

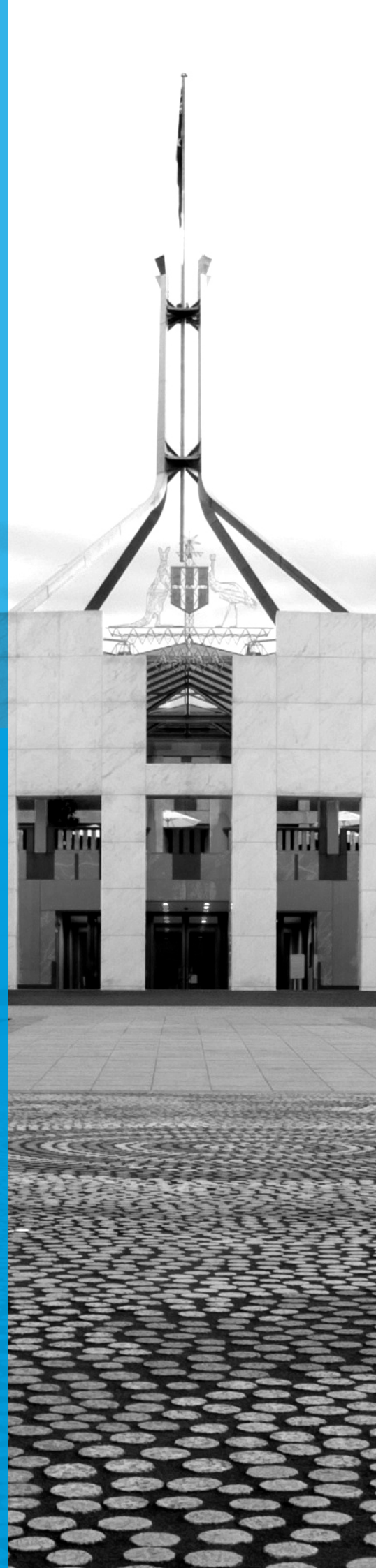


Better Retirement Outcomes: a snapshot of account balances in Australia

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

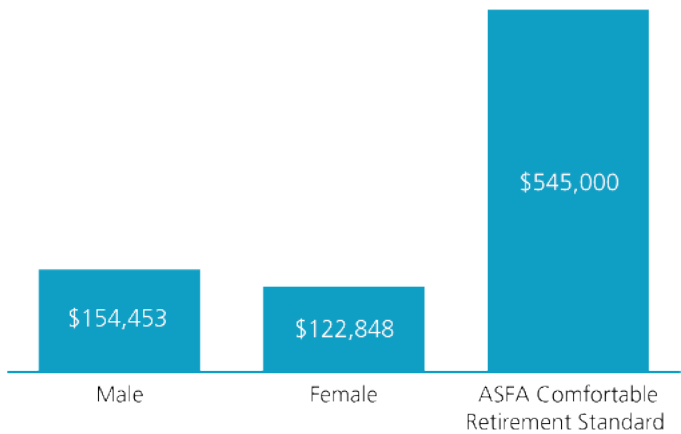
From the inception of superannuation under the industrial award-based system in 1980s, to the now legislated move to 12 per cent in 2025, the benefits of our superannuation system are being realised by more and more Australians.

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).

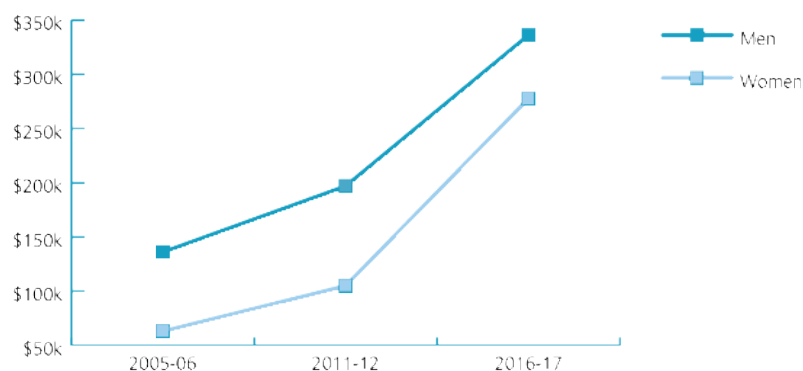
Balances are still below target



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>