

ASFA Research note: Superannuation balances for those from a Non-English Speaking Background (NESB)

- Newly available data provide an insight into the superannuation savings of Australians who did not have English as their first language from birth
- There are around 2.7 million superannuation account holders who can be categorized as NESB with a total of \$385 billion in super, around 16 per cent of the total number of Australians with superannuation
- There have been substantial increases in average and median balances of NESB Australian residents over the eight years to 2022
- However, superannuation balances for NESB Australian residents on average are lower across every age group compared to the balances of the overall population with superannuation

The Australian NESB population

Over the eight years to 2022 the number of NESB persons in Australia with superannuation dropped slightly, with the fall driven by a substantial decrease in the numbers aged between 15 to 24 and 25 to 34. This largely reflects the fall in the rate of net immigration following the COVID 19 border restrictions, with the flow in of temporary residents dropping substantially along with many temporary residents leaving the country. Main languages for those who are NESB are Mandarin, Arabic, Vietnamese, Cantonese and Punjabi.

Superannuation coverage rates

Superannuation coverage rates for NESB persons have increased since 2014 and are now at about the same overall

rate for the general population for males but are still at a slightly lower rate for females. Superannuation coverage rates for those aged under 35 are actually higher than for the general population, reflecting the fact that many younger persons with an NESB background are temporary residents who have an entitlement to paid work.

Growth in account balances

There was substantial growth in median and average account balances between 2014 and 2022, particularly for older age groups, as shown by the table below. The table provides data from the Household I for those not yet retired.

The increase in the median account balance for NESB males was from \$35,000 to \$100,000 and for NESB females from \$19,000 to \$50,000. For NESB males aged 55 plus and not yet retired, the increase in median balances was from \$100,000 to \$200,000 and for females it was from \$50,000 to \$120,000.

Despite these increases, the median balances for those aged 55 plus were lower than for the equivalent general population, which were \$250,000 for males and \$170,000 for females.

In 2022 the average superannuation balance for a retired person who is NESB was \$320,000 compared to \$460,000 for all Australians with super who were retired.

Implications for retirement income settings

Both average and median superannuation balances are lower for the NESB population than the general population and at

| Age group | 2014 | | | 2018 | | | 2022 | | |
|----------------|-----------------------|--------------|-------------|-----------------------|--------------|-------------|-----------------------|--------------|-------------|
| | % with superannuation | Average (\$) | Median (\$) | % with superannuation | Average (\$) | Median (\$) | % with superannuation | Average (\$) | Median (\$) |
| Males | | | | | | | | | |
| 15-24 | 56.40% | 4,003 | 2,000 | 63.10% | 7,430 | 9,000 | 100.00% | 8,491 | 3,000 |
| 25-34 | 89.10% | 26,523 | 12,000 | 89.40% | 28,458 | 20,000 | 96.20% | 30,087 | 25,000 |
| 35-44 | 85.80% | 59,797 | 45,000 | 96.30% | 85,755 | 55,000 | 86.10% | 132,302 | 100,000 |
| 45-54 | 82.50% | 135,300 | 75,000 | 89.90% | 186,625 | 145,000 | 91.40% | 218,019 | 150,000 |
| 55+ | 84.60% | 207,068 | 100,000 | 83.60% | 236,553 | 150,000 | 72.80% | 315,617 | 200,000 |
| All | 82.80% | 81,297 | 35,000 | 87.90% | 104,755 | 45,000 | 86.70% | 160,406 | 100,000 |
| Females | | | | | | | | | |
| 15-24 | 57.00% | 4,282 | 2,227 | 61.40% | 7,791 | 4,000 | 73.50% | 8,069 | 4,000 |
| 25-34 | 64.70% | 17,745 | 10,000 | 77.60% | 69,143 | 11,689 | 84.90% | 30,859 | 25,000 |
| 35-44 | 82.30% | 36,098 | 20,300 | 86.80% | 55,077 | 34,488 | 93.40% | 90,039 | 60,000 |
| 45-54 | 72.40% | 86,461 | 49,588 | 77.00% | 108,321 | 58,000 | 81.30% | 122,572 | 75,000 |
| 55+ | 59.50% | 94,155 | 50,000 | 66.60% | 162,976 | 75,000 | 66.60% | 238,918 | 120,000 |
| All | 68.20% | 46,876 | 19,000 | 76.50% | 81,639 | 28,135 | 82.80% | 106,696 | 50,000 |

Source: HILDA data prepared for ASFA

older ages fall well short of the amounts needed for sustaining a comfortable lifestyle in retirement. As well, the shortfall is greater for females compared to males.

The data illustrate the impact of time out of the paid labour force, with median balances for females well below those for males in the age groups 25 to 34 and 35 to 44.

The low median balances for those aged 25 to 34 also means that early release of superannuation for housing deposit purposes would be even more ineffective for NESB persons, with housing prices bid up by the small minority of the mainly non-NESB group with high balances.

The data reinforces the case for the announced introduction of SG on Paid Parental Leave. Other measures which directly assist those on lower incomes, including those from NESB groups and the broader population, should be considered by the government. This could include an increase in the upper income cap for the Low Income Superannuation Tax Offset (LISTO), identifying solutions for the underpayment or non-payment of superannuation on 'gig economy' work, and consideration of the economic penalty from unpaid caring work and whether there are methods for this work to be recognised.

The substantial absolute number and proportion of Australian residents who are NESB also highlights the need for communications and provision of financial information, guidance and advice be available across the range of community languages active in Australia.