Research paper

An update on superannuation account balances

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About ASFA

ASFA, the voice of super, has been operating since 1962 and is the peak policy, research and advocacy body for Australia's superannuation industry. ASFA represents the APRA regulated superannuation industry with over 100 organisations as members from corporate, industry, retail and public sector funds, and service providers.

We develop policy positions through collaboration with our diverse membership base and use our deep technical expertise and research capabilities to assist in advancing outcomes for Australians.

Account balances by age and gender

The Australian compulsory superannuation system is still to fully deliver its benefits in the sense that 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. 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 2024 it reached 11.5 per cent with a further increase of 0.5 percentage points scheduled in July 2025 when 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 those with superannuation (excluding persons with a nil balance), Australian Taxation Office (ATO) data indicates that at end June 2022 the average balance for males aged 15 and over was $182,667 with a median balance of $66,159. For females the average was $146,146 with a median balance of $52,075. Both average and median values were down slightly compared to June 2021.

The primary driver for that was the fact that the average investment return in the pre-retirement stage for superannuation was minus 3.3 per cent in 2021-22. However, average investment returns bounced back to 9.2 per cent in 2022-23 and 9.1 per cent in 2023-24. Over the two years to June 2024 superannuation fund members had cumulative investment returns of over 19 per cent. Superannuation fund members in retirement phase have higher returns due to lower taxation on investment returns, with many retirees having cumulative investment returns over the two years of over 20 per cent.

The average superannuation investment return in the accumulation phase over the last 30 years was 7.6 per cent.

Superannuation balances also have been impacted over the last couple of years by substantial benefit payments, 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 younger people, the lower paid and/or single parents.

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. Currently just over 30 per cent of Australians are able to afford expenditure in retirement at or above the ASFA Comfortable Retirement Standard level. As the system matures and average and median balances increase, this figure will rise to 50 per cent or more by the year 2050. Couples are more likely to reach ASFA Comfortable than single people.

Table 1 provides further details of average balances as at 30 June 2022 by age and gender.

Table 1: Superannuation balances by age and gender, June 2022

	Male			Female		
Age	**Number**	**Average account balance $**	**Median account balance $**	**Number**	**Average account balance $**	**Median account balance $**
under 18	78,800	7,666	289	75,988	5,088	185
18-24	955,295	8,069	4,617	920,306	7,297	4,275
25-29	884,551	25,407	17,545	840,566	23,273	17,840
30-34	931,580	53,154	39,796	908,079	44,053	34,327
35-39	934,796	90,822	70,181	897,345	71,686	54,391
40-44	856,427	131,792	101,231	809,489	102,227	74,066
45-49	802,604	180,958	133,616	769,945	136,667	93,471
50-54	795,018	237,084	162,146	773,383	176,824	111,063
55-59	716,530	301,922	186,255	691,545	228,259	128,675
60-64	640,637	380,737	205,385	613,586	300,717	153,685
65-69	473,984	428,533	206,091	453,292	379,483	191,475
70-74	324,587	474,898	200,349	303,671	422,348	198,005
75 or more	341,655	487,525	166,185	293,060	416,279	161,201

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

For both males and females, the average balance increases steadily by age group. After around age 70 the number of those with superannuation drops substantially, with the median amount also declining. 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).

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.[1]

Other research undertaken by ASFA indicates that currently the great bulk of retirees totally exhaust their superannuation before they die.[2]

[1] Table 8.1, Retirement and Retirement Intentions, Australia, 2020-21 financial year | Australian Bureau of Statistics (abs.gov.au)
[2] https://www.superannuation.asn.au/ArticleDocuments/359/2103-Super-balances-just-before-death-Paper.pdf.aspx?Embed=Y

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 2022 for those aged 60 to 64 was $205,385 for males and $153,685 for females, a 25.2 per cent difference. Females held around 43.4 per cent of total superannuation assets as at June 2022, with males 56.6 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. However, as the compulsory superannuation system matures the share of superannuation is increasing. Compulsory superannuation is beneficial for both men and women, particularly women.

The recent abolition of the $450 a month wages threshold for payment of compulsory superannuation 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 would be 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 2022-23 there was a total of $674 million in LISTO payments made by the ATO to the superannuation accounts of 2.67 million individuals[3].

The LISTO applies to those earning $37,000 or less a year and is designed to provide a tax incentive for superannuation contributions 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

[3] Annual reports – Low income superannuation tax offset | Australian Taxation Office (ato.gov.au)

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.

The ATO also includes comparable figures for June 2021. Details are in Table 2 below.

Table 2: Superannuation balances by age and gender, June 2021

	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)

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. Between June 2021 and June 2022 there was an increase of around 400,000 in the number of persons with superannuation (Table 3). The increase in the number with superannuation was in the older age groups, with the numbers decreasing for those aged 25 to 29 and 30 to 34.

Details are in Table 3 below.

Table 3: Change in number with superannuation, June 2021 and June 2022

	Male Number June 2021	Male Number June 2022	Female Number June 2021	Female Number June 2022
under 18	40,647	78,800	35,343	75,988
18-24	943,241	955,295	896,324	920,306
25-29	975,249	884,551	917,104	840,566
30-34	993,167	931,580	933,766	908,079
35-39	940,888	934,796	867,102	897,345
40-44	836,197	856,427	777,041	809,489
45-49	849,692	802,604	807,868	769,945
50-54	754,471	795,018	720,869	773,383
55-59	723,564	716,530	689,700	691,545
60-64	585,626	640,637	553,207	613,586
65-69	415,906	473,984	386,656	453,292
70-74	280,147	324,587	249,745	303,671
75 or more	242,572	341,655	187,062	293,060
Total	8,585,894	8,736,584	8,146,384	8,350,334

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

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 balances[i]. 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).

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, there was a significant fall, by around 260,000, in the number of individuals aged between 25 and 34 with a superannuation account between June 2021 and June 2022.

On the other hand, between June 2021 and June 2022 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 550,000 to around 635,000, with the number of individuals aged 65 to 69 with superannuation increasing from around 880,000 to around 930,000. The increase in the number of persons aged 65 and over with superannuation is linked to the growing maturity of the Australian compulsory superannuation system, with higher average balances at the time of retirement. Higher balances tend to be kept in the system for longer rather than being spent at or near the time of retirement.

Growth in aggregate account numbers and trends in multiple account holdings

Data published by APRA[4] (Table 4) show the impact of recent initiatives to address the number of unwanted multiple superannuation accounts.

Table 4: Aggregate superannuation account numbers

	Number of member accounts ('000)					
	Jun 2021	Jun 2022	Jun 2023	Sep 2023	Dec 2023	Mar 2024
Total	22,039	22,148	22,405	22,722	22,750	22,848

There was a sharp fall in the number of accounts held by superannuation funds between June 2019 and June 2020 reflecting 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 discernible impact on the aggregate number of superannuation accounts. However, this measure has assisted in keeping the total number of accounts in the system relatively unchanged and also constraining growth in the number of multiple accounts.

Treasury analysis of 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.

The reduction in multiple accounts that has occurred due to the various policy initiatives is also reflected in ATO data (Table 5).

The most substantial reduction in multiple accounts occurred between June 2019 and June 2020, but there has been continuing 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 in 2019 to 1 per cent. The transfer of small inactive accounts to the ATO has been particularly effective in reducing the incidence of such accounts. A large majority of Australians now have only one superannuation account, with the percentage with only one account reaching a record high at 77 per cent in 2023.

Details are in Table 5 below.

[4] Quarterly Superannuation Industry publication | APRA

Table 5: Number of super accounts help by individuals, 2020 to 2023

Number of super accounts	2020	2021	2022	2023
1	74%	75%	76%	77%
2	20%	19%	18%	18%
3	5%	4%	4%	4%
4 or more accounts	2%	2%	1%	1%

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 710,000 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.

Removing these 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 2023 held around 3.1 million general, small and insoluble unclaimed money accounts and 1.6 million inactive low balance accounts (Table 6). 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.

Arguably, much of the work has been done in terms of reducing the number of inactive multiple superannuation accounts within superannuation funds. There still appears to be scope for a substantial reduction in the number of superannuation related accounts held by the ATO. As currently drafted, the legislation dealing with unclaimed superannuation does not allow the sending of inactive low balance amounts to an inactive account of an individual that remains with a superannuation fund because its balance is over the upper threshold for transfer to the ATO.

Table 6: Superannuation related accounts held by the ATO

Category	2020 ('000)	2021 ('000)	2022 ('000)	2023 ('000)
USM: general, small and insoluble	3,373	3,291	3,156	3,113
USM: member eligible age – 65 years and over	75	98	101	106
USM: deceased	4	9	12	20
USM: inactive low balance accounts	997	1,371	1,573	1,689
USM: former temporary resident	811	951	999	1,001
USM: trustee voluntary payments	n/a	170	271	380
USM: eligible rollover funds	n/a	n/a	64	59
SHA: active	184	191	194	200
SHA: inactive – consolidated revenue	142	142	141	142
Total	**5,586**	**6,223**	**6,513**	**6,710**

Figures have been rounded to the nearest thousand. Totals may not align due to rounding.

Source: ATO-held super: USM and SHA | Australian Taxation Office

Superannuation coverage and levels for First Nations men and women

According to the last Census figures, around 3.8 per cent of the Australian population identified as First Nations individuals, with around 3 per cent (660,000) of those aged over 15 being First Nations.

Data from the HILDA survey of the Australian population that was extracted especially for ASFA indicates that superannuation coverage for both First Nations men and women is significantly lower that for the overall Australian population (Table 7). However, in contrast to the general population, more First Nations women have superannuation than do First Nations men. The HILDA data indicate the aggregate amount of superannuation held by First Nations people was around $3 billion in 2022.

Both coverage levels and balances are up since 2014, when the coverage rate for First Nations men was 66 per cent and for women it was 56.9 per cent. Median balances were also up from 2014, with the median balance for men increasing from $13,000 to $27,000 and from $15,000 to $20,000 for women.

However, coverage levels for male First Nations individuals fell between 2018 and 2022. This is likely to have been the result of COVID early release payments emptying low balance accounts.

Drivers of differences in coverage level

Superannuation balances are strongly linked to length of participation in the paid labour force and to average wage or salary received.

In 2021 Census data indicate that 52 per cent of First Nations people were employed, compared to 74 per cent for the rest of the population. Around 48 per cent of First Nations people were receiving income support payments, compared to around 24 per cent for other Australians.

Difference in average wages also would have been a factor. In 2021, First Nations people were over-represented in labouring and community and personal service occupations. First Nations people were under-represented as professionals and managers, relative to the working age non-Indigenous population – 14 per cent of working age non-Indigenous Australians were managers compared with 8 per cent of First Nations people.

Table 7: Superannuation coverage and superannuation holdings of First Nations men and women who are not yet retired, 2022

Superannuation Balance of those with super ($)			
	% with superannuation	**Mean**	**Median**
First Nations Men	67.7	84,524	27,000
First Nations Women	70.7	59,839	20,000
Total	**69.2**	**71,656**	**22,000**
All men	86.9	178,416	80,000
All women	86.1	119,342	50,000
Total	**86.5**	**149,115**	**60,000**

Note: statistics are weighted using population weights
Source for Tables 7 and 8: HILDA data extracted for ASFA

Superannuation balances for those from a Non-English Speaking Background (NESB)

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 (Table 8). 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. 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.

Details are in Table 8 below.

Table 8: Superannuation coverage and superannuation holdings of NESB men and women who are not yet retired, 2022

	2014			2018			2022		
Age group	% with super	Average	Median	% with super	Average	Median	% with super	Average	Median
Males									
15-24	56.4	4,003	2,000	63.1	7,430	9,000	100	8,491	3,000
25-34	89.1	26,523	12,000	89.4	28,458	20,000	96.2	30,087	25,000
35-44	85.8	59,797	45,000	96.3	85,755	55,000	86.1	132,302	100,000
45-54	82.5	135,300	75,000	89.9	186,625	145,000	91.4	218,019	150,000
55+	84.6	207,068	100,000	83.6	236,553	150,000	72.8	315,617	200,000
All	**82.8**	**81,297**	**35,000**	**87.9**	**104,755**	**45,000**	**86.7**	**160,406**	**100 000**
Females									
15-24	57.0	4,282	2,227	61.4	7,791	4,000	73.5	8,069	4,000
25-34	64.7	17,745	10,000	77.6	69,143	11,689	84.9	30,859	25,000
35-44	82.3	36,098	20,300	86.8	55,077	34,488	93.4	90,039	60,000
45-54	72.4	86,461	49,588	77.0	108,321	58,000	81.3	122,572	75,000
55+	59.5	94,155	50,000	66.6	162,976	75,000	66.6	238,918	120,000
All	**68.2**	**46 876**	**19 000**	**76.5**	**81 639**	**28 135**	**82.8**	**106 696**	**50 000**

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

Retirement is more a state of mind than something that can be objectively measured. 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 that 140,000 people retired in 2020, with an average age of 64.3 years[5].

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 as at June 2022 for males was $380,737 with a median of $205,385 and for females the average was $300,717 with a median of $153,685.

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

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 indicates that there were 640,637 males with superannuation aged 60 to 64 but only 473,984 with superannuation aged 65 to 69. For females the equivalent figures were 613,586 and 453,292.

However, the number of people aged 65 plus with superannuation was large with around 2.2 million out of 3.8 million Australians aged 65 and over with superannuation. This figure is up from around 1.3 million Australians five years before and 2.0 million a year before. Superannuation now forms a significant and growing part of the retirement income of many Australians.

The number of Australians with superannuation retirement accounts and aggregate assets in such accounts

It is sometimes claimed that the superannuation sector unduly focuses on the accumulation phase with little attention to the retirement phase. However, recently published statistics indicate the very extensive assets and product offerings related to the provision of retirement income.

APRA data indicates that as at March 2024 APRA regulated funds offered 231 retirement products and 121 transition to retirement products. Total assets involved were $451 billion for retirement products and $13 billion for transition to retirement products.

These products covered 1,270,000 retirement accounts and 61,000 transition to retirement accounts. The average member balance in the retirement accounts was $355,000.

Details are in Table 9 below.

Table 9: Characteristics of Retirement Income Products

		Mar 2024		
Number of products				
Corporate	Industry	Public Sector	Retail	Total
5	32	18	176	231
Member assets ($ billion)				
Corporate	Industry	Public Sector	Retail	Total
8	160	48	236	451
Number of member accounts ('000)				
Corporate	Industry	Public Sector	Retail	Total
16	401	147	705	1,270
Average member account balance ($ '000)				
Corporate	Industry	Public Sector	Retail	Total
482	397	325	334	55

Source: Quarterly Superannuation Industry publication | APRA

Annuity products formed only a small part of the overall number of members in superannuation retirement products. There was $522 million in retirement phase covering 6,000 accounts. There was a further 16,000 accounts in accumulation phase (presumably deferred annuities).

There were 346,613 SMSF members, almost all aged over 60, who received a benefit from their SMSF in 2021-22. The average member balance associated with those members was $1.3 million, with average members benefit payment of $78,767.

The majority of the benefit payments were taken as an income stream benefit, with 320,230 members receiving income stream payments at an average of $47,600 a year.

Across the various types of funds there was a total of 1,677,000 accounts in retirement phase, a very substantial and growing number.

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.

However, a small minority have substantial superannuation balances. ATO statistics indicate that in June 2022 there were 394,673 individuals with total superannuation over $1 million, with 96,117 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.

As at June 2022, individuals with more than $1 million in superannuation accounted for around $780 billion of the total of $2,820 in superannuation account balances at that time.

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.

The number affected by the proposed tax on investment earnings related to superannuation balances over $3 million

ASFA agrees with Treasury estimates that approximately 80,000 people will be impacted when the changes come into effect. Of that figure:

- Approximately 77,400, or 93 per cent of all affected individuals, have a total superannuation balance between $3 million and $10 million. The remaining 7 per cent of affected individuals have balances between $10 million and $50 million.
- Approximately 100 individuals, or less than 1 per cent of those affected, have balances in excess of $50 million.
- Approximately 65 per cent of affected individuals are in the retirement phase, with the remaining 35 per cent of individuals still in the accumulation phase.

The characteristics of those who would pay Division 296 taxation

Some public commentary tends to suggest that the main categories of individuals impacted by the proposed tax are current and retired farmers and elderly widows who like to punt big on tech stocks.

The reality is quite different. It would be much more accurate to categorise those more commonly affected by the proposed tax as being older wealthy males living in affluent areas of capital cities or affluent retirement regions who have never had anything to do with primary production or the only connection is owning a boutique winery that is run at a tax loss.

The ATO sample of individual taxpayer data can be used to estimate the characteristics of those would be affected by the new tax as the unit record data includes both superannuation balance and other demographic and financial data.

ASFA analysis of that data indicates that in terms of national split of those likely to be affected, around 40 per cent of the total affected are female and 60 per cent male. Those affected are relatively old, with 85 per cent aged over 60 with 46 per cent aged over 70. As such many of the group would be receiving tax free income from superannuation and currently tax free investment earnings on their superannuation balance up to the level of the Transfer Balance Cap. However, not all are retired, with around 30 per cent receiving wage and salary income, and with around 5 per cent having wage and salary income over $200,000 a year.

Around 5 per cent of those with over $3 million in superannuation have farm income either direct or through trust or partnership distribution, but in many cases it is not substantial, with other income received. At least some of those with farm income live in inner capital cities and could be described as Pitt Street or Collins Street farmers.

Only around 7 per cent of those likely to be impacted live in rural areas, with only some of those ever having been involved in primary production and even fewer have SMSF balances over $3 million.

Accordingly, the proportion of those with over $3 million in superannuation with an SMSF and a high value farm property within the SMSF would be very low. As well, contribution caps mean that any SMSF where a member has a large balance would need to have held the high value farm property for many years, receiving lease payments a year typically in the 3 per cent to 6 per cent of property value. This would lead to substantial liquid assets in such funds, including easily sold shares in addition to cash in an at call or term deposit account with a bank. If there is a legitimate concern in regard to an SMSF having limited liquidity this would be best addressed by allowing an individual to defer payment of a Division 296 liability (with an appropriate interest rate applying) rather than abandoning adoption of the new tax.

Those with over $3 million in superannuation, not surprisingly are very well represented in affluent regions within the major capital cities with very few in rural or remote areas (Table 10). Regions with a high incidence of balances over $3 million relative to the number of individuals living in the area include the Eastern Suburbs, North Shore and Northern Beaches in Sydney, inner areas of Melbourne along with the Mornington Peninsula, and inner suburbs of Perth and Brisbane. There also are significant numbers in retirement areas such as the Gold Coast and the Sunshine Coast.

Details are in Table 10 below.

Table 10: Percentage of those impacted by Division 296 by statistical area

State/Territory	Region	% total number with over $3m super (a)
ACT	Australian Capital Territory	3%
NSW	Sydney - City and Inner South	2%
NSW	Sydney - Eastern Suburbs	6%
NSW	Sydney - North Sydney and Hornsby	8%
NSW	Sydney - Northern Beaches	3%
NSW	Baulkham Hills	2%
TAS	Hobart	1.1%
TAS	Launceston and North East	0.3%
TAS	Tasmania - other	0.1%
VIC	Melbourne - Inner	7%
VIC	Melbourne - Inner East	5%
VIC	Melbourne - Inner South	4%
VIC	Melbourne - South East	1%
VIC	Mornington Peninsula	2%
VIC	Geelong	2%
WA	Perth - Inner	3%
QLD	Brisbane West	1.5%
QLD	Brisbane inner city	3%
QLD	Gold Coast	2%
QLD	Sunshine Coast	2%
SA	Adelaide Central and Hills	3%

(a) ATO data does not reflect Family Law valuations of Defined Benefit superannuation interests. Including DB members would raise the percentage for the ACT, less so in other regions.

There is a low incidence of over $3 million balances in rural Tasmania, the Hunter Valley, the Central West of NSW, Murray, Outer South West Sydney, Hume, Darling Downs, Darwin, Logan in Queensland, and Mandurah in WA.