

Survey on superannuation and retirement: Australian's attitudes to superannuation

- In general, the views of Australians on the purpose of superannuation align with the proposed, yet-to-be legislated objective of superannuation.
- Around 70% of survey respondents view superannuation as either 'a nest egg to fund a comfortable retirement', or a means 'to prevent reliance on the Age Pension'.
- In contrast, only 4% of respondents would prefer to have their super savings for personal use – and there is no statistical difference by age of respondent.
- With respect to investment performance, in general, Australians have a high degree of satisfaction with their own fund's performance.
- Almost two-thirds of respondents ranked their fund's investment performance as either 'good' or 'very good', while only 6% ranked their fund's performance as 'poor' or 'very poor'.

This note is the third in a series of ASFA publications that explores the findings of a recent survey of Australians about superannuation and retirement. The survey comprised 1,500 adults – representative of the broader population in terms of age, gender, education and whether respondents reside in urban or regional areas.

The objective of superannuation

Compulsory superannuation commenced more than three decades ago. Since then, and particularly with incremental increases in the rate for compulsory contributions (scheduled to reach 12% on 1 July 2025), superannuation has become an increasingly important pillar of Australia's retirement income system.

Today's generation of workers will benefit from higher compulsory contribution rates, for longer periods time, compared with previous

generations. For individuals, this means higher balances and better standards of living in retirement than otherwise would be the case.

At the system level, higher super savings in retirement will help contain future Australian Government spending on the Age Pension and take pressure off the Commonwealth Budget over the long term. Indeed, the government projects that Age Pension spending will fall from 2.9% to 2.0% of GDP over the next four decades – the lowest trajectory of any OECD country. Similarly, superannuation tax concessions – when considered in conjunction with Age Pension spending – are also fiscally-sustainable over the long term.

Despite that compulsory superannuation is arguably one of Australia's most successful public policy initiatives over the past 50 years, there is no legislated objective of superannuation.

The *Superannuation (Objective) Bill*, which is currently before Parliament, seeks to enshrine the objective of super being 'to preserve savings to deliver income for a dignified retirement, alongside government support, in an equitable and sustainable way.'

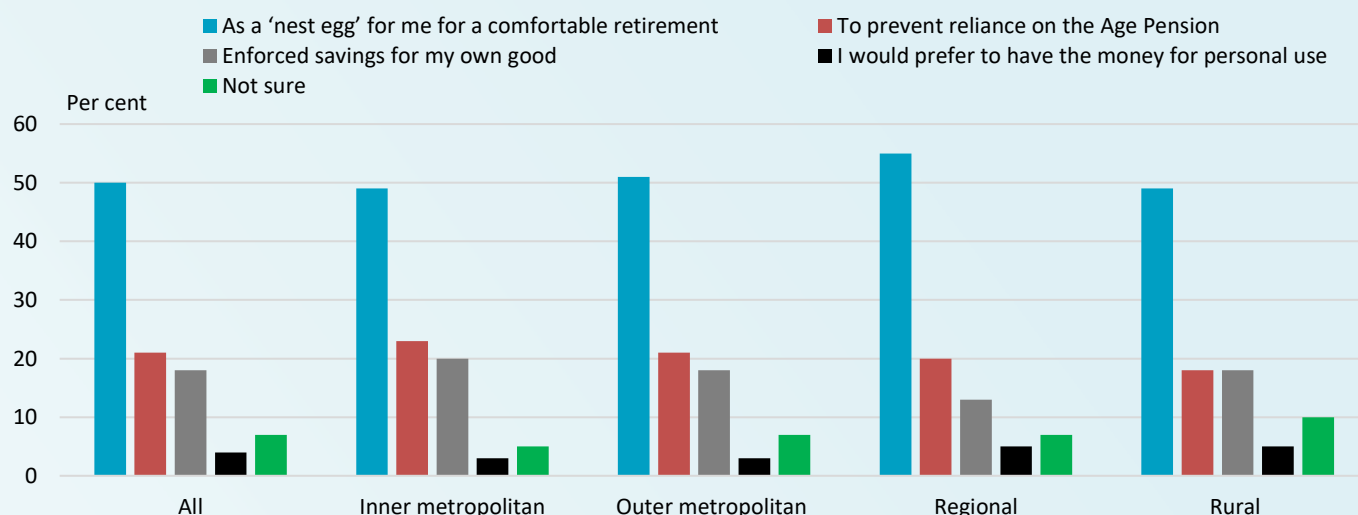
The preservation of superannuation for retirement income is not just a technical design feature of the system, but a cornerstone of trust between Australians and their retirement savings. This trust allows Australians to plan for their future with confidence, knowing that their super is being protected and that they will have the income needed to enjoy a dignified and secure retirement.

Australian's views on the purpose of superannuation

For the vast majority of Australian adults, their views on the purpose of superannuation align with the proposed objective.

Chart 1 shows that 71% of survey respondents view superannuation as either a nest egg to fund a comfortable retirement (blue bars), or

Chart 1: Australian's views on the purpose of superannuation*



*Source: Redbridge survey for ASFA.

a means to prevent their reliance on the Age Pension (red bars). For an individual respondent, the choice between these two options likely reflects personal expectations of their superannuation savings. That is, people with expectations of higher super savings would be more likely to choose the former.

A further 18% of respondents consider superannuation as 'enforced savings for my own good' (grey bars). Clearly, this relates to compulsory superannuation, and disproportionately reflects the views of younger respondents (not shown in Chart 1), who may have limited experience of making voluntary contributions and/or limited knowledge of the retirement income system.

Only 4% of respondents would prefer to have their super savings for personal use. Comparing responses by age cohort, Chart 2 reveals that there is no statistical difference with respect to this response option – all results are within the margin of error for the survey.

Even for those people who are currently experiencing a great deal of financial distress, only 8% would prefer to have their superannuation savings for personal use (Chart 3).

Australian's satisfaction with their fund's investment performance

Overall, Australians have a high degree of satisfaction with the investment performance of their superannuation fund.

For respondents who had a view, 63% ranked their fund's performance as either 'good' or 'very good', while only 6% ranked performance as 'poor' or 'very poor' (Chart 4). Taking account of the range of potential responses – from very poor to very good – the overall net favourability rating for investment performance is 57%.

Chart 4 also shows responses by age cohort and by broad job type.

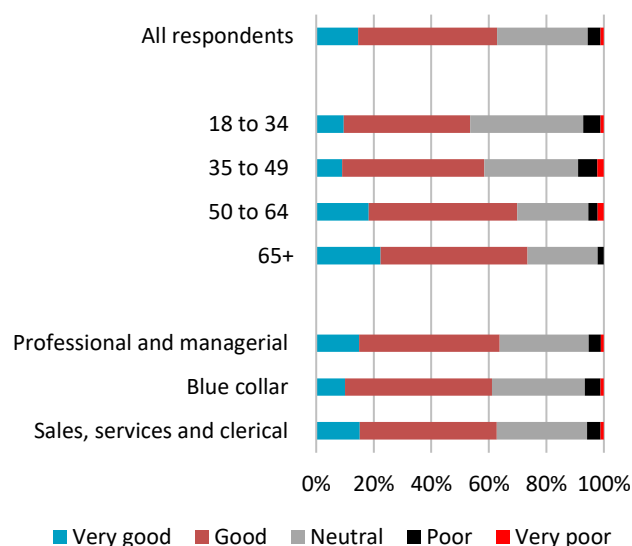
Satisfaction with investment performance tends to increase with age. Net favourability increases from 46% for those aged 18 to 34, to

71% for those aged 65 and over.

A possible explanation for this result relates to the impacts of the COVID-19 pandemic. In particular, for younger Australians, the effects of the pandemic on their fund's investment returns may have a greater bearing on their views of their fund's broader performance compared with older Australians – who are more likely to regard the impact of the pandemic within a longer-term context.

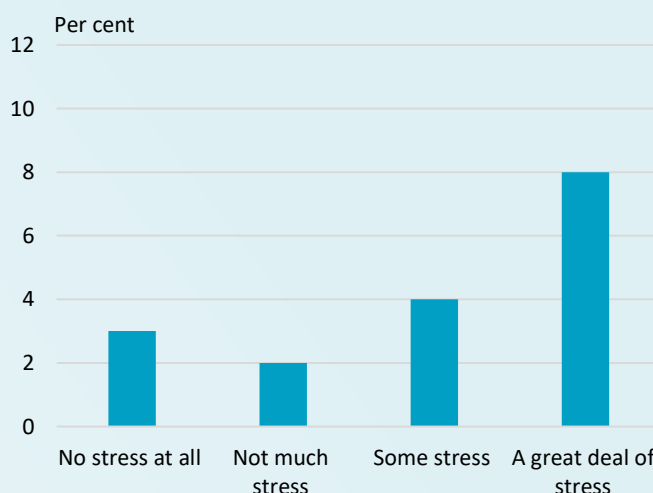
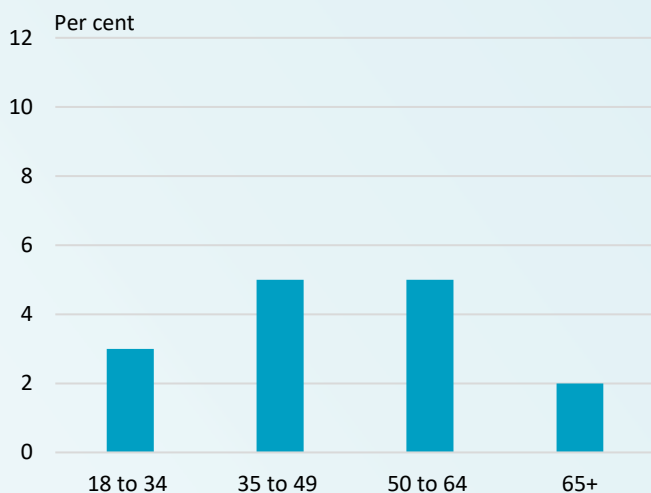
In contrast, there is little difference in satisfaction with investment performance by job type. Indeed, for the three broad job type categories, net favourability is 57%, 54% and 59% respectively.

Chart 4: Australian's views of their fund's performance*



Note: these results exclude those who answered 'not sure' (11%).

Charts 2 and 3: Respondents who would prefer to have their super savings for personal use*



*Source: Redbridge survey for ASFA.