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Following the Rating? How Mandatory Information Disclosure Affect Retirement Income Product Choices

Hazel Bateman and Inka Eberhardt

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Abstract

Voluntary annuitization from defined contribution pension plans is uncommon, and in many countries, retirees self-insure against retirement risks by holding on to and even building up assets. Lack of awareness of retirement income products and their design and financial impact is a key reason for low take-up of annuity products. Using an online discrete choice experiment we test how a Fact Sheet presenting standardised information on key product features - income, risk, access to capital and death benefits - affects stated choices from a menu of annuity, phased withdrawal and bundled retirement income products. Our setting is Australia where retirees can choose how to decumulate their retirement savings. When using the Fact Sheet, participants chose the lifetime annuity and bundled annuity products most often, which is contrary to the actual behaviour of Australian retirees who predominantly take phased withdrawal products. Of five Fact Sheet information items, choices were mostly driven by the Product Rating (a 1-7 rating of protection against a fall in income due to inflation, market and longevity risk) and Average Annual Income. The lifetime annuity and the bundled lifetime annuity/phased withdrawal products were more likely to be chosen where Fact Sheets used graphs and tables to present information, and where the Product Rating is more salient. However perceptions of risk and control were more important to product choices than actual product knowledge or understanding of the Fact Sheet information. Our findings suggest that Fact Sheet information items, especially the prescribed Product Rating and the associated information on inflation, longevity and market risk decisions drive both perceptions and choice of retirement income product and must be carefully designed.

Keywords: information disclosure, retirement income products, discrete choice experiment, product perceptions

JEL codes: D14, D83, D91

1. Introduction

Defined Contribution (DC) pension plans, in which retirees have flexibility in decumulation, are becoming widespread globally. In Australia, the setting for this study, workers have been obliged to belong to DC pension[2] plans since 1992, following the introduction of the superannuation guarantee which mandates employer pension contributions. As the system has matured, the balances at retirement in these accounts have grown, and pension fund assets in Australia are now the third largest globally at over 140% of GDP at end-2019 (OECD, 2020). Well-considered decisions around the decumulation of retirement savings are crucial to ensure the management of retirement risks and a comfortable life in retirement.

Australian retirees have considerable discretion in the drawdown of their retirement savings. At retirement they can take one or a combination of a lump sum, an annuity, or a phased withdrawal product. Most retirees take phased withdrawal products, known in Australia as account-based pensions, which provide a regular income (guided by tax driven minimum drawdown rules) until the account balance is fully withdrawn. While account-based pensions provide flexibility of withdrawal they do not cover retirees for risks they may face in retirement relating to longevity, financial markets and/or inflation.

Retirement income products can be complex, often combining the goals of income replacement and risk management. With the exception of account-based pensions there is low awareness and poor understanding of retirement income products and their features, and consequent low take-up by older Australians (Bateman et al., 2018). To address the issues of complexity and lack of awareness of product features, the Australian Treasury has proposed a one-page Fact Sheet for retirement income products which provides standardised information on income, product risk (in terms of downside income risk), access to capital and death benefits. The goal of the Fact Sheet is to improve comparability between products to enable consumers to select the retirement income product which is in their best interests (The Treasury, 2018b).

In this paper we test the effectiveness of the Fact Sheet as a tool to understand, compare and choose typical retirement income products. We conduct online discrete choice

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[2] In Australia pension plans are called superannuation funds. We use the terms 'pensions' and 'superannuation' interchangeably.

experiments of retirement income product choice using variants of the proposed Fact Sheet with a representative sample of just over 1,000 Australians close to retirement age. The effectiveness of prescribed information (such as a Fact Sheet) to assist with pension fund drawdown decisions has been little examined internationally: as far as we are aware, we are the first to test the effect of prescribed information disclosure on retirement income product decisions.

The preference of Australian retirees for account-based pensions over products which offer insurance against retirement risks can be attributed to a combination of demand-side, supply-side, distribution and regulatory factors (Bateman & Piggott, 2011; Iskhakov et al., 2015; Chomik et al., 2018). On the demand-side, the so-called annuity puzzle is a well-known, global phenomenon, where rational factors (such as pre-existing annuitization and bequest motives) and behavioural factors, including framing and complexity, have been found to explain subdued interest in voluntary annuities (Agnew et al., 2008; Benartzi et al, 2012; Brown, 2009; Brown et al., 2008, 2017; Bateman et al., 2017, 2018; Boyer et al., 2019; Lambregts & Shut, 2020). In Australia these demand-side impediments are exacerbated by widespread eligibility to the means-tested public Age Pension[3] (Iskhakov et al., 2015), itself a lifetime annuity. Moreover, taking an account-based pension is the course of least action: it requires, at the very least, the conversion of an accumulation account to a decumulation account within the same pension fund, and is therefore likely to be associated with the stickiness of a default.

On the supply-side, the Australian market for retirement income products, particularly those providing longevity insurance such as life annuities, is small and non-competitive, and there are frictions in product distribution, including the absence of annuity products on pension fund product menus, and lack of alignment with financial advisor incentives. In Australia in 2020 there is only one active provider of lifetime annuities, down from over a dozen 20 years ago (Bateman & Piggott, 2011). Moreover, until recently, there were tax, Age Pension means-test and regulatory barriers to the offer and take-up of a broader range of retirement income products.

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[3] The 'first pillar' Age Pension is paid at a rate of around 28% of male average full-time earnings for singles and 41% for couples and is indexed to wages growth. Net replacement rates are higher because no tax is paid on Age Pension payments.

It is in this context that the recent Financial System Inquiry which reported in 2014 recommended that Australia's superannuation system strengthen its focus on providing retirement incomes (FSI, 2014: p. 90-91). The response from Australia's policymakers has been to develop a 'retirement income framework', a component of which is the disclosure of standardised information about retirement income products on a single-page Fact Sheet (The Treasury, 2016, 2018a, 2018b).

Using discrete choice experiments embedded in an online survey, we explore how variations of the proposed Fact Sheet influence choice from a menu of typical retirement income products and investigate how perceptions, financial skills and personal characteristics influence the product choices. We find that when using the Fact Sheets participants chose the indexed immediate lifetime annuity and the bundled lifetime annuity/account-based pension product most often: 33% and 34% of choices respectively. Contrary to the actual behaviour of Australian retirees (who predominantly choose account-based pensions), the account-based pension is selected the least often (13% of choices). Of the five information items proposed for inclusion in the Fact Sheet, the Product Rating (a 1-7 rating of protection against a fall in income due to inflation, market and longevity risk) and Average Annual Income are the most important drivers of decisions to choose retirement income products. In particular, the lifetime annuity and its bundled variant are more likely to be chosen in Fact Sheet treatments where the Product Rating is more salient. We also find that the alternative Fact Sheet presentations influence perceptions of the retirement income products, which in turn influence retirement income product decisions. Our findings suggest that where Fact Sheets are provided to assist product choice, their design and composition, especially the prescribed Product Rating and associated disaggregated risk information on longevity, market and inflation risk, drive retirement income product decisions.

The remainder of this paper is structured as follows. Section 2 provides context by outlining the policy background for decumulation of pension assets in Australia, describing the Australian market for retirement income products, and examining related literature. Section 3 describes the design of the online discrete choice experiments. Section 4 presents summary statistics and examines product choices and how they are affected by the Fact Sheet treatments, and retirement income product perceptions and knowledge. Section 5 discusses our findings and concludes.

2. Background

In this section we first outline the policy and practice for the decumulation of pension savings in Australia. We then explore related literature on the effect of product disclosure on consumer behaviour, particularly the impact of information provision on retirement income product decisions.

2.1. Decumulation in Australia

Australians can access their pension savings from age of 60 if retired, and from age 65 years irrespective of work force status.[4] The pension savings are accessed tax-free and transferred (up to a cap of A$1.6m) to a decumulation account that incurs no tax on account earnings (although income on account balances is taxed at 15%), and can be taken as a lump sum, and/or a retirement income product (typically an account-based pension, or an annuity). For the earnings to remain tax free a minimum percentage of the account balance must be withdrawn annually: the percentages are age-based and range from 4% at age 60 to 14% at age 95 and above.[5]

The Australian market for retirement income products has fluctuated over time in line with changes to the regulatory framework and taxation arrangements (Bateman & Piggott, 2011). However, irrespective of the tax and regulatory settings the take-up of non-annuitized products such as lump sums and phased withdrawal products has been strong, with little interest in annuity products. Currently, around 40% of retirees take lump sums at retirement at an average amount of around A$35,000 (APRA, 2020). Of the income stream products available account-based pensions are the most common, with many account-based pensioners drawing down at the minimum rate (Balnozan, 2018). In 2019 account-based pensions accounted for 76% of the market, compared with only 6% for lifetime annuities (APRA, 2020).[6]

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[4] It is also possible to start accessing pension savings without retiring by taking a so-called 'transition to retirement income stream', which allow annual withdrawals of between 4% and 10% of the account balance.
[5] In the global finance crisis of 2007-08 and the COVID-19 crisis of 2020 the government reduced the minimum drawdown percentages by 50% to allow retirees to minimise withdrawals from a reduced capital base.
[6] Account-based pension is used collectively to refer to account-based pensions and allocated pensions. Of the remaining income streams taken, 10% of member accounts and 9% of total benefits are provided by Defined Benefit income streams, and 7% and 5%, respectively, are 'transition to retirement income streams'.

As in other markets where annuities are voluntary, the Australian market for lifetime annuities has always been small. The market peaked in the early 1990s in terms of take-up of annuity products and the number of providers (in an environment of preferential tax and Age Pension means test rules) but stalled in the early 2000s when these advantages were extended to non-annuitized products. The lifetime annuity market then all but disappeared in 2007-08 following the elimination of all remaining tax benefits for annuities (relative to non-annuitised products) as part of a budget decision to simplify the taxation of superannuation (The Treasury, 2006). Between 2007 and 2008 sales of annuities fell by 66% and the value of the market declined by 90% (Bateman & Piggott, 2011). There has, however, been a resurgence in sales led by a single financial service provider, Challenger Ltd, which promotes the benefits of partial annuitization to retirement financial planning (Chomik et al., 2018). In 2019, lifetime annuities accounted for 6% of total pension member accounts and 3% of total benefits withdrawn (APRA, 2020). The annuity market in Australia is still evolving and is yet to include a full menu of competitively priced products to help retirees manage retirement risks, such as deferred annuities, bundled products or group self-annuities.

Following a recommendation of the 2014 Financial System Inquiry, the Australian Government has developed a collection of policies to address barriers to the take-up of retirement income products with longevity features, known collectively as the 'Retirement Income Framework' (Commonwealth of Australia, 2014). Initiatives so far include promotion of so-called Comprehensive Income Products for Retirement (CIPRs) - defined as retirement income products that balance the competing objectives of high income, flexibility and risk management (The Treasury, 2016); a proposal to introduce a Retirement Income Covenant to legislate the obligation for superannuation (pension) fund trustees to improve retirement outcomes (The Treasury, 2018a)[7]; and removal of regulatory barriers to lifetime income streams (Commonwealth of Australia, 2017; Department of Social Services, 2019). Another component of the framework is the introduction of simplified, standardised disclosure to help consumers choose the most appropriate retirement income product. It is in this context that the Australian Treasury developed the one-page Fact Sheet for retirement income products

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[7] Superannuation laws currently require trustees to formulate, review and give effect to investment, risk management and insurance strategies. The purpose of the Retirement Income Covenant is to establish an additional obligation for trustees to formulate a retirement income strategy for their members.

with prescribed information formats for annual income, product risk, potential income shape over retirement, access to capital and death benefits (The Treasury 2018b; Australian Government Actuary [AGA], 2018) which we test in this paper.

2.2. Does disclosure help consumers? Evidence from previous literature

The notion that standardised disclosure helps consumers make better choices is based on the assumption that consumers are 'rational' and maximize their utility with complete information (Janger & Block-Lieb, 2006; Loewenstein & O'Donoghue, 2006). This thinking underlies a global emphasis on information disclosure to facilitate decision making in domains such as health, energy, and financial behaviour (for example, see Howlett et al., 2009; Ikonen et al., 2020; Markard & Holt, 2003; Day & Brandt, 1974).

The impact of disclosure and alternative information formats in financial decision-making has been analysed in a number of contexts including investments (Diacon & Hasseldine, 2007; Kozup, Howlett & Pagano, 2008; Beshears et al., 2011; Walther, 2015), credit purchases (Day & Brandt, 1974; Brand et al., 1975), credit cards (Wiener et al., 2007; Navarro-Martinez et al., 2011; Salisbury, 2014; White et al., 2019), pension investments (Bateman et al., 2016) and fund options (Thorp et al., forthcoming). The overall conclusion of this literature is mixed with a large sub-set of papers finding that information disclosure is either ineffective or is used in unexpected ways - a conclusion confirmed in a joint review by the Australian Securities and Investments Commission and the Dutch Authority for Financial Markets (ASIC & AFM, 2019).

Papers most closely related to the Fact Sheets we test include White et al. (2019) who examine consumers' preferences for complex or simple disclosure for prepaid credit cards. They find that while consumers preferred the complex, more detailed disclosure as it signals transparency, they made computational mistakes when using the detailed information. Similarly, Walther (2015) analyses investment decisions using the Key Investor Documents (KIDs) required in the European Union and the previous longer Prospectuses. A key feature of the KID is a summary risk measure which rates risk from 1 (lower risk) to 7 (higher risk).[8] Participants reported that they found the information in the KIDs more informative,

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[8] https://europa.eu/youreurope/citizens/consumers/financial-products-and-services/investment-products/index_en.htm

comprehensible, and helpful. However many did not understand the summary information when tested and had a greater tendency to "stock pick".

Turning to pension investment choices, Bateman et al. (2016) explore consumer understanding and use of a short-form product disclosure statement designed to assist choice of pension fund investment options. They find that despite a key motivation for the design of the prescribed information being to enhance understanding of return and risk, investment choices were driven by the prominent asset allocation pie chart which encouraged use of the 1/n diversification heuristic. As well, for more than 35% of participants none of the five prescribed information items – product name, return, risk, expected time frame for holding the investment and strategic asset allocation - explained investment choices. In a related study Thorp et al. (forthcoming) analyse the effect of a prescribed one-page product dashboard on the choice of Australia's default pension product known as MySuper. The required summary information includes returns, fees and risk with fees presented in dollar amounts (per $50,000 invested); returns are presented in multiple formats – 1 year return, 10 year average return and moving average return target over 10 years - in text and on a graph. Respondents in an online experimental survey found the summary returns information incomprehensible and were best informed by dollar amount fees.

2.3. Information provision for retirement income product decisions

Apart from Australia, several other jurisdictions including Canada, the European Union and the US are considering but have not yet introduced disclosure formats for retirement income products (OSFI, 2016; EIOPA, 2018; SEC, 2018). Proposals thus far envision a longer benefit statement (rather than a single-page Fact Sheet), including for example detailed information on the cost structure of products.

As part of policy development for the proposed Fact Sheets the Australian Treasury requested the Behavioural Economics Team of the Australian Government (BETA) to conduct a study of hypothetical retirement income product choices (specifically between an annuity hybrid product and an account-based pension) using alternative information disclosure treatments (Hiscox et al., 2017). In a very basic setting they test eight disclosure treatments, finding that the simpler information disclosure increased comprehension, perceived clarity, decision-making ease and confidence, and the stated take-up of the annuity hybrid product.

In the absence of real world experience on prescribed information disclosure for retirement income products or related experimental studies, insights about the impact of disclosed information on benefit decisions can be drawn from the literature addressing behavioural explanations for the annuity puzzle. In particular, recent studies find that the stated preference for lifetime annuities over non-annuitized retirement income products is influenced by information framing (Brown et al., 2008, 2013; Agnew et al., 2008; Bockweg et al., 2018), choice bracketing (Brown et al., 2019), product complexity (Brown et al., 2017; Alonso Garcia et al., 2018), and product knowledge and financial literacy (Bateman et al., 2017, 2018). Results suggest that the manner in which prescribed summary information is presented, as well as the level of understanding of retirement income products on product menus and general levels of financial literacy could impact effective use of the proposed Fact Sheets for retirement income products.

We contribute to the literature on the effectiveness of information disclosure for retirement income products in four ways. First, we test understanding of information items proposed for inclusion on a Fact Sheet for retirement income products developed by the Australian Treasury. Second, we analyse how stated choices between four illustrative retirement income products is influenced by the prescribed information items. Third, we explore how consumer's perceptions of the illustrative retirement income products are influenced by the prescribed information. Finally, we test how personal characteristics such as financial competence and product knowledge, risk and time preferences, retirement planning, personality traits and demographics influence retirement income product choices.

3. Experimental Design

We conducted an online discrete choice experiment of retirement income product decisions in Australia with 902 participants in September and October 2019, and a follow-up experiment with 105 participants in November 2019, using a commercial web panel. We targeted participants aged between 55 and 67 years old who had a pension account but had not yet started to decumulate. We specifically focused on those who were near retirement and would need to make a retirement income product decision in the near future. Participants were contacted by email by the web panel provider and were paid a fixed amount for participation. They could also receive a bonus payment based on their score in a comprehension quiz which

tested knowledge of the retirement income products and understanding of information items on a Fact Sheet provided to assist decision making.

In the experimental setup, participants were asked to make 12 pair-wise choices between four different retirement income products using a retirement income product Fact Sheet. The Fact Sheet designs we tested were based on the formats presented in the Retirement Income Disclosure Consultation Paper (The Treasury, 2018b), and the proposed product risk metric developed by the Australian Government Actuary (AGA, 2018). The four retirement income products on the menu were:

- an inflation-indexed immediate lifetime annuity (Annuity).
- a bundled product with 80% allocated to an inflation indexed immediate lifetime annuity and 20% to an account-based pension invested in a balanced option (Annuity/ABP).
- a bundled product with 77% allocated to an account-based pension invested in a balanced option drawn down at minimum rates and 23% to a deferred lifetime annuity from age 85 (ABP/DA).
- an account-based pension invested in a balanced option drawn down at minimum rates (ABP).

To address possible bias due to real world familiarity with any of the retirement income products we avoided the commercial product names, and in the survey called the Annuity 'Product A', and the Annuity/ABP, ABP/DA and ABP 'Product B', 'Product C' and 'Product D' respectively. All products were fairly priced.

The proposed Fact Sheet includes five information items considered relevant to retirement income product choice (The Treasury, 2018b) as follows:

- **_Average Annual Income_** (net of fees and taxes) the product could provide for a purchase price of $100,000 from retirement at age 67 to age 92.
- **_Product Rating_** (a measure of protection against downside income variation) calculated as downside variation of actual income from benchmark income (set at age 67) for the life of the retiree due to the combination of market, inflation, and longevity risks. It is presented on a scale from 1 (average income not secure) to 7 (average

income secure).[9] The numeric product rating is accompanied by a dot point summary of the underlying market, inflation and longevity risks;

- *Potential Income Shape* of average annual income over the life of the product, illustrated in terms of best (95th percentile), median and worst (5th percentile) outcomes.

- *Access to Capital* showing the maximum amounts a consumer could withdraw if they decide to sell the product at specific ages; and

- *Death and Reversionary Benefits*.

Using the Product Rating metric, the Annuity on our menu is rated 7 (average income secure) while the other retirement income products are considered less secure, rated at 5 (Annuity/ABP), 3 (APB/DA) and 2 (ABP).

For the Fact Sheets studied in the discrete choice experiments the wording, order and presentation of the five information items were predominantly as proposed in the *Retirement Income Disclosure Consultation Paper* (The Treasury, 2018b), with between-subject treatments testing the impact of alternative approaches. The Fact Sheets were qualitatively tested with two focus groups in June 2019, one with people aged between 55 and 66, not yet retired, and the other with retirees aged 60 and over. The focus group discussion provided valuable insights into areas of potential understanding and misunderstanding by survey participants and we made minor edits to the draft survey accordingly. In particular, to address concerns about the possibility of product providers manipulating the information – such as the Product Rating - we added a footnote to the Fact Sheet to clarify that the calculation of the Product Rating, Access to Capital and Death Benefit follow government regulations. We did this to ensure that participants trusted the information on the Fact Sheets and to address the concern that the product provider could influence the calculation or presentation of the information items.

The experimental design included one within-subject treatment to test the effect of inclusion/ exclusion of the Potential Income Shape information item, as we considered this to somewhat replicate the information already provided in the Average Annual Income and Product Rating. As such, given four retirement income products, participants completed six

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[9]Using methodology developed by the Australian Government Actuary (2018).

pair-wise product choices *with* and six pair-wise product choices *without* presentation of the Potential Income Shape. The order of the within-subject treatment was randomized.

We tested four variations of the Fact Sheet (four treatments) in a between-subjects design, with survey participants randomly assigned to a treatment.[10] The first three Fact Sheet treatments can be summarised as follows:

- *Treasury-Graph*: which includes the five information items as proposed in The Treasury (2018b) with two information items - Access to Capital and Death Benefit - presented in a single graph.

- *Treasury-Table:* which includes the five information items as proposed in The Treasury (2018b), with Access to Capital and Death Benefit presented in a single table.

- *Text-Only*: which has the same design as the *Treasury-Graph* and *-Table* but presents the information items in text only. We altered the Fact Sheet by replacing the Product Rating graphic with a textual description and used text to describe the key features of the Potential Income Shape, Access to Capital, and Death Benefit in place of the graph and/or tables.

Examples of the Fact Sheets we tested can be found at Appendix B.

After completion of the twelve product choices, participants were asked about their perception of the information items included in the Fact Sheets, and their perception of the four retirement income products in terms of how well they understood the product, how risky they thought the product is and how much control they thought they would have with the product. They then answered questions to test their understanding of the Fact Sheet information items and their knowledge of the features of the four illustrative retirement income products. For example, we asked whether "[t]he Product Rating is influenced by investment returns and the rate of inflation only", whether it is true or false that "[t]he Death Benefit is always the same amount as the Access to Capital", and whether it is true or false that "Average Annual Income refers to the income paid in the first year that I buy the product". Product knowledge questions asked the participant which of the products provide a regular income, flexibility in terms of access to money in retirement, a death benefit after age 85,

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[10] The first three treatment were administered in October 2019 and the fourth treatment in November 2019.

inflation-indexed payments, payments that are influenced by changes in asset returns and having access to capital irrespective of age.

Finally participants completed standard questions on financial literacy (Lusardi & Mitchell, 2011); numeracy (Lipkus et al., 2001); graph literacy (Galesic & Garcia-Retamero, 2011); trust in relation to superannuation funds, the financial services industry and government; risk preferences (Dohmen et al., 2011) and time preferences (Vischer et al., 2013); psychological traits; bequest motives and standard demographics including wealth, income, age, gender and marital status. Selected screen shots from the survey can be found in Appendix C.

We conducted a second online experiment in November 2019 to introduce a fourth treatment, using the same experimental set-up. This time, the 105 participants saw the same version of the Fact Sheet with a variation to the presentation of the Product Rating, again with or without the Potential Income Shape information item. We call this the *Product Security* treatment.

- The *Product Security* treatment uses the same design as the *Treasury-Graph* treatment, except the numeric Product Rating is excluded. Instead, we show only the descriptive text about whether the product secures against longevity, inflation and investment risk.

We used this treatment to assess whether participants were mainly focused on the numeric Product Rating (from 1-7), or whether they engaged with the information that the Product Rating represents (i.e. protection against inflation, longevity and market risk). We ask one less quiz question for the information items to participants in this treatment group, as the numeric Product Rating question is now not relevant.

4. Results

This section first describes our sample and its representativeness. We then examine aggregate retirement income product choices and explore how the Fact Sheet treatments influence these choices. Next, we report regression models analysing how understanding of the information items and product-specific knowledge impact choices, and how perceptions about the retirement income products vary by Fact Sheet treatment. Finally, we report regression models analysing the association of understanding of information items, product-

specific knowledge, product perceptions, and Fact Sheet treatments with retirement income product choice.

4.1 Summary statistics

The average age of the full sample is 60 years old and 52% are male. According to their reported wealth, (if they could access the public Age Pension at their current age) 58% would be eligible for full means-tested Age Pension and 19% for a part pension, while 23% would be self-funded.[11] 21% of our participants report that they use a financial adviser, while 42% currently without an adviser plan to use one in the future. A complete set of summary statistics can be found in Appendix A.

Our sample is broadly representative of the Australian population in our targeted age group. Table 1 compares the Australian population to our full sample. Our sample has a similar gender distribution but is slightly less likely to be partnered and more educated than the Australian population. As we require that survey participants are still contributing to their superannuation (pension) account and are not in the drawdown phase, our sample is more likely to be employed full-time or part-time and have higher income than Australians of that age group on average.

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[11] However, of course all are below Age Pension eligibility age, and these proportions will change with additional years of contributions and investment earnings. This depicts the maximum eligibility for the Age Pension.

Table 1. Comparison: demographics of the Australian population and the full sample.
Information on the Australian population is from the Australian Bureau of Statistics Census of Population and Housing, Australia, 2016. All values are expressed in percentages.

	Population			Full Sample		
	55-59	60-64	65-69	55-59	60-64	65-66[12]
Gender						
Male	49.04	48.66	48.88	52.82	51.59	49.40
Female	50.96	51.34	51.12	47.18	48.41	50.60
Age (Percent of 55-69 years)	37.34	33.19	29.47	51.14	40.62	8.24
Marital status						
Single	29.70	29.85	30.21	38.45	35.94	42.17
Partnered	70.30	70.15	69.78	61.55	64.06	57.83
High School Completion						
Year 12	46.62	43.68	38.24	68.16	68.70	65.06
Year11	11.68	10.25	8.78	10.68	10.51	12.05
Year 10	30.20	30.85	30.51	18.64	17.11	18.07
Year 9	6.38	7.93	10.73	1.75	2.45	2.41
Year 8 or less	4.10	6.12	10.48	0.78	1.22	24.10
Did not go to school	1.02	1.18	1.26	0.00	0.00	0.00

	Population		Full Sample	
	55-64	65-74	55-64	65-66
Tertiary qualification				
Post-graduate	7.42	6.20	10.39	6.02
Graduate Diploma/Certificate	4.54	3.33	8.55	7.23
Bachelor Degree	20.98	18.18	17.86	20.48
Vocational Diploma	16.80	15.74	17.10	24.10
Vocational Certificate or less	33.71	32.29	46.10	42.17
Work Status				
Employed (FT)	39.50	8.74	52.92	44.58
Employed(PT)	21.18	10.43	30.30	40.96
Unemployed	3.68	0.59	8.55	9.64
Not in labour force	35.64	80.23	8.23	4.82
Personal gross income				
<$15,599	24.18	33.28	11.80	12.05
$15,600 to $41,599	32.46	45.23	27.06	42.17
$341,600 to $77,999	22.76	9.62	31.39	28.92
$78,000 or more	14.01	4.23	29.76	16.87
Prefer not to say	6.60	7.63	0.00	0.00

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[12] 43 participants are aged 65 and 40 are aged 66.

4.2 Retirement income product choices

We find that across all four Fact Sheet treatments, participants were most likely to choose the Annuity and the Annuity/ABP, which they did 33% and 34% of the time, respectively (see Figure 1). The ABP/DA was chosen 20% of the time. In contrast to the actual behaviour of Australian retirees (who predominantly choose ABPs) (APRA, 2020), the ABP was least preferred (chosen 13% of the time). To put the current behaviour of Australian retirees in context we note that, generally, only ABPs are available on superannuation (pension) fund product menus: the two bundled products are not currently offered, and demand for lifetime annuities in Australia is very low, in line with the international experience (Bateman and Piggott, 2011; Chomik et al., 2018; APRA 2020).
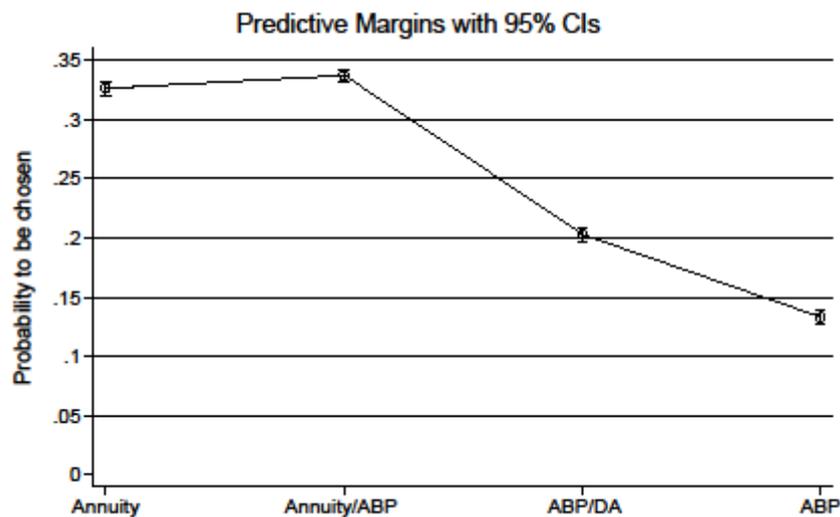

Figure 1. Choice probabilities between the four retirement income products.

4.3 Impact of Fact Sheet treatments

Table 2 shows the preferences over retirement income products by Fact Sheet treatment group. Columns 2 to 4 present the percentage of times a product is chosen in all pair-wise choice settings. Columns 5 to 7 report how many times a retirement income product is chosen when it was available in the pair. The second and fifth columns report the percentages when Potential Income Shape information item is not shown, the third and sixth columns report the percentages when it is shown.

Table 2. Preferences over retirement income products. Bold percentages indicate the most preferred product within participants in the specific treatment group.

Treasury Table Treatment

	% chosen in all choice settings			% chosen in choice settings where the product was available		
	4 Info. Items	5 Info. Items	Total	4 Info. Items	5 Info. Items	Total
Annuity	33.89	34.39	34.14	67.78	68.78	68.28
Annuity/ABP	**34.23**	**36.23**	**35.23**	**68.45**	**72.46**	**70.46**
ABP/DA	18.06	18.23	18.14	36.12	36.45	36.29
ABP	13.82	11.15	12.49	27.65	22.30	24.97
N	1,794	1,794	3,588	897	897	1,794

Treasury Graph Treatment

	% chosen in all choice settings			% chosen in choice settings where the product was available		
	4 Info. Items	5 Info. Items	Total	4 Info. Items	5 Info. Items	Total
Annuity	**37.64**	**37.53**	**37.58**	**75.28**	**75.06**	**75.17**
Annuity/ABP	33.05	35.23	34.14	66.11	70.47	68.29
ABP/DA	20.92	20.97	20.95	41.83	41.95	41.89
ABP	8.36	6.26	7.33	16.78	12.53	14.65
N	1,788	1,788	3,576	894	894	1,788

Text Only Treatment

	% chosen in all choice settings			% chosen in choice settings where the product was available		
	4 Info. Items	5 Info. Items	Total	4 Info. Items	5 Info. Items	Total
Annuity	25.63	26.83	26.23	51.26	53.66	52.46
Annuity/ABP	**32.51**	**33.11**	**32.81**	**65.03**	**66.23**	**65.63**
ABP/DA	18.58	20.66	19.62	37.16	41.31	39.23
ABP	23.28	19.40	21.34	46.56	38.80	42.68
N	1,830	1,830	3,660	915	915	1,830

Product Security Treatment

	% chosen in all choice settings			% chosen in choice settings where the product was available		
	4 Info. Items	5 Info. Items	Total	4 Info. Items	5 Info. Items	Total
Annuity	**33.33**	33.02	**33.17**	66.67	66.03	**66.35**
Annuity/ABP	28.57	**33.65**	31.11	57.14	**67.30**	62.22
ABP/DA	27.62	25.40	26.51	55.24	50.79	53.02
ABP	10.48	7.94	9.21	20.95	15.87	18.41
N	630	630	1,260	315	315	630

In the *Treasury-Table* and *Text-Only* treatment groups, the Annuity/ABP is most preferred, followed very closely by the Annuity. In the *Treasury-Graph* treatment, the Annuity is most preferred, followed closely by the Annuity/ABP. In the *Product-Security* treatment group, the Annuity is also most preferred overall as well as in the within-subject treatment with four information items. The ABP is the least preferred in all treatments except the *Text-Only* treatment. In the *Text-Only* treatment, the ABP is chosen twice to nearly three times as much than in the other three treatments. We also find that the ABP is less preferred when the Potential Income Shape information item is shown, compared to the treatment where it is not. The Annuity/ABP is more preferred when Potential Income Shape is shown. These findings suggest that the ABP is preferred where the Product Rating is presented as text rather than a bold image and therefore less salient (*Text-Only* treatment) , where the information on Death Benefits and Access to Capital is less detailed (*Treasury-Table* treatment), and where Potential Income Shape is excluded.

4.4 Understanding of Fact Sheet information items and retirement income products

Responses to questions testing understanding of the Fact Sheet information items was mixed. Two-thirds of participants understood that Average Annual Income does not refer to income in the first year of payment. 68% of participants in the first experiment (testing the *Treasury-Graph*, *Treasury-Table* and *Text-Only* treatment groups) understood that the Product Rating is a measure of income security and 58% of all participants answered correctly that it measures three types of risks. 15% of respondents answered "Don't Know" to the question about the risk types, and 7% to the question about the Product Rating and income security. There was slightly less confusion with the Death Benefit question (79% answered correctly, 13% answered "Don't Know"). Participants were most confused with the information item Access to Capital. Only one third of participants knew where to find information when they want to withdraw money without selling the product, while 11% answered that they "Don't Know". It appears that many participants think Access to Capital gives them information on how much money is always available to them as a lump sum, rather than how much initial capital is returned when they 'sell' the product.

Of participants in the first experiment (*Treasury-Table*, *Treasury-Graph* and *Text-Only* treatment groups), 3.88% answered none of the information item questions correctly, 96.12% had at least one correct answer, 86.25% at least two correct answers, 67.51% at least three,

39.36% at least four, and only 12.2% of participants answered all five questions correctly. In the second experiment (*Product Security* treatment), participants had one less question to answer as we deleted the question about the meaning of the Product Rating (which was not relevant to the treatment), 5.71% of participants answered none of the information item questions correctly. 94.29% answered at least one correctly, 83.81% at least two, 55.24% at least three, and 19.05% answered all four information item questions correctly. When we test for differences in information item knowledge between the first three treatments, there are no significant differences.[13]

We also tested the participants on their understanding of the features of the four retirement income products (product-specific knowledge), after they had read the Fact Sheets and chosen their preferred products. The mean (median) score was 15.66 (15) correct answers out of a possible 24, with a minimum of six correct answers. On average, participants answered 4.14 of six questions correctly for the Annuity, 3.98 for the Annuity/ABP, 3.66 for the ABP/DA, and 3.87 for the ABP. Even though the ABP is the most chosen retirement income product by Australian retirees outside the experiment, it was not better understood than the other products.

We ran OLS regressions of the understanding of information items and product-specific knowledge on the Fact Sheet treatments. The coefficients are shown in Table 3. Compared to participants in the *Treasury-Table* treatment group, only participants in the *Product Security* treatment group – which excludes the numeric Product Rating - have more knowledge of the information items (an increase of 0.26 points in the information item knowledge quiz, significant at the 95% significance level). For product-specific knowledge, participants in the *Treasury-Graph* treatment group had fewer correct answers for questions about the Annuity (-0.39, significant at the 99% significance level), the ABP/DA (-0.24, significant at the 95% significance level), and the ABP (-0.29, significant at the 95% significance level). Participants in the *Text-Only* treatment group knew comparatively more about the Annuity (0.38, significant at the 99% significance level) and the ABP/DA (0.29, significant at the 99% significance level) than participants in the *Treasury-Table* treatment group. However, participants in the *Product*

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[13] As mentioned before, participants in the *Product Security* treatment group could only reach a score of 4 with their correctly-answered questions. We thus do not compare them here.

Security treatment group did not know more product-specific knowledge than participants in the *Treasury-Table* treatment group.

Table 3. OLS regressions of Fact Sheet information item knowledge and product-specific knowledge on the treatments. Treasury-Table is the baseline treatment. Standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

	Information Item Knowledge	Product-Specific Knowledge			
		Annuity	Annuity/ABP	ABP/DA	ABP
Treasury-Graph	0.11	-0.39***	-0.11	-0.24**	-0.29**
	(0.09)	(0.11)	(0.13)	(0.10)	(0.13)
Text-Only	0.09	0.38***	-0.00	0.29***	0.08
	(0.09)	(0.11)	(0.13)	(0.10)	(0.13)
Product Security	0.26**	-0.19	-0.08	-0.19	-0.01
	(0.13)	(0.16)	(0.18)	(0.14)	(0.18)
Constant	2.27***	4.16***	4.02***	3.67***	3.94***
	(0.06)	(0.08)	(0.09)	(0.07)	(0.09)
Observations	1,007	1,007	1,007	1,007	1,007
R-squared	0.44%	4.60%	0.10%	2.81%	0.89%

4.5 Perceptions about the retirement income products

To examine the role of perceptions about the retirement income products on product preferences we asked participants how risky they perceive each product to be, how good they perceive their understanding of each product, and how much control they think they have with each product (White et al., 2019). If participants understood the information on the Fact Sheet, we would expect perceptions of product riskiness to be negatively correlated with the Product Rating. We would also expect that participants understood that they have more control with the ABP than with the other products - as the Access to Capital is always higher.

The within-subject Income-Shape treatment had no impact on perceptions of the products[14]. Table 4 shows the coefficients of OLS regressions of the Fact Sheet treatments on the retirement income product perceptions, with *Treasury-Table* as the baseline treatment group. We add information item knowledge, number of Don't Knows for the information item

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[14] See Appendix A for summary statistics.

knowledge questions, product-specific knowledge, graph literacy, superannuation knowledge, financial literacy, number of Don't Knows for financial literacy questions, numeracy, age, gender, being married or in a long-term relationship, being potentially eligible for a full or part Age Pension, and being a member of a Defined Contribution pension plan as controls.

Table 4. OLS regressions of product perceptions. Treasury-Table is the baseline treatment group. Standard errors are in parentheses and clustered at the participant-level. *** p<0.01, ** p<0.05, * p<0.1

	Panel A: Perceived Understanding			
	Annuity	Annuity/ABP	ABP/DA	ABP
Treasury-Graph	0.09	0.07	0.11	0.09
	(0.10)	(0.10)	(0.10)	(0.10)
Text only	-0.12	-0.11	-0.00	0.04
	(0.09)	(0.09)	(0.09)	(0.10)
Product Security	-0.11	-0.12	-0.04	-0.08
	(0.13)	(0.12)	(0.12)	(0.13)
Information Item Knowledge	-0.08*	-0.08*	-0.08*	-0.11**
	(0.04)	(0.04)	(0.04)	(0.05)
Information Item Knowledge- Don't Knows	-0.40***	-0.39***	-0.38***	-0.37***
	(0.05)	(0.05)	(0.05)	(0.05)
Product-Specific Knowledge	0.06***	0.06***	0.05***	0.05***
	(0.01)	(0.01)	(0.01)	(0.01)
Graph Literacy	0.03	0.03	0.01	0.01
	(0.04)	(0.04)	(0.04)	(0.04)
Superannuation Knowledge Score	-0.01	-0.01	-0.03	0.01
	(0.04)	(0.04)	(0.04)	(0.04)
Financial Literacy Score	-0.03	-0.03	-0.01	0.08
	(0.09)	(0.08)	(0.08)	(0.09)
Financial Literacy - Don't Knows	-0.22**	-0.17	-0.21**	-0.10
	(0.11)	(0.11)	(0.10)	(0.11)
Numeracy Score	0.07*	0.05	0.05	0.02
	(0.04)	(0.04)	(0.04)	(0.04)
Age	-0.00	0.01	0.01	0.01
	(0.01)	(0.01)	(0.01)	(0.01)
Male	0.08	0.07	0.14*	0.14*
	(0.08)	(0.07)	(0.08)	(0.08)
Married/Long-term relationship	0.01	0.06	-0.00	0.10
	(0.08)	(0.08)	(0.08)	(0.08)
Full/Part Age Pension	-0.14	-0.13	-0.18**	-0.22**
	(0.09)	(0.09)	(0.09)	(0.09)
Defined Contribution	0.22***	0.24***	0.20***	0.21***
	(0.07)	(0.07)	(0.07)	(0.08)
Constant	4.35***	3.74***	3.87***	3.23***
	(0.75)	(0.74)	(0.74)	(0.77)
Observations	24,168	24,168	24,168	24,168
Adjusted R-squared	19.33%	19.15%	16.73%	16.25%

	Panel B: Perceived Risk			
	Annuity	Annuity/ABP	ABP/DA	ABP
Treasury-Graph	-0.21*	-0.22**	-0.18**	-0.15
	(0.11)	(0.09)	(0.09)	(0.10)
Text only	0.34***	0.21**	0.13	-0.16
	(0.12)	(0.10)	(0.09)	(0.10)
Product Security	0.23*	0.15	-0.15	-0.17
	(0.14)	(0.12)	(0.11)	(0.12)
Information Item Knowledge	-0.06	-0.06	-0.05	0.03
	(0.05)	(0.04)	(0.04)	(0.05)
Information Item Knowledge- Don't Knows	0.01	-0.02	-0.10**	-0.11**
	(0.06)	(0.05)	(0.04)	(0.05)
Product-Specific Knowledge	-0.10***	-0.07***	0.00	0.05***
	(0.01)	(0.01)	(0.01)	(0.01)
Graph Literacy	-0.06	-0.08*	-0.06	-0.04
	(0.05)	(0.04)	(0.04)	(0.04)
Superannuation Knowledge Score	-0.06	-0.04	-0.01	-0.05
	(0.05)	(0.04)	(0.04)	(0.04)
Financial Literacy Score	-0.07	0.00	-0.02	-0.01
	(0.09)	(0.08)	(0.07)	(0.08)
Financial Literacy - Don't Knows	-0.10	-0.06	-0.08	-0.12
	(0.12)	(0.11)	(0.09)	(0.10)
Numeracy Score	-0.30***	-0.19***	-0.01	0.07
	(0.05)	(0.04)	(0.04)	(0.05)
Age	-0.01	-0.02	-0.02	-0.01
	(0.01)	(0.01)	(0.01)	(0.01)
Male	0.15*	0.15*	0.04	0.01
	(0.09)	(0.08)	(0.07)	(0.08)
Married/Long-term relationship	-0.05	-0.02	0.02	-0.08
	(0.09)	(0.08)	(0.07)	(0.08)
Full/Part Age Pension	-0.20*	-0.18**	-0.11	-0.08
	(0.11)	(0.09)	(0.08)	(0.10)
Defined Contribution	0.14	0.05	-0.09	-0.10
	(0.09)	(0.08)	(0.07)	(0.08)
Constant	6.58***	6.73***	5.87***	5.08***
	(0.88)	(0.75)	(0.67)	(0.77)
Observations	24,168	24,168	24,168	24,168
Adjusted R-squared	20.45%	14.77%	3.05%	6.55%

	Panel C: Perceived Control			
	Annuity	Annuity/ABP	ABP/DA	ABP
Treasury-Graph	0.17	0.09	0.13	0.11
	(0.12)	(0.11)	(0.10)	(0.11)
Text only	-0.18	-0.05	0.12	0.39***
	(0.12)	(0.11)	(0.10)	(0.11)
Product Security	0.16	0.03	0.35***	0.17
	(0.14)	(0.14)	(0.13)	(0.14)
Information Item Knowledge	-0.10**	-0.12***	-0.12***	-0.22***
	(0.05)	(0.04)	(0.04)	(0.05)
Information Item Knowledge- Don't Knows	-0.29***	-0.28***	-0.23***	-0.25***
	(0.06)	(0.05)	(0.05)	(0.06)
Product-Specific Knowledge	-0.01	0.01	-0.02**	-0.01
	(0.01)	(0.01)	(0.01)	(0.01)
Graph Literacy	-0.03	-0.04	-0.06	-0.02
	(0.05)	(0.05)	(0.04)	(0.05)
Superannuation Knowledge Score	-0.05	-0.04	-0.03	-0.01
	(0.04)	(0.04)	(0.04)	(0.04)
Financial Literacy Score	-0.28***	-0.25***	-0.21**	-0.12
	(0.09)	(0.09)	(0.08)	(0.08)
Financial Literacy - Don't Knows	-0.50***	-0.38***	-0.42***	-0.26**
	(0.11)	(0.10)	(0.10)	(0.10)
Numeracy Score	0.03	0.04	0.00	-0.04
	(0.05)	(0.05)	(0.04)	(0.05)
Age	-0.00	0.01	0.00	0.02*
	(0.01)	(0.01)	(0.01)	(0.01)
Male	0.06	0.06	0.21**	0.29***
	(0.09)	(0.09)	(0.08)	(0.09)
Married/Long-term relationship	-0.14	-0.04	-0.00	0.15*
	(0.09)	(0.09)	(0.08)	(0.09)
Full/Part Age Pension	-0.02	-0.02	-0.06	-0.19*
	(0.11)	(0.10)	(0.09)	(0.11)
Defined Contribution	-0.04	0.06	0.16**	0.10
	(0.09)	(0.08)	(0.08)	(0.08)
Constant	5.75***	4.69***	4.99***	3.35***
	(0.86)	(0.79)	(0.75)	(0.82)
Observations	24,168	24,168	24,168	24,168
Adjusted R-squared	6.45%	5.23%	7.90%	8.30%

In panel A, we show the regressions of the perceived understanding of each retirement income product. The Fact Sheet treatments do not have an effect on perceived understanding. Information item knowledge has only a slight negative correlation with perceived understanding, significant only at the 95% significance level for the ABP and at the 90% significance level for the other retirement income products. The number of Don't Knows for information item knowledge – as a proxy for confusion about the Fact Sheet information items - is statistically significant at the 99% significance level, and negatively correlated with

perceived understanding. The more confused/less confident participants are in their knowledge of Fact Sheet information items, the lower their perceived understanding of the retirement income products. Unsurprisingly, product-specific knowledge is positively correlated with perceived understanding of the products, statistically significant at the 99% significance level. Graph literacy, superannuation system knowledge and financial literacy are not correlated with perceived understanding, however the number of Don't Knows for financial literacy is negatively correlated with the perceived understanding of the Annuity and the ABP/DA (significant at the 95% significance level). Being a member of a Defined Contribution plan is positively correlated with perceived understanding of all products, hinting that they might have already sought information about retirement income products and perceive their understanding to be good, while those likely to receive a full or part Age Pension have less understanding of the ABP and ABP/DA which they are less likely to purchase.

Panel B shows the coefficients of the regressions of perceived risk. While the *Text-Only* treatment is associated with higher product-specific knowledge, it is also associated with higher perceived risk of the Annuity and the Annuity/ABP, two products with features that actually insure against (longevity, investment and inflation) risk. This result is likely because of the reduced salience of the Product Rating information item which summarises income variation risk. However, answering 'Don't know' to the Fact Sheet information item questions is negatively correlated with perceived risk at the 95% significance level for the ABP/DA and ABP. Product-specific knowledge is negatively correlated with perceived risk at the 99% significance level for the Annuity and the Annuity/ABP, and positively correlated at the 99% significance level for the ABP. This is logical, given that the ABP is the riskier product. Numerate participants also understand this, as numeracy is negatively correlated with perceived risk for the Annuity and the Annuity/ABP.

Panel C presents the coefficients for regressions of perceived control with the retirement income products. Compared to participants in the *Treasury-Table* treatment, participants in the *Product Security* treatment group perceive that they have more control with the ABP/DA product; participants in the *Text-Only* treatment group perceive they have more control with the ABP than participants in the *Treasury-Table* treatment group. Information Item knowledge is negatively correlated with perceived control, but the impact varies with type of retirement income product. In contrast to expectations, the smallest effect

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is found for the annuity products, while the effect is nearly double for the ABP. The number of Don't Knows for information item knowledge questions is negatively correlated with perceived control. Participants who seem to be confused by the Fact Sheet items are less likely to perceive any product as providing them with greater control over their finances. Financial literacy is negatively correlated with perceived control for all products except the ABP, a finding that is in line with expectations as none of these products provide complete drawdown flexibility. The number of Don't Know responses to the financial literacy questions is negatively correlated with perceived control for all products as well. Interestingly, the effect is less pronounced for the ABP, a product that provides more control than the Annuity and bundled products. Compared to females, males perceive they have more control with the ABP.

We do not find a difference between Fact Sheet perceptions of transparency, trust, and feeling of control between the within-subject Potential Income Shape treatments[15].

4.6 Impact of information items, product perceptions and product knowledge on stated choices

To analyse how the Fact Sheet information items, product perceptions and product-specific knowledge impact retirement income product choice decisions, we run logit regressions where we estimate the probability of choosing product$_j$ over product$_i$. We cluster the standard errors at the participant-level. Table 5 shows the marginal effects for these logit regressions, Panel A for the treatment groups *Treasury-Table* and *Treasury-Graph* and Panel B for the treatment groups *Text-Only* and *Product Security*.[16] Between Models (1) and (4) we gradually add covariates. Model (1) uses covariates that refer to the Fact Sheet information items. Annual Income, Product Rating, and Access to Capital are measured as differences between the respective information items for product$_j$ and product$_i$. As the items Death Benefit and Access to Capital are quite similar due to government regulation (and the pairwise correlation between the differences is therefore 0.99), we only use Access to Capital as a covariate. Potential Income Shape enters the model as a dummy variable, being 1 when the Fact Sheets presented include the Potential Income Shape and 0 otherwise. In Model (2) we

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add perceptions of product understanding, product risk, and control with the product. Again, these are measured as differences between product$_j$ and product$_i$. In Model (3), we add product knowledge (i.e. the difference between knowledge of product$_j$ and product$_i$), Fact Sheet information item knowledge as well as the number of Don't Knows for Fact Sheet information item knowledge. In Model (4), we add covariates for being male, age, having a long-term relationship/being married, having a bequest motive, financial risk preference, financial literacy, number of Don't Knows for financial literacy, numeracy, being (potentially) eligible for Full or Part Age Pension, and being a member of a DC pension plan.

We find that the marginal effects of the Fact Sheet information items are quite robust within the treatment group, no matter which covariates we add. If product$_j$ promises $100 per year more than product$_i$, the likelihood of product$_j$ to be chosen increases by 1-3 percentage points. A difference in Product Rating of one leads to an increase in retirement income product choice by 3-7 percentage points.

The marginal effects of Product Rating in the *Treasury-Table* and *Treasury-Graph* treatment groups are similarly high, as are the effects in the *Text-Only* and *Product Security* treatment groups. Perceived understanding is positively correlated with the product being chosen in all treatment groups except the *Treasury-Table* group. The higher a product's perceived risk, the less its likelihood to be chosen (though this is not significant for the *Product Security* treatment group). Perceived control has an overall positive correlation with the product being chosen. Product-specific knowledge, Fact Sheet information item knowledge, and the number of Don't Knows for information item knowledge do not affect product choice.

Table 5. Panel A. Marginal effects of logit regressions on the choice of product$_j$ over product$_i$. Standard errors in parenthesis and clustered at the participant-level. *** p<0.01, ** p<0.05, * p<0.1

Pr(Choice$_j$=1)	Treasury Table (N=3,588)				Treasury Graph (N=3,576)			
	(1)	(2)	(3)	(4)	(1)	(2)	(3)	(4)
Annual Income, per $100	0.02***	0.02***	0.02***	0.02***	0.01***	0.01***	0.01***	0.01***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Product Rating	0.07***	0.05***	0.06***	0.06***	0.06***	0.05***	0.05***	0.05***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Access to Capital, per$1,000	0.00***	0.00***	0.00***	0.00***	-0.00	-0.00	-0.00	-0.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
With Income Shape	0.02	0.02	0.01	0.01	0.03**	0.03**	0.03**	0.03**
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Perceived Underst.		0.03	0.03	0.03		0.12***	0.12***	0.12***
		(0.04)	(0.03)	(0.04)		(0.03)	(0.03)	(0.03)
Perceived Risk		-0.03***	-0.03***	-0.03***		-0.03**	-0.03**	-0.03**
		(0.01)	(0.01)	(0.01)		(0.01)	(0.01)	(0.01)
Perceived Control		0.05***	0.05***	0.05***		0.07***	0.07***	0.07***
		(0.02)	(0.02)	(0.02)		(0.02)	(0.02)	(0.02)
Product Knowledge			-0.01*	-0.01*			-0.00	-0.00
			(0.01)	(0.01)			(0.01)	(0.01)
Info. Item Knowledge			0.00	0.01			-0.00	-0.00
			(0.01)	(0.01)			(0.01)	(0.01)
Info. Item Knowledge- DKs			-0.02	-0.01			0.01	0.02*
			(0.01)	(0.01)			(0.01)	(0.01)
Other covariates				YES				YES
Pseudo R-Squared	18.22%	20.23%	20.44%	20.77%	28.20%	32.16%	32.18%	32.32%

Table 5. Panel B. Marginal effects of logit regressions on the choice of product$_j$ over product$_i$. Standard errors in parenthesis and clustered at the participant level. *** p<0.01, ** p<0.05, * p<0.1

Pr(Choice$_1$=1)	Text Only (N=3,660)				Product Security (N=1,260)			
	(1)	(2)	(3)	(4)	(1)	(2)	(3)	(4)
Annual Income, per$100	0.03***	0.02***	0.03***	0.03***	0.01***	0.02***	0.02***	0.02***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Product Rating	0.05***	0.03***	0.03***	0.03***	0.03***	0.03***	0.03***	0.03***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)
Access to Capital, per $1,000	0.00***	0.00***	0.00***	0.00***	-0.00*	-0.00	-0.00	-0.00
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
With Income Shape	0.00	0.01	0.01	0.01	0.01	0.01	0.01	0.01
	(0.02)	(0.02)	(0.02)	(0.02)	(0.03)	(0.03)	(0.03)	(0.03)
Perceived Underst.		0.07***	0.07***	0.07***		0.11***	0.11***	0.11***
		(0.03)	(0.03)	(0.03)		(0.04)	(0.04)	(0.04)
Perceived Risk		-0.08***	-0.08***	-0.08***		-0.01	-0.01	-0.01
		(0.01)	(0.01)	(0.01)		(0.03)	(0.03)	(0.03)
Perceived Control		0.06***	0.06***	0.06***		0.11***	0.11***	0.11***
		(0.01)	(0.01)	(0.01)		(0.03)	(0.03)	(0.03)
Product Knowledge			0.01	0.01			-0.01	-0.01
			(0.01)	(0.01)			(0.01)	(0.01)
Info. Item Knowledge			0.00	-0.00			0.00	-0.00
			(0.01)	(0.01)			(0.01)	(0.01)
Info. Item Knowledge- DKs			0.00	-0.01			-0.04	-0.03
			(0.01)	(0.01)			(0.02)	(0.03)
Other covariates				YES				YES
Pseudo R-Squared	4.63%	13.33%	13.38%	13.66%	16.78%	21.66%	21.85%	22.73%

5. Discussion and Conclusion

We designed and implemented a discrete choice experiment of retirement income product choices to assess the impact of mandatory presentation of a retirement income product Fact Sheet under consideration by the Australian Treasury. Our key findings can be summarized as follows:

First, we find that when participants are presented with a retirement income product Fact Sheet prior to product selection the annuity and bundled annuity products are most preferred. The Annuity/ABP (a bundled lifetime annuity/phased withdrawal product) is preferred 34% and the Annuity (an indexed lifetime annuity) 33% of the time. The ABP (the account-based pension - a type of phased withdrawal product) is preferred only 13% of the time and is least preferred in all treatment groups except the *Product Security* treatment, where the Product Rating for annuity products is less salient. This is contrary to real-world experience where the ABP accounts for around 76% of all income streams, with lifetime annuities accounting for only 6% (and bundled lifetime annuity/phased withdrawal products are not widely available). Overall, preference for the Annuity and bundled Annuity products is higher in Fact Sheet treatments where the Product Rating (a measure of income variation risk) is more salient (particularly the *Treasury-Table* and *-Graph* treatments), the information on Access to Capital and Death Benefits is more detailed and the Potential Income Shape is included on the Fact Sheet.

Second, Access to Capital was the least understood of the Fact Sheet information items. There was no significant difference in understanding of the information items by Fact Sheet treatment, except for higher understanding by those in the *Product-Security* treatment. This Fact Sheet excluded the Product Rating graphic and explained income variation in terms of the underlying risks only.

Third, the Fact Sheet treatments are associated with different degrees of knowledge of the retirement income products: participants in the *Treasury-Graph* treatment know less about most products, while participants in the *Text-Only* treatment group know more about the Annuity.

Fourth, the Fact Sheet treatments impact participants' perceptions of the retirement income products. Participants in the *Treasury-Graph* treatment are more likely (relative to the *Treasury-Table* treatment) to (correctly) perceive that the Annuity and bundled annuity

products are less risky, while *Text-Only* treatment is more likely to be associated with (incorrect) perceptions such products are risky. Moreover, participants in the *Text-Only* and *Product-Security* treatments (correctly) perceive that they have more control with the ABP and bundled ABP products. This indicates that the *Treasury-Table* and *-Graph* Fact Sheets, where the Product Rating is more salient, better communicate the risk management attributes of annuity-type products.

Fifth, we find that financial competence is significantly associated with perceptions of the retirement income products. People with good knowledge of the products and numeracy skills are more likely to (correctly) perceive the annuity and bundled annuity products to be risk management rather than risky products, while those who are confused about the Fact Sheet information items (proxied by answering 'do not know' to the information item knowledge questions) are less likely to consider the ABP and bundled ABP products to be risky.

Finally, we find a positive, statistically significant association between the likelihood of choosing a retirement income product and the information items Product Rating and Average Annual Income. Perceptions about the retirement income products are also important. Perceived control has a positive, statistically significant association with the likelihood of choosing a retirement income product across all Fact Sheet treatment groups; perceived understanding is positively associated with choice of a retirement income product in most variants of the Fact Sheet, while perceived risk is negatively correlated with choice of a retirement income product in most treatment groups.

Our finding of the positive association between the Product Rating and the likelihood of choosing a retirement income product can partly explain the difference in choices between the *Text Only* treatment and the other three treatments. In the two *Treasury-* treatments, the Product Rating is a prominent, salient feature, while in the *Text-Only* treatment the Product Rating is far less visually prominent. Interestingly, the marginal effect of the Product Rating in the *Product Security* treatment group (which excludes the numeric Product Rating) is similar to that for the *Text-Only* treatment. This is not surprising *per se* if we believe that the rating number is buried in text in the *Text-Only* treatment. However, the product choices by the *Product Security* treatment group are not that different from the choices in the two *Treasury-* treatment groups. In the *Product Security* Fact Sheet, the only text in the information column is the description of the 'product security' (i.e. the risks that underlie the product rating). It

might be that people paid more attention to the dot points summarising the underlying risks and thus understood the risks which were presented in the other treatments by the Product Rating. Overall, treatments where the Product Rating or the summary of the underlying risks were salient were associated with greater preference for the Annuity and bundled annuity products.

Our findings suggest that perceptions of the retirement income products are more important for stated preferences than actual understanding of the Fact Sheet information items or product knowledge. This is in line with studies on subjective financial literacy, such as Fernandes, Lynch and Netemeyer (2014) and Anderson, Baker and Robinson (2017). It might also explain the choices of the *Text-Only* treatment group. The Fact Sheet with only textual description of the products' features (and therefore without the large Product Security graphic) seems to have increased the perceived riskiness of the Annuity and the Annuity/ABP, leading to less choice of these products. Similarly, participants in the *Text-Only* treatment group perceive the ABP as a product which provides more control, leading to more choice for this product. However, in accord with Bateman et al. (2018) financial competence in terms of financial literacy, numeracy and product knowledge is key to formation of the (correct) perception that annuities are risk management products and are associated with less control than ABPs and their bundled varieties.

The design of the retirement income product Fact Sheet as proposed by the Australian Treasury thus seems to have a significant influence on choices of retirement income products, with the most influential information item being the Product Rating - a rating of protection against a fall in income attributed to longevity risk, investment risk and inflation risk (AGA, 2018). It is likely that the design of this information item as a rating from 1 (average income not secure) -7 (average income secure) is salient relative to the other features. The ranking of overall stated choices align with the ranking of the Product Rating scores for the retirement income products: the annuity product is rated 7, followed by the bundled annuity (5), the bundled ABP (3) and the ABP (2). This suggests that the Product Rating must be very carefully designed to ensure that retiree decision makers are not swayed into choosing inappropriate retirement income products. Furthermore, confused participants or participants who are not confident in their knowledge generally are more likely to perceive products as providing less control, to be less risky, and less understood. Given the effect of perceptions on retirement

income choice, it is important that Fact Sheets provide the participants with "just in time education" (Fernandes, Lynch & Netemeyer, 2014), but also facilitate appropriate perceptions of products. As Australians seem to want to have control over their pension assets, it might be useful for a Fact Sheet to provide more specific information on the liquidity of the pension assets or how much control they have over the assets.

One might wonder why we find so much demand for annuity products when real world demand is weak in Australia and globally. We advance several reasons. First, once participants agree to take part in the experiment, they are "forced" to think about all four retirement income products and their key features. We financially incentivised participant's understanding of the information items included in the Fact Sheets and the key characteristics of the four retirement income products. In the real world, decision-making is influenced by financial advisers, regulations, and decisions and advice of family and friends who are unlikely to advise annuity products due to lack of experience or awareness. Furthermore, the two bundled retirement income products included in the choice task have only recently been endorsed by Australian regulators, and a standard annuity is little known. It is not unusual to find these effects in online stated choice experiments (Beshears et al., 2014; Bateman et al., 2018). Second, in hypothetical decision making we assume away frictions in product distribution. In the Australian setting, regulations and the absence of hedging possibilities have led to little supply of annuity-type products that insure longevity risk. Third, it is well known that a consumption frame increases the demand for annuities (Brown et al., 2008, 2013: Bockweg et al., 2018). In this context the information items on the retirement income product Fact Sheets highlight the ability of a product to cover spending needs in retirement – through the information items Average Annual Income and Potential Income Shape, and in the presentation of risks in terms of income security for the Product Rating.

In terms of an overall evaluation of the proposed Fact Sheet, our conclusions are as follows. First, we find that with the exception of Access to Capital the information items on the proposed Fact Sheet are quite well understood, across all versions of the Fact Sheet. Second, when using the Fact Sheet to choose retirement income products two factors drive choice: the information items Average Annual Income and Product Rating and perceptions of risk and control associated with the products. Product perceptions are more important than product knowledge and differ by Fact Sheet version. Perceptions that annuity products

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provide income security are associated with the *Treasury-Table* and *-Graph* Fact Sheets where the Product Rating is more salient, while perceptions that the ABP products allow control are associated with the *Text-Only* and *Product Security* Fact Sheets where the Product Rating is less obvious. This finding, in conjunction with poor understanding of Access to Capital suggests that future versions of the Fact Sheet could provide a clearer explanation of the liquidity features of ABP products. Third, when using the Fact Sheets to select retirement income products the survey participants strongly prefer annuity products across all versions of the Fact Sheet. This effect is greater for Fact Sheet versions where the Product Rating is salient and where participants 'correctly' perceive annuities and their bundled varieties as risk management products (the *Treasury-Table* and *-Graph* which include the product rating graphic). This outcome should not be surprising since the Fact Sheets tested present the products in a consumption frame, which has been shown in previous literature to strongly encourage preference for annuities over non-annuitised retirement income products (Brown et al., 2008, 2013; Bockweg et al., 2018). Finally, given the complexity of retirement planning decisions, which likely include decisions about other financial assets and housing, as well as eligibility for public pensions, we would advocate that the Fact Sheets be used in conjunction with guidance and/or financial advice.

With plans by regulators in many countries to introduce disclosure formats for retirement income benefits, in future research we will investigate whether the effects found in this study also persist in the field.

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7. Appendix A

Summary Statistics: Characteristics of survey participants

	N	Mean	St. Dev.	Min.	Max.
Age	1,007	59.65	3.26	55	66
Male	1,007	0.52	0.50	0	1
Household wealth, in $1,000	1,007	992	6,739	-309	199,955
Confidence in Retirement Knowledge					
Tried to work out how much you need to save?	1,007	0.54	0.50	0	1
Very knowledgeable: Financial Planning	1,007	3.63	1.60	1	7
I know more than most people about retirement planning	1,007	3.48	1.61	1	7
I am very confident in my ability to do retirement planning	1,007	3.64	1.62	1	7
When I have a need for financial services, I know exactly where to obtain inform	1,007	4.44	1.71	1	7
I am knowledgeable about how Age Pension works	1,007	3.94	1.69	1	7
I am knowledgeable about how private investment plans work	1,007	3.37	1.64	1	7
Attitudes towards Retirement					
I follow the advice to save for a rainy day	1,007	5.02	1.64	1	7
I enjoy thinking about how I will live years from now in the future	1,007	4.21	1.71	1	7
The distant future is too uncertain to plan for	1,007	3.77	1.77	1	7
The future seems very vague and uncertain to me	1,007	3.86	1.74	1	7
I pretty much live on a day-to-day basis	1,007	3.74	1.93	1	7
I enjoy living for the moment and not knowing what tomorrow will bring	1,007	3.35	1.64	1	7
Subjective life expectancy	1,007	84.62	8.73	55	100
Risk & Time Preference					
Patience	1,007	6.49	2.33	0	10
General risk preference	1,007	4.14	2.52	0	10
Financial risk preference	1,007	3.70	2.64	0	10
Main type of fund					
Superannuation Fund	1,007	0.93	0.25	0	1
SMSF	1,007	0.09	0.29	0	1
Do not know	1,007	0.02	0.12	0	1
Contributions made					
Has ever made voluntary contributions	1,007	0.63	0.48	0	1

Which type of benefits can you take?

Lifetime income	1,007	0.41	0.49	0	1
Account-based pension	1,007	0.36	0.48	0	1
Lump sum	1,007	0.52	0.50	0	1
Do not know	1,007	0.33	0.47	0	1
Attention Check	1,007	0.91	0.28	0	1

Bequest & Children

Children	1,007	1.85	1.48	0	9
Bequest- Yes/No	1,007	0.84	0.37	0	1

Financial Adviser

Financial Adviser	1,007	0.21	0.41	0	1
Plan to go to an Adviser	792	0.42	0.49	0	1

Trust

Trust in own superfund	1,007	5.21	1.51	1	7
Trust in own bank	1,007	4.26	1.77	1	7
Trust in financial adviser	1,007	3.84	1.79	1	7
Trust in government	1,007	3.34	1.74	1	7

Age Pension Eligibility

Full Age Pension	1,007	0.58	0.49	0	1
Part Age Pension	1,007	0.19	0.39	0	1
No Age Pension	1,007	0.23	0.42	0	1

Treatment

1A- Treasury-Table	1,007	0.30	0.46	0	1
1B- Treasury- Graph	1,007	0.30	0.46	0	1
1C -Text Only	1,007	0.30	0.46	0	1
2- Product Security	1,007	0.10	0.31	0	1

Pension Plan Type

DC	1,007	0.51	0.50	0	1
DB	1,007	0.16	0.37	0	1
Pension plan type: do not know	1,007	0.33	0.47	0	1

Literacy, Knowledge, and Skills

Feature Knowledge- Four Questions Added Up	1,007	2.35	1.11	0	4
Average Annual Income= Income of First Year	1,007	0.66	0.48	0	1
Product Rating- Secure Income?	902	0.68	0.47	0	1
Product Rating- Three Type of Risks	1,007	0.58	0.49	0	1
Withdrawing Money Without Selling?	1,007	0.33	0.47	0	1
Death Benefit= Access to Capital?	1,007	0.79	0.41	0	1
Feature Knowledge- Don't Knows	1,007	0.47	0.94	0	4
Average Annual Income-Don't Know	1,007	0.08	0.27	0	1
Secure Income-Don't Know	902	0.07	0.25	0	1
Risks-Don't Know	1,007	0.15	0.36	0	1

Withdrawing-Don't Know	1,007	0.11	0.31	0	1
DB=AtC-Don't Know	1,007	0.13	0.33	0	1
Product Knowledge-All Questions Added Up	1,007	15.66	4.23	6	24
PK-Annuity	1,007	4.14	1.40	0	6
PK-Annuity/ABP	1,007	3.98	1.59	0	6
PK-ABP/DA	1,007	3.66	1.29	0	6
PK-ABP	1,007	3.87	1.59	0	6
Bonus Payment, in AUD	1,007	1.73	1.30	0	3
Financial Literacy Score	1,007	2.48	0.78	0	3
Numeracy Score	1,007	1.67	1.06	0	3
Graph Literacy	1,007	3.24	1.02	0	4
Superannuation Knowledge Score	1,007	3.55	1.07	0	6
Cultural Background					
Australia	1,007	0.73	0.45	0	1
Europe	1,007	0.17	0.37	0	1
Asia	1,007	0.05	0.22	0	1
Africa	1,007	0.01	0.09	0	1
North America	1,007	0.02	0.13	0	1
Oceania (excl. Australia)	1,007	0.03	0.18	0	1
Marital Status					
Never married/not living in a long-term relationship	1,007	0.12	0.32	0	1
Widowed	1,007	0.03	0.17	0	1
Divorced	1,007	0.18	0.39	0	1
Separated but not divorced	1,007	0.05	0.21	0	1
Married	1,007	0.55	0.50	0	1
Living in a long-term relationship	1,007	0.08	0.26	0	1

Summary Statistics: Perceptions

	N	Mean	St. Dev.	Min	Max		N	Mean	St. Dev.	Min	Max
Type 1:Transparency	1,007	5.02	1.26	1	7	Type 2:Transparency	1,007	4.93	1.30	1	7
Type 1: Trust	1,007	4.79	1.38	1	7	Type 2: Trust	1,007	4.70	1.39	1	7
Type 1: Feeling of Control	1,007	4.60	1.46	1	7	Type 2: Feeling of Control	1,007	4.45	1.50	1	7
Type 1:Rank: Average income	1,007	1.83	1.05	1	5	Type 2:Rank: Average income	1,007	1.64	0.84	1	4
Type 1:Rank: Product rating	1,007	3.07	1.45	1	5	Type 2:Rank: Product rating	1,007	2.46	1.12	1	4
Type 1:Rank: Potential income shape	1,007	2.90	1.16	1	5	NA	NA	NA	NA	NA	NA
Type 1:Rank: Access to Capital	1,007	2.95	1.13	1	5	Type 2:Rank: Access to Capital	1,007	2.48	0.85	1	4
Type 1:Rank: Death benefit	1,007	4.25	1.11	1	5	Type 2:Rank: Death benefit	1,007	3.42	0.87	1	4
Type 1: Understanding of Product A	1,007	4.87	1.34	1	7	Type 2: Understanding of Product A	1,007	4.79	1.36	1	7
Type 1: Understanding of Product B	1,007	4.83	1.32	1	7	Type 2: Understanding of Product B	1,007	4.74	1.33	1	7
Type 1: Understanding of Product C	1,007	4.73	1.33	1	7	Type 2: Understanding of Product C	1,007	4.68	1.33	1	7
Type 1: Understanding of Product D	1,007	4.70	1.38	1	7	Type 2: Understanding of Product D	1,007	4.68	1.39	1	7
Type 1: Riskiness of Product A	1,007	3.38	1.69	1	7	Type 2: Riskiness of Product A	1,007	3.50	1.68	1	7
Type 1: Riskiness of Product B	1,007	3.68	1.40	1	7	Type 2: Riskiness of Product B	1,007	3.72	1.40	1	7
Type 1: Riskiness of Product C	1,007	4.33	1.20	1	7	Type 2: Riskiness of Product C	1,007	4.24	1.27	1	7
Type 1: Riskiness of Product D	1,007	4.77	1.45	1	7	Type 2: Riskiness of Product D	1,007	4.53	1.46	1	7
Type 1: Control with Product A	1,007	3.99	1.54	1	7	Type 2: Control with Product A	1,007	3.97	1.51	1	7
Type 1: Control with Product B	1,007	4.06	1.38	1	7	Type 2: Control with Product B	1,007	3.96	1.38	1	7
Type 1: Control with Product C	1,007	3.78	1.35	1	7	Type 2: Control with Product C	1,007	3.77	1.34	1	7
Type 1: Control with Product D	1,007	3.69	1.47	1	7	Type 2: Control with Product D	1,007	3.75	1.47	1	7

8. Appendix B: Retirement income product Fact Sheets

Treasury-Graph treatment

Product A

Retirement Income Product Fact Sheet

For a purchase price of $100,000

Product Name	Product A
Average Annual Income (net of fees and taxes)	$5,200

Product Rating measures the extent to which your income is secure – that is, your income is not influenced by downturns in the share market, outliving your funds, and increases in inflation. The rating scale is from 1 (your income is not secure) to 7 (your income is secure).*

Rating scale: 1 2 3 4 5 6 **7**

Average income not secure ◄———► Average income secure

Elements that contribute to this product's rating

This product is rated 7 because:

- It provides a consistent income level
- It provides income for life
- There is no impact of downturns in the share market on income
- Income is CPI-indexed, so payments will increase annually in line with inflation
- Payment is guaranteed if the fund becomes insolvent

Product Rating **7**

Potential Income Shape shows how your income (in today's dollars) will vary over your retirement.

Access to Capital is how much of the purchase price you would receive if you stopped using the product at any time in retirement (the solid line).*

Death Benefit is the amount that would be paid to your estate if you die (the dashed line).*

* The *product rating* calculation and the *access to capital* and *death benefit* amounts are determined by government regulation.

Product B

Retirement Income Product Fact Sheet

For a purchase price of $100,000

Product Name	Product B
Average Annual Income (net of fees and taxes)	$5,430

Product Rating measures the extent to which your income is secure – that is, your income is not influenced by downturns in the share market, outliving your funds, and increases in inflation. The rating scale is from 1 (your income is not secure) to 7 (your income is secure).*

Rating scale: 1 2 3 4 5 **6** 7

Average income not secure ◄———► Average income secure

Elements that contribute to this product's rating

This product is rated 6 because:

- It provides income for life
- It is designed to reduce the impact of downturns in the share market on income
- Income is not CPI-indexed, so payments will not increase annually in line with inflation
- Payment is guaranteed if the fund becomes insolvent

Product Rating **6**

Potential Income Shape shows how your income (in today's dollars) will vary over your retirement.

(Best Outcome / Average Outcome / Worst Outcome)

Access to Capital is how much of the purchase price you would receive if you stopped using the product at any time in retirement (the solid line).*

Death Benefit is the amount that would be paid to your estate if you die (the dashed line).*

* The *product rating* calculation and the *access to capital* and *death benefit* amounts are determined by government regulation.

Product C

Retirement Income Product Fact Sheet

For a purchase price of $100,000

Product Name	Product C
Average Annual Income (net of fees and taxes)	$5,480

Product Rating measures the extent to which your income is secure – that is, your income is not influenced by downturns in the share market, outliving your funds, and increases in inflation. The rating scale is from 1 (your income is not secure) to 7 (your income is secure).*

Rating scale: 1 2 **3** 4 5 6 7

Average income not secure ◄———► Average income secure

Elements that contribute to this product's rating

This product is rated 3 because:

- It provides income for life
- It is designed to reduce the impact of downturns in the share market on income (from age 85)
- Income is CPI-indexed from age 85, so payments will increase annually in line with inflation
- Payment is guaranteed if the fund becomes insolvent

Product Rating **3**

Potential Income Shape shows how your income (in today's dollars) will vary over your retirement.

(Best Outcome / Average Outcome / Worst Outcome)

Access to Capital is how much of the purchase price you would receive if you stopped using the product at any time in retirement (the solid line).*

Death Benefit is the amount that would be paid to your estate if you die (the dashed line).*

* The *product rating* calculation and the *access to capital* and *death benefit* amounts are determined by government regulation.

Product D

Retirement Income Product Fact Sheet

For a purchase price of $100,000

Product Name	Product D
Average Annual Income (net of fees and taxes)	$4,700

Product Rating measures the extent to which your income is secure – that is, your income is not influenced by downturns in the share market, outliving your funds, and increases in inflation. The rating scale is from 1 (your income is not secure) to 7 (your income is secure).*

Rating scale: 1 **2** 3 4 5 6 7

Average income not secure ◄———► Average income secure

Elements that contribute to this product's rating

This product is rated 2 because:

- It does not provide a consistent income level
- It seeks to provide income for life but may not
- It seeks to reduce the impact of downturns in the share market on income
- Income is not CPI-indexed, so payments will not increase annually in line with inflation
- Payment is guaranteed if the fund becomes insolvent

Product Rating **2**

Potential Income Shape shows how your income (in today's dollars) will vary over your retirement.

(Best Outcome / Average Outcome / Worst Outcome)

Access to Capital is how much of the purchase price you would receive if you stopped using the product at any time in retirement (the solid line).*

Death Benefit is the amount that would be paid to your estate if you die (same as the solid line).*

* The *product rating* calculation and the *access to capital* and *death benefit* amounts are determined by government regulation.

Treasury-Table treatment

Retirement Income Product Fact Sheet

For a purchase price of $100,000

Product Name	Product A
Average Annual Income (net of fees and taxes)	$5,200

Product Rating measures the extent to which your income is secure – that is, your income is not influenced by downturns in the share market, outliving your funds, and increases in inflation. The rating scale is from 1 (your income is not secure) to 7 (your income is secure).*

1	2	3	4	5	6	7

Average income not secure ⟷ Average income secure

Elements that contribute to this product's rating

This product is rated 7 because:

Product Rating **7**

- It provides a consistent income level
- It provides income for life
- There is no impact of downturns in the share market on income
- Income is CPI-indexed, so payments will increase annually in line with inflation
- Payment is guaranteed if the fund becomes insolvent

Potential Income Shape shows how your income (in today's dollars) will vary over your retirement.

Access to Capital is how much of the purchase price you would receive if you stopped using the product at any time in retirement (columns 1 and 2).*	(1) Amount of purchase price available for	(2) % of purchase price that you can withdraw	(3) Death Benefit
Age			
67	$100,000	100%	$100,000
70	$83,330	83%	$100,000
75	$55,560	56%	$100,000
80	$27,780	28%	$27,780
85	$0	0%	$0
90	$0	0%	$0
95	$0	0%	$0

Death Benefit is the amount that would be paid to your estate if you die (column 3).*

* The *product rating* calculation and the *access to capital* and *death benefit* amounts are determined by government regulation.

Retirement Income Product Fact Sheet

For a purchase price of $100,000

Product Name	Product B
Average Annual Income (net of fees and taxes)	$5,430

Product Rating measures the extent to which your income is secure – that is, your income is not influenced by downturns in the share market, outliving your funds, and increases in inflation. The rating scale is from 1 (your income is not secure) to 7 (your income is secure).*

1	2	3	4	5	6	7

Average income not secure ⟷ Average income secure

Elements that contribute to this product's rating

This product is rated 6 because:

Product Rating **6**

- It provides income for life
- It is designed to reduce the impact of downturns in the share market on income
- Income is not CPI-indexed, so payments will not increase in line with inflation
- Payment is guaranteed if the fund becomes insolvent

Potential Income Shape shows how your income (in today's dollars) will vary over your retirement.

Access to Capital is how much of the purchase price you would receive if you stopped using the product at any time in retirement (columns 1 and 2).*	(1) Amount of purchase price available for	(2) % of purchase price that you can withdraw	(3) Death Benefit
Age			
67	$100,000	100%	$100,000
70	$86,470	86%	$99,800
75	$63,890	64%	$99,440
80	$41,170	41%	$41,170
85	$16,100	16%	$16,100
90	$14,750	15%	$14,750
95	$12,820	12%	$12,820

Death Benefit is the amount that would be paid to your estate if you die (column 3).*

* The *product rating* calculation and the *access to capital* and *death benefit* amounts are determined by government regulation.

Retirement Income Product Fact Sheet

For a purchase price of $100,000

Product Name	Product C
Average Annual Income (net of fees and taxes)	$5,480

Product Rating measures the extent to which your income is secure – that is, your income is not influenced by downturns in the share market, outliving your funds, and increases in inflation. The rating scale is from 1 (your income is not secure) to 7 (your income is secure).*

1	2	3	4	5	6	7

Average income not secure ⟷ Average income secure

Elements that contribute to this product's rating

This product is rated 3 because:

Product Rating **3**

- It provides income for life
- It is designed to reduce the impact of downturns in the share market on income (from age 85)
- Income is CPI-indexed from age 85, so payments will increase in line with inflation
- Payment is guaranteed if the fund becomes insolvent

Potential Income Shape shows how your income (in today's dollars) will vary over your retirement.

Access to Capital is how much of the purchase price you would receive if you stopped using the product at any time in retirement (columns 1 and 2).*	(1) Amount of purchase price available for	(2) % of purchase price that you can withdraw	(3) Death Benefit
Age			
67	$100,000	100%	$100,000
70	$82,690	83%	$86,520
75	$59,970	60%	$70,190
80	$33,250	33%	$33,250
85	$0	0%	$0
90	$0	0%	$0
95	$0	0%	$0

Death Benefit is the amount that would be paid to your estate if you die (column 3).*

* The *product rating* calculation and the *access to capital* and *death benefit* amounts are determined by government regulation.

Retirement Income Product Fact Sheet

For a purchase price of $100,000

Product Name	Product D
Average Annual Income (net of fees and taxes)	$4,700

Product Rating measures the extent to which your income is secure – that is, your income is not influenced by downturns in the share market, outliving your funds, and increases in inflation. The rating scale is from 1 (your income is not secure) to 7 (your income is secure).*

1	2	3	4	5	6	7

Average income not secure ⟷ Average income secure

Elements that contribute to this product's rating

This product is rated 2 because:

Product Rating **2**

- It does not provide a consistent income level
- It seeks to provide income for life but may not
- It seeks to reduce the impact of downturns in the share market on income
- Income is not CPI-indexed, so payments will not increase annually in line with inflation
- Payment is guaranteed if the fund becomes insolvent

Potential Income Shape shows how your income (in today's dollars) will vary over your retirement.

Access to Capital is how much of the purchase price you would receive if you stopped using the product at any time in retirement (columns 1 and 2).*	(1) Amount of purchase price available for	(2) % of purchase price that you can withdraw	(3) Death Benefit
Age			
67	$100,000	100%	$100,000
70	$94,990	95%	$94,990
75	$87,630	88%	$87,630
80	$78,210	78%	$78,210
85	$66,000	66%	$66,000
90	$54,780	55%	$54,780
95	$37,000	37%	$37,000

Death Benefit is the amount that would be paid to your estate if you die (column 3).*

* The *product rating* calculation and the *access to capital* and *death benefit* amounts are determined by government regulation.

Text-Only treatment

Retirement Income Product Fact Sheet

For a purchase price of $100,000

Product Name	Product A
Average Annual Income (net of fees and taxes)	$5,200
Product Rating measures the extent to which your income is secure – that is, your income is not influenced by downturns in the share market, outliving your funds, and increases in inflation.*	This product is rated **7** on a risk measure from 1 to 7 *(where 1 means that the average income from the product is not secure and 7 means that the average income is secure)*
Potential Income Shape	• Regular income payments for the rest of your life • Income is CPI-indexed, so payments will increase annually in line with inflation • Income does not vary with changes in asset returns such as shares • You cannot withdraw additional money
Access to Capital is how much of the purchase price you would receive if you stopped using the product at any time in retirement.*	If you stop using your product before age 85: • You will get back some part of the purchase price • The amount paid depends on your age and is determined by government regulation If you stop using your product at or after age 85: • You will get nothing back
Death Benefit is the amount that would be paid to your estate if you die.*	If you die before age 76: • The income payments stop, and the purchase price will be paid to your estate If you die between age 76 and age 85: • The income payments stop, and some money will be paid to your estate. The amount paid depends on your age and is determined by government regulation If you die at or after age 85: • The income payments stop, and no money will be paid to your estate

* The *product rating* calculation and the *access to capital* and *death benefit* amounts are determined by government regulation.

Retirement Income Product Fact Sheet

For a purchase price of $100,000

Product Name	Product B
Average Annual Income (net of fees and taxes)	$5,430
Product Rating measures the extent to which your income is secure – that is, your income is not influenced by downturns in the share market, outliving your funds, and increases in inflation.*	This product is rated **6** on a risk measure from 1 to 7 *(where 1 means that the average income from the product is not secure and 7 means that the average income is secure)*
Potential Income Shape	• Regular income payments for the rest of your life • Income is not CPI-indexed, so payments will not increase annually in line with inflation • Income may vary with changes in asset returns such as shares • You can withdraw additional money as and when needed, but this can decrease your regular income
Access to Capital is how much of the purchase price you would receive if you stopped using the product at any time in retirement.*	If you stop using this product at any time in retirement: • You will get back some part of the purchase price • The amount paid depends on your age and is determined by government regulation
Death Benefit is the amount that would be paid to your estate if you die.*	If you die, the income payments stop, and some money will be paid to your estate. The amount paid depends on your age and is determined by government regulation.

* The *product rating* calculation and the *access to capital* and *death benefit* amounts are determined by government regulation.

Retirement Income Product Fact Sheet

For a purchase price of $100,000

Product Name	Product C
Average Annual Income (net of fees and taxes)	$5,480
Product Rating measures the extent to which your income is secure – that is, your income is not influenced by downturns in the share market, outliving your funds, and increases in inflation.*	This product is rated **3** on a risk measure from 1 to 7 *(where 1 means that the average income from the product is not secure and 7 means that the average income is secure)*
Potential Income Shape	• Regular income payments for the rest of your life Up to age 85: • Income is not CPI-indexed, so payments will not increase annually in line with inflation • Income may vary with changes in asset returns such as shares • You can withdraw additional money as and when needed, but this can decrease your regular income From age 85: • Income is CPI-indexed, so payments will increase annually in line with inflation • Income does not vary with changes in asset returns • You cannot withdraw additional money
Access to Capital is how much of the purchase price you would receive if you stopped using the product at any time in retirement.*	If you stop using this product before age 85: • You will get back some part of the purchase price • The amount paid depends on your age and is determined by government regulation If you stop using this product at or after age 85: • You will get nothing back
Death Benefit is the amount that would be paid to your estate if you die.*	If you die before age 85: • The income payments stop, and some money will be paid to your estate. The amount paid depends on your age and is determined by government regulation If you die at or after age 85: • The income payments stop, and no money will be paid to your estate

* The *product rating* calculation and the *access to capital* and *death benefit* amounts are determined by government regulation.

Retirement Income Product Fact Sheet

For a purchase price of $100,000

Product Name	Product D
Average Annual Income (net of fees and taxes)	$4,700
Product Rating measures the extent to which your income is secure – that is, your income is not influenced by downturns in the share market, outliving your funds, and increases in inflation.*	This product is rated **2** on a risk measure from 1 to 7 *(where 1 means that the average income from the product is not secure and 7 means that the average income is secure)*
Potential Income Shape	• Regular income payments for the rest of your life are not guaranteed • Income is not CPI-indexed, so payments will not increase annually in line with inflation • Income is withdrawn at the minimum withdrawal rate set by the government • The income you withdraw may vary with changes in asset returns such as shares • You can withdraw additional money as and when needed • How long you receive income payments will depend on how much you withdraw each year and the investment returns you receive
Access to Capital is how much of the purchase price you would receive if you stopped using the product at any time in retirement.*	If you stop using this product at any time in retirement: • You will get back any balance in the investment account
Death Benefit is the amount that would be paid to your estate if you die.*	If you die, any balance in the investment account will be paid to your estate

* The *product rating* calculation and the *access to capital* and *death benefit* amounts are determined by government regulation.

Product Security treatment

Product A

For a purchase price of $100,000

Product Name	Product A
Average Annual Income (net of fees and taxes)	$5,200
Product Security describes the extent to which your income is secure - that is, your income is not influence by downturns in the share market, outliving your funds, and increases in inflation.	This product: • provides a consistent income level • provides income for life • is designed so that there is no impact of downturns in the share market on income • provides CPI-indexed income, so payments will increase annually in line with inflation Payment is guaranteed if the fund becomes insolvent.
Potential Income Shape shows how your income (in today's dollars) will vary over your retirement.	
Access to Capital is how much of the purchase price you would receive if you stopped using the product at any time in retirement (the solid line).* **Death Benefit** is the amount that would be paid to your estate if you die (the dashed line).*	

* The *access to capital* and *death benefit* amounts are determined by government regulation.

Product B

For a purchase price of $100,000

Product Name	Product B
Average Annual Income (net of fees and taxes)	$5,430
Product Security describes the extent to which your income is secure - that is, your income is not influence by downturns in the share market, outliving your funds, and increases in inflation.	This product: • provides income for life • is designed to reduce the impact of downturns in the share market on income • does not provide CPI-indexed income, so payments will not increase annually in line with inflation Payment is guaranteed if the fund becomes insolvent.
Potential Income Shape shows how your income (in today's dollars) will vary over your retirement.	
Access to Capital is how much of the purchase price you would receive if you stopped using the product at any time in retirement (the solid line).* **Death Benefit** is the amount that would be paid to your estate if you die (the dashed line).*	

* The *access to capital* and *death benefit* amounts are determined by government regulation.

Product C

For a purchase price of $100,000

Product Name	Product C
Average Annual Income (net of fees and taxes)	$5,480
Product Security describes the extent to which your income is secure - that is, your income is not influence by downturns in the share market, outliving your funds, and increases in inflation.	This product: • provides income for life • is designed to reduce the impact of downturns in income (from age 85) • provides CPI-indexed income from age 85, so payments will increase annually in line with inflation Payment is guaranteed if the fund becomes insolvent.
Potential Income Shape shows how your income (in today's dollars) will vary over your retirement.	
Access to Capital is how much of the purchase price you would receive if you stopped using the product at any time in retirement (the solid line).* **Death Benefit** is the amount that would be paid to your estate if you die (the dashed line).*	

* The *access to capital* and *death benefit* amounts are determined by government regulation.

Product D

For a purchase price of $100,000

Product Name	Product D
Average Annual Income (net of fees and taxes)	$4,700
Product Security describes the extent to which your income is secure - that is, your income is not influence by downturns in the share market, outliving your funds, and increases in inflation.	This product: • does not provide a consistent income level • seeks to provide an income for life but may not • seeks to reduce the impact of downturns in the share market on income • does not provide CPI-indexed income, so payments will not increase annually in line with inflation Payment is guaranteed if the fund becomes insolvent.
Potential Income Shape shows how your income (in today's dollars) will vary over your retirement.	
Access to Capital is how much of the purchase price you would receive if you stopped using the product at any time in retirement (the solid line).* **Death Benefit** is the amount that would be paid to your estate if you die (same as the solid line).*	

* The *access to capital* and *death benefit* amounts are determined by government regulation.

9. **Appendix C: Online Survey[17]**

Welcome

The purpose of this survey is to learn more about how you make decisions about buying retirement income products with your superannuation savings once you stop working.

Please note that due to the nature of this survey you will be asked questions about your personal information such as your income and marital status. To participate in this survey, you MUST answer these questions as we need your answers to be able to ask you only relevant questions. Your answers to these questions are confidential, and cannot be used to identify you personally.

About you

What is your age?

What is your gender?
- Male
- Female

Which of the following best describes your current work status?
- Employed full time
- Employed part time
- Unemployed
- Not in the labour force - Stay-at-home parent or caregiver
- Not in the labour force - Retired
- Not in the labour force - Other

---

[17] This survey is shown for a participant with assets qualifying for a full age pension.

Do you have a superannuation account (Are you a member of any superannuation funds)?

- ⦿ Yes
- ○ No

Are you currently withdrawing or receiving money from any superannuation account?

- ○ Yes
- ⦿ No

Household assets

Your wealth is what you own (your assets) less what you owe (your debts). We are interested in household wealth. We are going to ask you about your household wealth in two parts. First we will ask you about the assets you (and your spouse or partner) own. We will then ask you about the debts that you (and your spouse or partner) owe.

Think about what you (and your spouse or partner) own. These are your household assets. Some examples of what you could own (your assets) include:

Please select all that apply.

- ☐ **(Cash)** bank accounts, currency, CD's, notes
- ☐ **(Fixed interest)** bonds, debentures, term deposits
- ☐ **(Equities)** shares, units in trusts, mutual funds, warrants, convertibles, derivatives
- ☐ **(Property - own home)**
- ☐ **(Other property)** listed and unlisted property trusts, investment properties
- ☐ **(Superannuation)** in defined benefit funds, accumulation schemes, large superannuation funds, self-managed superannuation funds
- ☐ **(Private businesses)** farms, family businesses, etc
- ☐ **(Other)** such as collectibles, home contents, vehicles

You have nominated types of assets that you (and your spouse or partner) own. For each of these assets, please enter their approximate value. You should report the current value of these assets, without deducting any debts.

Please enter a whole number in each box with no $ sign, decimal or commas.

Cash $ [   ]

<<   >>

Now think about what you (and your spouse or partner) owe. These are your debts. Some examples of what you could owe (your debts) include:

Please select all that apply.

- Outstanding credit card or store card balances
- Car loans, hire purchase agreements or other personal loans
- Home loan on own home (mortgages)
- Loans to purchase investment properties or other investment loans (such as loans to buy financial assets or shares)
- Overdrafts or business loans
- Other loans (such as, amounts you borrowed from family or friends but excluding HECS/HELP)
- I don't have any debts

<<   >>

You have nominated the types of debts you (and your spouse or partner) have. For each of these debts, please report the approximate amount outstanding.

Outstanding credit card or store card balances $ _____

<<   >>

Survey information

The rest of this survey consists of 4 sections:

- **Section 1**: Choice task
- **Section 2**: Planning and personality traits
- **Section 3**: Superannuation arrangements and financial competence
- **Section 4**: Demographics and personal characteristics

You will receive a **basic reward** for completing this survey. In addition, you can also receive a **bonus reward** of up to $3.00 in panel points. Your bonus reward will depend on your understanding of retirement income product Fact Sheets and the answers you give in a product knowledge review quiz which follows the choice task in Section 1 of this survey. The questions are based on the product descriptions and the Fact Sheets which are presented to you before the quiz; they are not testing general knowledge.

<<   >>

Section 1: Choice task

On leaving the workforce, people can cover their spending using income from:

- A retirement income product purchased with superannuation savings;
- Other financial assets such as shares or term deposits;
  and, if eligible,
- The Age Pension

In this part of the survey you are going to make a series of choices about four different retirement income products. Each of the four products assists you in drawing down your superannuation savings to cover your spending in retirement.

The products differ in a number of ways, including:

- The amount of the regular income payments and how long they will be paid;
- The way they manage different risks you may face in retirement;
- How the regular income payments vary over your retirement;
- The amount of the purchase price refunded if you stop using the product;
- The amount left to your estate if you pass away.

Some of the products we ask you to think about are similar to products currently available. When completing these questions, you must focus on the hypothetical products we describe to you only.

Please read the retirement income product descriptions carefully because your understanding may affect the bonus reward that you earn from this survey.

<<   >>

Retirement income products

The general features of the four retirement income products are as described below. For the choice task, you will be given product Fact Sheets.

- **Product A**
  Product A provides regular income payments for the rest of your life. The income is CPI-indexed, so payments will increase annually in line with inflation. The income does not vary with changes in asset returns such as shares. You cannot withdraw additional money. If you die, the income payments stop. However, if you die before the age of 85, some money will be paid to your estate. The amount paid depends on your age and is determined by government regulation.

- **Product B**
  Product B provides regular income payments for the rest of your life. The income is not CPI-indexed, so payments will not increase annually in line with inflation. The income may vary with changes in asset returns such as shares. You can withdraw additional money as and when needed, but this can decrease your regular income. If you die, the income payments stop and some money will be paid to your estate. The amount paid depends on your age and is determined by government regulation.

- **Product C**
  Product C provides regular income payments for the rest of your life. Up to age 85 the income may vary with changes in asset returns such as shares. You can withdraw additional money as and when needed, but this can decrease your regular income. From age 85 the income is CPI-indexed, so payments are increased annually in line with inflation and do not vary with changes in asset returns. If you die, the income payments stop. However, if you die before age 85, some money will be paid to your estate. The amount paid depends on your age and is determined by government regulation.

- **Product D**
  Product D is an investment account which provides regular income payments. The income is not CPI-indexed, so payments will not increase annually in line with inflation. The income is withdraw at the minimum withdrawal rate set by government. The income may vary with changes in asset returns such as shares. You can withdraw additional money as and when needed, but this can decrease your regular income. How long you receive income payments will depend on how much you withdraw each year and the investment returns you receive. If you die, any balance in the investment account will be paid to your estate.

For all four products:

- The income you receive would be on top of an Age Pension of around $20,000 a year.

- No tax is payable on the income from the retirement income product.

- The issuer of the product will never default so payments are guaranteed.

<<   >>

Which retirement income product do you prefer?

In the following screens you will be presented with two sets of six choice tasks where you will be asked to choose which retirement income product you prefer between pairs of the four retirement income products.

<< >>

Set 1 - Summary of choice tasks

In Set 1 you will be presented with six choice tasks where you will be asked to choose between pairs of the four retirement income products. For each retirement income product you will be shown Fact Sheets which include information about;

- Average annual income (net of fees and taxes) from each $100,000 of the product you buy. You can use as much money as you want to buy the products. However, to make the products more comparable, the Fact Sheets show information for a common purchase price of $100,000.

- A product rating, which measures the extent to which the income from the product is not influenced by downturns of the share market, outliving your funds, and increases in inflation. The calculation follows government regulations.

- Access to capital if you stop using the product. The calculation follows government regulations.

- Death benefits paid to your estate. The calculation follows government regulations.

You should use this information to decide which of the two retirement income products presented you would prefer to purchase with your superannuation savings when you retire. Keep in mind that the choice you make is for products that provide an income stream, not to invest or to provide substantial emergency funds.

Following the choice tasks we will ask you to answer questions to test your comprehension of the information presented for the four retirement income products. You will also be asked to answer a quiz testing your understanding of the product features of the four retirement income products.

You may click ">>" to continue in 15 seconds

<<

Instructions for completing the choice tasks

In each of the choice tasks you will be presented with two of the four retirement income products and asked to choose which of the two products you would prefer to purchase with your superannuation savings.

You will be shown a table like the one below. The table presents the product Fact Sheets for each of the retirement income products. If you hover over the product name (for example, Product A), you can read the short description presented to you earlier. By clicking on the button below each product Fact Sheet, you choose your preferred product (for example, Product A below).

EXAMPLE

Retirement Income Product Fact Sheet

For a purchase price of $100,000

Product Name	Product D
Average Annual Income (net of fees and taxes)	$4,700
Product Rating measures the extent to which your income is secure – that is, your income is not influenced by downturns in the share market, outliving	This product is rated **2** on a risk measure from 1 to 7 (where 1 means that the average income from the product is not secure and 7 means that the average income is secure)

Retirement Income Product Fact Sheet

For a purchase price of $100,000

Product Name	Product A
Average Annual Income (net of fees and taxes)	$5,200
Product Rating measures the extent to which your income is secure – that is, your income is not influenced by downturns in the share market, outliving	This product is rated **7** on a risk measure from 1 to 7 (where 1 means that the average income from the product is not secure and 7 means that the average income is secure)

[Choice Set 1 (first six pairs)]

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Perception of the Retirement Income Product Fact Sheet

How transparent would you judge the product provider who provides this level of detail in a Fact Sheet?
Please select one answer on the scale where 1 means 'not transparent at all' and 7 means 'very transparent'.

1	2	3	4	5	6	7
○	○	○	○	○	○	○

How much would you trust a product provider who provides this level of detail in a Fact Sheet?
Please select one answer on the scale where 1 means 'would not trust at all' and 7 means 'would trust a lot'.

1	2	3	4	5	6	7
○	○	○	○	○	○	○

How much would you feel like you have control over the product when you see the product features displayed in this level of detail?
Please select one answer on the scale where 1 means 'no control at all' and 7 means 'a lot of control'.

1	2	3	4	5	6	7
○	○	○	○	○	○	○

Please rank the pieces of information on their usefulness.
Click on each item to allocate a rank from 1 to 4, where rank 1 is the most useful and rank 4 is the least useful.

-	Death benefit
-	Average annual income
-	The product rating
-	Access to capital

`<<`   `>>`

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Perception and Understanding of Retirement Income Products

How well do you think you understand each product?
Please select one answer on the scale where 1 means 'Don't understand at all' and 7 means 'Understand very well'.

Hover your cursor over the yellow text to view the Fact Sheet.

	Don't understand at all						Understand very well
	1	2	3	4	5	6	7
Think about Product A. How well do you think you understand the features of Product A?	○	○	○	○	○	○	○
Think about Product B. How well do you think you understand the features of Product B?	○	○	○	○	○	○	○
Think about Product C. How well do you think you understand the features of Product C?	○	○	○	○	○	○	○
Think about Product D. How well do you think you understand the features of Product D?	○	○	○	○	○	○	○

How risky do you think each product is?

Please select one answer on the scale where 1 means 'Not risky at all' and 7 means 'Very risky'.

*Hover your cursor over the yellow text to view the Fact Sheet.*

	Not risky at all						Very risky
	1	2	3	4	5	6	7
Think about Product A. How risky do you think Product A is?	○	○	○	○	○	○	○
Think about Product B. How risky do you think Product B is?	○	○	○	○	○	○	○
Think about Product C. How risky do you think Product C is?	○	○	○	○	○	○	○
Think about Product D. How risky do you think Product D is?	○	○	○	○	○	○	○

How much control do you think you have with each product?

Please select one answer on the scale where 1 means 'No control at all' and 7 means 'Complete control'.

Hover your cursor over the yellow text to view the Fact Sheet.

	No control at all						Complete control
	1	2	3	4	5	6	7
Think about Product A. How much control do you think you have with Product A?	○	○	○	○	○	○	○
Think about Product B. How much control do you think you have with Product B?	○	○	○	○	○	○	○
Think about Product C. How much control do you think you have with Product C?	○	○	○	○	○	○	○
Think about Product D. How much control do you think you have with Product D?	○	○	○	○	○	○	○

<<   >>

In Set 2 you will be presented with six choice tasks where you will be asked to choose between pairs of the four retirement income products. For each retirement income product you will be shown Fact Sheets which include information about;

- Average annual income (net of fees and taxes) from each $100,000 of the product you buy. You can use as much money as you want to buy the products. However, to make the products more comparable, the Fact Sheets show information for a common purchase price of $100,000.

- A product rating, which measures the extent to which the income from the product is not influenced by downturns of the share market, outliving your funds, and increases in inflation. The calculation follows government regulations.

- The potential income shape over your retirement.

- Access to capital if you stop using the product. The calculation follows government regulations.

- Death benefits paid to your estate. The calculation follows government regulations.

You should use this information to decide which of the two retirement income products presented you would prefer to purchase with your superannuation savings when you retire. Keep in mind that the choice you make is for products that provide an income stream, not to invest or to provide substantial emergency funds.

Following the choice tasks we will ask you to answer questions to test your comprehension of the information presented for the four retirement income products. You will also be asked to answer a quiz testing your understanding of the product features of the four retirement income products.

You may click ">>" to continue in 12 seconds

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Instructions for completing the choice tasks

In each of the choice tasks you will be presented with two of the four retirement income products and asked to choose which of the two products you would prefer to purchase with your superannuation savings.

You will be shown a table like the one below. The table presents the product Fact Sheets for each of the retirement income products. If you hover over the product name (for example, Product B), you can read the short description presented to you earlier. By clicking on the button below each product Fact Sheet, you choose your preferred product (for example, Product B below).

EXAMPLE

Retirement Income Product Fact Sheet		**Retirement Income Product Fact Sheet**	
For a purchase price of $100,000		For a purchase price of $100,000	
Product Name	**Product B**	**Product Name**	**Product C**
Average Annual Income (net of fees and taxes)	$5,430	**Average Annual Income** (net of fees and taxes)	$5,480
Product Rating measures the extent to which your income is secure – that is, your income is not influenced by downturns in the share market, outliving	This product is rated **6** on a risk measure from 1 to 7 (where 1 means that the average income from the product is not secure and 7 means that the average income is secure)	**Product Rating** measures the extent to which your income is secure – that is, your income is not influenced by downturns in the share market, outliving	This product is rated **3** on a risk measure from 1 to 7 (where 1 means that the average income from the product is not secure and 7 means that the average income is secure)

[Choice Set 2 (second six pairs)]

Perception of the Retirement Income Product Fact Sheet

How transparent would you judge the product provider who provides this level of detail in a Fact Sheet?
Please select one answer on the scale where 1 means 'not transparent at all' and 7 means 'very transparent'.

1	2	3	4	5	6	7
○	○	○	○	●	○	○

How much would you trust a product provider who provides this level of detail in a Fact Sheet?
Please select one answer on the scale where 1 means 'would not trust at all' and 7 means 'would trust a lot'.

1	2	3	4	5	6	7
○	○	○	○	●	○	○

How much would you feel like you have control over the product when you see the product features displayed in this level of detail?
Please select one answer on the scale where 1 means 'no control at all' and 7 means 'a lot of control'.

1	2	3	4	5	6	7
○	○	○	○	○	●	○

How much would you feel like you have control over the product when you see the product features displayed in this level of detail?
Please select one answer on the scale where 1 means 'no control at all' and 7 means 'a lot of control'.

1	2	3	4	5	6	7
○	○	○	○	○	●	○

Please rank the pieces of information on their usefulness.
Click on each item to allocate a rank from 1 to 5, where rank 1 is the most useful and rank 5 is the least useful.

–	Access to capital
–	Potential income shape
–	Death benefit
–	Average annual income
–	The product rating

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Perception and Understanding of Retirement Income Products

How well do you think you understand each product?
Please select one answer on the scale where 1 means 'Don't understand at all' and 7 means 'Understand very well'.

Hover your cursor over the yellow text to view the Fact Sheet.

	Don't understand at all						Understand very well
	1	2	3	4	5	6	7
Think about Product A. How well do you think you understand the features of Product A?	○	○	○	○	○	○	○
Think about Product B. How well do you think you understand the features of Product B?	○	○	○	○	○	○	○
Think about Product C. How well do you think you understand the features of Product C?	○	○	○	○	○	○	○
Think about Product D. How well do you think you understand the features of Product D?	○	○	○	○	○	○	○

How risky do you think each product is?
Please select one answer on the scale where 1 means 'Not risky at all' and 7 means 'Very risky'.

Hover your cursor over the yellow text to view the Fact Sheet.

	Not risky at all						Very risky
	1	2	3	4	5	6	7
Think about Product A. How risky do you think Product A is?	○	○	○	○	○	○	○
Think about Product B. How risky do you think Product B is?	○	○	○	○	○	○	○
Think about Product C. How risky do you think Product C is?	○	○	○	○	○	○	○
Think about Product D. How risky do you think Product D is?	○	○	○	○	○	○	○

How much control do you think you have with each product?
Please select one answer on the scale where 1 means 'No control at all' and 7 means 'Complete control'.

Hover your cursor over the yellow text to view the Fact Sheet.

	No control at all						Complete control
	1	2	3	4	5	6	7
Think about Product A. How much control do you think you have with Product A?	○	○	○	○	○	○	○
Think about Product B. How much control do you think you have with Product B?	○	○	○	○	○	○	○
Think about Product C. How much control do you think you have with Product C?	○	○	○	○	○	○	○
Think about Product D. How much control do you think you have with Product D?	○	○	○	○	○	○	○

<<   >>

Review of your knowledge of the product features

Now we would like you to review your knowledge of the product features used in the retirement income product Fact Sheets. There are five questions in this quiz. You will receive 60 cents in bonus panel points if you answer at least 3 correct questions (out of 5).

1. Is the following statement true or false? *"Average Annual Income refers to the income paid in the first year that I buy the product."*

- True
- False
- I do not know

2. Is the following statement true or false? *"A higher product rating means that the retirement income product provides less risky income."*

- True
- False
- I do not know

3. The product rating is influenced by investment returns and the rate of inflation only.

- True
- False
- I do not know

4. Imagine you bought one of the products B, C or D. You want to withdraw an additional amount to buy a new car, and want to find out how that influences your future income. Can you find this information on the Retirement Income Product Fact Sheet?

- Yes, the potential income shape gives me this information
- Yes, the 'Access to Capital' section gives me this information
- No, I would need to contact the superannuation fund
- I do not know

5. Is the following statement true or false? *"The Death Benefit is always the same amount as the Access to Capital."*

- True
- False
- I do not know

<<   >>

Feedback

You answered 1 out of 5 correctly. You will not receive any bonus panel points for this quiz.

Question	Your answer	Correct answer
1. Is the following statement true or false? *"Income refers to the income paid in the first year that I buy the product."*	True	False
2. Is the following statement true or false? *"A higher product rating means that the retirement income product provides less risky income."*	False	True
3. The product rating is influenced by investment returns and the rate of inflation only.	I do not know	False
4. Imagine you bought one of the products B, C or D. You want to withdraw an additional amount to buy a new car, and want to find out how that influences your future income. Can you find this information on the Retirement Income Product Fact Sheet?	No, I would need to contact the superannuation fund	No, I would need to contact the superannuation fund
5. Is the following statement true or false? *"The Death Benefit is always the same amount as the Access to Capital."*	I do not know	False

<<   >>

Product Knowledge Quiz

Now we would like you to review your knowledge of the retirement income products. You will receive $2.40 in bonus panel points if you answer at least 15 correct questions (out of 24).

Which of the following statements apply to each of the products – Product A, Product B, Product C and Product D? Please check the tick box under the product name whenever the statement applies to it.

Hover your cursor over the yellow text to view the Fact Sheet.

	Product A	Product B	Product C	Product D
I receive regular income for as long as I am alive	☐	☐	☐	☐
I can always withdraw additional money as and when needed, provided the account balance is positive	☐	☐	☐	☐
If I die at or after age 85, the remaining value of the product will be paid to my estate	☐	☐	☐	☐
The regular payments always increase in line with inflation	☐	☐	☐	☐
The regular payments may vary with changes in asset returns such as shares	☐	☐	☐	☐
I always have access to capital if I stop using the product, irrespective of my age	☐	☐	☐	☐

<<   >>

	Product A	Product B	Product C	Product D
I receive regular income for as long as I am alive	✓	✓	✓	
I can always withdraw additional money as and when needed, provided the account balance is positive		✓		✓
If I die at or after age 85, the remaining value of the product will be paid to my estate		✓		✓
The regular payments always increase in line with inflation	✓			
The regular payments may vary with changes in asset returns such as shares		✓	✓	✓
I always have access to capital if I stop using the product, irrespective of my age		✓		✓

<<   >>

Section 2: Planning and personality traits

In this part of the survey we are going to ask you some questions about planning and your personality traits.

Planning horizon

People use different time horizons when they decide how much of their income to spend, and how much to save. Which of the time horizons mentioned below is in your household **MOST** important with regard to planning expenditures and savings?

- The next fortnight/month
- The next couple of months
- The next year
- The next one to 5 years
- The next 5 to 10 years
- More than 10 years from now

Retirement planning

Have you ever tried to work out how much you need to save for retirement?

- Yes
- No

Think about your knowledge of financial planning for retirement. Please indicate the extent with which you agree with the statements below using a scale from 1 to 7, where 1 means "strongly disagree" and 7 means "strongly agree". You can also use the values in-between to indicate where you fall on the scale.

	Strongly disagree 1	2	3	4	5	6	Strongly agree 7
I am very knowledgeable about financial planning for retirement	○	○	○	○	○	○	○
I know more than most people about retirement planning	○	○	○	○	○	○	○
I am very confident in my ability to do retirement planning	○	○	○	○	○	○	○
When I have a need for financial services, I know exactly where to obtain information on what to do	○	○	○	○	○	○	○
I am knowledgeable about how Age Pension works	○	○	○	○	○	○	○
I am knowledgeable about how private investment plans work	○	○	○	○	○	○	○

On a scale from 1 (in the near future) to 7 (in the distant future), retirement will occur for me...

	In the near future						In the distant future
	1	2	3	4	5	6	7
Retirement will occur for me	○	○	○	○	○	○	○

Which of the following statements best describes your thoughts on how you will spend your time in retirement?

○ I've just started to think about how I will spend my time in retirement but haven't made any decisions yet

○ I plan to spend a lot of my time travelling

○ I plan to take up more sport

○ I plan to take up a hobby

○ I plan to spend time taking care of other family members (ageing parents, grand kids)

○ I plan to spend most of my time doing voluntary work in the community

○ Other (Please specify:)

<<		>>

Future time perspective

Read the following statements and indicate the extent to which you agree using a scale from 1 to 7, where 1 means 'strongly disagree' and 7 means 'strongly agree'. You can also use the values in-between to indicate where you fall on the scale.

	Strongly disagree						Strongly agree
	1	2	3	4	5	6	7
I follow the advice to save for a rainy day	○	○	○	○	○	○	○
I enjoy thinking about how I will live years from now in the future	○	○	○	○	○	○	○
The distance future is too uncertain to plan for	○	○	○	○	○	○	○
The future seems very vague and uncertain to me	○	○	○	○	○	○	○
I pretty much live on a day-to-day basis	○	○	○	○	○	○	○
I enjoy living for the moment and not knowing what tomorrow will bring	○	○	○	○	○	○	○

Subjective life expectancy

According to Australian Bureau of Statistics, Australian females at your age on average are expected to live to age 87, to what age do you think you will live?

[⌄]

Time preference

How do you see yourself: Are you generally an impatient person or someone who always shows great patience?

Please select a response on the scale where 0 means 'very impatient' and 10 means 'very patient'.

Very impatient 0	1	2	3	4	5	6	7	8	9	Very patient 10
○	○	○	○	○	○	○	○	○	○	○

Risk attitude

How do you see yourself: Are you generally a person who is fully prepared to take risks or do you try to avoid taking risks?

Please select a response on the scale where 0 means 'not prepared to take risks' and 10 means 'fully prepared to take risks'.

Not prepared to take risks 0	1	2	3	4	5	6	7	8	9	Fully prepared to take risks 10
○	○	○	○	○	○	○	○	○	○	○

How do you see yourself: Are you generally a person who is fully prepared to take risks in <u>financial matters</u> or do you try to avoid taking risks in <u>financial matters</u>?

Please select a response on the scale where 0 means 'not prepared to take risks in <u>financial matters</u>' and 10 means 'fully prepared to take risks in <u>financial matters</u>'.

Not prepared to take risks in financial matters 0	1	2	3	4	5	6	7	8	9	Fully prepared to take risks in financial matters 10
○	○	○	○	○	○	○	○	○	○	○

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Religion

What is your religion?

- ○ Roman Catholic
- ○ Protestant
- ○ Christian -other
- ○ Islam
- ○ Buddhist
- ○ Other (Please specify:)
- ○ No religion

Personality traits

In these questions we ask you to describe your own personality traits and habits.

Please indicate how well each of the following describes you.

	A lot	Somewhat	A little	Not at all
Organised	○	○	○	○
Responsible	○	○	○	○
Hardworking	○	○	○	○
Careless	○	○	○	○
Thorough	○	○	○	○

Please tell us how often you do each of the following:

	Very often	Often	Sometimes	Rarely	Never	Don't know
Spend too much money	○	○	○	○	○	○
Buy things on impulse	○	○	○	○	○	○
Buy things you hadn't planned to buy	○	○	○	○	○	○
Buy things you don't really need	○	○	○	○	○	○

Section 3: Superannuation arrangements and financial competence

In this part of the survey we will ask you questions about your superannuation arrangements and your financial knowledge.

Superannuation arrangements

Which type of superannuation account do you have?

Select all that apply.

☐ A superannuation fund
☐ A self-managed superannuation fund
○ Do not know

How would you describe your superannuation account? (If you have more than one account, think about your MAIN superannuation account)

○ Accumulation (also known as Defined Contribution)
○ Defined Benefit
○ Do not know

Is your MAIN superannuation account in:

○ A superannuation fund
○ A self-managed superannuation fund
○ Do not know

How would you describe your superannuation account? (If you have more than one account, think about your MAIN superannuation account)

- ○ Accumulation (also known as Defined Contribution)
- ○ Defined Benefit
- ○ Do not know

Which type of contributions are CURRENTLY made to your superannuation account?
Select all that apply.

- ☐ Employer contributions
- ☐ Compulsory employee (member) contributions
- ☐ Voluntary employee (member) contributions
- ○ Do not know

Have you EVER made voluntary employee (member) contributions to your superannuation account?

- ○ Yes
- ○ No

Which type of benefits can you take with your superannuation savings when you retire?
Select all that apply.

- ☐ Lifetime income (pension, annuity)
- ☐ Account-based pension
- ☐ Lump sum
- ○ Do not know

Will you eventually retire (completely) from the paid workforce?

- ○ Yes
- ○ No, I do not expect to ever retire
- ○ Do not know

<<		>>

Financial literacy

On a scale of 1 to 7, where 1 means 'very low' and 7 means 'very high', how would you assess your understanding of finance?

	Very low			About average			Very high
	1	2	3	4	5	6	7
Your understanding of finance	○	○	○	○	○	○	○

Suppose you had $100 in a savings account and the interest rate was 2% per year. After 5 years, how much do you think you would have in the account if you left the money to grow?

- ○ More than $102
- ○ Exactly $102
- ○ Less than $102
- ○ Do not know

Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, how much would you be able to buy with the money in this account?

- ○ More than today
- ○ Exactly the same
- ○ Less than today
- ○ Do not know

Please evaluate whether this statement is true or false. *'Buying shares in a single company usually provides a safer return than buying units in a managed share fund'.*

- ○ True
- ○ False
- ○ Do not know

Numeracy

Imagine that we rolled a fair, six-sided die 1,000 times. Out of 1,000 rolls, how many times do you think the die would come up even?

[   ] times

In a lottery, the chance of winning a $500 prize is 1%. What is your best guess of how many people would win the prize if 1,000 people each buy a single ticket in the lottery?

[   ] people

In a raffle, the chance of winning a car is 1 in 1,000. What per cent of tickets in the raffle win a car?

[   ] %

<<   >>

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Graph literacy

Here is some information about a hypothetical superannuation account balance.
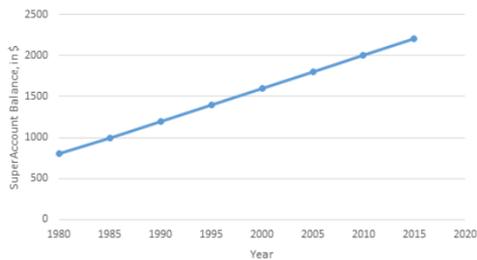
Approximately how much money was in the superannuation account in the year 2010?

$ [   ]

Over which period was the increase in the superannuation account balance higher?

- From 1985 to 1990
- From 2010 to 2015
- Increase was the same in both intervals
- Don't know

According to your best guess, what will the superannuation account balance be in the year 2020?

$ _____

Here is some information about the income shape of two imaginary retirement income products, X and Z.
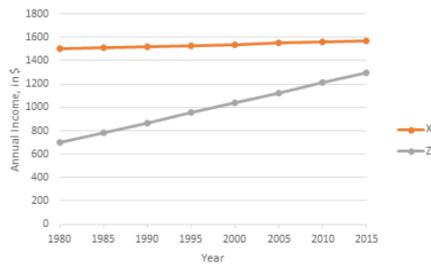
Between 1990 and 2000, which retirement income product had a higher increase in annual income paid?

- X
- Z
- The increase was equal
- Cannot say

<<   >>

Superannuation knowledge questions

This set of questions measures your baseline knowledge of the Australian superannuation system.

Is the following statement true or false?

'For most people, superannuation is taxed at a higher rate than a similar investment outside superannuation.'

- True
- False
- Do not know

Can people make voluntary contributions to their superannuation accounts?

- Yes
- No
- Do not know

Are there any limits to the amount of these voluntary contributions?

- ○ No. There are no limits.
- ○ No. There are no limits to the amount but contributions in excess of the contribution caps are taxed at higher rates.
- ○ Yes. Individuals cannot contribute in excess of the contribution caps.
- ○ Do not know

You are allowed to borrow from your superannuation account.

- ○ True
- ○ False
- ○ Do not know

If you have any superannuation, you will not qualify for the Age Pension.

- ○ True
- ○ False
- ○ Do not know

What is the minimum age at which you can spend the money in your superannuation account?

[⌄]

<<	>>

Which of the following statements best describes your thoughts on how you will spend your time in retirement?

- ○ I've just started to think about how I will spend my time in retirement but haven't made any decisions yet
- ○ I plan to take up more sport
- ○ I plan to take up a hobby
- ○ I plan to spend time taking care of other family members (ageing parents, grand kids)
- ○ I plan to spend most of my time doing voluntary work in the community

Have you seen the above question before?

- ○ Yes
- ○ No

<<	>>

Section 4: Demographics and personal characteristics

We will now ask you questions about demographics and your personal characteristics.

Cultural background

In which country or continent were you born?

- ○ Australia
- ○ Europe
- ○ Asia
- ○ Africa
- ○ North America
- ○ South America
- ○ Oceania (excluding Australia)

In what year did you first arrive in Australia?

[⌄]

Marital status

What is your marital status?

- ○ Never married and not living in a long term (de facto) relationship
- ○ Widowed
- ○ Divorced
- ○ Separated but not divorced
- ○ Married
- ○ Living in a long-term relationship

Income

Which of the following categories best describes your weekly (annual) gross personal income (before tax)?

[⌄]

Which of the following categories best describes your weekly (annual) gross household income (before tax)?

[⌄]

<<   >>

Education

What is the highest level of school you have completed?

- ○ Year 12 or equivalent
- ○ Year 11 or equivalent
- ○ Year 10 or equivalent
- ○ Year 9 or equivalent
- ○ Year 8 or equivalent
- ○ Year 7 or equivalent
- ○ Year 6 or below
- ○ Did not go to school

What is the highest post school qualification you have?

- ○ PhD
- ○ Master Degree or equivalent
- ○ Graduate Diploma or Graduate Certificate from university or equivalent
- ○ Bachelor Degree or equivalent
- ○ Advanced Diploma and Diploma from university/TAFE or equivalent
- ○ Certificate or equivalent from TAFE or equivalent
- ○ None of the above

Work type

Which of the following best describes how you work?

- ○ I have always worked only for an employer
- ○ I am currently working for an employer, but have previously worked as self-employed
- ○ I am currently working only as self-employed
- ○ I am currently working for both an employer and as self-employed

Financial decisions and support

Who is most responsible for the everyday financial decisions in your household?

○ I am
○ Someone else
○ Someone else and I are equally responsible

Who is most responsible for the major financial decisions in your household?

○ I am
○ Someone else
○ Someone else and I are equally responsible

How many people in your household do you fully or partially support financially?

○ 1 (myself)
○ 2
○ 3
○ 4 or more

`<<`　　　　　　　　　　　　　　　　　　　　`>>`

Children

How many children do you have that are still alive?

Please count all natural children, fostered, adopted and stepchildren.

[⌄]

Housing

Think about your housing. Do you:

○ Live in the home you own, with a mortgage
○ Live in the home you own, mortgage free
○ Live in a rented home
○ Live with someone else

Bequests

To whom do you plan to leave an inheritance?

Please select all that apply.

- ☐ Partner/Spouse
- ☑ Children
- ☐ Friends
- ☐ Charity
- ☑ Other
- ○ I do not plan to leave any inheritance

How much inheritance you are planning to leave, including property and other valuables as well as money that you might own:

Children	$	
Other	$	

Income vs expenses

Thinking about the past year, how does your income compare with your expenses?

- ○ My expenses were far greater than my income
- ○ My expenses were slightly greater than my income
- ○ My expenses and my income were about equal
- ○ My income was slightly greater than my expenses
- ○ My income was far greater than my expenses

<<   >>

Financial adviser

Do you use a financial adviser?

- ( ) Yes
- (●) No

Do you plan to go to a financial adviser when you retire?

- ( ) Yes
- ( ) No

Financial adviser

Do you use a financial adviser?

- (●) Yes
- ( ) No

How would you describe the financial adviser you use?

- ( ) Associated with a bank
- ( ) Associated with a superannuation fund
- ( ) Belongs to a large financial planning chain
- ( ) Belongs to a small financial planning company
- ( ) Do not know

Trust

On a scale from 1 to 7, where 1 means 'don't trust at all' and 7 means 'fully trust'...

	Don't trust at all 1	2	3	4	5	6	Fully trust 7
How much trust do you have in your superannuation fund?	( )	( )	( )	( )	( )	( )	( )
How much trust do you have in your bank?	( )	( )	( )	( )	( )	( )	( )
How much trust do you have in financial advisers?	( )	( )	( )	( )	( )	( )	( )
How much trust do you have in the government?	( )	( )	( )	( )	( )	( )	( )

<< >>

Clarity of the survey

How clear do you think the questions in this survey are?

- ◯ Completely clear
- ◯ Mostly clear
- ◯ Sometimes clear
- ◯ Sometimes confusing
- ◯ Mostly confusing
- ◯ Completely confusing

`<<` `>>`

Questionnaire feedback and submission

Before you submit the survey, if you have any opinions regarding this survey, please type in the box below. This will help us to improve our future surveys. Thank you very much for participating.

You have did not earn any bonus panel points. All incentives will be provided within a month's time, upon completing the survey.

`<<` **Submit Responses**

10. Appendix D: Full Regression Tables

Table D1. Marginal effects of logit regressions on the choice of product$_j$ over product$_i$. Standard errors in parenthesis and clustered at the participant-level. *** p<0.01, ** p<0.05, * p<0.1

Pr(Choice$_j$=1)	Treasury Table (N=3,588)			
	(1)	(2)	(3)	(4)
Annual Income	0.00***	0.00***	0.00***	0.00***
	(0.00)	(0.00)	(0.00)	(0.00)
Product Rating	0.07***	0.05***	0.06***	0.06***
	(0.00)	(0.00)	(0.00)	(0.00)
Access to Capital	0.00***	0.00***	0.00***	0.00***
	(0.00)	(0.00)	(0.00)	(0.00)
With Income Shape	0.02	0.02	0.01	0.01
	(0.01)	(0.01)	(0.01)	(0.01)
Perceived Underst.		0.03	0.03	0.03
		(0.04)	(0.03)	(0.04)
Perceived Risk		-0.03***	-0.03***	-0.03***
		(0.01)	(0.01)	(0.01)
Perceived Control		0.05***	0.05***	0.05***
		(0.02)	(0.02)	(0.02)
Product Knowledge			-0.01*	-0.01*
			(0.01)	(0.01)
Feature Knowledge			0.00	0.01
			(0.01)	(0.01)
Feature Knowledge- DKs			-0.02	-0.01
			(0.01)	(0.01)
Male				0.00
				(0.02)
Age				0.00
				(0.00)
Married/Long-term relationship				-0.04**
				(0.02)
Bequest- Yes/No				-0.01
				(0.02)
Financial risk preference				0.00
				(0.00)
Financial Literacy Score				0.00
				(0.02)
Financial Literacy Score- Don't Knows				-0.01
				(0.02)
Numeracy Score				-0.02**
				(0.01)
Full/Part Age Pension				-0.03
				(0.02)
Defined Contribution				0.02
				(0.02)
Pseudo R-Squared	18.22%	20.23%	20.44%	20.77%

Table D2. Marginal effects of logit regressions on the choice of product$_j$ over product$_i$. Standard errors in parenthesis and clustered at the participant-level. *** p<0.01, ** p<0.05, * p<0.1

Pr(Choice$_j$=1)	Treasury Graph (N=3,576)			
	(1)	(2)	(3)	(4)
Annual Income	0.00***	0.00***	0.00***	0.00***
	(0.00)	(0.00)	(0.00)	(0.00)
Product Rating	0.06***	0.05***	0.05***	0.05***
	(0.00)	(0.00)	(0.00)	(0.00)
Access to Capital, in $1,000	-0.00	-0.00	-0.00	-0.00
	(0.00)	(0.00)	(0.00)	(0.00)
With Income Shape	0.03**	0.03**	0.03**	0.03**
	(0.01)	(0.01)	(0.01)	(0.01)
Perceived Understanding		0.12***	0.12***	0.12***
		(0.03)	(0.03)	(0.03)
Perceived Risk		-0.03**	-0.03**	-0.03**
		(0.01)	(0.01)	(0.01)
Perceived Control		0.07***	0.07***	0.07***
		(0.02)	(0.02)	(0.02)
Product Knowledge			-0.00	-0.00
			(0.01)	(0.01)
Feature Knowledge			-0.00	-0.00
			(0.01)	(0.01)
Feature Knowledge- Don't Knows			0.01	0.02*
			(0.01)	(0.01)
Male				0.01
				(0.02)
Age				0.00
				(0.00)
Married/Long-term relationship				-0.00
				(0.02)
Bequest- Yes/No				0.01
				(0.02)
Financial risk preference				0.00
				(0.00)
Financial Literacy Score				0.04**
				(0.02)
Financial Literacy Score- Don't Knows				0.04*
				(0.02)
Numeracy Score				-0.01
				(0.01)
Full/Part Age Pension				-0.00
				(0.02)
Defined Contribution				0.02
				(0.02)
Pseudo R-Squared	28.20%	32.16%	32.16%	32.18%

Table D3.Marginal effects of logit regressions on the choice of product$_j$ over product$_i$. Standard errors in parenthesis and clustered at the participant-level. *** $p<0.01$, ** $p<0.05$, * $p<0.1$

Pr(Choice$_j$=1)	Text Only (N=3,660)			
	(1)	(2)	(3)	(4)
Annual Income	0.00***	0.00***	0.00***	0.00***
	(0.00)	(0.00)	(0.00)	(0.00)
Product Rating	0.05***	0.03***	0.03***	0.03***
	(0.00)	(0.00)	(0.00)	(0.00)
Access to Capital, in $1,000	0.00***	0.00***	0.00***	0.00***
	(0.00)	(0.00)	(0.00)	(0.00)
With Income Shape	0.00	0.01	0.01	0.01
	(0.02)	(0.02)	(0.02)	(0.02)
Perceived Understanding		0.07***	0.07***	0.07***
		(0.03)	(0.03)	(0.03)
Perceived Risk		-0.08***	-0.08***	-0.08***
		(0.01)	(0.01)	(0.01)
Perceived Control		0.06***	0.06***	0.06***
		(0.01)	(0.01)	(0.01)
Product Knowledge			0.01	0.01
			(0.01)	(0.01)
Feature Knowledge			0.00	-0.00
			(0.01)	(0.01)
Feature Knowledge- Don't Knows			0.00	-0.01
			(0.01)	(0.01)
Male				0.01
				(0.02)
Age				-0.00*
				(0.00)
Married/Long-term relationship				0.00
				(0.02)
Bequest- Yes/No				0.03
				(0.02)
Financial risk preference				-0.01*
				(0.00)
Financial Literacy Score				0.01
				(0.01)
Financial Literacy Score- Don't Knows				0.03
				(0.02)
Numeracy Score				-0.00
				(0.01)
Full/Part Age Pension				-0.01
				(0.02)
Defined Contribution				0.03
				(0.02)
Pseudo R-Squared	4.63%	13.33%	13.38%	13.72%

Table D4. Marginal effects of logit regressions on the choice of product$_j$ over product$_i$. Standard errors in parenthesis and clustered at the participant-level. *** $p<0.01$, ** $p<0.05$, * $p<0.1$

Pr(Choice$_j$=1)	Product Security (N=1,260)			
	(1)	(2)	(3)	(4)
Annual Income	0.00***	0.00***	0.00***	0.00***
	(0.00)	(0.00)	(0.00)	(0.00)
Product Rating	0.03***	0.03***	0.03***	0.03***
	(0.01)	(0.01)	(0.01)	(0.01)
Access to Capital, in $1,000	-0.00*	-0.00	-0.00	-0.00
	(0.00)	(0.00)	(0.00)	(0.00)
With Income Shape	0.01	0.01	0.01	0.01
	(0.03)	(0.03)	(0.03)	(0.03)
Perceived Understanding		0.11***	0.11***	0.11***
		(0.04)	(0.04)	(0.04)
Perceived Risk		-0.01	-0.01	-0.01
		(0.03)	(0.03)	(0.03)
Perceived Control		0.11***	0.11***	0.11***
		(0.03)	(0.03)	(0.03)
Product Knowledge			-0.01	-0.01
			(0.01)	(0.01)
Feature Knowledge			0.00	-0.00
			(0.01)	(0.01)
Feature Knowledge- Don't Knows			-0.04	-0.03
			(0.02)	(0.03)
Male				0.03
				(0.03)
Age				0.00
				(0.00)
Married/Long-term relationship				-0.05*
				(0.03)
Bequest- Yes/No				-0.01
				(0.03)
Financial risk preference				-0.00
				(0.01)
Financial Literacy Score				0.02
				(0.03)
Financial Literacy Score- Don't Knows				0.02
				(0.04)
Numeracy Score				0.01
				(0.02)
Full/Part Age Pension				-0.03
				(0.03)
Defined Contribution				0.04*
				(0.03)
Pseudo R-Squared	16.78%	21.66%	22.05%	22.85%