

Suncorp Attitudes to Super Report

May 2016



Introduction

According to the latest Suncorp Attitudes to Superannuation research report, more than half of Australians (55 per cent) would like to retire before they reach the age of 65, yet almost a quarter (24 per cent) expect to work for at least another 15 years.

Less than one in five (20 per cent) Australians over 50 could retire now with enough super to support a comfortable lifestyle – based on \$430,000 according to the Association of Superannuation Funds of Australia (ASFA) recommended minimum super balance¹.

Despite growing concerns over the affordability of retirement, Australians continue to prioritise a new car or holiday over long term retirement investments like superannuation.

The research revealed that misunderstanding and complexity dominated national attitudes towards superannuation and prevented beneficiaries from taking actions that could assist them in meeting the recommended minimum super balance.

Key findings

- Australians rank having enough money saved for retirement as the second most significant financial concern (behind rising cost of living) with more than half (51 per cent) saying it worries them
- Although more than half of Australians (55 per cent) would like to retire before they reach the age of 65 yet, almost a quarter (24 per cent) expect to work for at least another 15 years
- Despite the growing worry around funding retirement, Australians rank topping up super sixth out of nine financial concerns
- Extra super contributions do not become a high financial priority for Australians until they reach the age of 50

About Attitudes to Superannuation report

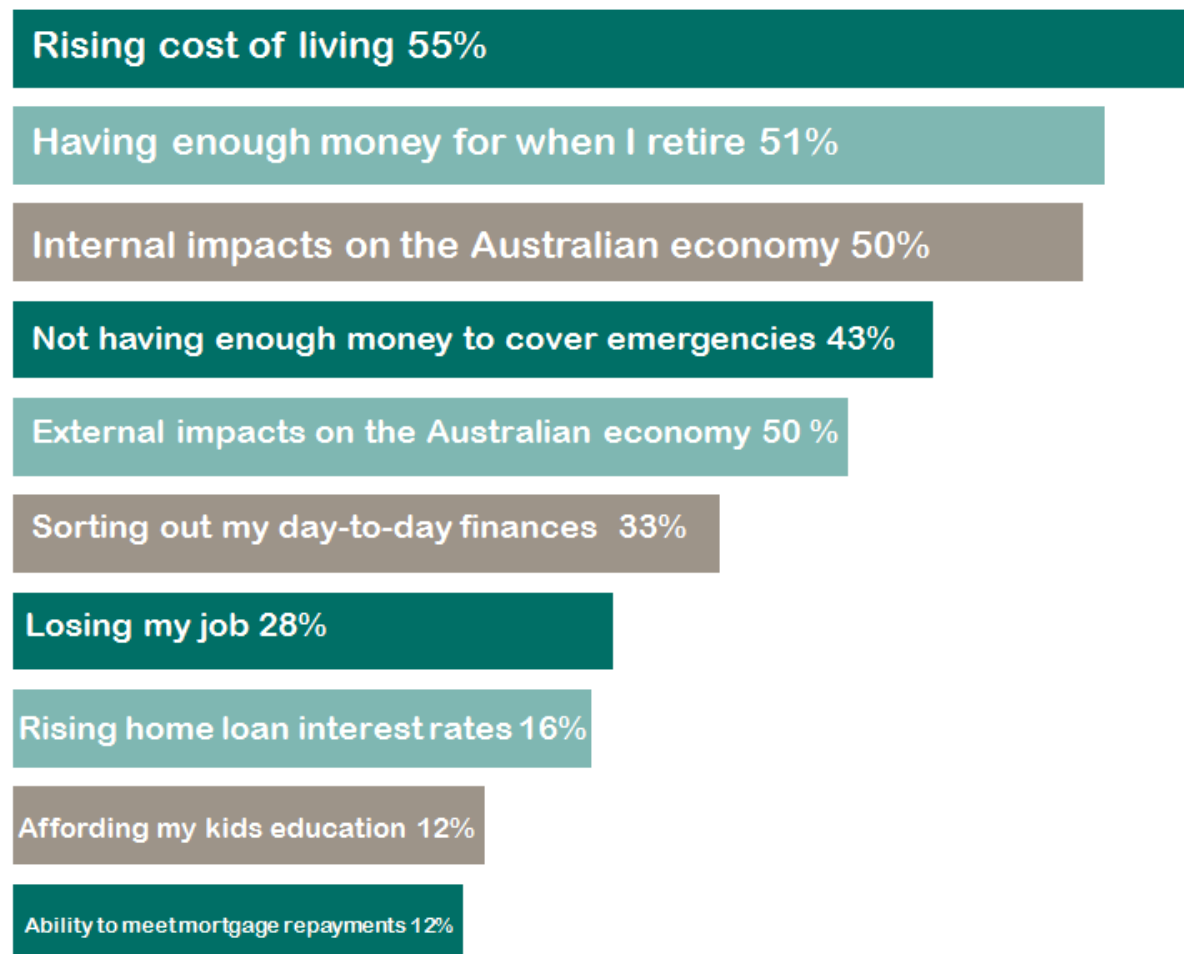
The Attitudes to Superannuation report was an online survey conducted between 15 March to 12 April 2015. It surveyed 2,008 respondents, men and women, between 18-70 years old, across all Australian States.

Super concerned

Many Australians worry about having enough money saved for retirement.

After the rising cost of living, having enough money to retire is the second biggest concern for Australians. Interestingly, this concern outranks factors such as losing employment, affording a mortgage and even day- to-day finances.

The findings suggest that Australians are more concerned with financial impacts to their quality of life rather than basic financial wellbeing.



Expectations vs reality

A growing proportion of Australians are resigned to working well past their ideal retirement age.

Although more than half of Australians (55 per cent) would like to retire before they reach the age of 65, almost a quarter (24 per cent) expect to work for at least another 15 years, up from 18 per cent in 2013. Those aged 30-49 years old with a household income lower than \$100,000, are most likely to expect to face a retirement gap of more than 15 years (35 per cent). 73 per cent of respondents feel they have a shortfall in the amount of super they need to retire, with 1 in 2 (49 per cent) stating they would need at least another \$300,000.



As a result, two in five Australians (41 per cent) plan to reduce their working hours as they transition into retirement. A similar percentage are yet to decide.

Prioritising super

Australians continue to prioritise a new car or holiday over long-term retirement investments, like superannuation.

Financial priorities
1. Your mortgage or rent
2. Your children
3. Term deposits and other savings
4. Holidays/cars
5. Personal items
6. Topping up your super payments
7. Education expenses
8. Entertainment
9. Investing in shares

Despite the growing concern around funding retirement, many Australians have traditionally regarded topping up super a low priority. Rising concerns about the economy and fears about job security is starting to elevate the importance of super top ups.

Up two spots from eight in the 2013 Attitudes to Super report, topping up super is slowly taking precedent over lifestyle priorities such as entertainment, but still ranks lower than cars and holidays.

Generational attitudes

The importance placed on super increases with age.

Unsurprisingly, topping up super does not become a high financial priority for Australians until they reach the age of 50. Although 53 per cent of 18-29 year olds and 65 per cent of 30-49 year olds consider super an important part of their retirement plan, this reaches close to 70 per cent for those 50 years and older.

This generational difference is also evident in how Australians choose to access their super. While a majority of 30-49 year olds (39 per cent) and 50+ year olds (47 per cent) would choose to access their super via a regular pension, respondents aged 18-29 showed a greater preference for lump sum payouts (39 per cent).

How important is super as part of your retirement plan?

Ages 18-29	53%
Ages 30-49	65%
Ages 50+	69%

Gender attitudes

Many women find super so complicated and frustrating they prefer not to think about it.

Only 1 in 5 women (19 per cent) believe they will be able to save a super balance of \$430,000 by the time they retire, compared to 36 per cent of men.

The gender disparity continues when it comes to understanding super. Almost

1 in 2 Australians (45 per cent) continue to find super complicated, especially women – many of whom (38 per cent) don't know where to start. 52 per cent of women strongly agreed that super is complicated, compared to 39 per cent of men. Only 35 per cent of women reported having a good understanding about super, compared to 48 per cent of men.

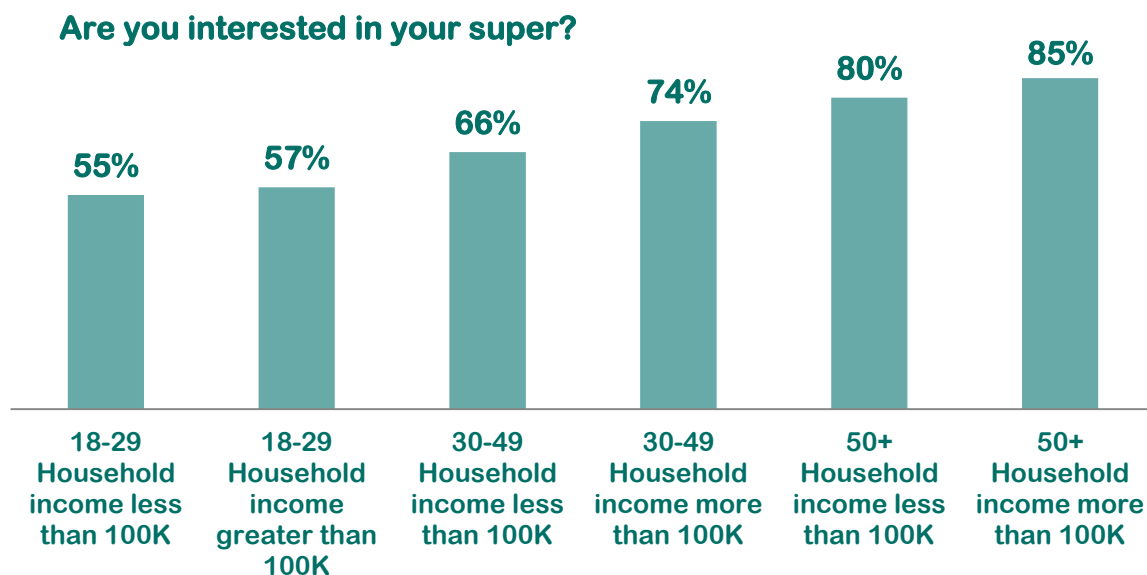


Engagement with super

Age and household income determine interest in super.

While most people are interested in their super, many consider it boring or a low priority. Unsurprisingly, interest in and engagement with super tends to grow as people near retirement.

What is surprising is the relationship between age, income and engagement with super. In each age group, a higher income represents a higher level of engagement with super. Australians with the most interest in their super are those aged 50+ with a household income over \$100,000 at 85 per cent. The least interested are 18-29 year olds with a household income of lower than \$100,000 at 55 per cent.



The survey revealed the top three barriers to becoming more interested in super were:

- Find information about super boring (33 per cent)
- Too busy with day-to-day finances (32 per cent)
- Don't know where to start in getting more involved (27 per cent)

Over 40 per cent of those not interested in super would be more engaged if their super account operated more like a bank account, indicating that limited visibility likely contributes to low engagement levels with super.

Over half (57 per cent) have never sought financial advice about their super but over a third (38 per cent) view seeing a financial adviser as important to better understand their super.

References:

1. Association of Superannuation Funds of Australia (ASFA), *Growing retiree numbers highlight the importance of using retirement planning tools: ASFA Retirement Standard December Quarter*, 6 March 2015.