

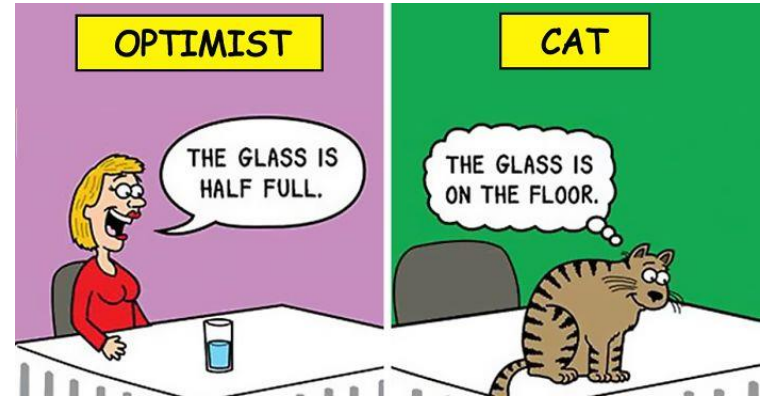
Reducing inequality in retirement – is progress being made?

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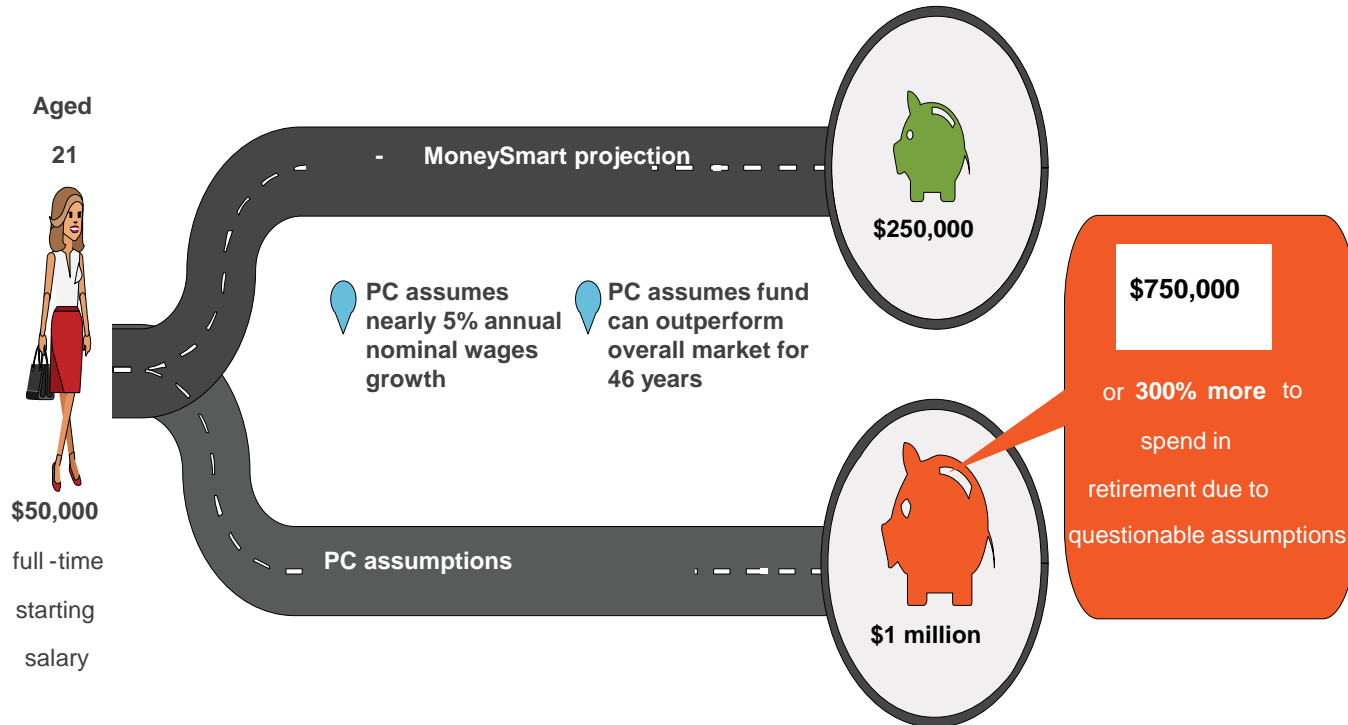
Recent public debate and analysis

- Recent commentary on super in the media has been fairly negative
- A narrow view of inequality in much of the debate
- Much of it has focussed on multiple accounts, fee erosion of small balances and insurance premiums
- Measures aimed at fees more about shifting burden of fees between members rather than reducing costs



An infographic is only as good as the assumptions and analysis behind it

Super problem: Unrealistic assumptions by PC



The top 10 funds and reversion to the mean

- Productivity Commission assumes top 10 remain at top for 46 years
- Top 10 list for MySuper (based on 5 year returns) markedly different between 2017 and 2018
- Four funds in, four funds out
- Future Fund adjusted for fund tax would not make the cut (based on five year returns)

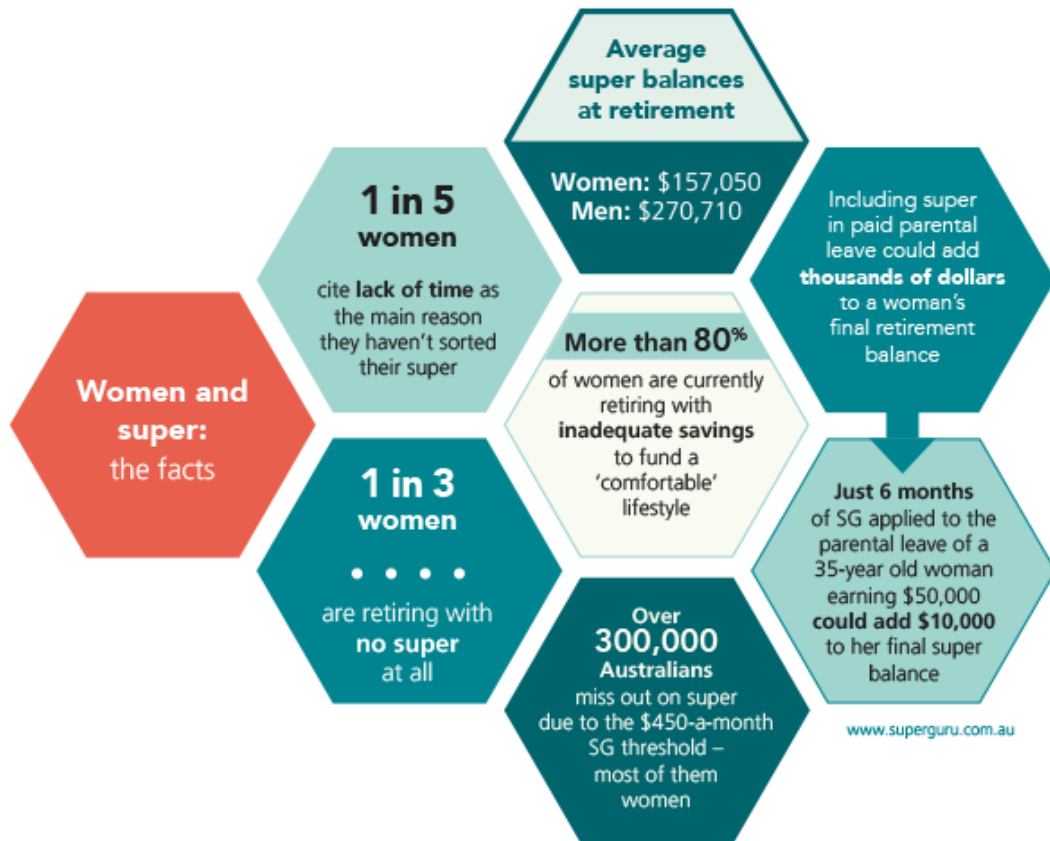


Equity impact of insurance in superannuation changes in May 2018 Budget

- Fundamental change to insurance proposed: opt-in for young people, those with low balances and those with accounts inactive for more than 13 months
- Assessing equity impact tricky
- Need to take into account insurance payouts
- The young eventually become old so over lifetime costs maybe similar in total



Women and superannuation



Developments in super balances

- Average balances achieved in 2015-16 for all persons aged 15 and over were \$111,853 for men and \$68,499 for women
- These figures are well up on the equivalent figures for two years' earlier, particularly for women with ratio up from 56% to 61%
- Average balances achieved in 2013-14 for all persons aged 15 and over were \$98,535 for men and \$54,916 for women



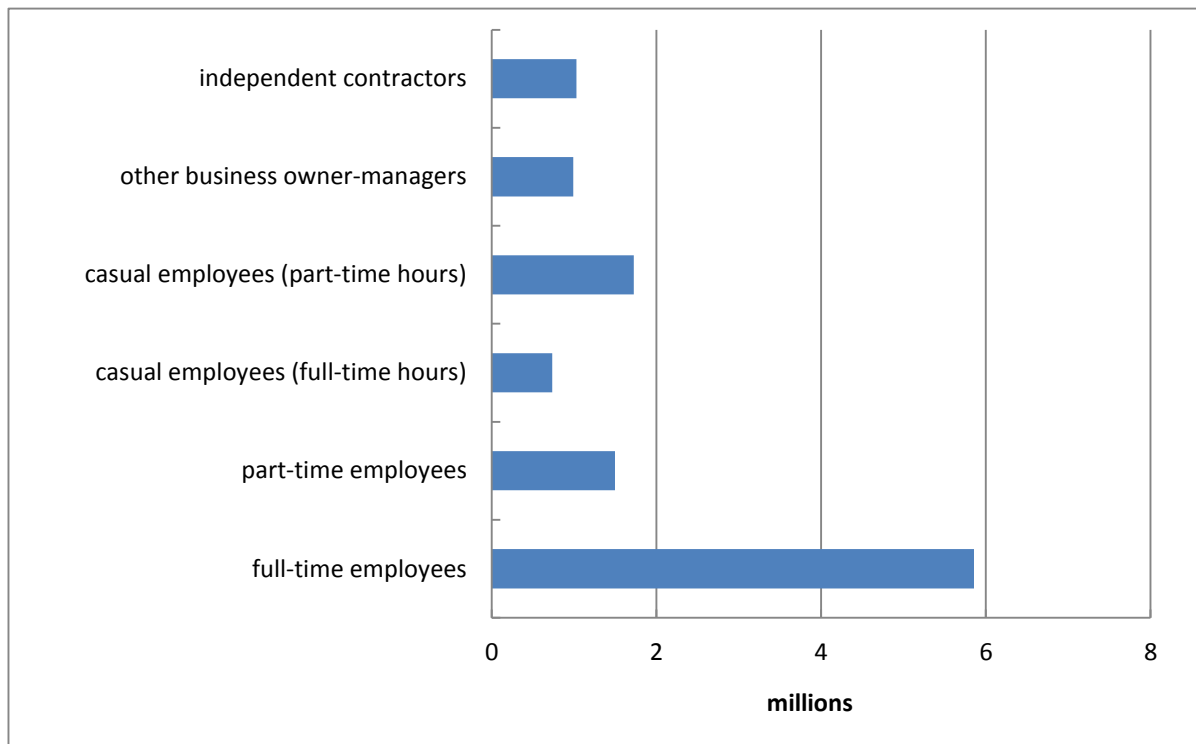
Factors impacting on super for those aged 55 to 59

	Women -low balance	Women- medium balance	Women -high balance	Men- low balance	Men- medium balance	Men- high balance
	%	%	%	%	%	%
Time in paid work						
Missing values	0.5	0.8	0.0	0.9	0.0	0.6
Below 10 years	15.4	2.0	1.2	4.6	0.0	0.0
10 to 19.99 years	23.4	4.3	1.0	4.2	0.0	0.3
20 to 29.99 years	26.2	20.4	20.2	35.0	6.4	4.4
30 to 39.99 years	31.0	58.9	69.2	43.0	65.1	62.2
40 years or above	3.5	13.5	8.4	12.3	28.5	32.5
Total	100.0	100.0	100.0	100.0	100.0	100.0
<i>N</i>	307	226	140	171	190	218

Another factor impacting on super balance

	Women-low balance	Women- medium balance	Women-high balance	Men-low balance	Men-medium balance	Men- high balance
	%	%	%	%	%	%
Total children ever had						
No children ever	7.9	14.6	21.3	14.2	14.7	9.9
One	7.8	14.3	7.8	12.6	12.0	7.9
Two	33.3	38.8	38.6	34.8	37.1	40.4
Three	25.5	24.1	26.1	18.8	26.0	26.8
Four	10.8	6.6	5.9	8.5	9.1	10.8
Five or over	14.7	1.6	0.3	11.1	1.2	4.3
Total	100.0	100.0	100.0	100.0	100.0	100.0

Not everyone is a full-time employee



Superannuation and the self employed

Worker type		Superannuation balance			
		Nil	Low	Middle	High
		% of worker type	% of worker type	% of worker type	% of worker type
Male	Self-employed	19.2	41.3	20.5	18.2
	Wage and salary earners	7.8	36.3	24.3	31.6
Female	Self-employed	18.3	49.9	21.0	12.7
	Wage and salary earners	8.2	45.6	25.6	20.7
Persons	Self-employed	19.1	43.7	20.4	16.6
	Wage and salary earners	8.0	40.7	24.9	26.3

Percentages are additive across columns, but may not sum to 100 due to rounding.

Balance ranges

Low: <\$40,000

Middle: \$40,000 to \$100,000

High: >\$100,000

Non English Speaking Background and super balances

- NESB women aged 55 to 59 – 66% have super between nil and \$50,000 compared to 41% for Australian born
- Respective figures for over \$200,000 are 7% and 26%
- NESB men aged 55 to 59 – 44% have super between nil and \$50,000 compared to 24% for Australian born
- Respective figures for over \$200,000 are 20% and 44%



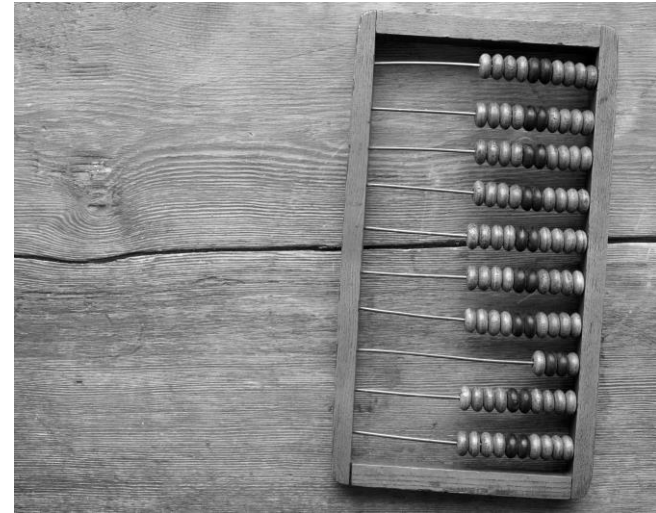
Indigenous Australians and super balances

- Indigenous Australian women aged 55 to 59 – 46% have super between nil and \$50,000
- Figure for over \$200,000 is 17%
- Indigenous Australian men aged 55 to 59 – 54% have super between nil and \$50,000
- Figure for over \$200,000 is 22%



Adding it all up

- System is delivering better retirement outcomes for many
- Disparities reducing due to compulsory system, LISTO, reduced contribution caps, Age Pension means testing
- Some continuing disparities due to underlying economic and social factors
- Changes to some super settings will assist as well



Policy changes that would help

- Getting to 12% SG sooner than later
- Removing the \$450 a month threshold for SG payments
- Better enforcement of SG obligations and including super in Fair Entitlements Guarantee
- SG paid on all parental leave
- Better inclusion of gig economy and dependent contractor workers in super system

