
Unknown	4	6	8	20	15	14	8	3		2	80
Total	10,678	11,866	31,118	96,671	101,552	71,811	34,054	4,606	975	3,842	367,173

Source: ATO SMSF Statistical Overview 2016-17 Table 5.1

Appendix: Sources of data on superannuation account balances

ASFA has regularly published data from the ABS Survey of Household Income and Wealth. This information has been specially compiled for ASFA by the ABS. Detailed wealth information (including for superannuation) is available from the 2003-04, 2005-06, 2009-10, 2011-12 and 2013-14 and 2015-16 releases. More summary information, at this stage, has recently been released by the ABS for 2017-18.

The ASFA research report relating to the 2015-16 data is available on the ASFA website.²

The Australian Taxation Office (ATO) has published detailed figures on superannuation balances and other superannuation data, such as in regard to contributions, in regard to the 2016-17 financial year.³ Cross matching with tax return data has provided richer demographic data than the data provided by superannuation funds alone and it is more comprehensive than the ABS survey data. For instance, the ABS report that 14 million people have superannuation, with the ATO figures indicating 16.1 million.

The statistics for the 2016–17 income year were sourced from 2017 individual income tax returns processed by 31 October 2018 and 2017 member contribution statements (MCS) sent to the ATO by superannuation funds received before 31 October 2018. The statistics are not necessarily complete but cover most taxpayers as the great bulk of tax returns are processed by October 2018. Just over 16 million individuals are covered by the statistics.

Amount fields are sourced from member contribution statements, except for taxable income which comes from individual income tax returns.

The data available from Member Contribution Statements have been aggregated to the individual level where a Tax File Number (TFN) was reported or able to be matched for the individual (which is the case for almost all accounts). This means that an individual that has many super accounts will only be counted once for any MCS field where their TFN was reported on the MCS.

Age range is based on an individual's age as at 30 June 2017.

These statistics are more comprehensive in some senses than those compiled by the ABS as they do not require individuals to recall or estimate their superannuation balance. Even forgotten or unclaimed balances are included given that Tax File Numbers are used to link superannuation accounts to individuals.

Averages and medians are calculated using only data for individuals who have a non-zero value for the particular label being reported on across any of their super accounts. In contrast, the ABS data published by ASFA in the main includes all individuals within specified age groups, including individuals with nil superannuation.

When adjustments are made for these various differences, the ATO and ABS statistics are broadly comparable.

² https://www.superannuation.asn.au/ArticleDocuments/359/1710_Superannuation_account_balances_by_age_and_gender.pdf.aspx?Embed=Y

³ <https://www.ato.gov.au/About-ATO/Research-and-statistics/In-detail/Taxation-statistics/Taxation-statistics-2016-17/?anchor=Individuals#Individuals>