An update on superannuation account balances

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ASFA is a non-profit, non-partisan 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 $3.6 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 17 million Australians with superannuation.

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Contents

1

Key facts and messages

The compulsory superannuation system is delivering considerable benefits for Australians. Balances for individuals at the time of retirement are increasing and increasing numbers of people in the 65 plus age group have a superannuation account balance, leading to higher retirement incomes. However, there is still some way to go in achieving retirement income adequacy, particularly for females.

Currently around 30 per cent of couples and singles reach or exceed the ASFA Comfortable Standard and projections indicate that the superannuation system as it matures will play a crucial role in improving retirement living standards. By the year 2050 ASFA projections indicate that around 50 per cent of retiree households will be able to afford expenditure at the level of ASFA Comfortable or above.

For those with superannuation (excluding persons with a nil balance but covering all age groups), the average balance in June 2021 for males was around $189,890 while for females it was around $150,920.

For individuals aged 60 to 64 in June 2021 the average for males was $402,838 with a median of $211,996 and for females the average was $318,203 with a median of $158,806.

Females held around 43.0 per cent of total superannuation assets, with males 57.0 per cent. The share for females was up from 41.9 per cent four years before.

The total number of individuals with superannuation fell between 2019 and 2021, largely due to there being fewer temporary residents such as students and backpackers. However, there was a substantial increase in the number of Australians aged 65 and over with superannuation.

COVID-19 early release payments will have a lasting impact on the retirement savings of many Australians, particularly Millennials (otherwise known as Gen Y). For a person aged about 30 when they applied for COVID-19 early release, the impact on their final retirement superannuation balance could be over $43,000 in today's dollars.

The number of unwanted multiple accounts in the system has stabilised at around 2 to 2.5 million accounts. Funds sending small inactive accounts to the ATO has eliminated many unwanted multiple accounts. "Stapling" of an employee's existing account when they start a new job will assist in containing creation of further multiple accounts.

ASFA analysis of Census data suggests that currently around 45,000 Australians aged 60 to 64 retire each year, around 65,000 aged 65 to 69 retire each year and around 40,000 aged 70 to 74 retire each year.

There is considerable dispersion in account balances of those retiring. Around 75 per cent to 80 per cent of individuals have balances below $500,000 around the time of retirement.

Currently the average life expectancy at age 65 is 85.3 years old for males and 88 years old for females. The standard default assumption in online calculators and most financial planning exercises for when private retirement savings are exhausted is age 92. By age 92 only around 30 per cent of those who were living at age 65 will still be alive, with an average life expectancy of around 4 years. Many individuals aged in their late 90s will be in residential aged care of some sort.

In June 2021 there were about 55,000 individuals with a balance over $3 million, up from around 35,000 in June 2019. Given recent investment returns and further contributions, the Treasury estimate that by July 2025 there will be around 80,000 individuals with more than $3 million in superannuation is quite reasonable.

2 Account balances by age and gender

The Australian compulsory superannuation system is still to fully deliver its benefits as many individuals have had superannuation coverage only since the commencement of industrial award based superannuation in the late 1980s and the introduction of the Superannuation Guarantee (SG) in 1992.

Australian Bureau of Statistics data indicate that in 2021 for people aged 67 and over who were retired, only around 21 per cent had contributed to superannuation for 30 years and over with 18 per cent having contributed for 20 to 29 years[1]. For persons who retired from the paid labour force many years ago, particularly women, rates of superannuation coverage are even lower. However, there has been a substantial improvement over the last few years. Back in 2015 only 4 per cent of people aged 67 and over who were retired had contributed to superannuation for 30 years and over with 12 per cent having contributed for 20 to 29 years.

The SG is currently legislated to increase to 12 per cent but it was paused at 9.5 per cent from 2014 until 2021. On 1 July 2023 it reached 11 per cent with further annual increases of 0.5 percentage points scheduled each July until it reaches 12 per cent.

Given that many Australians have received compulsory contributions at or not much more than 9 per cent (in some cases for a limited number of years and/or at lower rates for a considerable period of time), many Australians still have relatively modest levels of superannuation.

However, the good news is that balances have been growing for most individuals because of continued contributions and strong investment earnings. Many individuals now have substantial superannuation account balances.

More specifically, for only those with superannuation (excluding persons with a nil balance), Australian Taxation Office (ATO) data indicate that at end June 2021 the average balance for males aged 15 and over was **$189,892** while for females it was **$150,922**. This equates to a gap between females and males of **20.5 per cent, down from 21.1 per cent two years earlier.**

1 Retirement and Retirement Intentions, Australia, 2020-21 financial year | Australian Bureau of Statistics (abs.gov.au)

Average balances also are up substantially from four years before, when the average for males aged 15 and over was $146,420 and $114,350 for females (as at the end June 2017). The average balance was up **29.7 per cent for males and by 32.0 per cent for females, which contributed to the increase in the share of superannuation assets held by females.**

Since June 2019 there have been substantial cumulative investment returns. As well, many fund members would have received the benefit of both compulsory and voluntary superannuation contributions.

However, there also have been considerable benefit payments in the last few years, both for retirement and for hardship and compassionate release. **Around 160,000 accounts were closed as a result of COVID Early Release payments with up to one million accounts left with less than $1,000. COVID Early Release payments were particularly concentrated amongst the lower paid and/or single parents.**

In 2021-22 (for funds with more than six members) there were around 1,370,000 persons who received regular income from account based income streams. There also were 99,000 persons receiving annuity payments (both term and lifetime) along with 159,000 persons receiving defined benefit pensions, (mostly related to former public service employment). The total amount of pensions paid by funds with more than 6 members increased from **$28.4 billion in 2014-15 to $40.4 billion in 2021-22**. A further 81,000 persons received transition to retirement pensions in 2021-22. These various payments have a moderating impact on account balances, but in a way entirely consistent with the purpose of the system.

Strong investment returns together with the SG reaching the legislated rate of 12 per cent in 2025 will help more Australians achieve a comfortable and dignified lifestyle in retirement but account balance data indicate that many Australians still have a long way to go in achieving that goal.

Table 1 provides further details of average balances as at 30 June 2021 by age and gender.

Table 1: Superannuation balances by age and gender, June 2021

Age	Male			Female		
	Number with super	Average account balance $	Median account balance $	Number with super	Average account balance $	Median account balance $
under 18	58,564	11,710	307	52,990	7,455	187
18-24	932,704	8,148	4,198	900,284	7,328	3,899
25-29	903,793	25,981	17,243	858,275	23,429	17,528
30-34	937,466	56,344	41,849	905,043	46,289	35,716
35-39	928,881	95,937	74,062	878,119	75,785	57,401
40-44	832,507	139,431	106,771	780,691	107,538	77,644
45-49	814,148	190,716	139,850	777,281	142,037	96,575
50-54	772,672	246,955	167,002	746,564	182,167	112,943
55-59	718,349	316,457	191,263	688,792	236,530	130,714
60-64	618,043	402,838	211,996	588,873	318,203	158,806
65-69	453,099	453,075	213,986	428,988	403,038	201,233
70-74	315,406	509,059	216,564	290,286	451,523	212,462
75 or more	300,223	507,556	174,179	250,182	436,865	168,973

Source: Individuals statistics | Australian Taxation Office (ato.gov.au)

For both males and females, the average balance increases steadily by age group, not declining on average until age 70 plus. After age 70 the incidence of contributions drops off and individuals still having superannuation tend to draw down on their balances (this is consistent with the intended design of superannuation).

However, individuals with relatively low balances at retirement not infrequently close their account completely and use their superannuation lump sum benefit to pay off debts and/or fund expenditure on, say, home repairs or a replacement car. **ABS survey results indicate that in 2020-21 for individuals aged 70 and over who had retired, around 730,000 individuals had received a superannuation lump sum.** Uses made of lump sums included investing outside superannuation (including in bank accounts), paying off a home or home improvements, purchase or paying off a motor vehicle, clearing outstanding debts, paying for a holiday, and assisting family members.[2]

Other research undertaken by ASFA indicates that currently the great bulk of retirees totally exhaust their superannuation before they pass away[3]. Those with smaller superannuation balances at the time of retirement are particularly likely to close their superannuation account well before they pass away[4]. Individuals who mostly draw down at the minimum required rate and/or who make further contributions are much more likely to still have a superannuation balance at the time of death.

Median balances are also important given that the high balances of a small proportion of individuals can impact on average figures.

However, encouragingly, the median account balance (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.

At earlier ages the median figures are not much below average (mean) balances but from age 45 onwards the difference increases.

There also are differences in median balances for males and females. The median balance in June 2021 for those aged 60 to 64 was $211,996 for males and $158,806 for females, a 25.0 per cent difference.

The ATO also includes comparable figures for June 2019. Details are in Table 2 below.

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2 Table 8.1, Retirement and Retirement Intentions, Australia, 2020-21 financial year | Australian Bureau of Statistics (abs.gov.au)

3 https://www.superannuation.asn.au/ArticleDocuments/359/2103-Super-balances-just-before-death-Paper.pdf.aspx?Embed=Y

4 3.The ATO Longitudinal Information Files (Alife): A New Resource for Retirement Policy Research (with Cain Polidano, Andrew Carter, Marc Chan, Abraham Chigavazira, Hang To, Justin Holland, Son Nguyen, Roger Wilkins), Australian Economic Review,, 53,429-449, 2020

Table 2: Superannuation balances by age and gender, June 2019

Age	Male			Female		
	Number	Average account balance $	Median account balance $	Number	Average account balance $	Median account balance $
under 18	40,647	14,170	369	35,343	9,901	184
18-24	943,241	8,072	4,131	896,324	6,994	3,772
25-29	975,249	25,173	17,495	917,104	21,774	16,956
30-34	993,167	51,175	38,764	933,766	42,240	32,904
35-39	940,888	83,723	65,220	867,102	66,611	50,108
40-44	836,197	121,119	92,303	777,041	92,680	65,840
45-49	849,692	165,587	118,686	807,868	122,228	80,303
50-54	754,471	214,795	139,444	720,869	157,124	92,671
55-59	723,564	286,283	162,337	689,700	209,653	109,639
60-64	585,626	359,870	178,808	553,207	289,179	137,051
65-69	415,906	414,380	189,856	386,656	370,042	180,718
70-74	280,147	464,565	195,656	249,745	403,268	188,006
75 or more	242,572	436,370	144,773	187,062	380,386	139,579

Over the two years to June 2021 both average and median balances have increased across the various age bands for both males and females.

Females held around 43.0 per cent of total superannuation assets as at June 2021, with males 57.0 per cent. The share for females was up from 41.9 per cent four years before.

A number of factors are responsible for females having less superannuation than males on average. One reason is that females are more likely to have time out of the paid labour force following the birth of a child. There also is considerable segmentation of the labour force, with women more likely to be employed in sectors where wages are lower on average. Lower wages on average, time out of the paid labour force, and a greater incidence of part-time work all compound to deliver lower superannuation balances for women compared to men.

Table 3, based on ATO sample file data for balances as at June 2021, illustrates the difference in median balances for various occupational groups.

Table 3: Median balances for various occupational groups for age group 60 to 64

	All persons	Females
Managers	$290,200	$219,100
Professionals	$360,600	$316,500
Trade workers	$197,000	$115,200
Community and personal services	$120,800	$105,000
Clerical and administration	$190,200	$173,750
Sales	$122,900	$102,200
Machinery operators and drivers	$153,800	$86,050
Laborers	$100,350	$70,000
Consultants	$195,000	$156,200

ASFA has proposed that in order to reduce the gap in superannuation balances between women and men and to improve the living standards of women in retirement that superannuation contributions should be made in relation to paid parental leave payments provided by the government. Currently around 180,000 individuals receive paid parental leave. It is payable for up to 90 days for a woman, with a maximum payment of $15,890. Superannuation on this at the current Superannuation Guarantee rate of 11 per cent would result in a superannuation contribution of $1,750. For a woman aged 30 this would lead to an increase in their superannuation balance at age 67 of around $3,400 in today's dollars.

The recent abolition of the $450 a month wages threshold for payment of compulsory superannuation also will assist in increasing the share of employer contributions being paid into the accounts of females as around two-thirds of those affected by the threshold are female.

Another effective method for reducing disparities in the superannuation savings of females and males is though enhancement of measures such as the Low Income Superannuation Tax Offset (LISTO) and through the introduction of SG payments in regard to paid parental leave. ASFA has strongly advocated in regard to both such measures.

LISTO is a government superannuation payment of up to $500 per year to help low-income earners save for retirement. Before-tax super contributions are taxed by the government at 15 per cent. The low-income tax offset effectively refunds that tax for low income earners straight into their super fund.

Females are the biggest recipients of the LISTO. The number of females eligible for the tax break increases significantly around the time they start having children. Recipients do not need to do anything to claim this low-income tax offset. It happens automatically when people lodge their tax return, provided the superannuation fund has a copy of the member's tax file number. In 2021-22 there was a total of $590 million in LISTO payments made by the ATO to the superannuation accounts of 2.46 million individuals[5]. Expenditure on the LISTO has tended to decrease in recent years as the result of wages growth leading to individuals going above the upper threshold and no longer being eligible for LISTO.

The LISTO applies to those earning $37,000 or less a year and is designed to provide a tax incentive for superannuation contributions applies even when a taxpayer is on the lowest personal tax rate or is not subject income tax at all because they are under the income threshold of personal income tax. The LISTO upper threshold is not indexed but income tax thresholds have been adjusted upwards. In 2023-24 the 19 cents in the dollar tax rate applies to incomes between $18,201 and $45,000. Accordingly, there is a strong argument on equity grounds for the LISTO upper threshold to be changed to $45,000 and be aligned to the relevant income tax threshold going forward.

5 Annual reports – low income superannuation tax offset | Australian Taxation Office (ato.gov.au)

3 Developments in the number of people with a superannuation account

Generally the number of persons with superannuation grows each year, with this largely driven by growth in the number of persons in the paid labour force. **However, between June 2019 and June 2021 there was a fall of nearly 170,000 in the number of persons with superannuation.**

There are a number of reasons for this. Overseas migration was particularly affected by COVID-19, with international travel restrictions resulting in a net outflow of 85,000 overseas migrants from Australia in 2020-21. Particularly impacted was the number of temporary residents who worked in Australia, such as backpackers and other temporary workers and students working part-time.

With the easing of restrictions, overseas migration is expected to recover to the pre-pandemic trend of a net inflow of 235,000 people from 2022–23. This will impact on the number of persons with superannuation going forward.

As well there was the impact of the COVID-19 early release arrangements. A previous ASFA research paper has provided details of its impact on account balancesi. Approximately 163,000 accounts were fully depleted by early release payments and closed in the June and September quarters of 2020. The cleaning out of accounts was more prevalent for women, single parents and the unemployed (including temporary residents).

COVID-19 early release payments will have a lasting impact on the retirement savings of many Australians, particularly Millennials (otherwise known as Gen Y). As shown by Table 4, for a person aged about 30 when they applied for COVID-19 early release, the impact on their final retirement superannuation balance could be over $43,000 in today's dollars. This equates to around a 10 per cent reduction for a wage earner on $65,000 a year.

The impact on older generations is less given that those generations were less likely to seek early release and also the period of lost investment earnings is smaller the older a person is. There is no real evidence that Millennials have made voluntary contributions in order to catch up on their retirement savings.

Table 4: Estimated reduction in superannuation balance at retirement in today's dollars

Age	$10,000 withdrawal	$20,000 withdrawal
30	$21,516	$43,032
40	$17,512	$35,024
50	$14,253	$28,506

Source: ASIC Moneysmart calculator, assumes retirement at age 67

There also were transfers of small inactive accounts to the ATO applying to accounts under $6,000 which came into effect in October 2019. In many cases the ATO would then send the amount transferred to an active account of the account holder but in a substantial number of cases such individuals do not have another superannuation account.

As a result of both the reduction in temporary residents working in Australia and the closure of small balance accounts of Australian residents, there was a significant fall, by around 220,000, in the number of individuals aged between 25 and 34 with a superannuation account. There also was a fall of around 66,000 of individuals aged 45 to 49 with superannuation with this age group likely to be made up mostly by permanent residents and Australian citizens.

On the other hand, between June 2019 and June 2021 there was a substantial increase in the number of older Australians with superannuation. The number of Australians aged 75 and over with superannuation increased from around 430,000 to around 550,000, with the number of individuals aged 65 to 69 with superannuation increasing from around 800,000 to 880,000. However, the incidence of superannuation still drops to quite low levels for older age groups (Table 5).

Table 5: Percentage of age group with superannuation

Age group	% with super
60 to 64	75
65 to 69	60
70 to 74	47
75 to 79	37
80 to 85	20

Source: ATO and ABS

4

Growth in aggregate account numbers and trends in multiple account holdings

Data published by APRA[6] (Table 6) show the impact of recent initiatives to address the number of unwanted multiple superannuation accounts.

Table 6: Aggregate superannuation account numbers

	Jun-19	Jun-20	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Total industry	27,431	24,364	23,189	23,207	23,125	23,325	23,367	23,629	23,708	23,968

The sharp fall in the number of accounts held by superannuation funds between June 2019 and June 2020 reflects the increase in the upper threshold for small and inactive accounts to be sent to the ATO. During this period there also was the closure of Eligible Rollover Funds, with those accounts also mainly going to the ATO.

The introduction in late 2021 of "stapling" of an existing superannuation account to employees who commence work with a new employer has had a less discernable impact on the aggregate number of superannuation accounts. However, this measure will assist in constraining future growth in the number of multiple accounts.

Treasury analysis of the impact of stapling on the number of multiple accounts which indicated that it would have a substantial impact was based on their internal estimate that around 850,000 duplicate accounts are formed each year as a result of 1.6 million people changing jobs with most people being defaulted into a new account. This analysis appears to involve quite high estimates of the number of people changing jobs each year and as a result changing funds. ABS data indicates that 1.3 million people changed jobs during the year ending February 2023, equating to a job mobility rate of 9.5 per cent of all employed people changing jobs during the year[7]. Employed people includes the self-employed who generally do not receive employer superannuation contributions.

6 Quarterly Superannuation Industry publication | APRA
7 Job mobility, February 2023 | Australian Bureau of Statistics (abs.gov.au)

It also should be noted that there are funds with a large market share and/or specialising in specific industry sectors such as retail, hospitality or health services. As a result, default fund arrangements for a new employer can be the same as for the previous employer in many cases.

The reduction in multiple accounts that has occurred due to the various policy initiatives is also reflected in ATO data (Table 7).

The table again clearly indicates that the most substantial reduction in multiple accounts occurred between June 2019 and June 2020, although there has been some reduction in multiple accounts since then. **It is particularly pleasing to see that the percentage of individuals with four or more accounts has dropped from 4 per cent of individuals to 1 per cent.** The transfer of small inactive accounts to the ATO has been particularly effective in reducing the incidence of such accounts.

Table 7: Number of super accounts held by individuals, 2019 to 2022

Number of super accounts	2019	2020	2021	2022
1	65%	74%	75%	76%
2	23%	20%	19%	18%
3	7%	5%	4%	4%
4 or more accounts	4%	2%	2%	1%
Individuals with 1 or 2 super accounts	88%	94%	94%	95%
Individuals with 3 or more super accounts	11%	7%	6%	5%

Source: **Trend towards single accounts | Australian Taxation Office (ato.gov.au)**

While there has been a trend towards single accounts, there are a number of justifiable reasons why an individual might have more than one account, particularly no more than two.

Multiple accounts can be justified when they are used to:

- Retain employer financed benefits in defined benefit funds after leaving an employer, especially unfunded public sector funds (400,000 accounts, with over 210,000 such accounts in the three major Commonwealth defined benefit schemes).
- Facilitate salary sacrifice and discretionary personal savings by those in defined benefit funds.
- Provide for individuals in defined benefit funds who have employment income from another employer as well.

- Retain entitlement for advantageous insurance coverage that cannot be obtained when moving to another fund because of a pre-existing condition or the like.
- Facilitate transition to retirement arrangements (around 120,000 accounts).
- Support individuals aged 65 and over or who earlier satisfied a condition of release but who are now still in employment and who also have an account based income stream.
- Open an additional income stream in retirement as the current law does not allow account based income streams to be topped up. Some income streams also cannot be commuted and added to a new income stream due to legal requirements or because they receive favourable social security treatment.
- Satisfy perceived consumer needs for multiple accounts to meet investment and other requirements, including accounts used solely to finance insurance premiums (with around 720,000 accounts being used only for insurance purposes).

These factors together with APRA data on the number of inactive accounts in the system and ATO data on the number of individuals with multiple accounts indicates that a reasonable estimate of unwanted or unneeded multiple accounts in the system is of the order of 2 million to 2.5 million.

A proportion of these accounts will be small inactive accounts that have not reached the period of inactivity that leads them to being sent to the ATO. There also would be inactive accounts with balances of more than $6,000 which do not qualify for being sent to the ATO as small inactive accounts. They may eventually be sent to the ATO when the member apparently has reached the age of 65. However, accounts over $6,000 will generally have investment returns greater than the CPI linked return for ATO held accounts, even after deduction of administration fees. The average investment return for default investment options in superannuation funds generally is around 4 to 5 percentage points above the annual growth in the CPI.

Mechanisms for removing both these small and larger inactive duplicate accounts from the system are likely to require individuals to take some initiative, albeit assisted by easy consolidation processes provided by funds direct and by the ATO through myGov. Stapling is unlikely to assist given that contributions are not being made in regard to such accounts.

The ATO as at June 2022 held around 3.2 million general, small and insoluble unclaimed money accounts and 1.6 million inactive low balance accounts. The number of general, small and insoluble accounts has been falling as a result of the ATO paying balances to individuals or to their active superannuation account but the number of small inactive accounts has been increasing following the increase in the upper threshold for such accounts to go to the ATO.

5

The number of individuals retiring each year and the age at which people retire

As indicated by Table 1 earlier in this paper, for individuals aged 60 to 64 the average superannuation balance for males was $359,870 with a median of $178,808 and for females the average was $289,179 with a median of $137,051.

Retirement is generally self-reported by retirees when statistics are being collected. However, being in paid employment is generally inconsistent with retirement, although some individuals who have retired from a full-time job may then seek part-time employment in the same or a different industry.

For superannuation funds a focus naturally will be on those retiring after age 60, the general preservation age for superannuation benefits.

ASFA analysis of Census data suggests that currently around 45,000 Australians aged 60 to 64 retire each year, around 65,000 aged 65 to 69 retire each year and around 40,000 aged 70 to 74 retire each year. This is consistent with the ABS estimate based on responses from individuals they surveyed that 140,000 people retired in 2020, with an average age of 64.3 years[8].

The number of individuals aged 75 and over retiring each year is relatively low given that only around 4 per cent of that age group are still employed after age 75. However, that percentage is increasing. It was around 3 per cent in 2001 (Table 8). Employment includes the self employed and those who work part-time as an employee.

8 Retirement and Retirement Intentions, Australia, 2020-21 financial year | Australian Bureau of Statistics (abs.gov.au)

Table 8: Employment rates by age and gender

Age group	1971	2001	2021
Males			
55–59	87.8%	65.5%	72.0%
60–64	75.1%	44.3%	58.5%
65–69	34.8%	18.9%	33.4%
70–74	18.6%	9.5%	15.9%
75+	8.7%	4.7%	5.9%
Females			
55–59	28.2%	46.3%	65.0%
60–64	15.9%	22.9%	48.9%
65–69	7.6%	8.8%	24.0%
70–74	3.6%	3.9%	9.6%
75+	1.5%	1.7%	2.3%
Persons			
55–59	57.8%	56.0%	68.4%
60–64	44.7%	33.6%	53.5%
65–69	20.5%	13.8%	28.5%
70–74	10.0%	6.6%	12.6%
75+	4.1%	2.9%	3.9%

Source: ABS Census Table Builder data.

As indicated by Table 9, by age 66 employee income is the main source of income for only a minority of males and females. A substantial proportion of those aged 65 rely on government benefits, even though the eligibility age for the Age Pension in 2021 was 66.5 years. There are substantial numbers of older Australians on Disability Pensions or Newstart before transferring to the Age Pension.

By age 69 nearly half of age group rely mainly on Government benefits, particularly females. Only 16.5 per cent of males and 12.5 per cent of females relied mainly on employee income.

It should also be noted that the majority of those aged 65 to 69 have a spouse and may be able to rely on the income of their spouse to a greater or lesser extent.

Table 9: Main source of income by age

Age group	65 years	66 years	67 years	68 years	69 years	Total
Males						
Government benefits	19.3%	26.3%	34.4%	39.2%	42.6%	32.0%
Employee income	37.9%	32.5%	25.2%	20.1%	16.5%	26.8%
Females						
Government benefits	25.1%	34.9%	43.2%	47.5%	51.0%	40.0%
Employee income	33.2%	27.3%	20.2%	15.7%	12.5%	22.1%

Source: Census of Population and Housing, 2021, TableBuilder

6 Account balances for those at or approaching retirement.

While retirement occurs at different ages for different people, a practical approach to assessing adequacy of retirement savings in general is to look at superannuation balances of those aged 60 to 64, an age group where there are a substantial number of retirements with many more retiring not long after.

As indicated by Table 1 earlier in this paper, for individuals aged 60 to 64 the average superannuation balance for males was $402,838 with a median of $211,996 and for females the average was $318,203 with a median of $137,051.

Around 23 per cent of females in that age group have no superannuation compared to 13 per cent of males.

The data suggests 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 with the number of individuals with superannuation falling substantially (by about 25 per cent).

Consistent with this, the data indicate that there were 618,043 males with superannuation aged 60 to 64 but only 453,099 with superannuation aged 65 to 69. For females the equivalent figures were 588,873 and 428,988.

However, the number of people aged 65 plus with superannuation was large with around 2.0 million out of 3.8 million Australians aged 65 and over with superannuation. This figure is up from around 1.3 million Australians four years before. Superannuation now forms a significant and growing part of the retirement income of many Australians.

Around 10,000 of the 60-64 age group had balances over $3 million in 2020-21.

The data published by the ATO also indicates the considerable dispersion in superannuation account balances amongst those aged 60 to 64 and for those aged 70 plus. These age groups are particularly relevant for assessing retirement savings adequacy and also the potential market for various retirement income products.

Tables 10 and 11 provide further details.

Table 10: Number of persons aged 60 to 64 by superannuation balance range, June 2021

Account balance	Number of individuals	Percentage of individuals
Less than $50,000	273,093	22.6%
$50,00 to $150,000	261,041	21.6%
$150,000 to $250,000	179,557	14.9%
$250,000 to $500,000	229,844	19.0%
$500,000 to $750,000	109,127	9.0%
$750,000 to $1 million	59,764	5.0%
$1 million to $2 million	74,414	6.2%
$2 million plus	20,092	1.7%

Table 11: Number of persons aged 70 plus by superannuation balance range, June 2021

Account balance	Number of individuals	Percentage of individuals
Less than $50,000	254,942	22.1%
$50,00 to $150,000	245,246	21.2%
$150,000 to $250,000	159,562	13.8%
$250,000 to $500,000	209,932	18.2%
$500,000 to $750,000	97,958	8.5%
$750,000 to $1 million	55,307	4.8%
$1 million to $2 million	87,956	7.6%
$2 million plus	45,198	3.9%

7 Life expectancy of retirees

Currently the average life expectancy at age 65 is 85.3 years old for males and 88 years old for females. The standard default assumption in online calculators for when private retirement savings are exhausted is age 92, a bit beyond average life expectancy. By age 92 only around 30 per cent of those who were living at age 65 will still be alive, with an average life expectancy of around 4 years. There is a compression of mortality when individuals are aged in the 90s with a relatively high death rate per year. As well, for those still living in their late 90s many will be in residential aged care of some sort.

8 The incidence of relatively high account 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.

As at June 2021, around 97.5 per cent of people with superannuation had less than $1 million in super, around 2 per cent between $1 million and $2 million, and 0.3 per cent between $2 million to $3 million, and 0.3 per cent over 3 million. By 2025 the percentage with over $3 million will be around 0.5 per cent.

Demographics of those with $2 million to $3 million in 2021 (the group mostly likely to move up to $3 million plus) are 56 per cent male, 60 per cent over 65.

However, while a small minority have substantial superannuation balances ATO statistics indicate that in June 2021 there were 417,567 individuals with total superannuation over $1 million, with 104,141 of those with total superannuation over $2 million. These figures are well up on 322,200 individuals with total superannuation over $1 million, with 78,660 of those with total superannuation over $2 million that was the case in June 2019.

Older Australians are more likely to have relatively high superannuation balances, both because they have had more time to accumulate a balance and because contribution caps were more accommodating in the past. As at June 2021 there were 133,154 individuals aged 70 and over with more than $1 million in superannuation, with 45,198 having $2 million or more.

In June 2019 there were about 35,000 individuals with a balance over $3 million. In June 2021 the number was about 55,000. Given recent investment returns and further contributions, the Treasury estimate that by July 2025 there will be around 80,000 individuals with more than $3 million in superannuation is quite reasonable.

ATO sample file data provide an indication of the characteristics of those with more than $3 million as at June 2021:

- Around 60 per cent were male and around 85 per cent were aged 60 and over.
- Around 35 per cent had taxable income of $200,000 plus, with 35 per cent having taxable incomes of less than $30,000 a year. Around 5 per cent had zero taxable income.
- Around one-third had an investment property, with around one-third of those with an investment property negatively geared. Less than 1 per cent recorded farm income in their tax return.

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