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Determinants of Early-Access to Retirement Savings: Lessons from the COVID-19 Pandemic

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Abstract

The Australian COVID-19 Early Release Scheme (ERS) allowed people in financial hardship immediate access to up to $A20,000 of their 'preserved' retirement savings between April and December 2020. Using data from a large Australian pension fund, we examine what drives people's decisions to take advantage of the ERS. We find that while the majority of survey respondents withdrew money for immediate consumption needs, a substantial proportion of them were concerned about future needs. Most withdrawers thought about the decision for less than a week and many appeared to use the $A10,000 per round limit as an anchor in choosing their withdrawal amount. Conditional on eligibility, the probability of withdrawal was significantly higher where respondents (i) were more concerned about future needs, (ii) did not think about the long-term impact, and (iii) under-estimated or did not estimate the fall in their retirement savings. Our results suggest that many people who withdrew under the scheme did not fully understand the consequences of their choice. These findings raise the question of whether the framing of 'mandatory' retirement savings as a mental account to finance retirement has been irrevocably damaged.

Keywords: pension early access, retirement savings, mental accounts, COVID-19

JEL codes: I38, J26, J32

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Superannuation is their money ……… when they need it at a time in a pandemic we're going to make sure they can get access to it
(The Hon. Scott Morrison, Prime Minister of Australia, 25th August 2020)[1]

1. Introduction

In March 2020, as economic activity slowed sharply under restrictions designed to contain COVID-19, the Australian Government announced a series of measures to provide financial support for displaced workers and small business owners. One of the first measures was to relax restrictions on early withdrawals of retirement savings. Under the COVID-19 Early Release Scheme (ERS), people experiencing loss of employment or financial hardship during the COVID-19 pandemic could apply to withdraw up to $A20,000 of their retirement savings ('superannuation') in two rounds of up to $A10,000 each.[2]

Before COVID-19, the Australian pension system operated very tight controls over withdrawals from retirement accounts. Australian workers who meet minimal age and income thresholds receive at least 9.5% of their earnings as employer contributions to individual defined contribution retirement accounts, similar to 401(k) accounts in the US. These retirement contributions are mandatory for almost all workers and attract substantial reduction in tax on the premise that they are used to provide benefits during retirement. The prevailing rules prevent people from accessing their savings before reaching a minimum 'preservation' age (55-60, depending on birthdate) and retiring (or transitioning to retirement), with some limited exceptions in cases of extreme personal or financial hardship.[3] The ERS thus changed a fundamental element of the retirement savings system in Australia, which has been characterised by strict safeguarding of accumulations and minimal leakage (Beshears et al., 2015). Moreover, access to retirement savings using the ERS was significantly less burdensome than the usual

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[1] House of Representatives Official Hansard, Tuesday 25th August, 2020, page 62.

[2] The Government also introduced a one off stimulus payment and an enhanced unemployment allowance (known as JobSeeker) then a wage subsidy for affected businesses (known as JobKeeper). See press releases from the Treasurer, The Hon. Josh Frydenberg -https://ministers.treasury.gov.au/ministers/josh-frydenberg-2018/media-releases/economic-stimulus-package; https://ministers.treasury.gov.au/ministers/josh-frydenberg-2018/media-releases/supporting-australian-workers-and-business; https://ministers.treasury.gov.au/ministers/josh-frydenberg-2018/media-releases/130-billion-jobkeeper-payment-keep-australians-job.

[3] https://www.ato.gov.au/Individuals/Super/In-detail/Withdrawing-and-using-your-super/Withdrawing-your-super-and-paying-tax/?anchor=Whenyoucanaccessyoursuper#Whenyoucanaccessyoursuper, accessed on 18 June 2020.

early access and was activated without verification of eligibility or proof of hardship. Participants simply applied for early withdrawals in a few steps through an online government portal. After nearly three decades of mandatory retirement contributions and tight rules around access prior to retirement age, the principles of the Australian pension system were, temporarily, radically changed.

Australia is not alone in allowing access to preserved retirement savings to provide income support in the wake of the COVID-19 induced downturns in economic activity and employment. Other countries that have relaxed otherwise strict preservation requirements include Chile, Peru, India, Spain and Portugal (Mercer, 2020; OECD, 2020). There is also a group of countries where a more lenient approach to preservation of retirement savings is part of standard retirement policy design including Switzerland, Singapore, New Zealand and the United States. However pre COVID-19 strict preservation was a unique feature of *mandatory* retirement saving arrangements such as those in Australia and Canada (Stewart el al., 2019).

Economic theory suggests that allowing access to retirement savings following an economic shock, such as the COVID-19 induced rapid slowdown of the economy, can be welfare enhancing by allowing liquidity-constrained households to dissave and better smooth consumption. This outcome has been confirmed in a study exploring early access to retirement accounts in Singapore's mandatory DC plan (Agarwal et al., 2020) and in a proposal to allow US workers access to future social security benefits to finance consumption during the COVID-19 pandemic (Catherine et al., 2020). However, relaxation of strict preservation removes the 'commitment device' for long term savings (Beshears et al., 2015) and could lead to sub optimal behaviour due to self-control problems (Argento et al., 2015; Munnell & Webb, 2015). In fact, Beshears et al., (2020) find that increasing the penalty for early access could increase allocations to a 'commitment account'. Moreover, easing access to preserved retirement savings can pose threats to retirement income adequacy, as demonstrated in Lorca (2021) in the context of the Chilean COVID-19 response allowing pension fund members to access up to 10% of their pension assets. A related study of US 401(k) withdrawals and loans found that people with financial knowledge overconfidence were more likely to access their retirement savings early (Lee & Hanna, 2020).

In this paper we examine the determinants of people's decisions to take advantage of the ERS. To this effect, we use administrative data from a large retirement plan and a survey of participants (called 'members') who withdrew money from their retirement account via the ERS. We compare the surveyed group with a control sample of people who were eligible to withdraw from retirement accounts but did not. These two samples allow us to better understand the decisions to take advantage of the ERS, including (i) who withdrew money from their retirement account under the ERS, (ii) how much they withdrew, and (iii) what were their motivations. Specifically did people use the money for immediate or future needs? How long did it take for them to make the decision to withdraw money? Were they concerned about drawing down assets set aside for retirement, and could they estimate the long-term implications of their withdrawal? Our focus on the motivations or behavioural influences of plan participants complements the studies noted above which have examined individual financial or economy-wide implications of early withdrawal schemes (Fernández & Villatoro, 2020; Lorca, 2021) and the potential for consumption smoothing (Catherine et al., 2020).

Examining these motivational and behavioural influences offers the potential to advance our theoretical understanding of people's reaction to these kinds of policy initiatives. A long tradition of research into the psychology of human judgment and decision making has identified the difficulties people have in estimating the impact of saving and spending decisions due to inabilities in understanding exponential growth (e.g., McKenzie & Liersch, 2011; Soll, Keeney, & Larrick, 2013). Such failings in combination with the well-documented tendency for people to discount far-future outcomes much more heavily than near-future ones (e.g., Luckman, Donkin & Newell, 2020) can make the offer of immediately available large sums of money very tempting. Compounding these factors is the implied-endorsement of the Government making taking 'retirement' money a first-response for those in actual or perceived need (McKenzie et al., 2018). This rapid change to the policy-settings might encourage retirement plan participants to think that withdrawing money is the right thing to do, and also sets a value on which to anchor a withdrawal amount (e.g., "The Government says I can withdraw $10K so that must be an appropriate amount to take out."). In short, the early release policy has the potential to change the *mental account* (e.g., Kahneman & Tversky, 1984; Thaler 1980) that might previously have contained money for retirement into one containing money that is available for any 'rainy-day'. The simplicity of access – a few clicks online – also removes another significant physical

(and mental) barrier to changing how one thinks about 'retirement' money.

Our results suggest that many people who withdrew under the scheme did not fully understand the consequences of their choice and prompts the question as to whether the framing of 'mandatory' retirement savings as a mental account to finance retirement has been irrevocably damaged.

The paper is set out as follows. Section 2 provides background and the institutional setting. Section 3 describes our data and reports summary statistics. Section 4 details our empirical analysis results and Section 5 concludes.

2. Institutional Setting

Superannuation is a key component of Australia's retirement income arrangements. Almost all Australian workers receive mandatory employer contributions of at least 9.5% of earnings in individual accounts in superannuation (pension) funds and a significant minority top up with voluntary employee contributions. The contributions are generally invested in a broad portfolio of assets and accumulating savings are preserved to retirement. Strict preservation is a feature of the Australian arrangements, with access prior to the preservation age or retirement available in very limited cases of extreme personal or financial hardship.

This feature changed on 22 March 2020 when the Australian Government announced a temporary relaxation of the strict preservation requirements as part of a suite of income support and economic stimulus measures introduced to address the effects of COVID-19 on the economy. The COVID-19 Early Release Scheme (ERS) allowed people to access up to $A20,000 of their 'preserved' retirement savings in two rounds: A first withdrawal of up to $A10,000 could be made between April and June 2020 and a further $A10,000 between July and September 2020, later extended to 31 December 2020. The early release withdrawals are tax free and do not affect means-tested social security payments.

Retirement plan participants were eligible for early release if they were unemployed; or in receipt of a working-age social security payment (such as unemployment benefits or parenting payments); or since the beginning of 2020 were made redundant or had their working hours reduced by 20% or more; or if their business turnover had reduced by 20% or more for those self-employed. To expedite access to

savings, the usual administrative processes for early release of superannuation through individual retirement plans were waived and replaced by a fast-track application process conducted through the Australian Taxation Office (ATO) using the myGov portal and without formal proof of eligibility at application.

All in all, early access to retirement savings via the ERS was therefore significantly less burdensome than standard early access and could be activated without verification. Furthermore, the industry regulator (the Australian Prudential Regulation Authority - APRA) instructed the retirement plans to make the early access withdrawals available to participants within five business days.

Cbus, the retirement plan that provided the administrative data for this study, is one of Australia's largest pension funds, offering profit-to-participants retirement plans, mainly serving the building, construction, and allied industries. Just prior to the introduction of the ERS, Cbus had around 756,000 participants and $A52 billion in funds under management. Compared with the population of Australian retirement plan participants, and consistent with the sector that the plan mainly serves, Cbus participants are predominantly male (over 90% males compared with 50% males in the general plan population) and tend to have a lower average age and account balance.

By the end of the ERS, 3.5 million Australian retirement plan participants had made at least one successful application to withdraw from their accounts at an average payment of $A7,638. In total around 15% of retirement plan participants took early access of their retirement savings and just over 40% of these withdrew in both rounds, totalling $36.4 billion of retirement assets. Among Cbus participants, 24% accessed their retirement savings with almost half of these (12% of the Cbus membership) withdrawing in both rounds, taking an average amount of $A8,327 per withdrawal. The Cbus drawdown patterns are similar to those of retirement plans for workers in industries most disrupted by the COVID-19 induced economic slowdown: around 24% and 18% of participants in the industry wide retirement plans for hospitality workers (Hostplus) and retail workers (REST) drawing down an average of $A7,217 and $A7,150 respectively, with repeat drawdowns by around 7% of REST participants and 9% of Hostplus participants. The withdrawal rates were much lower for retirement plans for workers in occupations less affected by the economic slowdown: the retirement plans Aware Super and QSuper which cover public sector workers such as teachers and police reported withdrawal

rates of around 6% and 12% of plan participants at average withdrawals of $A8,619 and $A7,762 respectively (APRA, 2020; 2021).

3. Data and Summary Statistics

3.1 Data Collection and Samples

Our data come from two sources. The first source is administrative data covering the population of Cbus plan participants and provides comprehensive information on their socio-demographic background, investment decisions, and early access of retirement accounts. We examine this data set to understand who withdrew money from their retirement savings under the ERS and how much they took.

The second source is survey data. We worked with Cbus to design and administer two online surveys and used individual responses to explore the motivation and decision-making process of retirement plan participants who withdrew money using the ERS. Cbus conducted the first survey by sampling Cbus plan participants who had withdrawn from their retirement account in the first round of the scheme. The survey asked a series of questions which covered information sources used to make the decision, timeframe for thinking about the decision, reasons for withdrawing money using the scheme, understanding of the consequences of the withdrawal, and plans to replace the savings withdrawn. The full survey is available at Online Appendix A. Cbus surveyed a random sample of 22,507 of its plan participants who had taken early access of their retirement savings in the first round between April and June 2020 and who had an email account. 3,047 participants completed the survey,[4] and the data was augmented with matched Cbus administrative data on socio-demographics, retirement account characteristics, and plan engagement measures. We then administered a companion survey between July 27 and August 27, 2020 to collect data on a control group. We sampled 500 Australian retirement plan participants who were eligible to withdraw savings under the ERS but chose not to withdraw.[5] We collected similar information as in the first survey, including socio-demographic and retirement plan

[4] The survey was sent once every Friday between May 1 and July 3, 2020. An updated version of the survey with additional questions on the use of withdrawn money was introduced on June 19, 2020.
[5] To avoid the risk of priming the Cbus plan participants with the idea of early release, we collected the data from a web panel from Pureprofile which covered the general population.

characteristics as well as their decision-making process around withdrawals using the scheme. The full survey administered to the control group is available at Online Appendix B. Summary statistics are reported in Table 1 and Figure 1.[6]

3.2 Who withdrew money using the early release scheme and how much?

Table 1 reports the summary statistics for withdrawals using the early release scheme both for Cbus retirement plan participants and nationally. Overall, Cbus participants were more likely to withdraw and took more when they did withdraw, compared to the national averages. Out of 775,868 Cbus plan participants, 138,780 (18%) withdrew money from their retirement account in the first round; 137,949 (18%) made a withdrawal in the second round and 90,135 (12%) withdrew in both rounds. The comparable percentages for all Australian retirement plan participants are 11%, 11%, and 6%, respectively.

For Cbus participants (columns 1-4), the average amount withdrawn in Round 1 and Round 2 are of similar magnitude ($A8,353 and $A8,320), and those who withdrew in both rounds tended to take more in each round ($A8,916). These amounts are also above national averages (columns 5-8). These higher amounts may be driven by the predominantly male (90%) composition of Cbus with males tending to have higher balances than females. Only 8% (7%) of plan participants who withdrew in Round 1 (Round 2) were female, and 7% of those who withdrew twice were female, which is lower than their representation in the plan. Also of note, Cbus estimated that over 20% of participants who withdrew were ineligible for the ERS[7]. Thus, the absence of a proof-of-eligibility check at the point of withdrawal appears to have allowed approximately a quarter of plan participants to access money that they were not entitled to obtain.

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[6] The complete set of summary statistics are reported in the Online Appendix Table A3 (Cbus Early Release Survey) and Table A4 (Control Survey).

[7] Cbus estimated the ERS eligibility of fund participants by comparing their recent Superannuation Guarantee (mandatory retirement saving) contributions to their Cbus account against the ERS eligibility criteria, assuming Cbus is their only or main retirement fund. We believe this measure, while imperfect, would be a reasonable proxy for the true ERS eligibility of the participants.

Table 1: Summary Statistics: Early Release Participation and Two Surveys

	Cbus Participation				National Pension Plan Participation				Cbus Early Release Survey	Control Survey[b.]
	Round 1 ERS	Round 2 ERS	Both Rounds	All Plan Participants	Round 1 ERS[a.]	Round 2 ERS	Both Rounds	All Plan Participants		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
No. Participants	138,780	137,949	90,135	775,868	2,406,021	2,360,762	1,409,985	22,464,156	3,047	500
% Participants withdrawal	18%	18%	12%	100%	11%	11%	6%	100%	100%	0%
Gender (% Female)	8%	7%	7%	10%	-	-	-	-	15%	60%
Age (median)	37	38	38	38	-	-	-	-	41	42
Tenure, years (median)	9	11	11	9	-	-	-	-	9	10
Withdrawal amount each round (average)	$A8,353	$A8,320	$A8,916	-	$A7,503	$A7,040	$A8,078[c.]	-	$A8,449	$A7,163
Withdrawal amount each round (median)	$A10,000	$A10,000	$A10,000	-	-	-	-	-	$A10,000	$A8,000
% of account withdrawn (average)	43%	44%	53%	-	-	-	-	-	41%	25%
% of account withdrawn (median)	27%	27%	41%	-	-	-	-	-	24%	11%
Balance before early release (average)	$A55,042	$A56,670	$A67,492	$A67,215[d.]	-	-	-	-	$A64,302	$A139,552
Balance before early release (median)	$A32,462	$A33,763	$A46,783	$A29,706[d.]	-	-	-	-	$A38,651	$A53,000
Suspected ineligible	24%	22%	25%	27%	-	-	-	-	-	-

Notes:

a. We use APRA data as of 28 June 2020 (the closet possible date to the end of Round 1), which implies a slight under-estimate of the numbers of Round 1 and over-estimate of Round 2 early release.

b. Control survey asks for the current balance instead of balance at FY 2020, and it asks for the hypothetical early release amount if the respondent were to withdraw.

c. We imputed the average payments by assuming the conversion rate from application value by the participant to the actual payment is the same between initial and repeat early release applications.

d. Account balance as of June 30, 2020

Data Sources: Cbus Retirement Plan, APRA (2021), Cbus Early Release Survey, Control Survey.

The last two columns of Table 1 report summary statistics for socio-demographics and retirement plan characteristics for both the Cbus early release sample and the control sample. The data show that the Cbus early release survey respondents (column 9) who were asked about their motivations for withdrawing money in the first round of the ERS are more likely to be female than all members of Cbus who withdrew in the first round of the ERS (column 3). The Cbus ERS survey-respondents are also slightly older, but have the same tenure in the plan as all members who withdrew in the first round. On average, a respondent in the Cbus early release survey had a balance of $A64,302 before the withdrawal and withdrew $A8,449 from their account in the first round. Their initial balance, withdrawal amount and percentage of account balance withdrawn are comparable to the average of all Cbus members who withdrew in the first round (column 1).

The control sample (column 10) has a much higher percentage of female respondents, a higher median age, and a higher account balance compared to Cbus survey respondents. When asked how much they would have withdrawn if they were to do so, control sample respondents reported a lower withdrawal amount, which accounts for a smaller proportion of their initial balance. This is not surprising, as these respondents were eligible for the ERS but chose not to withdraw. This reluctance to withdraw is consistent with the control-survey respondents being in a better financial situation in the pandemic compared to the Cbus participants who made withdrawals.

Since we match the Cbus early release survey data with Cbus administrative records, we know exactly how much the survey respondents withdrew in the first round of the ERS. Figure 1a reports the distribution of the withdrawal amounts in the first round relative to the $A10,000 limit and the respondents' remaining balances. Most respondents withdrew either the $A10,000 upper limit, or an amount very close to their account balance if their balance was less than the upper limit. Those who left small residual amounts could have been preserving insurance cover (which requires a minimum account balance) or may have been working from slightly dated balance information when making their application. The fact that only 11% of respondents withdrew less than the limit while still preserving more than $A1,000 in their account demonstrates that respondents were strongly guided, and effectively constrained, by the $A10,000 limit.

3.3 Reasons for withdrawal of retirement savings using the early release scheme

We asked survey respondents 'why did you decide to withdraw your super?' (from a list of ten options) and 'what was the main reason?' Responses summarizing the main reason to withdraw under the ERS are reported in Figure 1b. The Government intended that the ERS would help people who were unemployed, made redundant or who were experiencing reduced work hours, to meet expenses during the COVID-19 induced economic slowdown. We find evidence consistent with the policy intention: more than half (58.7%) of respondents reported that they withdrew funds to meet immediate expenses or to cover lost income. Notably, however, around one quarter (26.6%) were motivated by future financial pressures. In other words, one in four respondents appear to be taking precautions. Few respondents cited concerns about falling asset values or simple impatience as reasons for accessing their savings. The Cbus survey findings are also consistent with national data collected in the Australian Bureau of Statistics (ABS) Household Impacts of COVID-19 Survey which reported that 57% of those who had withdrawn under the ERS had used or planned to use the money to pay household bills, mortgages, rent and other debts and 36% planned to save the money (ABS, 2020).

3.4 How did members make their decision to withdraw their retirement savings?

We also asked a number of questions to better understand how surveyed plan participants made their decision including, 'how long did you think about it before deciding to withdraw?' and 'what impact do you think withdrawing your super will have on your retirement savings by the time you reach retirement age?'. A motivation for the latter question was to investigate understanding of exponential growth in relation to the decision to withdraw using the scheme. In response to the first question, Figure 1c shows that around half of the respondents report spending a week or less thinking before they decided whether they would apply for early release, and 28% either made their minds up immediately or within a day of hearing about the scheme.

Figure 1: Summary Statistics – Cbus Early Release Survey
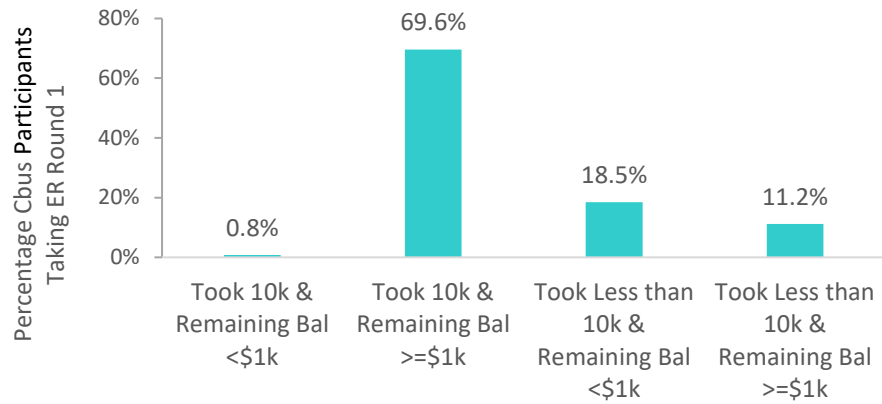
Figure 1a: Withdrawals relative to $A10,000 limit and remaining balances
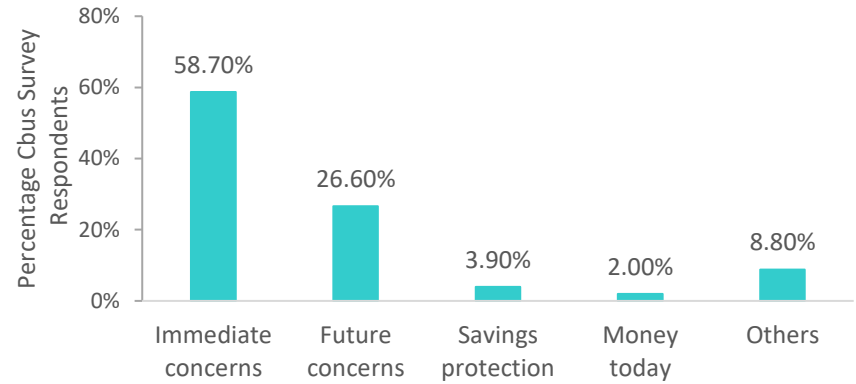
Figure 1b: Main reason for withdrawing using the ERS
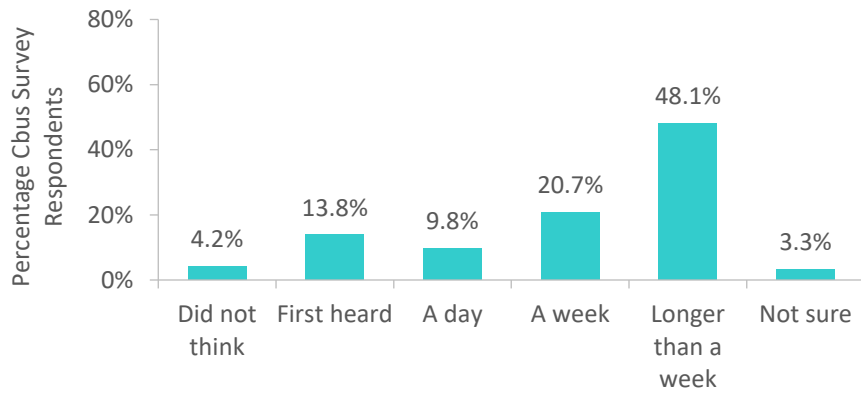
Figure 1c: Time spent thinking before deciding to withdraw using the ERS
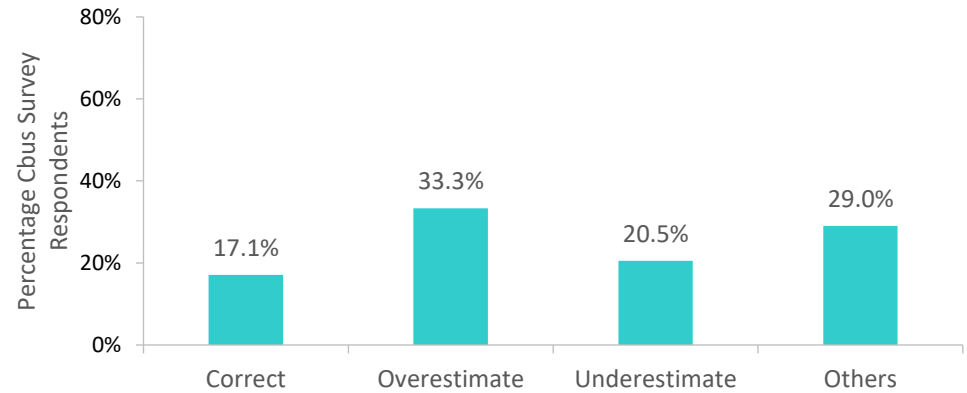
Figure 1d: Respondent's estimate of ERS Impact on Projected Future Wealth.

Note: Participants were asked to choose one of six ranges of impact: $5000 or less; $5,000-$10,000; $10,000- $20,000; $20,000 - $50,000; $50,000-$100,000; More than $100,000. We estimate the impact of early release on savings at retirement based on assumptions in official Cbus communications with their participants. The assumptions are: (1) Retirement balances are presented in today's dollars which means they have been adjusted for inflation; (2) Balance-dependent admin fee of 0.19% p.a. (inflating at CPI); (3) Investment return of 5.75% p.a.; (4) long term CPI of 2.5% p.a. and rise in living standard.

Data source: Cbus Early Release Survey

In answering the second question respondents were asked to choose one of six ranges of impact on retirement savings or 'no impact', 'don't know' or 'don't care'. We compared their answers with our estimates of the impact on their retirement savings, where our estimates are based on assumptions in official Cbus communications with their participants. Surveyed plan participants expressed a high degree of uncertainty or lack of concern about the long-term implications of the withdrawal. Around one third of respondents said that they were unsure about the impact of their withdrawal on their retirement balances or had not thought about it or did not care. Figure 1d compares people's estimates of long-term impact of their withdrawal to our estimates. The fact that only 17% were providing an estimate within a correct range suggests that the majority of withdrawers either could not, or did not, evaluate the impact of their decision. Moreover, despite a third of participants over-estimating the impact of withdrawal on their future retirement balance, there was no indication that those over-estimating withdrew less, on average ($8,896), than respondents who were correct ($8,377), underestimated ($8,336) or did not know or care about the impact ($8,040). Together, these results suggest some misunderstanding of exponential growth as well as overall confusion or indifference about the long-term impact of their decision to withdraw.

4. Important Factors in the Early Release Decision

In this Section, we estimate regression models to identify those factors significantly associated with the decision to withdraw retirement savings under the ERS among a comprehensive set of socio-demographic variables and indicators of motivation for and understanding of the decision. By controlling for multiple factors in the model, we obtain more reliable estimates for the strength of the associations.

4.1 The Decision to Withdraw

First, to study the decision to withdraw, we use data from the Cbus survey of plan participants who took early release in the first round and the control survey of retirement plan participants who were eligible but did not withdraw. We estimate the following logit model:

$$\log\left(\frac{P_i}{1-P_i}\right) = Account\ Balance_i * \beta_1 + Female_i * \beta_2 + Age_i * \beta_3 + Tenure\ with\ Fund_i * \beta_4 +$$

$$Employment\ Status_i * \beta_5 + Thought\ about\ Impact_i * \beta_6 + Deliberation\ Time_i * \beta_7 +$$

$$Information\ Source_i * \beta_8 + Main\ Reason_i * \beta_9 + Estimation\ of\ Impact_i * \beta_{10} \qquad (1)$$

where P_i is the probability of individual *i* making a withdrawal under the ERS given that she was eligible to withdraw. $\log\left(\frac{P_i}{1-P_i}\right)$ is the natural log of the associated odds of ratio. We are interested in the role of the following factors in leading a member to withdraw using the scheme: account balance, gender, age, tenure with the fund, employment status[8], whether the member thought about the impact of early release before making the decision, the time they spent making the decision, the source of information they used, the main reason for their decision to withdraw or not withdraw, and their estimation of the impact of withdrawal on their retirement accumulation compared with our estimates.

Figure 2 presents the predictive margins for selected factors from the logit estimation of the decision to withdraw and Online Appendix Table A1 reports the predictive margins and marginal effects. Our overall findings show that people needed more guidance about the decision to access retirement savings. We highlight the key findings as follows. First, future concerns are positively related to the decision to withdrawal. As shown in Figure 2a, the probability of withdrawing savings early, conditional on being eligible, is 7 percentage points higher if the respondent reported future concerns as the main reason for the decision compared to those reporting "others". Second, Figure 2b suggests that compared to those who thought about the consequences of withdrawing retirement in terms of the impact on their retirement, the probability of withdrawal is 3 percentage points higher if a member did not think about it or indicated that they were "not sure" or "don't care". In other words, participants who thought about the impact of a withdrawal also thought more carefully before deciding to withdraw. Further, the probability of withdrawal is 4 percentage points higher if the participant underestimated the impact of early release on their retirement wealth or indicated that they don't know or don't care about the consequences, compared to those estimated correctly (Figure 2c). We interpret this estimate as consistent with people with higher financial literacy being more cautious in

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[8] The categories of employment are: unemployed before the pandemic, employed and working hours are the same or increased, employed but working hours have been reduced since the crisis, lost job due to the crisis.

accessing their retirement savings. Finally, Figure 2d shows that the probability of a withdrawal is 4 percentage points higher for those aged 40-49 (compared to the baseline group 18-29). A possible explanation is that people in this age group are more likely to be financially responsible for a family and thus have a more urgent need to access their retirement savings.

4.2 Maximum Withdrawal

In our second analysis, we study the likelihood of taking as much as possible (i.e., $A10,000 or one's entire balance) using Cbus administrative data on all the participants who withdrew in both rounds of the ERS. We estimate a logit model as follows:

$$\log \left(\frac{P_i}{1-P_i}\right) = Account\ Balance_i * \beta_1 + Esimated\ Salary_i * \beta_2 + Suspected\ Ineligible_i * \beta_3 + Female_i * \beta_4 + Tenure\ with\ Fund_i * \beta_5 + State_i * \beta_6 + Age\ Group_i * \beta_7 + Retirement\ Preparedness_i * \beta_8 \quad (2)$$

where P_i is the probability of individual *i* making a maximum withdrawal under the ERS (either emptying the account or the $A10,000 limit), conditional on making a withdrawal under the ERS in the first round she was eligible to withdraw. $\log \left(\frac{P_i}{1-P_i}\right)$ is the natural log of the associated odds of ratio. We test the impact on the probability of taking the maximum withdrawal of a list of factors, including the participant's account balance before withdrawal (in quintile groups), estimated salary (in quintile groups), whether the plan suspects the participant to be ineligible for early release, gender, tenure with plan (in quintile groups), state of residence, age, and a risk score on preparedness for retirement savings calculated by Cbus[9].

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[9] The score considers the plan participant's expected retirement income and target income. The target income is calculated based on Cbus research and the Association of Superannuation Funds of Australia's (ASFA) Retirement Standard.

Figure 2: Predictive Margins of the Probability of Taking Early Release
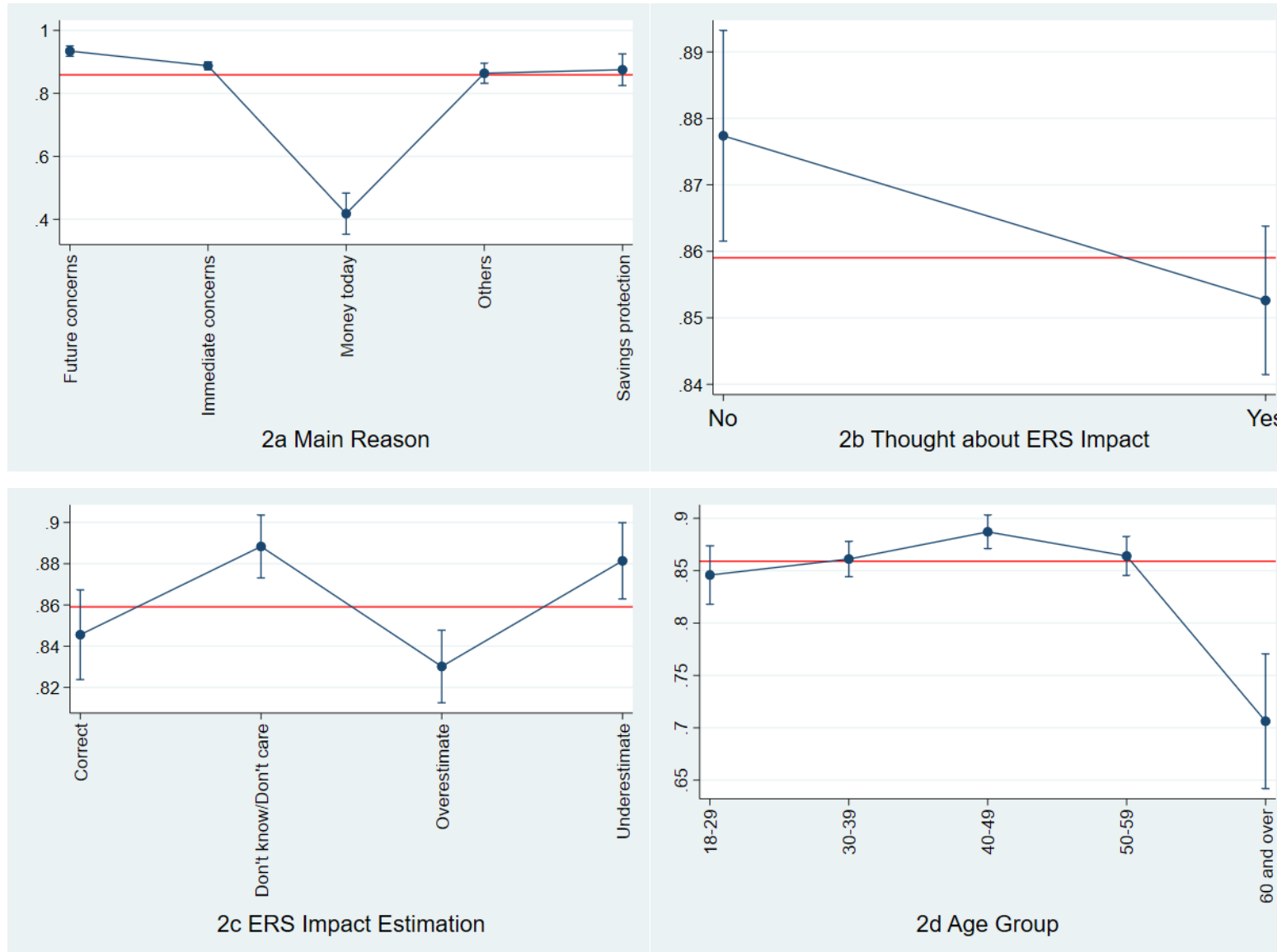
Data Source: Cbus Early Release Survey and Control Survey

Figure 3 presents the predictive margins for selected factors from the logit model estimation of the choice of maximum withdrawal conditional on making a withdrawal. Panel A is for withdrawals in the first round and Panel B is for withdrawals in the second round. The predictive margins and estimated marginal effects are reported in Online Appendix Table A2. Overall, we find evidence that people did not only withdraw what they needed but were also guided by the statutory limit to withdrawals and possible other factors. First, as shown in Figure 3a (Figure 3e), the probability of taking the maximum withdrawal is over 50 (over 30) percentage points higher in Round 1 (Round 2) if the member's account balance before withdrawal is in the top three quintiles, or over $A22,400 ($A23,200), compared to others. Since there is no reason to believe that participants with higher account balances were in more urgent need of money, the results are consistent with our finding in Figure 1 that people were guided by the $A10,000 limit when deciding how much to withdraw.

Second, Figure 3b and 3f suggest that compared to the participants with an estimated salary in the lowest quintile, the likelihood of taking the maximum withdrawal is 1-2 percentage points lower for those in the second and third lowest quintiles ($A21,000-$A54,000 for Round 1; $A22,000-$A56,000 for Round 2). For those in the highest quintile, they are about 2 percentage points more likely to withdraw the maximum amount possible. In other words, people with the highest salary ranges are most likely to withdraw the maximum amount, followed by those with the lowest salary ranges. We conjecture that low-salary participants may have been motivated by necessity, being likely to have suffered the most financial hardship during the pandemic. Higher salary participants may think the withdrawal is relatively easy to replace from future discretionary income, and therefore take out the maximum amount.

Third, participants whose tenure with Cbus is in the top three quintiles (over 7 years for Round 1 and over 9 years for Round 2) are more likely to take the maximum amount, by 2-5 percentage points (Figures 3c and 3g). Fourth, compared to the baseline age group (18-29), participants aged 30-59 were more likely to take the maximum withdrawal by about 3 percentage points in Round 1 and 5-6 percentage points in Round 2 (Figures 3d and 3h). These two last features are consistent with mid-life participants managing the expenses of a family, as well as mortgage or rents, by drawing down retirement savings early.

Figure 3: Predictive Margins of the Probability of Maximum Withdrawal, Conditional on Taking Early Release

Panel A: ERS Round 1
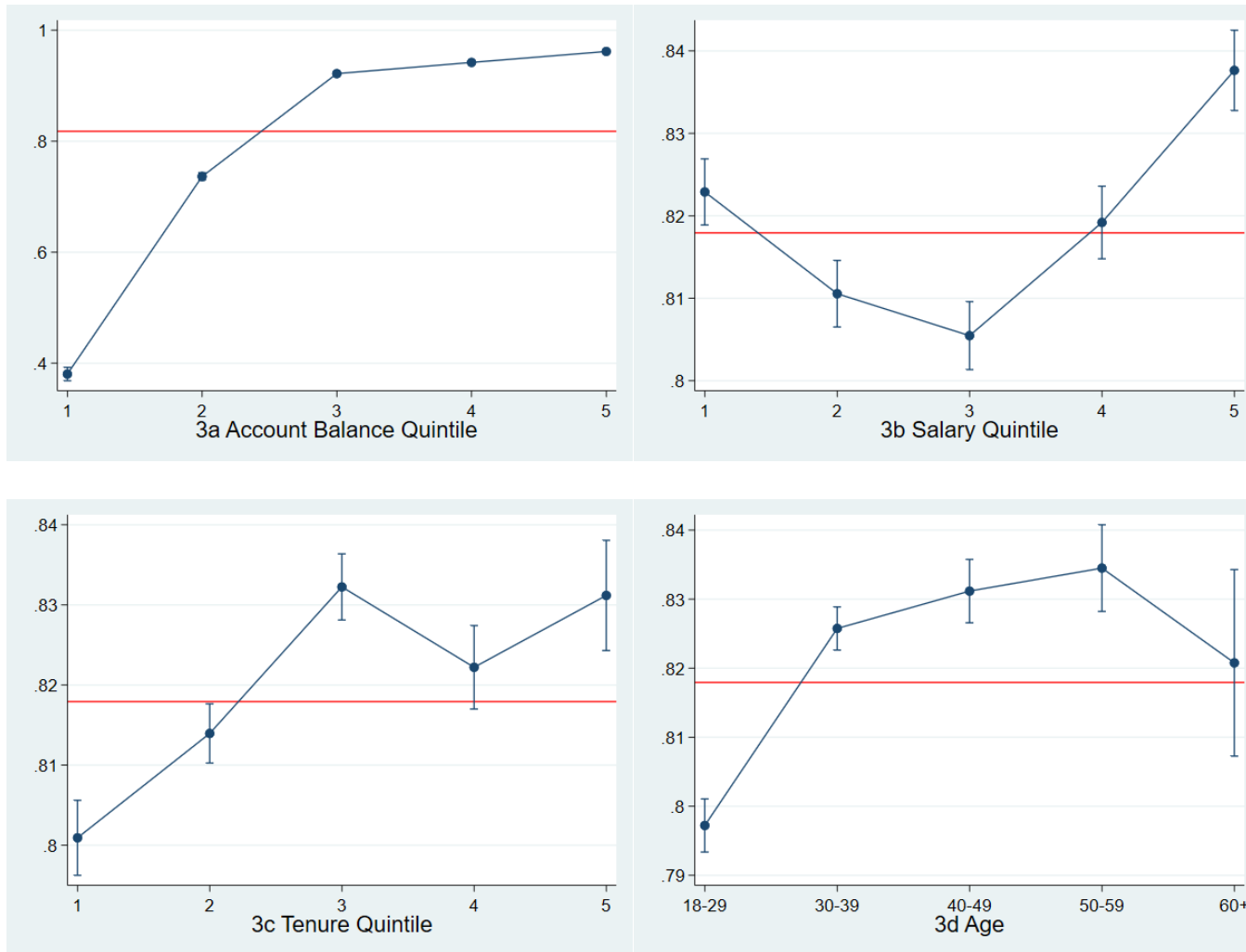
Panel B: ERS Round 2
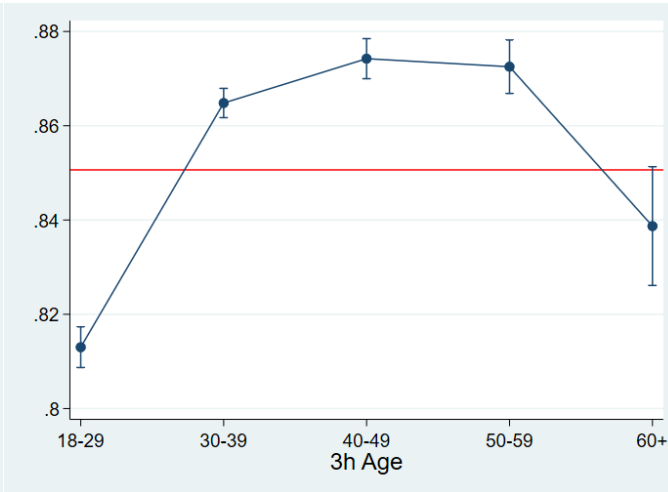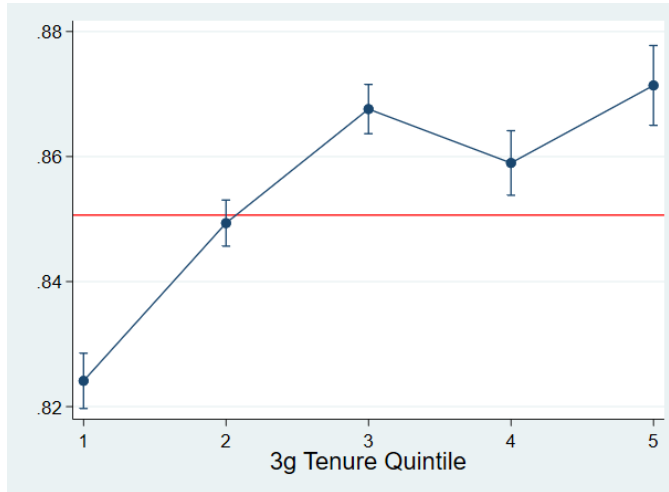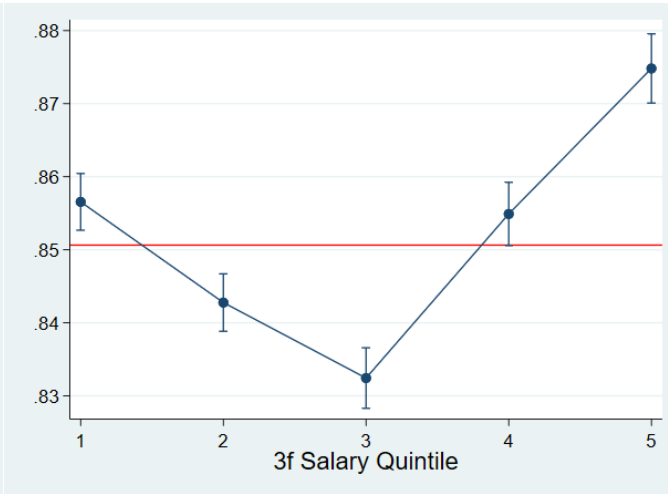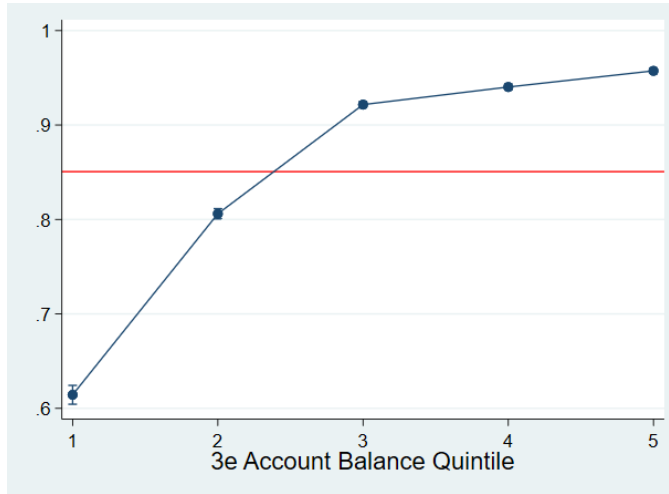
4.3 Unemployment and ERS Withdrawal

Further evidence that accessing funds via the ERS was not necessarily tied to immediate need can be seen in Figure 4. Here we plot the unemployment rate in Australia from the second quarter of 2019 to the end of the fourth quarter of 2020 against the number of applications made via the ERS. If applications were driven by a loss of employment we might expect to see a rise in applications concomitant with a rise in unemployment. The figure shows that this was clearly not the case. Rather the two prominent peaks for withdrawals (darker line) correspond directly with the dates on which the first (April 2020) and second (July 2020) rounds of the ERS became available. These data suggest that ease-of-access and the mere availability of the ERS-funds were stronger drivers of applications than the need created by job-losses.

Figure 4. Unemployment rates and number of ERS applications between 2nd quarter 2019 and 4th quarter 2020.
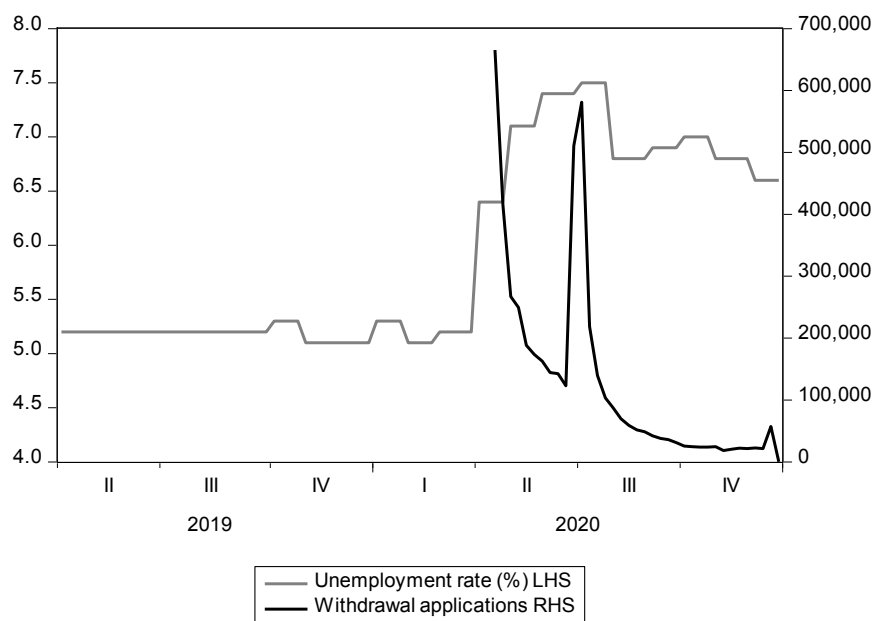
Data Sources: APRA (2021), ABS (2021).

5. Conclusion

The COVID-19 ERS was designed to allow early withdrawal of retirement savings to support people who were unemployed or experiencing significant loss of income due to restrictions on work and movement as a result of COVID-19. In line with the principle policy aims, the majority of respondents in our survey indicated that they planned to use withdrawn money to meet immediate consumption needs. However, a significant minority stated that their primary reason for withdrawal

was precautionary. Such anticipation is understandable given widespread uncertainty about the length and extent of the pandemic-induced economic downturn, and also the fact that some other income support measures (e.g., the JobKeeper supplement) had not yet been put in place. Nevertheless, this change in the mindset, or mental account that people hold regarding 'retirement' money has potentially troubling implications.

This shift in thinking about retirement provision was facilitated by several features of the ERS. Notably, the scheme was the very *first* measure put in place by the Government to help with potential financial hardship. This first move sends a strong signal to the public that taking money out is an acceptable, and possibly even desirable response. Relatedly, participants who made withdrawals could do so easily and without any verification; they judged and stated their own eligibility to the tax authorities at the time they claimed the funds. This ease-of-access changed a decades-old practice of inertia-inducing barriers to accessing funds prior to retirement. Inevitably it led to an estimated 27% of probably ineligible withdrawers in our administrative data. These changes thus not only reduced the physical and mental load of making an application, but again indicated the implied endorsement of the government in accessing the money. This 'social sense-making' – or the implicit interaction between the policy maker and the public is an often-underestimated feature of changes to choice-architectures, and yet it can have significant impacts (Krijnen, Tannenbaum & Fox, 2017).

A second feature of our results supporting this sensemaking interpretation, is the apparent reliance of participants in our survey on the $A10,000 limit mandated by the Government. Participants appeared to be strongly guided, and effectively constrained, by this arbitrary limit on the size of withdrawals. In essence, the participants used $A10,000 as an implied (sensible) anchor on which to base their withdrawal amount. Our analysis indicates that if the limit were higher, participants who had enough savings in their plan accounts would have withdrawn more. This conclusion is even more concerning given that our results also show that most withdrawers thought about the decision for less than one week, and many for only a day. In addition, participants who made these quick decisions were also likely to either misjudge or spend little effort on figuring out the implications of their withdrawal for retirement. The overall implication of our findings is that future policy responses need to be cognizant of maintaining the status of retirement savings as money for use *in retirement* rather than money that can be used whenever a need (either present or future) is perceived. In the original launch of the ERS, there was no indication that the policy intended to

provide precautionary savings at the expense of retirement provision. And yet, in practice, it seems that while some participants effectively used the ERS to facilitate consumption smoothing during the COVID-19 induced economic slowdown, a large minority viewed this scheme not as offering emergency funds but as an opportunity to transfer tax-advantaged and preserved retirement savings to (more liquid) precautionary savings, or possibly to rebalance asset holdings away from retirement investments and towards housing equity or other assets. Such potentially inefficient use of retirement savings has long-term implications not only at individual and household levels, but also for fiscal sustainability and future demands on government transfers.

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Determinants of Early-Access to Retirement Savings:

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Online Appendix

Table A1: Regression Estimates on the Decision to Withdraw, Conditional on Eligible

Y=1[Take ER]	(1) Predictive Margins	(2) Marginal Effects
Balance Before ER		
Quintile of Balance before Withdrawal=1	0.860***	/
	(0.011)	/
Quintile of Balance before Withdrawal=2	0.865***	0.006
	(0.011)	(0.015)
Quintile of Balance before Withdrawal=3	0.880***	0.020
	(0.010)	(0.015)
Quintile of Balance before Withdrawal=4	0.878***	0.018
	(0.010)	(0.016)
Quintile of Balance before Withdrawal=5	0.820***	-0.039**
	(0.013)	(0.019)
Gender		
Male	0.913***	/
	(0.005)	/
Female	0.681***	-0.233***
	(0.015)	(0.016)
Age Group		
18-29	0.846***	/
	(0.014)	/
30-39	0.861***	0.015
	(0.009)	(0.016)
40-49	0.887***	0.041**
	(0.008)	(0.017)
50-59	0.864***	0.018
	(0.009)	(0.018)
60 and over	0.706***	-0.140***
	(0.033)	(0.037)
Tenure with Retirement Fund		
Less than 10 years	0.871***	/
	(0.006)	/
Over 10 years	0.847***	-0.024**
	(0.008)	(0.011)
Employment Status		
Hours reduced	0.852***	0.110***
	(0.007)	(0.025)
Hours same or increased	0.743***	/
	(0.024)	/
Unemployed before COVID	0.854***	0.112***
	(0.011)	(0.026)
Unemployed due to COVID	0.914***	0.172***
	(0.008)	(0.025)
Did you think about the impact of ER?		
Did not think /Not sure/Don't care	0.877***	/
	(0.008)	/
Thought about the impact	0.853***	-0.025**
	(0.006)	(0.010)
Time Spent Thinking Before Deciding Whether to Withdraw		

A day or less	0.868***	0.030
	(0.008)	(0.029)
A week or more	0.858***	0.019
	(0.006)	(0.029)
Not sure	0.838***	/
	(0.028)	/
Source of Info to inform ER decision		
Super & Other Source	0.884***	0.094***
	(0.007)	(0.017)
Super Only	0.894***	0.104***
	(0.017)	(0.023)
Other Source Only	0.855***	0.065***
	(0.008)	(0.017)
No Information Sources Used	0.790***	/
	(0.015)	/
Main Reason Taking/Not Taking ER		
Future concerns	0.934***	0.070***
	(0.008)	(0.018)
Immediate concerns	0.888***	0.024
	(0.006)	(0.018)
Money today	0.418***	-0.446***
	(0.033)	(0.037)
Savings protection	0.875***	0.011
	(0.026)	(0.030)
Others	0.864***	/
	(0.016)	/
Estimation of ER Impact		
Correct	0.846***	/
	(0.011)	/
Don't know/Don't care	0.888***	0.043***
	(0.008)	(0.014)
Overestimate	0.830***	-0.015
	(0.009)	(0.014)
Underestimate	0.881***	0.036**
	(0.009)	(0.015)
Observations	3,542	3,542

Table A2: Regression Estimates on Maximum Withdrawal, Conditional on Withdrawal

Y = 1[Maximum Withdrawal]	Round 1 ER		Round 2 ER	
	(1) Predictive Margins	(2) Marginal effects	(1) Predictive Margins	(2) Marginal effects
Balance Before ER				
Quintile of Balance before Withdrawal=1	0.381***	/	0.614***	/
	(0.006)	/	(0.005)	/
Quintile of Balance before Withdrawal=2	0.736***	0.356***	0.806***	0.192***
	(0.004)	(0.006)	(0.003)	(0.005)
Quintile of Balance before Withdrawal=3	0.922***	0.541***	0.922***	0.307***
	(0.002)	(0.006)	(0.002)	(0.005)
Quintile of Balance before Withdrawal=4	0.942***	0.562***	0.940***	0.326***
	(0.002)	(0.007)	(0.002)	(0.006)
Quintile of Balance before Withdrawal=5	0.962***	0.581***	0.957***	0.343***
	(0.001)	(0.007)	(0.002)	(0.006)
Estimated Salary				
Quintile of Estimated Salary=1	0.823***	/	0.857***	/
	(0.002)	/	(0.002)	/
Quintile of Estimated Salary=2	0.811***	-0.012***	0.843***	-0.014***
	(0.002)	(0.003)	(0.002)	(0.003)
Quintile of Estimated Salary=3	0.805***	-0.017***	0.832***	-0.024***
	(0.002)	(0.003)	(0.002)	(0.003)
Quintile of Estimated Salary=4	0.819***	-0.004	0.855***	-0.002
	(0.002)	(0.003)	(0.002)	(0.003)
Quintile of Estimated Salary=5	0.838***	0.015***	0.875***	0.018***
	(0.002)	(0.003)	(0.002)	(0.003)
Suspected Ineligible				
Ineligible=0	0.826***	/	0.861***	/
	(0.001)	/	(0.001)	/
Ineligible=1	0.788***	-0.038***	0.808***	-0.053***
	(0.002)	(0.002)	(0.002)	(0.003)
Gender				
Male	0.819***	/	0.852***	/
	(0.001)	/	(0.001)	/
Female	0.809***	-0.010***	0.835***	-0.017***
	(0.004)	(0.004)	(0.004)	(0.004)
Tenure with Cbus				
Quintile of Tenure=1	0.801***	/	0.824***	/
	(0.002)	/	(0.002)	/

Quintile of Tenure=2	0.814***	0.013***	0.849***	0.025***
	(0.002)	(0.003)	(0.002)	(0.003)
Quintile of Tenure=3	0.832***	0.031***	0.868***	0.043***
	(0.002)	(0.003)	(0.002)	(0.003)
Quintile of Tenure=4	0.822***	0.021***	0.859***	0.035***
	(0.003)	(0.004)	(0.003)	(0.004)
Quintile of Tenure=5	0.831***	0.030***	0.871***	0.047***
	(0.004)	(0.005)	(0.003)	(0.004)
State				
ACT	0.795***	-0.089***	0.819***	-0.133***
	(0.008)	(0.013)	(0.009)	(0.012)
NSW	0.819***	-0.065***	0.851***	-0.101***
	(0.001)	(0.010)	(0.002)	(0.008)
NT	0.800***	-0.084***	0.860***	-0.092***
	(0.011)	(0.015)	(0.011)	(0.014)
QLD	0.815***	-0.069***	0.850***	-0.101***
	(0.003)	(0.010)	(0.003)	(0.009)
SA	0.807***	-0.077***	0.852***	-0.099***
	(0.005)	(0.011)	(0.004)	(0.009)
TAS	0.829***	-0.055***	0.843***	-0.108***
	(0.008)	(0.012)	(0.008)	(0.011)
VIC	0.819***	-0.064***	0.851***	-0.100***
	(0.002)	(0.010)	(0.002)	(0.009)
WA	0.817***	-0.067***	0.847***	-0.104***
	(0.003)	(0.010)	(0.003)	(0.009)
Others	0.884***	/	0.951***	/
	(0.010)	/	(0.008)	/
Age Group				
18-29	0.797***	/	0.813***	/
	(0.002)	/	(0.002)	/
30-39	0.826***	0.029***	0.865***	0.052***
	(0.002)	(0.003)	(0.002)	(0.003)
40-49	0.831***	0.034***	0.874***	0.061***
	(0.002)	(0.003)	(0.002)	(0.003)
50-59	0.834***	0.037***	0.873***	0.060***
	(0.003)	(0.004)	(0.003)	(0.004)
60 and over	0.821***	0.024***	0.839***	0.026***
	(0.007)	(0.007)	(0.006)	(0.007)
Retirement Preparedness 2019				
2019 RAI Score		0.008		0.017***
		(0.006)		(0.006)
Observations	115,380	115,380	118,454	118,454

Table A3: Summary Statistics (Cbus Early Release Survey)

	Observations	Mean	SD	Min	Max
Q1: Where did you find out about the early release scheme? (Tick any that are relevant)					
Source - newspaper	3047	0.07	0.25	0.00	1.00
Source - radio	3047	0.11	0.31	0.00	1.00
Source - family/friends	3047	0.21	0.41	0.00	1.00
Source - tv	3047	0.45	0.50	0.00	1.00
Source - online news	3047	0.32	0.47	0.00	1.00
Source - social media	3047	0.19	0.40	0.00	1.00
Source - employer	3047	0.06	0.24	0.00	1.00
Source - other	3047	0.03	0.17	0.00	1.00
Q2: How long did you think it over before you decided to withdraw your super?					
Took a day to think it over	3047	0.10	0.30	0.00	1.00
Took a week to think it over	3047	0.21	0.41	0.00	1.00
Took longer than a week to think it over	3047	0.48	0.50	0.00	1.00
When first heard about ERS	3047	0.14	0.35	0.00	1.00
Not sure	3047	0.03	0.18	0.00	1.00
Didn't think it over	3047	0.00	0.00	0.00	0.00
Q3: Did you use any information provided by Cbus to help make your decision?					
Visited CBUS website	3047	0.37	0.48	0.00	1.00
Emailed CBUS email	3047	0.19	0.39	0.00	1.00
Called CBUS	3047	0.08	0.27	0.00	1.00
Did not use any CBUS info	1751	0.00	0.00	0.00	0.00
Q4: What other information did you use to help inform your decision?					
Other info - newspaper	3047	0.04	0.19	0.00	1.00
Other info - radio	3047	0.04	0.20	0.00	1.00
Other info - TV	3047	0.11	0.31	0.00	1.00
Other info - social media	3047	0.10	0.29	0.00	1.00
Other info - online news	3047	0.17	0.38	0.00	1.00
Other info - family / friends	3047	0.36	0.48	0.00	1.00
Other info - calculator	3047	0.20	0.40	0.00	1.00
Other info - financial advisor	3047	0.08	0.27	0.00	1.00
Other info - accountant	3047	0.10	0.30	0.00	1.00
Other info - Moneysmart website	3047	0.04	0.21	0.00	1.00
Other info - employer	3047	0.05	0.22	0.00	1.00
Other info - other sources	3047	0.06	0.23	0.00	1.00
Didn't do any research	2460	0.00	0.00	0.00	0.00
Q5: Did you think about the impact of withdrawing your super on your insurance cover?					
Yes	3047	0.56	0.50	0.00	1.00
Q6: How would you describe your employment situation?					
Unemployed before COVID	3047	0.16	0.37	0.00	1.00
Hours same or increased	3047	0.05	0.22	0.00	1.00
Hours reduced	3047	0.51	0.50	0.00	1.00

Unemployed due to COVID	3047	0.28	0.45	0.00	1.00

Q7: Do you think you will continue to be employed through the crisis?

Definitely yes	3047	0.09	0.28	0.00	1.00
Definitely not	3047	0.01	0.12	0.00	1.00
Probably yes	3047	0.21	0.41	0.00	1.00
Probably not	3047	0.05	0.23	0.00	1.00

Q8: Do you think you'll apply/be eligible for any of the following Government support? (Tick any which are relevant)

Jobseeker	3047	0.36	0.48	0.00	1.00
Jobkeeper	3047	0.23	0.42	0.00	1.00
Small business assistance	3047	0.04	0.20	0.00	1.00
None of the above	3047	0.25	0.43	0.00	1.00
Don't know	3047	0.18	0.39	0.00	1.00

Q9: Why did you decide to withdraw your super? (Tick all that apply)

Replace lost income	3047	0.37	0.48	0.00	1.00
Household member lost job	3047	0.13	0.33	0.00	1.00
Pay household expenses	3047	0.53	0.50	0.00	1.00
Future bills	3047	0.44	0.50	0.00	1.00
Extra savings	3047	0.18	0.38	0.00	1.00
Worried about nest egg	3047	0.07	0.26	0.00	1.00
Protect savings	3047	0.06	0.24	0.00	1.00
Don't have to wait	3047	0.04	0.19	0.00	1.00
Retirement savings not important	3047	0.04	0.19	0.00	1.00
Others	3047	0.10	0.30	0.00	1.00

Q10: And what was the main reason? (Grouped by Authors)

Immediate concerns	3047	0.59	0.49	0.00	1.00
Future concerns	3047	0.27	0.44	0.00	1.00
Savings protection	3047	0.04	0.19	0.00	1.00
Money today	3047	0.02	0.14	0.00	1.00
Others	3047	0.09	0.28	0.00	1.00

Q10a: And what did you do with the money (tick all that apply)?

Spending	682	0.56	0.50	0.00	1.00
Saving	682	0.32	0.47	0.00	1.00
Put back into super	682	0.02	0.13	0.00	1.00
Debt repayment	682	0.45	0.50	0.00	1.00
Investment	682	0.08	0.28	0.00	1.00
Helping family/friends	682	0.12	0.33	0.00	1.00
Medical needs	682	0.11	0.32	0.00	1.00

Q11: Did you think about the consequences of withdrawing your super in terms of the impact on

Yes	3047	0.65	0.48	0.00	1.00
No	3047	0.14	0.35	0.00	1.00
Not sure	3047	0.10	0.30	0.00	1.00
Don't care	3047	0.11	0.31	0.00	1.00

Q12: When you think about your decision to withdraw your super, which word best captures your motivation for doing so?					
Impatience	3047	0.01	0.12	0.00	1.00
Anxiety	3047	0.14	0.35	0.00	1.00
Mistrust	3047	0.03	0.16	0.00	1.00
Need	3047	0.47	0.50	0.00	1.00
Security	3047	0.35	0.48	0.00	1.00
Q13: What impact do you think withdrawing your super will have on your retirement savings by the time you reach retirement age?					
$5000 or less	3047	0.07	0.26	0.00	1.00
$5,000-$10,000	3047	0.08	0.27	0.00	1.00
$10,000- $20,000	3047	0.14	0.35	0.00	1.00
$20,000 - $50,000	3047	0.20	0.40	0.00	1.00
$50,000-$100,000	3047	0.10	0.30	0.00	1.00
More than $100,000	3047	0.04	0.20	0.00	1.00
No impact	3047	0.08	0.27	0.00	1.00
Don't care	3047	0.00	0.00	0.00	0.00
Don't know	3047	0.00	0.00	0.00	0.00
Q14: Will you make extra contributions into your super to replace the money you have withdrawn, when you can?					
Yes	3047	0.50	0.50	0.00	1.00
No	3047	0.14	0.35	0.00	1.00
Not sure	3047	0.36	0.48	0.00	1.00
Q15: [Ask if Q14 = Yes] When will you replace the money you have withdrawn?					
Once markets bounce back	1513	0.14	0.35	0.00	1.00
Next year	1513	0.21	0.41	0.00	1.00
When I have the spare money	1513	0.34	0.47	0.00	1.00
Not sure	1513	0.16	0.37	0.00	1.00
Others	1513	0.15	0.36	0.00	1.00
Q16: [Ask if Q14 = Yes] How long do you think it would take you to replace the money you've withdraw?					
6 months	1513	0.10	0.30	0.00	1.00
1 year	1513	0.24	0.43	0.00	1.00
3 years	1513	0.37	0.48	0.00	1.00
5 years	1513	0.20	0.40	0.00	1.00
10 years	1513	0.06	0.25	0.00	1.00
More than 10 years	1513	0.03	0.16	0.00	1.00
Q16a: [Ask if Q14 = Yes] And when you are ready to make additional contributions to your super, how will you make them?					
Lump sum payments	346	0.11	0.31	0.00	1.00
Regular payments	346	0.57	0.50	0.00	1.00
Both lump sum and regular payments	346	0.18	0.38	0.00	1.00
Don't know	346	0.14	0.35	0.00	1.00
Q16b: [Ask if Q14 = Yes] And will you make them as salary sacrifice or voluntary contributions?					

Salary sacrifice (pre-tax) contributions	346	0.34	0.47	0.00	1.00
Voluntary (post-tax) contributions	346	0.24	0.43	0.00	1.00
Both salary sacrifice and voluntary contributions	346	0.21	0.41	0.00	1.00
Don't know	346	0.21	0.41	0.00	1.00
Q17: Putting aside your own situation and decision, do you think other people will regret withdrawing their super, because of the impact on their retirement savings?					
Yes	3047	0.32	0.46	0.00	1.00
No	3047	0.23	0.42	0.00	1.00
Don't know	3047	0.00	0.00	0.00	0.00

Table A4: Summary Statistics (Control Survey)

	Observations	Mean	SD	Min	Max
ER1. Where did you find out about the early release scheme? (Select all that apply)					
Source - newspaper	500	0.22	0.41	0.00	1.00
Source - radio	500	0.21	0.41	0.00	1.00
Source - family/friends	500	0.29	0.45	0.00	1.00
Source - tv	500	0.61	0.49	0.00	1.00
Source - online news	500	0.41	0.49	0.00	1.00
Source - social media	500	0.19	0.39	0.00	1.00
Source - employer	500	0.05	0.22	0.00	1.00
Source - other	500	0.03	0.17	0.00	1.00
ER2. How long did you think it over before you decided not to withdraw your super?					
Took a day to think it over	500	0.15	0.36	0.00	1.00
Took a week to think it over	500	0.25	0.44	0.00	1.00
Took longer than a week to think it over	500	0.40	0.49	0.00	1.00
When first heard about ERS	500	0.11	0.32	0.00	1.00
Not sure	500	0.04	0.20	0.00	1.00
Didn't think it over	500	0.04	0.20	0.00	1.00
ER3. Did you use any information provided by your super fund to help inform your decision not to withdraw your super? (Select all that apply)					
Visited super fund website	500	0.23	0.42	0.00	1.00
Emailed super fund email	500	0.16	0.37	0.00	1.00
Called super fund	500	0.07	0.25	0.00	1.00
Did not use any super fund info	500	0.64	0.48	0.00	1.00
ER4. Did you use any of the following sources to help inform your decision not to withdraw your super? (Select all that apply)					
Newspaper	500	0.07	0.26	0.00	1.00
Radio	500	0.05	0.22	0.00	1.00
TV	500	0.15	0.36	0.00	1.00
Social media	500	0.09	0.29	0.00	1.00
Online news	500	0.16	0.37	0.00	1.00
Family/Friends	500	0.29	0.45	0.00	1.00
Calculator	500	0.13	0.34	0.00	1.00
Financial adviser	500	0.10	0.30	0.00	1.00
Accountant	500	0.08	0.27	0.00	1.00
Moneysmart website	500	0.06	0.24	0.00	1.00
Employer	500	0.06	0.23	0.00	1.00
Didn't do any research	500	0.31	0.46	0.00	1.00
Other	500	0.03	0.16	0.00	1.00
ER5. Did you think about the impact of withdrawing your super on your insurance cover?					
Yes	500	0.47	0.50	0.00	1.00
ER6. How would you describe your employment situation?					
Unemployed before COVID	500	0.22	0.41	0.00	1.00
Hours same or increased	500	0.12	0.32	0.00	1.00

Hours reduced	500	0.55	0.50	0.00	1.00
Unemployed due to COVID	500	0.12	0.32	0.00	1.00
ER7. Do you think you will continue to be employed through the COVID-19 crisis?					
Definitely yes	334	0.24	0.43	0.00	1.00
Definitely not	334	0.04	0.19	0.00	1.00
Probably yes	334	0.44	0.50	0.00	1.00
Probably not	334	0.14	0.35	0.00	1.00
ER8. Are you, or do you think you'll be eligible for any of the following Government support?" (Select all that apply)					
Jobseeker	500	0.29	0.46	0.00	1.00
Jobkeeper	500	0.31	0.46	0.00	1.00
Small business assistance	500	0.05	0.21	0.00	1.00
None of the above	500	0.31	0.46	0.00	1.00
Don't know	500	0.09	0.28	0.00	1.00
ER9. Why did you decide not to withdraw your super? (Select all that apply)					
Don't need to replace income	500	0.21	0.41	0.00	1.00
No job loss of others in HH	500	0.21	0.40	0.00	1.00
Not struggling with expenses	500	0.36	0.48	0.00	1.00
Not worried about future bills	500	0.19	0.39	0.00	1.00
Don't need extra savings	500	0.15	0.35	0.00	1.00
Not worried about market	500	0.09	0.28	0.00	1.00
Don't need to protect savings	500	0.04	0.19	0.00	1.00
Happy to wait	500	0.26	0.44	0.00	1.00
Retirement saving is important	500	0.49	0.50	0.00	1.00
Others	500	0.10	0.31	0.00	1.00
ER10. And what was the main reason you decided not to withdraw your super? (Grouped by authors)					
Immediate concerns	500	0.40	0.49	0.00	1.00
Future concerns	500	0.09	0.29	0.00	1.00
Savings protection	500	0.03	0.18	0.00	1.00
Money today	500	0.37	0.48	0.00	1.00
Others	500	0.10	0.30	0.00	1.00
ER11. Did you think about the consequences of withdrawing your super in terms of the impact on your retirement?					
Yes	500	0.79	0.41	0.00	1.00
No	500	0.11	0.32	0.00	1.00
Not sure	500	0.07	0.26	0.00	1.00
Don't care	500	0.03	0.17	0.00	1.00
ER12. When you think about your decision not to withdraw your super, which word best captures your motivation?					
Patience	500	0.23	0.42	0.00	1.00
Calmness	500	0.16	0.37	0.00	1.00
Trust	500	0.13	0.33	0.00	1.00
Choices	500	0.21	0.40	0.00	1.00
Security	500	0.27	0.45	0.00	1.00

ER13A. If you had decided to withdraw some money, how much do you think you would have withdrawn – up to a maximum of $10,000?					
How much would have withdrawn	500	7162.58	3128.80	1.00	10000.00

ER13B. What impact do you think withdrawing this amount of your super would have had on your retirement savings by the time you reach retirement age?					
$5000 or less	500	0.09	0.28	0.00	1.00
$5,000-$10,000	500	0.00	0.00	0.00	0.00
$10,000- $20,000	500	0.00	0.00	0.00	0.00
$20,000 - $50,000	500	0.19	0.39	0.00	1.00
$50,000-$100,000	500	0.00	0.00	0.00	0.00
More than $100,000	500	0.04	0.20	0.00	1.00
No impact	500	0.03	0.17	0.00	1.00
Don't care	500	0.02	0.14	0.00	1.00
Don't know	500	0.21	0.41	0.00	1.00

ER14. If you had withdrawn some money, do you think you would have made extra contributions into your super in the future to replace the money you had withdrawn, when you could?					
Yes	500	0.35	0.48	0.00	1.00
No	500	0.39	0.49	0.00	1.00
Not sure	500	0.26	0.44	0.00	1.00

(If answered "Yes" in ER14) ER15. When do you think you would have started to make extra contributions into your super to replace the money had you withdrawn?					
Once markets bounce back	175	0.19	0.39	0.00	1.00
Next year	175	0.22	0.42	0.00	1.00
When I have the spare money	175	0.00	0.00	0.00	0.00
Not sure	175	0.10	0.30	0.00	1.00
Others	175	0.05	0.22	0.00	1.00

(If answered "Yes" in ER14) ER16. How long do you think it would have taken you to replace the money if you had withdrawn?					
6 months	175	0.11	0.32	0.00	1.00
1 year	175	0.30	0.46	0.00	1.00
3 years	175	0.33	0.47	0.00	1.00
5 years	175	0.15	0.36	0.00	1.00
10 years	175	0.05	0.21	0.00	1.00
More than 10 years	175	0.05	0.22	0.00	1.00

(If answered "Yes" in ER14) ER17. And, if you had withdrawn money from your super account, when you became ready to make additional contributions to your super, how would you have made them?					
Lump sum payments	175	0.22	0.41	0.00	1.00
Regular payments	175	0.56	0.50	0.00	1.00
Both lump sum and regular payments	175	0.00	0.00	0.00	0.00
Don't know	175	0.03	0.17	0.00	1.00

(If answered "Yes" in ER14) ER18. And, if you had withdrawn money from your super account and become ready to make additional contributions to your super, would you make them as salary sacrifice or voluntary contributions?					
Salary sacrifice (pre-tax)	175	0.29	0.45	0.00	1.00

contributions					
Voluntary (post-tax) contributions	175	0.48	0.50	0.00	1.00
Both salary sacrifice and voluntary contributions	175	0.14	0.35	0.00	1.00
Don't know	175	0.09	0.29	0.00	1.00
ER19. If you had withdrawn money from your super account, what would you have done with the money? (Select all that apply)					
Spending	500	0.46	0.50	0.00	1.00
Saving	500	0.37	0.48	0.00	1.00
Put back into super	500	0.09	0.28	0.00	1.00
Debt repayment	500	0.38	0.49	0.00	1.00
Investment	500	0.11	0.32	0.00	1.00
Helping family/friends	500	0.09	0.28	0.00	1.00
Medical needs	500	0.13	0.34	0.00	1.00
Others	500	0.03	0.18	0.00	1.00
ER20. And, if you had withdrawn money from your super account, which investment option or options would you have withdrawn the money from?					
My super is all in one option	500	0.60	0.49	0.00	1.00
I would have withdrawn: (details in ER20a)	500	0.18	0.38	0.00	1.00
I don't know'	500	0.22	0.42	0.00	1.00
(If answered "I would have withdrawn: " in ER20) ER20a.					
Proportionally from all options	89	0.43	0.50	0.00	1.00
Equally from all options	89	0.35	0.48	0.00	1.00
From one option only	89	0.21	0.41	0.00	1.00
Others	89	0.01	0.11	0.00	1.00
ER21. Putting aside your own situation and decision, do you think other people will regret withdrawing their super, because of the impact on their retirement savings?					
Yes	500	0.56	0.50	0.00	1.00
No	500	0.20	0.40	0.00	1.00
Don't know	500	0.24	0.43	0.00	1.00
Numeracy Questions					
Correctly answered numeracy question 1	500	0.28	0.45	0.00	1.00
Correctly answered numeracy question 2	500	0.21	0.41	0.00	1.00

Appendix A: Cbus Early Release Survey

[Members who apply for early release under new rules 20 April 2020- 30 June 2020]

[Introduction]

Thank you for participating in our survey.

Cbus cares about the health of the super system. Please tell us about how and why you decided to withdraw money from Cbus. We will use your feedback **only** to ensure that the system helps you achieve the best possible retirement.

No	Question
1	Where did you find out about the early release scheme? (Tick any that are relevant) [Multiple choice] • Newspaper/media • Radio • Workmate • Friend • Family • Government announcement • Other (please list)
2	How long did you think it over before you decided to withdraw your super? [Single choice] • A day • A week • Longer than a week • Longer than a month • When I first heard about the scheme • Not sure • Didn't think it over
3	Did you use any information provided by Cbus to help make your decision? [Multiple choice] • Yes - information on Cbus website • Yes - email from Cbus • Yes - I called Cbus • No – I didn't use any information from Cbus

4	What other information did you use to help inform your decision? [Multiple choice, randomise except last 2] • Newspaper • Radio • TV • Social media • Online news • Family / Friends • Used a calculator to work out the impact on my retirement savings • Financial adviser • Accountant • Moneysmart website • Employer • Other (please list) • I didn't do any research
5	Did you think about the impact of withdrawing your super on your insurance cover? [Single choice] • Yes • No
6	How would you describe your employment situation? [Single choice] • I was unemployed before the crisis • I am employed and working hours are the **same or increased** • I am employed but my working hours have been **reduced** since the crisis • I have lost my job due to the crisis
7	[Ask only if Q6 = employed] Do you think you will continue to be employed through the crisis? • Definitely yes • Definitely no • Probably yes • Probably not • Not sure
8	Do you think you'll apply/be eligible for any of the following Government support? (Tick any which are relevant) [Multiple choice] • Jobseeker (Government payment for people looking for work) • Jobkeeper (Government payment via your employer to assist paying your wages) • Small business assistance • None of the above • Don't know

9	Why did you decide to withdraw your super? (Tick all that apply) [Multiple choice] - Need to replace lost income - Another member of my household has lost their job - Struggling to pay household expenses - Worried about my ability to pay bills in the future - To put some extra money in the bank, just in case - Worried about losing my nest egg due to falling markets - To protect my savings - So I don't have to wait until I retire - I don't think saving for retirement is important - Other (please list)
10	And what was the **main** reason? [Single choice, pipe through responses from Q9, if only 1 option selected, auto entry and skip to next question]
10a	And what did you do with the money (tick all that apply)? [Multichoice, randomise] - Spend: (bills, groceries, household goods, vehicles) - Save: (in bank account) - Super: (Put back into super) - Pay off: (Mortgage, credit cards, loans) - Invest: (shares, property, managed funds) - Help: (family, friends) - Medical: (medical, dental services)
11	Did you think about the consequences of withdrawing your super in terms of the impact on your retirement? [Single choice] - Yes - No - Not sure - I don't care about the impact on my retirement savings
12	When you think about your decision to withdraw your super, which word best captures your motivation for doing so? [Single choice] - Impatience - Anxiety - Mistrust - Need - Security

13	What impact do you think withdrawing your super will have on your retirement savings by the time you reach retirement age? [Single choice] • $5000 or less • $5,000-$10,000 • $10,000- $20000 • $20,000 - $50,000 • $50,000-$100,000 • More than $100,000 • No impact • Don't know • Don't care
14	Will you make extra contributions into your super to replace the money you have withdrawn, when you can? • Yes • No • Not sure
15	[Ask if Q14 = Yes] When will you replace the money you have withdrawn? [Single choice] • Once markets bounce back • Next year • When I have the spare money • Not sure • Other
16	[Ask if Q14 = Yes] How long do you think it would take you to replace the money you've withdraw? • 6 months • 1 year • 3 years • 5 years • 10 years • More than 10 years
16a	[Ask if Q14 = Yes] And when you are ready to make additional contributions to your super, how will you make them? • Lump sum payments (larger and less frequent) • Regular payments (smaller and more frequent) • Both lump sum and regular payments • Don't know

16b	[Ask if Q14 = Yes] And will you make them as salary sacrifice or voluntary contributions? • Salary sacrifice (pre-tax) contributions • Voluntary (post-tax) contributions • Both salary sacrifice and voluntary contributions • Don't know
17	Putting aside your own situation and decision, do you think other people will regret withdrawing their super, because of the impact on their retirement savings? • Yes • No • Don't know
18	What else would you like to say to Cbus right now? [Open text box]
19	Could we contact you again to discuss these issues in the future? • Yes • No
XX	Thank you that now completes the survey. For your chance to win one of 10 **$100 gift cards**, please tell us: **If Cbus was a building, what would it be**? [Open – 100 word limit]

Appendix B: COVID-19 Early Access to Superannuation (Control sample) survey

Welcome

The purpose of this survey is to learn more about how you make financial decisions for retirement.

Please note that due to the nature of this survey you will be asked questions about your personal information such as your age and assets. 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.

Screening:
- Must be an Australian or New Zealand citizen or permanent resident
- Must be a in the accumulation phase
- Must qualify for early release of super and have considered but have not taken early access

Citizenship status

S1. Are you an Australian or New Zealand citizen or permanent resident?

- o Yes
- o No

[If 'No,' do not qualify]

Eligibility for early access to superannuation

The Government allowed eligible individuals facing financial difficulties as a result of Covid-19 to access up to $10,000 of their super before 1 July 2020. You may also be able to access up to a further $10,000 from 1 July 2020 until 31 December 2020.

S2. Do you satisfy any one or more of the following criteria:

(tick all that apply)

- o You are unemployed

- o You are eligible to receive a job seeker payment, youth allowance for jobseekers, parenting payment (which includes the single and partnered payments), special benefit or farm household allowance

- o On or after 1 January 2020 you were made redundant

- o On or after 1 January 2020 your working hours were reduced by 20% or more

- o You are a sole trader and on or after 1 January 2020 your business was suspended or there was a reduction in your turnover of 20% or more.

- o None of the above apply to me

[If 'none of the above apply to me', do not qualify]

S3. Did you consider applying for early access to your super under the COVID-19 early access scheme in the 2019-20 financial year (that is, before 1 July 2020)?

- o Yes, I have applied for early access in the 2019-20 financial year
- o Yes, but I have decided NOT to apply for early release in either 2019-20 or 2020-21 financial year

- Yes, I decided NOT to apply for early release in the 2019-20 financial year but I will apply for early release in the 2020-21 financial year
- No, I have not thought about it at all

[If 'Yes, but I have decided NOT to apply for early release in either 2019-20 or 2020-21 financial year", qualify, otherwise do not qualify]

We are interested in **how and why you decided NOT to withdraw money** from your superannuation.

ER1. Where did you find out about the early release scheme? (Select all that apply)

- o   Newspaper
- o   Radio
- o   Family/Friends
- o   TV
- o   Online news
- o   Social media
- o   Employer
- o   Other (please specify)

ER2. How long did you think it over before you decided not to withdraw your super?

- o   A day
- o   A week
- o   Longer than a week
- o   Longer than a month
- o   When I first heard about the scheme
- o   Not sure
- o   Didn't think it over

ER3. Did you use any information provided by your super fund to help inform your decision not to withdraw your super? (Select all that apply)

- o   Yes – information on my super fund's website
- o   Yes – an email from my super fund
- o   Yes – I called my super fund
- o   No – I didn't use any information from my super fund

ER4. Did you use any of the following sources to help inform your decision not to withdraw your super? (Select all that apply)

 [randomise except last 2]

- o   Newspaper
- o   Radio
- o   TV
- o   Social media
- o   Online news
- o   Family/Friends
- o   A calculator to work out the impact on my retirement savings
- o   Financial adviser
- o   Accountant
- o   Moneysmart website
- o   Employer
- o   I didn't do any research
- o   Other (please specify)

ER5. Did you think about the impact of withdrawing your super on your insurance cover?

- o Yes
- o No

ER6. How would you describe your employment situation?

- o I was unemployed before the COVID-19 crisis
- o I am employed and working hours are the **same or increased** since the COVID-19 crisis
- o I am employed but my working hours have been **reduced** since the COVID-19 crisis
- o I have lost my job due to the COVID-19 crisis

[If ER6 = employed ask ER7]

ER7. Do you think you will continue to be employed through the COVID-19 crisis?

- o Definitely yes
- o Definitely not
- o Probably not
- o Probably yes
- o Not sure

ER8. Are you, or do you think you'll be eligible for any of the following Government support?" (Select all that apply)

- o JobSeeker (Government payment for people looking for work)
- o JobKeeper (Government payment via your employer to assist paying your wages)
- o Small business assistance
- o None of the above
- o Don't know

ER9. Why did you decide not to withdraw your super? (Select all that apply)

- • I don't need to replace lost income
- • Another member of my household still has their job
- • I am not struggling to pay household expenses
- • I am not worried about my ability to pay bills in the future
- • I don't need to put some extra money in the bank, just in case
- • I am not worried about losing my nest egg due to falling markets
- • I don't feel the need to protect my savings
- • I am happy to wait until I retire
- • I think saving for retirement is important
- • Other (please specify)

ER10. And what was the main reason you decided not to withdraw your super?

[if only 1 option selected in ER9, auto entry and skip to next question; if more than 1 options selected in ER9, display only the selected options in this question]

- • I don't need to replace lost income
- • Another member of my household still has their job
- • I am not struggling to pay household expenses
- • I am not worried about my ability to pay bills in the future
- • I don't need to put some extra money in the bank, just in case

- I am not worried about losing my nest egg due to falling markets
- I don't feel the need to protect my savings
- I am happy to wait until I retire
- I think saving for retirement is important
- Other (please list)

ER11. Did you think about the consequences of withdrawing your super in terms of the impact on your retirement?

- Yes
- No
- Not sure
- I don't care about the impact on my retirement savings

ER12. When you think about your decision not to withdraw your super, which word best captures your motivation?

- Patience
- Calmness
- Trust
- Choices
- Security

For the next section we want you to tell us what you think would have happened **if you had decided to withdraw some money** from your super account under the COVID-19 early access scheme.

ER13A. If you had decided to withdraw some money, how much do you think you would have withdrawn – up to a maximum of $10,000?

$ _____

[Open text box with a min of $1 and max of $10,000]

ER13B. What impact do you think withdrawing this amount of your super would have had on your retirement savings by the time you reach retirement age?

- $5000 or less
- $5,000-$10,000
- $10,000- $20,000
- $20,000 - $50,000
- $50,000-$100,000
- More than $100,000
- No impact
- Don't know
- Don't care

ER14. If you had withdrawn some money, do you think you would have made extra contributions into your super in the future to replace the money you had withdrawn, when you could?

- Yes
- No
- Not sure

[If ER14 = Yes, ask ER15-18]

ER15. When do you think you would have started to make extra contributions into your super to replace the money had you withdrawn?

- Once markets bounce back
- Next year
- When I have the spare money
- Not sure
- Other (please specify)

ER16. How long do you think it would have taken you to replace the money if you had withdrawn?

- 6 months
- 1 year
- 3 years
- 5 years
- 10 years
- More than 10 years

ER17. And, if you had withdrawn money from your super account, when you became ready to make additional contributions to your super, how would you have made them?
- Lump sum payments (larger and less frequent)
- Regular payments (smaller and more frequent)
- Both lump sum and regular payments
- Don't know

ER18. And, if you had withdrawn money from your super account and become ready to make additional contributions to your super, would you make them as salary sacrifice or voluntary contributions?
- Salary sacrifice (pre-tax) contributions
- Voluntary contribution (post tax) contributions
- Both salary sacrifice and voluntary contributions
- Don't know

ER19. If you had withdrawn money from your super account, what would you have done with the money? (Select all that apply)
- Spend (bills, groceries, household goods, vehicles)
- Save (in bank account)
- Super (put back into super)
- Pay off (mortgage, credit cards, loans)
- Invest (shares, property, managed funds)
- Help (family, friends)
- Medical (medical, dental services)

ER20. And, if you had withdrawn money from your super account, which investment option or options would you have withdrawn the money from?
- My super is all in one investment option
- My super is in a number of investment options, and I would have withdrawn
  - Proportionally from all options
  - Equally from all options
  - From one option only
  - Other _____
- I don't know

ER21. Putting aside your own situation and decision, do you think other people will regret withdrawing their super, because of the impact on their retirement savings?

- Yes
- No
- Don't know

EG1. Assume that you deposit $400 every month into a retirement savings account that earns a 10% yearly rate of interest. (You never withdraw any money.) How much money do you think you will have in your account (including interest earned) after **40 years**?

- $160,000
- $211,200
- $2,550,712
- $25,507,120

EG2. Assume that someone withdraws $10,000 from their super account that earns a 2% yearly rate of interest. How much less money do you think they will have in their account (including interest earned) after **30 years**?

- $10,000
- $16,066
- $18,114
- $30,600

D1. According to Australian Bureau of Statistics, Australian [males/females] (*display according to the subject's gender*) at your age on average are expected to live to age Y (*Y appears according to the current life table and the age of subjects*), to what age do you think you will live?
[The list of life expectancy by age/gender below is used].

Current life table:

Age	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38
Male	81	81	81	81	81	81	81	81	81	82	82	82	82	82	82	82	82	82	82	82	82
Female	85	85	85	85	85	85	85	85	85	85	85	85	85	85	85	86	86	86	86	86	86

Age	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59
Male	82	82	82	82	82	82	82	82	83	83	83	83	83	83	83	83	83	83	84	84	84
Female	86	86	86	86	86	86	86	86	86	86	86	86	86	86	86	86	87	87	87	87	87

Age	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80
Male	84	84	84	84	85	85	85	85	85	86	86	86	86	87	87	87	88	88	88	89	89
Female	87	87	87	87	87	88	88	88	88	88	88	88	89	89	89	89	90	90	90	90	91

Age	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
Male	89	90	90	91	91	92	93	93	94	94	95	96	97	97	98	99	100	101	101	102
Female	91	91	92	92	92	93	93	94	94	95	96	96	97	98	98	99	100	101	101	102

D2. What of the following best describes your current or most recent occupation?

- o Clerical and administrative worker
- o Community and personal service worker
- o Labourer
- o Machinery operators and drivers
- o Manager
- o Professional
- o Sales worker
- o Technicians and trades worker
- o Other (please specify)

D3. Which of the following categories best describes your weekly (annual) gross personal income (before tax)?

- O Negative income
- O Nil income
- O $1-$199 ($1-$10,399)
- O $200-$299 ($10,400-$15,599)
- O $300-$399 ($15,600-$20,799)
- O $400-$599 ($20,800-$31,199)

- ○ $600-$799 ($31,200-$41,599)
- ○ $800-$999 ($41,600-$51,999)
- ○ $1,000-$1,249 ($52,000-$64,999)
- ○ $1,250-$1,499 ($65,000-$77,999)
- ○ $1,500-$1,999 ($78,000-$103,999)
- ○ $2,000 or more ($104,000 or more)