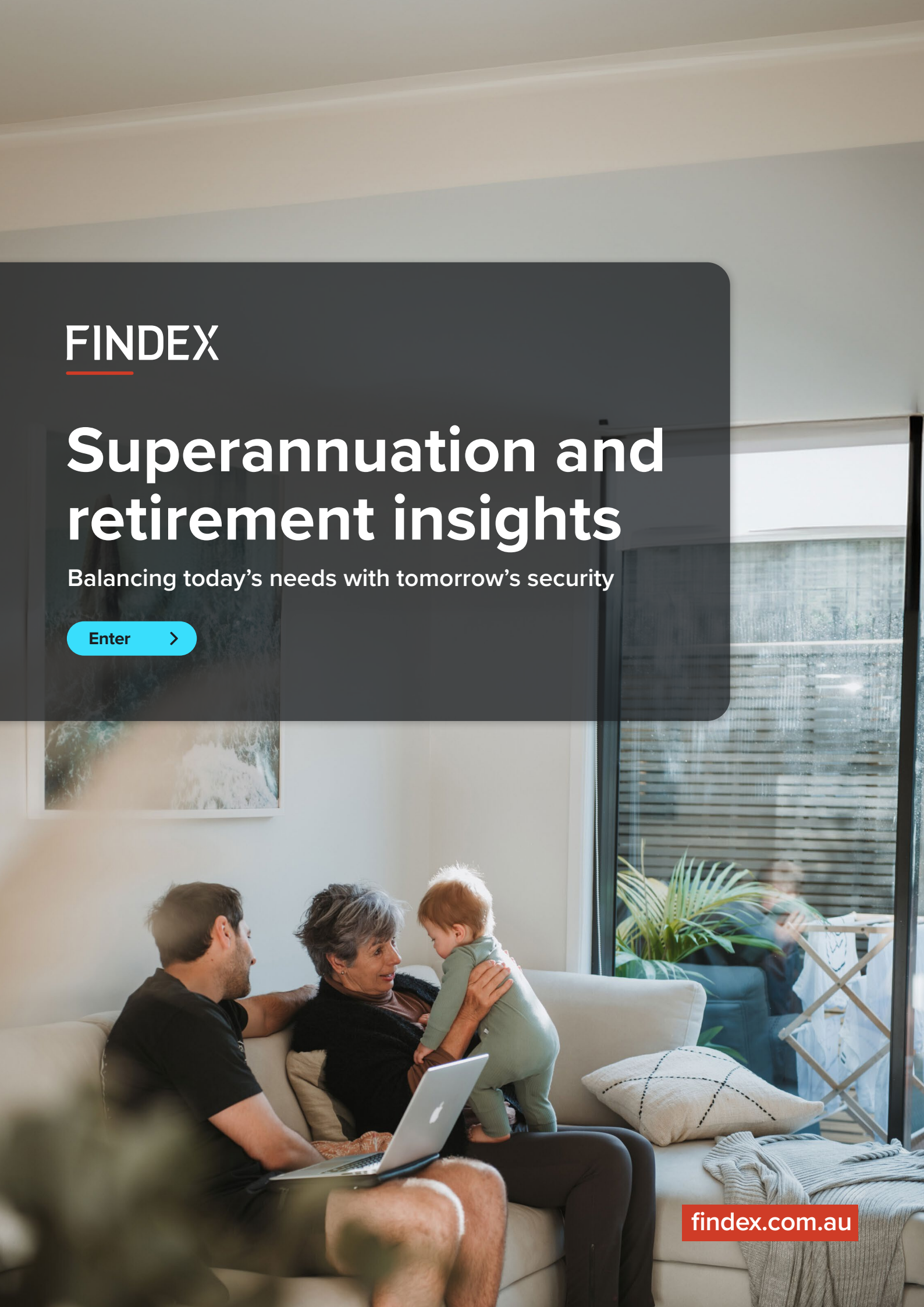
FINDEX

# Superannuation and retirement insights

Balancing today's needs with tomorrow's security

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# Executive summary

As Australians navigate through the storm of an unprecedented cost-of-living crisis, Findex's Superannuation and Retirement Insights report reveals how the nation's financial future hangs in the balance. Amidst rising expenses that touch every aspect of daily life, our research unveils a stark reality: four in five Australians are recalibrating their investment and saving goals, yet many are charting a course unaware of the full power of superannuation in securing their future prosperity.

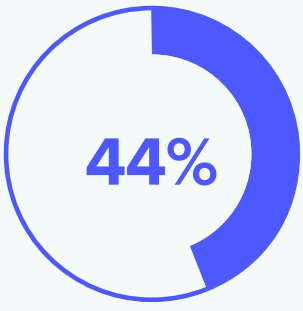
Highlighting the critical juncture at which Australians stand balancing today's financial pressures with tomorrow's financial security, we've captured a snapshot of the nation's financial behaviours as they navigate their way through the current cost-of-living crisis revealing a significant shift in investment priorities, a gap in superannuation knowledge, and varying degrees of confidence in retirement planning.



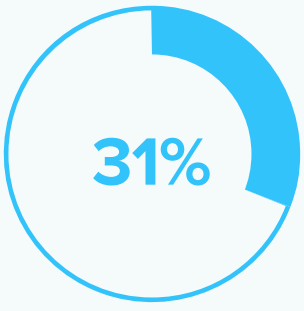
## The cost-of-living crisis and investment shifts

Findex's Superannuation and Retirement Insights report reveals Australians are navigating a delicate balance between immediate financial needs and future security aspirations. Our latest research shows that more than four in five Australians (81%) report a shift in their investment and saving goals, and nearly half attribute this primarily to the rising cost of living (44%).

### Reasons investment/saving goals have changed over the past twelve months




**Making ends meet/improving living standards due to the rising cost of living**




**Growing/maximising wealth**




**Ensure an adequate regular income stream**




**Protect wealth against inflation**

With 81% of Australians recalibrating their investment and savings goals due to rising living expenses, this crisis has not only tested Australians' resilience but potentially their foresight in securing a stable financial future.

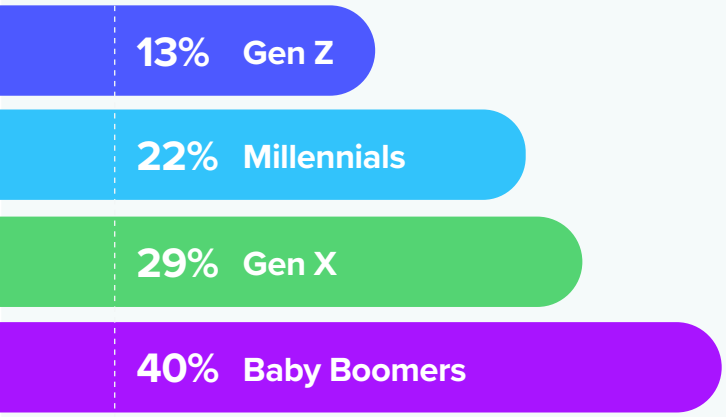
Our findings underscore the imperative for strategic financial planning to mitigate future financial insecurity and the criticality of superannuation as a cornerstone of future prosperity.

## Superannuation as a key to future prosperity

Unquestionably, property is the most favoured investment for wealth building across all generations and is recognised as such by one third (33%) of Australians. Superannuation, while recognised as a cornerstone for future security by a significant portion of the population, reveals a stark generational divide in its perceived importance.

Almost a quarter of Australians (24%) ranked superannuation as the most important type of investment for lifetime wealth building. Yet, this preference varies significantly across generations, with only 13% of Gen Z viewing superannuation as a key investment, compared to 40% of Baby Boomers.

### Superannuation ranked as the top investment for lifetime wealth building




While it is fair to say these results are a natural reflection of differing life stages, superannuation stands as an essential pillar of financial security. And with the increases to the superannuation guarantee rate, which will see employer contributions increase to 12% by 2025, the younger generations have a pivotal opportunity, even those on average salaries, to accumulate substantial savings for retirement based on employer contributions alone if they engage more deeply with their superannuation.

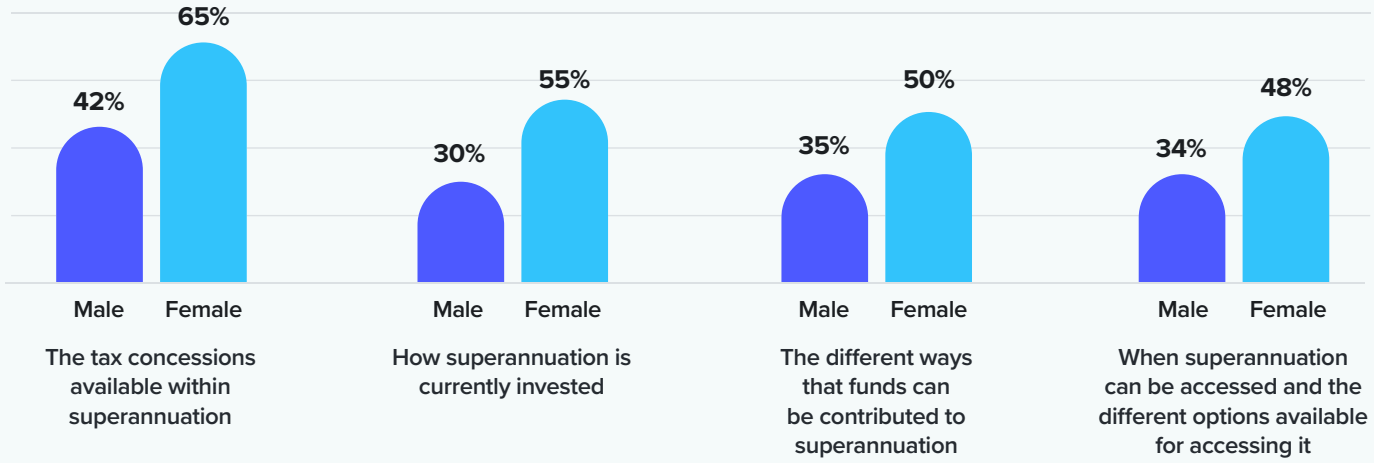


## Bridging the knowledge and engagement gap

Our research highlights a pressing concern: significant knowledge gaps in superannuation, particularly pronounced among women and younger generations. Only 30% of Australians know their super balance to the nearest $1,000, and a further 30% have only a vague idea or no idea of their balance, underscoring a significant knowledge gap.

Moreover, more than half (54%) of Australians have little or no understanding of the tax concessions available within superannuation. Women and Gen Z are particularly affected, with 65% of women and 65% of Gen Z having little to no understanding of tax concessions available within superannuation, compared to their counterparts.

### Superannuation concepts men and women have little to no understanding of:




These findings call for targeted efforts to demystify superannuation, emphasising the importance of early engagement and informed decision-making in securing a financially stable future.

## Navigating uncertainty with informed decisions

Diversification emerges as a key theme from the findings, with 85% of respondents exploring investments beyond superannuation to diversify their investments.

This diversification trend speaks well to Australians' general understanding of financial security, especially when 54% cite planning for retirement, and 53% cite wealth building as their primary investment motivations.

However, more than a third (36%) of Australians don't feel confident or don't know if they feel confident managing and growing their superannuation, with just over one in ten (11%) strongly disagreeing with the statement I feel confident managing and growing my superannuation. Suffice to say, while the vast majority of Australians remain underinformed about their super balance and the tax advantages superannuation offers, confidence in managing and growing retirement savings will be compromised.



## The power of advice

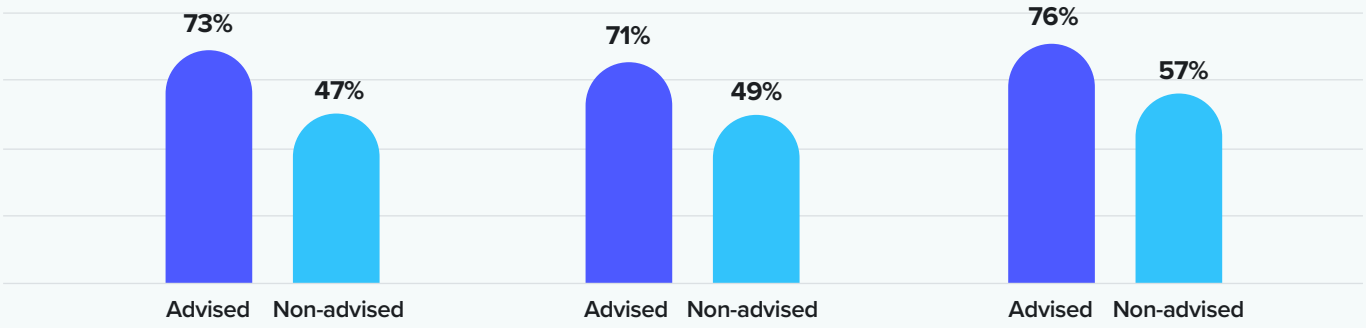
Advised individuals show a markedly higher understanding of their superannuation investments, contribution strategies, and access options compared to those without advice, highlighting the pivotal role of professional guidance in demystifying superannuation complexities.

A striking three in four (73%) advised Australians demonstrate a strong or some understanding of their superannuation investments, compared to just 47% among their non-advised counterparts.

Moreover, advised Australians exhibit a markedly higher understanding of superannuation contribution strategies with 71% of advised individuals understanding the different ways to contribute to their superannuation, compared to 49% of those without advice.

Perhaps most importantly, confidence in managing and growing superannuation, which is fundamental to making strategic decisions that enhance retirement outcomes, is markedly improved by financial advice. More than three in four (76%) advised individuals feel confident in their ability to oversee their superannuation, versus 57% of non-advised individuals.

### Impact of financial advice on engagement with superannuation



## Recommendations

As the cost-of-living crisis prompts a re-evaluation of investment priorities, it also presents an opportunity to reinforce the foundational role of superannuation in ensuring long-term financial security. Addressing the knowledge and engagement gaps, particularly among women and younger generations, is crucial for fostering a culture of informed financial planning and decision-making.

This report unequivocally showcases the substantial impact of financial advice on Australians' superannuation literacy, engagement, and confidence. Tailored action plans that recognise the unique challenges and opportunities each demographic faces can significantly enhance financial security across different generations.

### Gen Z

#### Risk appetite and investment diversification

Exploring options within superannuation that align with a longer investment timeline can enhance growth. Superannuation typically defaults to 'balanced' options, so younger generations might benefit from 'growth' strategies, aiming to optimise fund performance over time.

#### Early engagement with superannuation

Start contributing to super as early as possible. Even modest contributions can grow significantly over time due to the power of compounding interest.

#### Leverage family advice relationships

While financial advice may not be affordable at this age, if your family uses a financial adviser, see if you can sit in and use the opportunity to start learning about the ways they can assist you like **Nicola and Ryan**, and nearly one quarter (23%) of Gen Z do.[2]

#### Talk to your family

While it can feel daunting, parents and grandparents can provide a guiding hand. Nearly half (47%) of Gen Z say they better understand how to manage and reduce debt through financial conversations with their family.[1]

#### Financial literacy and digital tools

Leverage digital platforms like **Young Money** from the Findex Community Fund for financial education, and apps to help with budgeting and investment tracking. Understanding the basics of superannuation, investment strategies, and tax advantages is crucial.



[1] *https://www.findex.com.au/conversations-that-count*
[2] *ibid*

## Millennials

### Balancing homeownership and super savings

Investigate rent-vesting* as an alternative to traditional homeownership, allowing you to invest in property while maintaining flexibility and super contributions.

### Career progression and super contributions

As income increases, take advantage of growth strategies, and periodically review and increase super contributions to ensure they align with your retirement goals and take advantage of compounding growth.

### Family planning and superannuation

Plan for potential career breaks for family reasons. Consider strategies like spousal contributions or government co-contributions to maintain super growth during these periods.

### Debt management

Focus on high-interest debt reduction to free up more funds for super contributions and investments.

## Gen X

### Maximising super contributions

Towards the peak earning years, enhancing both concessional and non-concessional super contributions can be a great way to build retirement savings.

### Review your super investments

Seek advice to refine your superannuation strategy, focusing on investment selection within super, tax planning, and retirement income streams.

### Estate planning

Start planning for wealth transfer to ensure your super and other assets are distributed according to your wishes.

### Healthcare and insurance

Review your insurance needs within super to ensure adequate coverage as health concerns may become more prominent.

### Consider borrowing to invest

Known as gearing, borrowing money to invest can help boost your portfolio, but due its high-risk nature, it is imperative you talk to a financial adviser about the suitability of this investment strategy and if it's right for you.



** A strategy where individuals rent a property in an area where they prefer to live but cannot afford to buy, while simultaneously owning an investment property in a more affordable area. This approach allows them to benefit from the potential capital gains of owning property while living in a location that suits their lifestyle and budget.*

Baby Boomers

## Pre-retirement super boost

Utilise catch-up contributions and consider strategies like downsizing contributions to maximise your super balance before retirement.

## Retirement income plannings

Engage with a financial adviser to develop a sustainable retirement income strategy, considering the transition to retirement pensions or annuities.

## Legislative changes

Stay informed about changes in superannuation and retirement income policy to adjust your strategy accordingly.

## Legacy planning

Focus on estate planning and how your superannuation benefits will be managed and distributed.

## Prepare the next generation

Consider **introducing your kids to the benefits of a trusted financial adviser** to help make financial advice more affordable for them and clear a path to a more secure financial future.



# Introduction

Set against the backdrop of a 6.1% slump in Australian household incomes when adjusted for inflation—the most significant drop across measured OECD economies over the 12 months to September 2023[3]— this report seeks to examine the evolving landscape of superannuation and retirement planning during a period where Australians are grappling with an unprecedented cost-of-living crisis.

As the cost-of-living soars, Australians are being forced to reassess their financial priorities, often at the expense of long-term security. This research delves into Australians' engagement with superannuation, shifting investment priorities, and the overarching consequences of these dynamics on their readiness for retirement.

At the heart of our findings is the role of superannuation as a critical tool for navigating the turbulent waters of today's economy while anchoring Australians' financial well-being in the future.

Through an in-depth analysis, the report seeks to navigate the complexities of the current financial environment, offering insights into how immediate challenges are influencing strategies for securing a stable and prosperous future.

## Methodology

This study was conducted online between 2 and 7 February 2024, targeting a nationally representative sample of 1,002 Australians aged 18 to 64 who are not retired and possess at least one superannuation fund.

The survey was designed by YouGov, and a copy is included within the Appendix of this report for reference.

Following the completion of interviewing, the data underwent a weighting process by age, gender, region, and household income to accurately mirror the latest ABS population estimates, representing approximately 13 million Australians in the specified age range who are not retired and hold superannuation. This approach ensures the findings provide a comprehensive and representative insight into the superannuation attitudes and behaviours of Australians.

[3] *https://www.afr.com/policy/economy/household-income-pain-to-last-until-2027-these-three-charts-prove-it-20240219-p5f5yi*



# Research findings

## Investment preferences and priorities

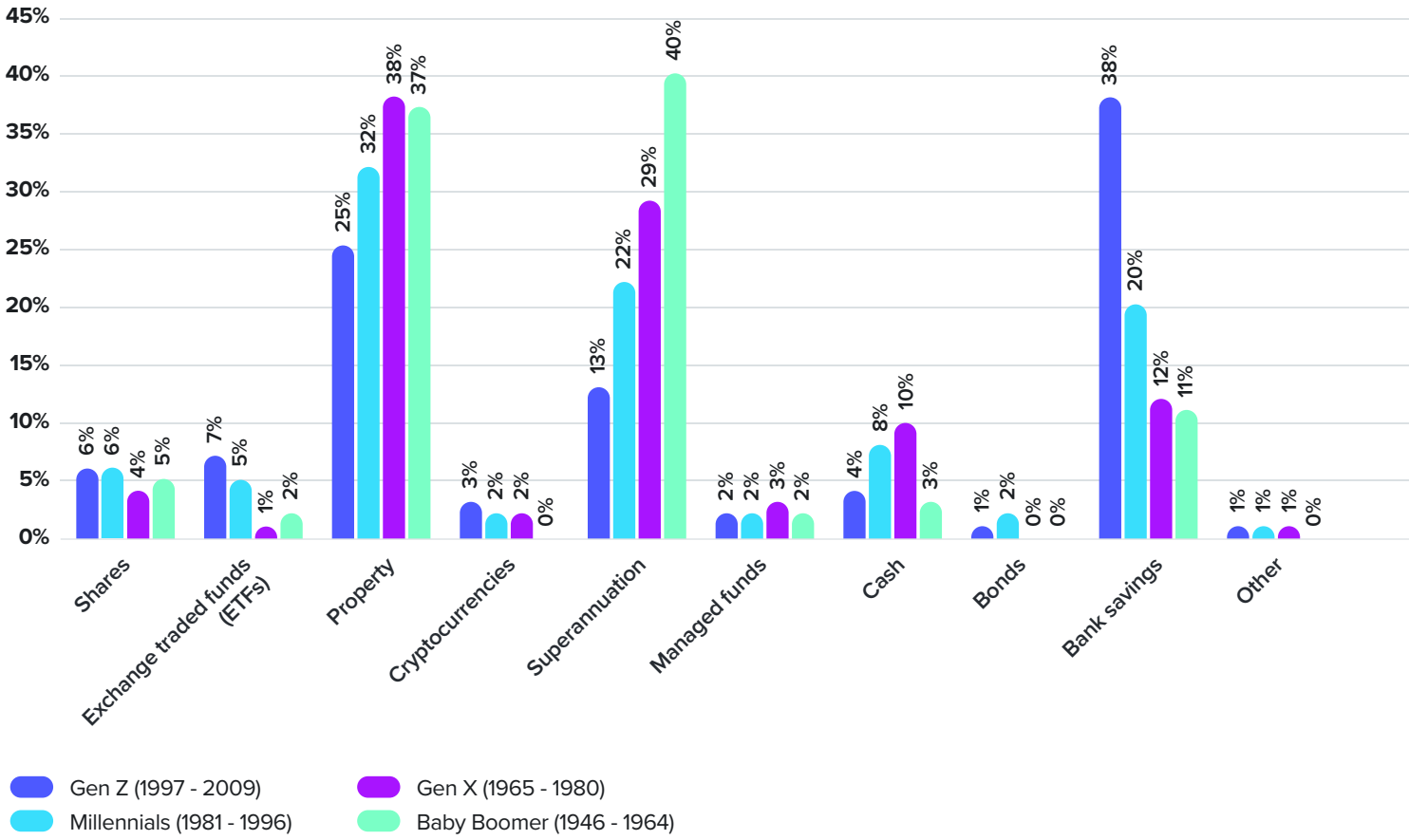
With a focus on diversifying portfolios and balancing between traditional and more innovative investment types, the cost-of-living crisis is prompting individuals to reassess their financial plans. Despite the enduring popularity of traditional investment avenues, such as property and superannuation, there's an increasing inclination towards investments that offer potential for quicker returns or greater flexibility in access to funds.

This shift reflects a broader strategy to mitigate current financial uncertainties, balancing the pursuit of long-term wealth accumulation with the need for immediate financial security.

### Most important types of investments for lifetime wealth building

Superannuation is the primary driver for future prosperity for most Australians, but our research indicates the ongoing generational divide in its perceived importance. Unquestionably, Australians think property is the most important type of investment for wealth building across all generations and is recognised as such by 33% of Australians; superannuation follows closely at 24% followed by bank savings (19%), cash (7%), and shares (5%). Yet, this preference varies significantly across generations. Gen Z notably undervalues superannuation, with only 13% viewing it as a key investment, starkly contrasted by 40% of Baby Boomers who prioritise it.

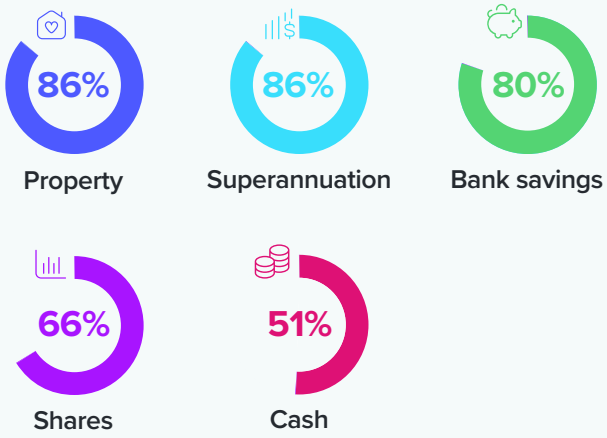
**Investment generations rank as their first choice for wealth building**



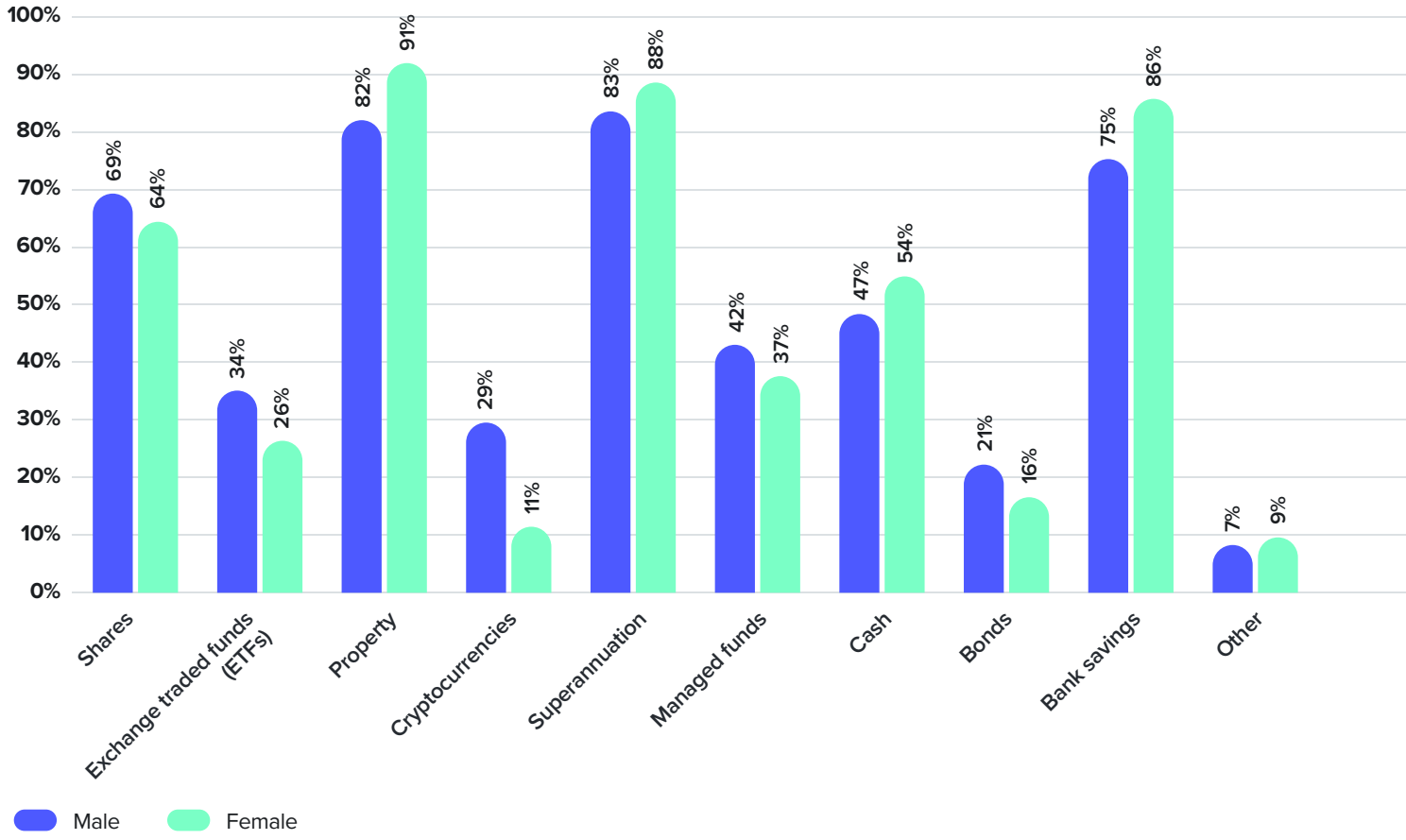
When expanding the focus to the top five investment choices, property and superannuation again dominate, with 86% of Australians ranking them highly for wealth building. This consensus across demographics underscores the foundational role these investments play in financial strategies and the enduring belief in real estate as a safe and tangible asset capable of delivering long-term value. However, the inclusion of bank savings (80%), shares (66%), and cash (51%) in the top five preferences reveals Australians are balancing liquidity with safety.

Women are more likely than men to rank property (91% compared to 82%), superannuation (88% compared to 83%) or bank savings (86% compared to 75%) in their top five. On the other hand, men are more likely than women to rank ETFs (34% compared to 26%), cryptocurrencies (29% compared to 11%) or bonds (21% compared to 16%) in their top five. This divergence could be attributed to differences in risk tolerance, investment knowledge, or financial goals between genders. Women's preference for bank savings, in particular, suggests a cautious approach to investment, prioritising liquidity and capital preservation.

**Investments Australians rank in the top five for wealth building**




**Investments men and women rank in their top five for wealth building**

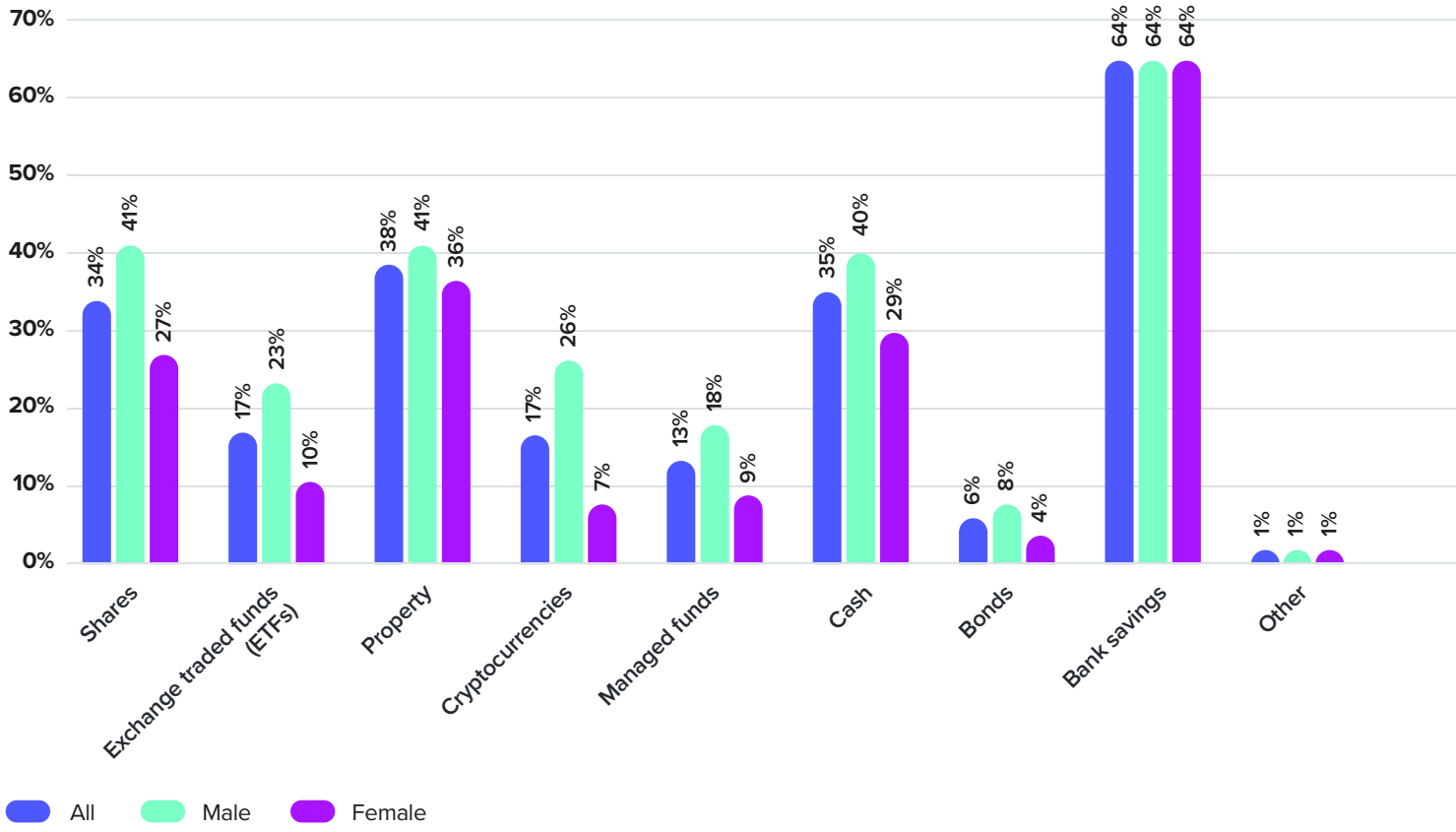


### Investments held outside of superannuation

A significant majority, 85% of Australians, actively engage in investments outside of their superannuation, showcasing a broad appetite for financial growth opportunities. The most common investments outside superannuation, are bank savings (64%), property (38%), cash (35%), shares (34%), ETFs (17%), and cryptocurrencies (17%), indicating not only nuanced preferences and risk appetites but a preference for liquidity and risk aversion among a significant portion of the population.

Demographic analysis reveals distinct patterns in investment preferences. Men are more likely than women to have investments outside of superannuation (89% vs. 81%), and this trend extends to specific investments, with men showing a greater likelihood to invest in shares (41% vs. 27%) and cryptocurrencies (26% vs. 7%).

**Investments held outside of super for all Australians, Australian men and Australian women**

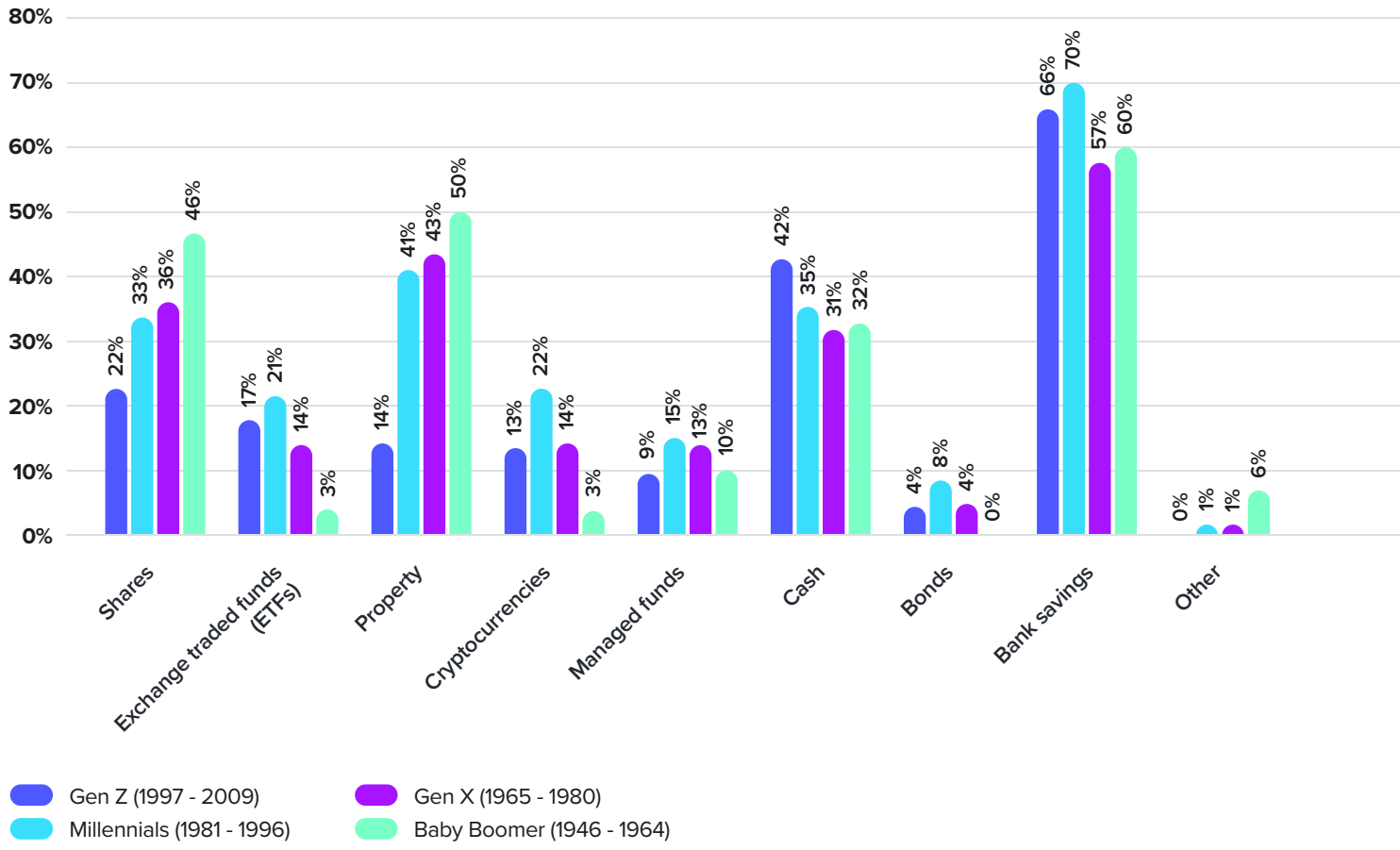


Millennials demonstrate a particularly strong inclination towards external investments compared to Gen X (89% compared to 80%), with higher rates of participation in cryptocurrencies (22% compared to 14%), ETFs (21% compared to 14%), and bank savings (70% compared to 57%).

The emergence of cryptocurrencies as a notable investment class highlights Millennials' comfort with a wider range of investment options, and with 17% of all Australians participating, this trend reflects a broader acceptance of the potential high-reward, high-risk, nature of cryptocurrencies within the investment landscape.

Shares are most popular with Baby Boomers with 46% participation compared to Gen X (36%), Millennials (33%) and Gen Z (22%), yet only 3% of Baby Boomers invest in ETFs with this investment most popular with Millennials (21%).

### Investments held outside of super by generation

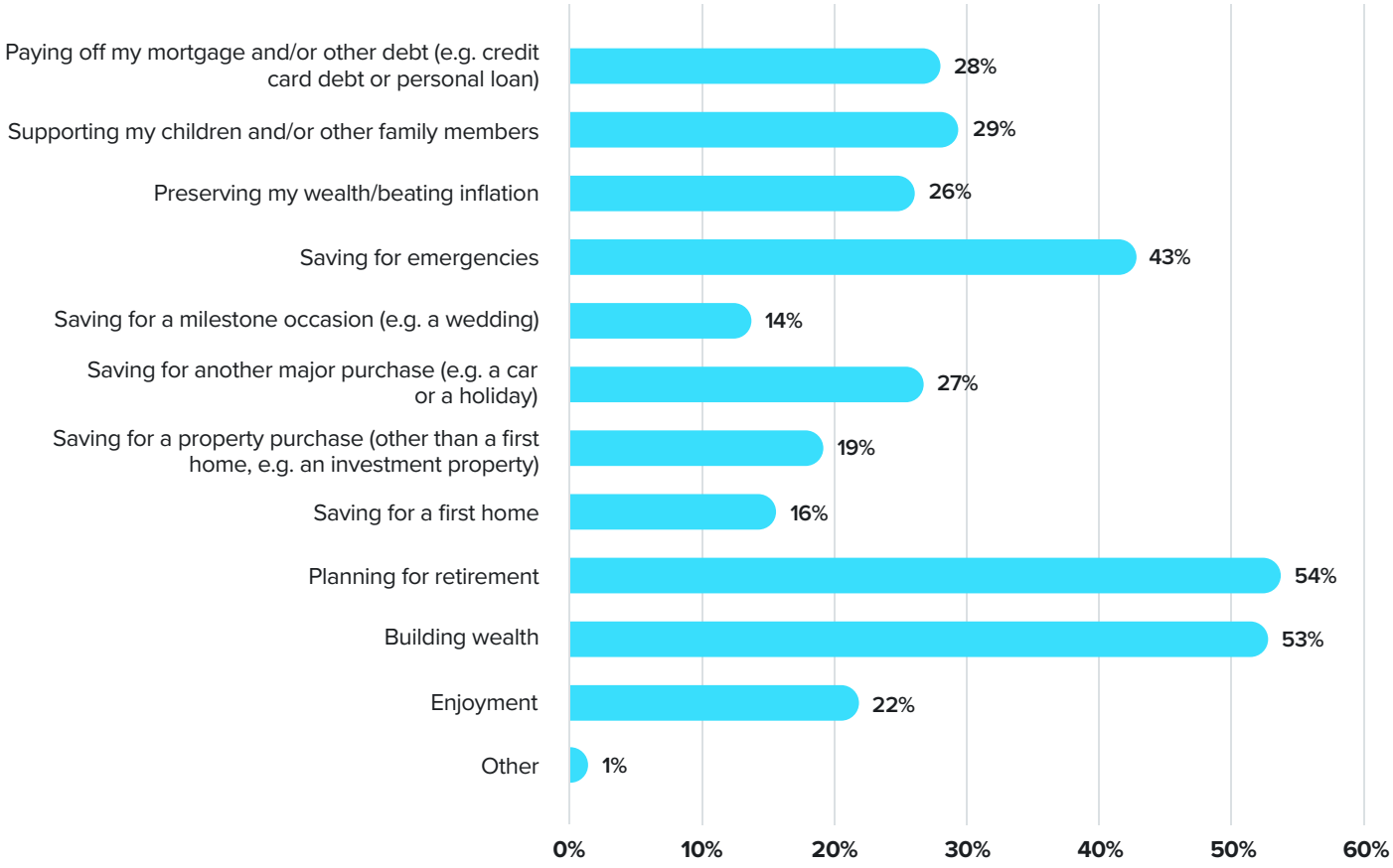


### The reasons Australians invest outside of superannuation

The leading motivations driving Australians to invest are notably long-term oriented, with planning for retirement (54%) and building wealth (53%) at the forefront, reflecting a strong consciousness among investors about the importance of securing financial stability for the future and leveraging investments to help ensure a comfortable retirement.

Saving for emergencies (43%) ranks as the third most common reason, followed by 35% of investors who are saving for a property purchase, including 16% who are specifically saving for their first home. Other reasons include supporting children and/or other family members (29%), paying off mortgage and/or other debt (28%), saving for another major purchase (27%), preserving their wealth/beating inflation (26%) and more than one in five (22%) invest for enjoyment.

### The reasons Australians invest

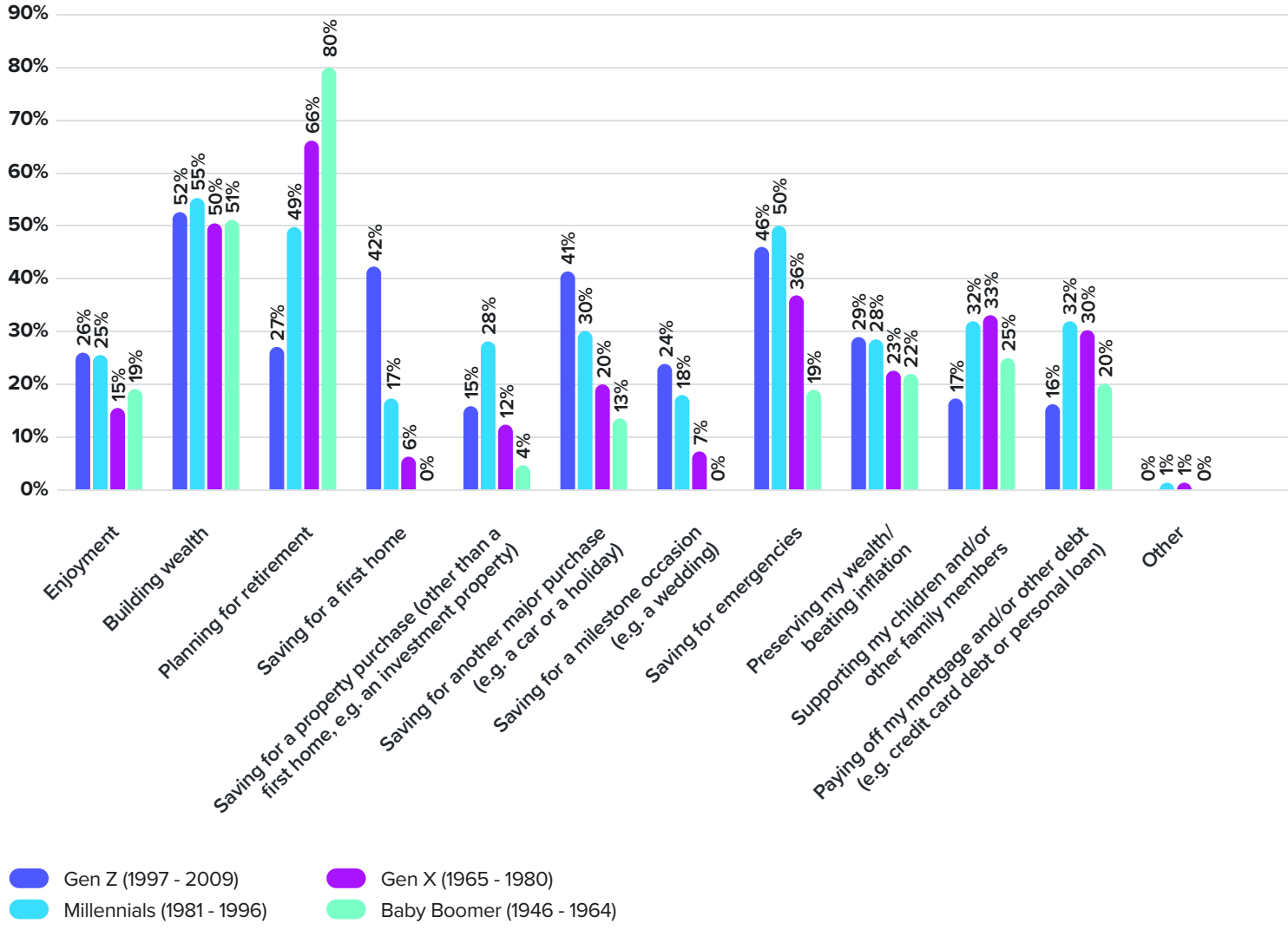


Across genders and generations, men show a higher inclination towards wealth preservation (30%) compared to women (22%), who prioritise saving for emergencies (49%) and supporting family (35%), reflecting the differing financial priorities and risk perceptions across genders.

Baby Boomers' focus on retirement (80%) is expected, given their proximity to this life stage while a property purchase is a more common reason among younger Australians, whether it's their first home (Gen Z: 42% and Millennials: 17%) or another property (Gen Z: 15% and Millennials: 28%).

Gen Z and Millennials are more likely than Gen X and Baby Boomers to invest for enjoyment (26% and 25% compared to 15% and 19% respectively).

### The reasons Australians invest by generation



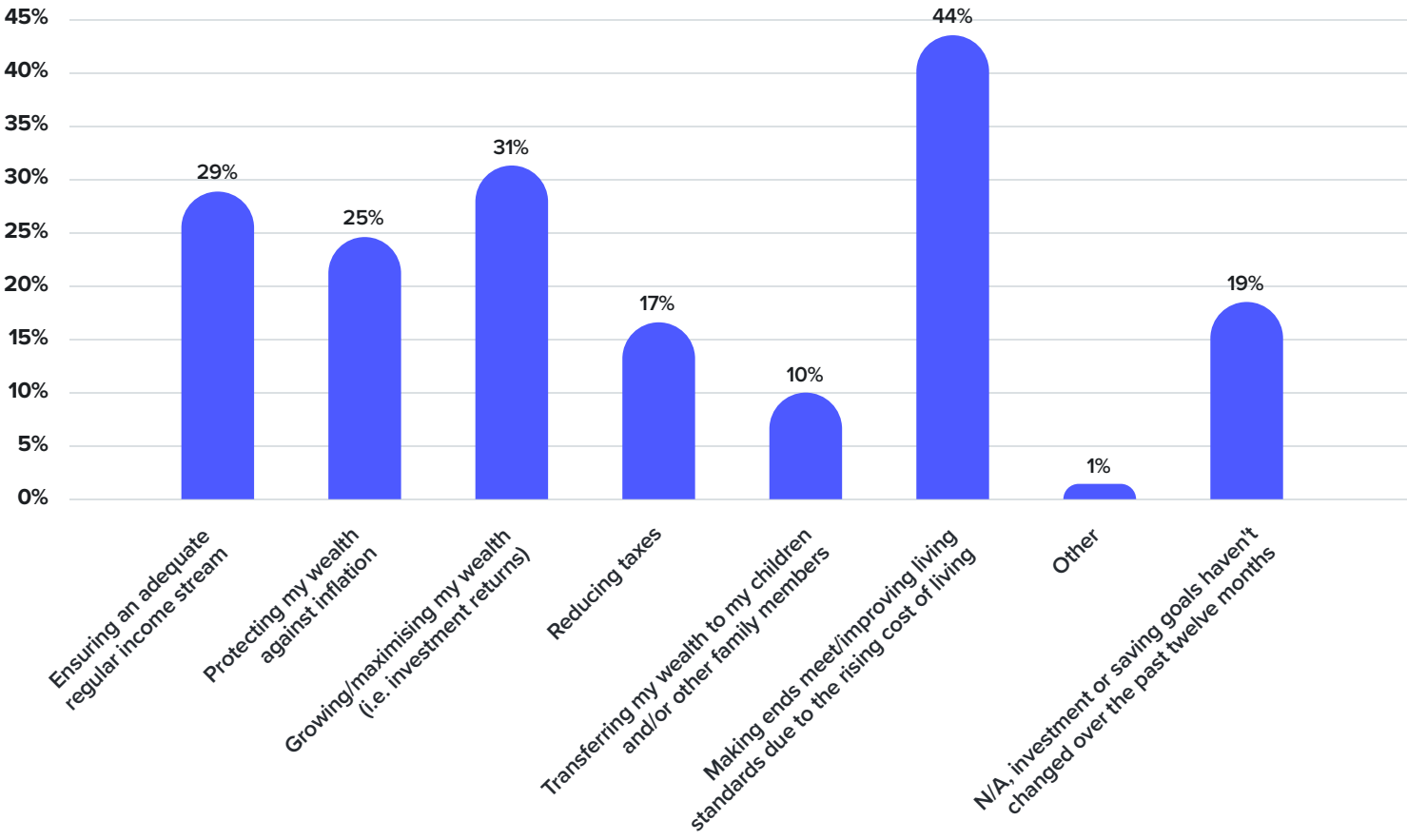
### How investment goals have changed

Primarily driven by economic pressures and individual aspirations for financial security and growth, more than four in five investors (81%) have revised their investment or savings goals over the past 12 months, highlighting the impact of external economic factors on personal finance decisions.

The predominant factor influencing the change in investment goals is the rising cost of living, with 44% of investors focusing on making ends meet and improving living standards, reflecting the immediate pressure household budgets are under.

Growing or maximising wealth is another significant focus for 31% of investors, followed by ensuring an adequate regular income stream (29%), protecting wealth against inflation (25%), reducing taxes (17%), and transferring wealth to children and/or other family members (10%).

### How investment or saving goals have changed over past twelve months

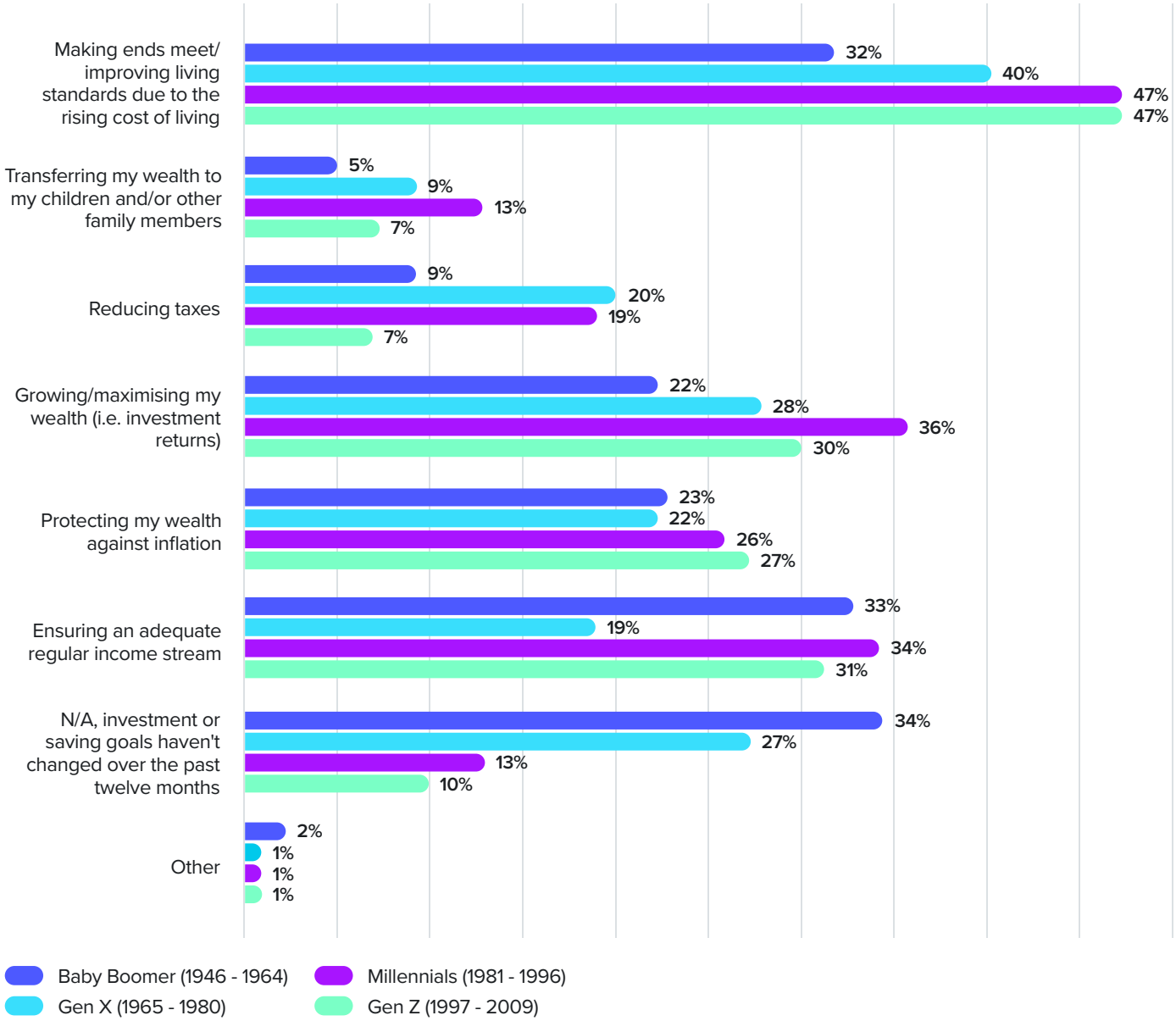


Women are more impacted by the need to adjust financial goals due to the cost of living (50% versus 38% for men), while men are more inclined towards wealth growth (36% compared to 26% for women), inflation protection (30% versus 19%), and tax reduction (22% versus 11%).

Younger investors, particularly Gen Z and Millennials, are more likely to report changes in their investment goals (90% and 87%, respectively compared to Gen X: 73%, Baby Boomers: 66%), with older generations, likely to have more established financial cushions that require less adjustments in their financial planning.

Gen Z and Millennials are more likely than Gen X and Baby Boomers to attribute this to needing to make ends meet/ improving living standards due to the rising cost of living (47% and 47% compared to 40% and 32% respectively) or a desire to grow/maximise wealth (30% and 36% compared to 28% and 22%).

**How investment or saving goals have changed over past twelve months by generation**



## Superannuation knowledge and management

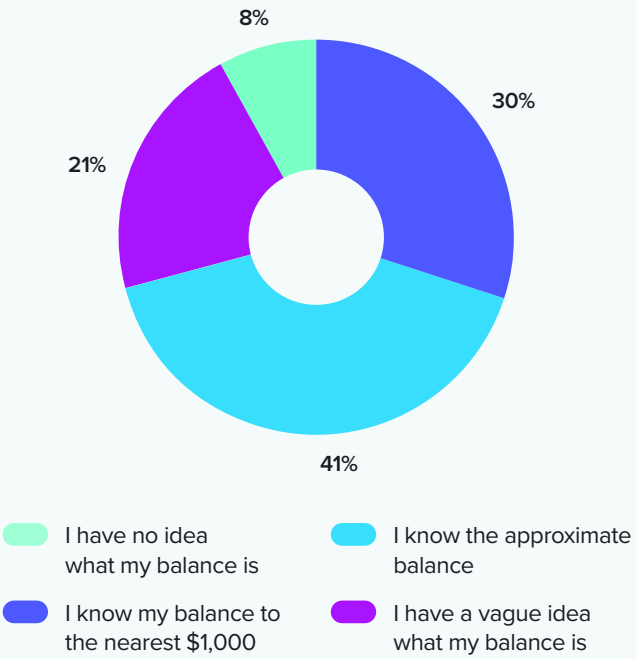
Superannuation is a cornerstone of financial security in retirement for Australians, yet despite the crucial role of superannuation in retirement planning, the level of engagement and understanding of superannuation details varies widely among individuals and generations and our findings indicate a gap in active management and understanding, underscoring the need for increased financial literacy and advice.

### Knowledge of super balance

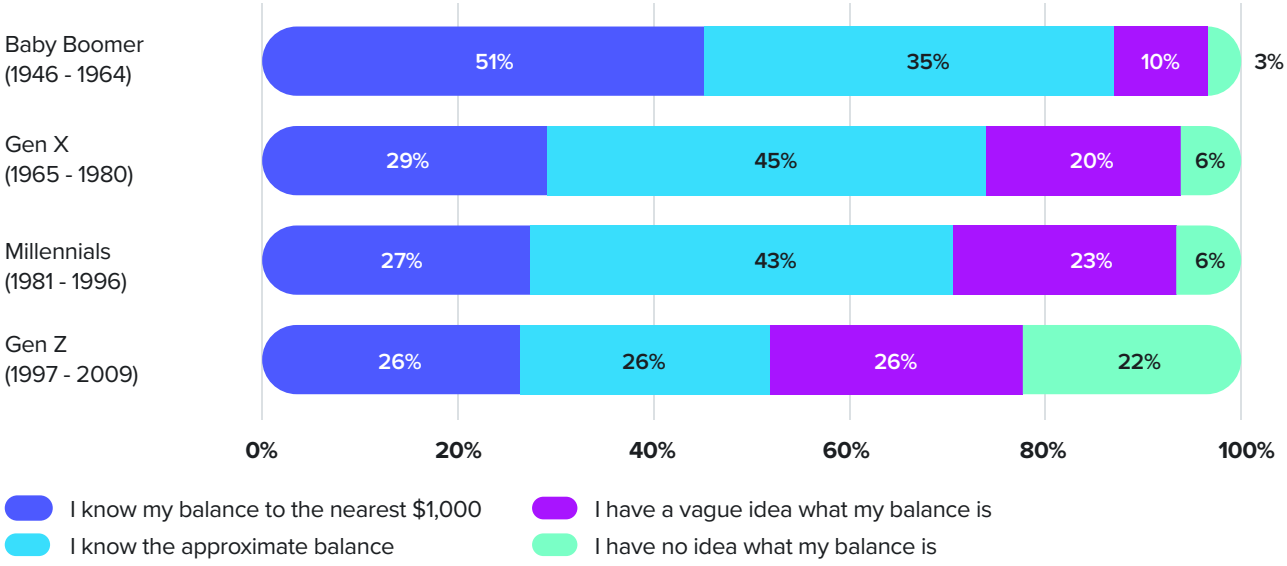
One of the fundamental aspects of superannuation engagement is the knowledge of one's superannuation balance. Three in ten Australians (30%) claim they know their superannuation balance to the nearest $1,000 while two in five (41%) state they know their approximate balance. However, a significant portion (30%) have only a vague idea or no idea about their balance, indicating a gap in engagement that could impact financial planning for retirement.

Not surprisingly, Baby Boomers are almost twice as likely to know their balance to the nearest $1,000 (51%), compared to younger generations such as Gen Z (26%), Millennials (27%), and Gen X (29%). Conversely, Gen Z are the most likely to have only a vague idea or no idea (48% compared to Millennials: 29%, Gen X: 26%, Baby Boomers: 13%).

**Knowledge of super balance**




**Generational knowledge of super balance**

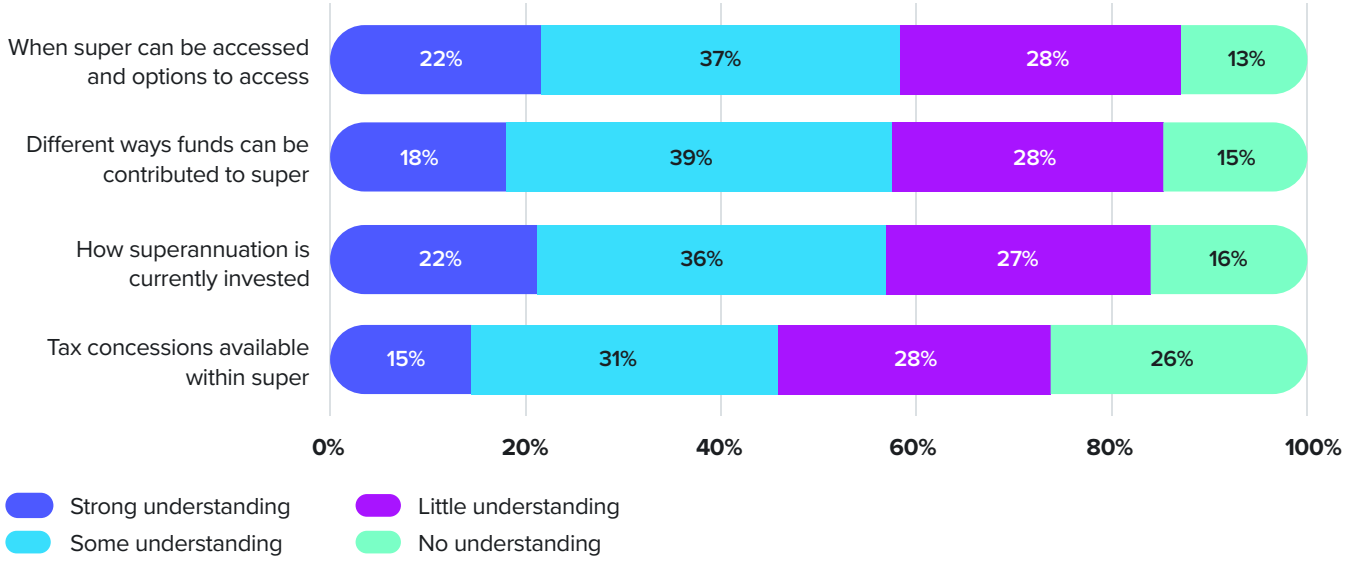



This disparity underscores the growing need for enhanced financial literacy among younger Australians, especially considering that Gen Z has the highest proportion of individuals with no knowledge of their balance (22% compared to Millennials: 6%, Gen X: 6%, Baby Boomers: 3%).

## Understanding of superannuation concepts

The complexity of superannuation concepts, including tax concessions, investment strategies, contribution methods, and access conditions, presents a significant challenge to many Australians and across all aspects of the superannuation concepts we asked about, women and younger generations, particularly Gen Z, tend to have a less comprehensive understanding.

### Australians' understanding of super concepts



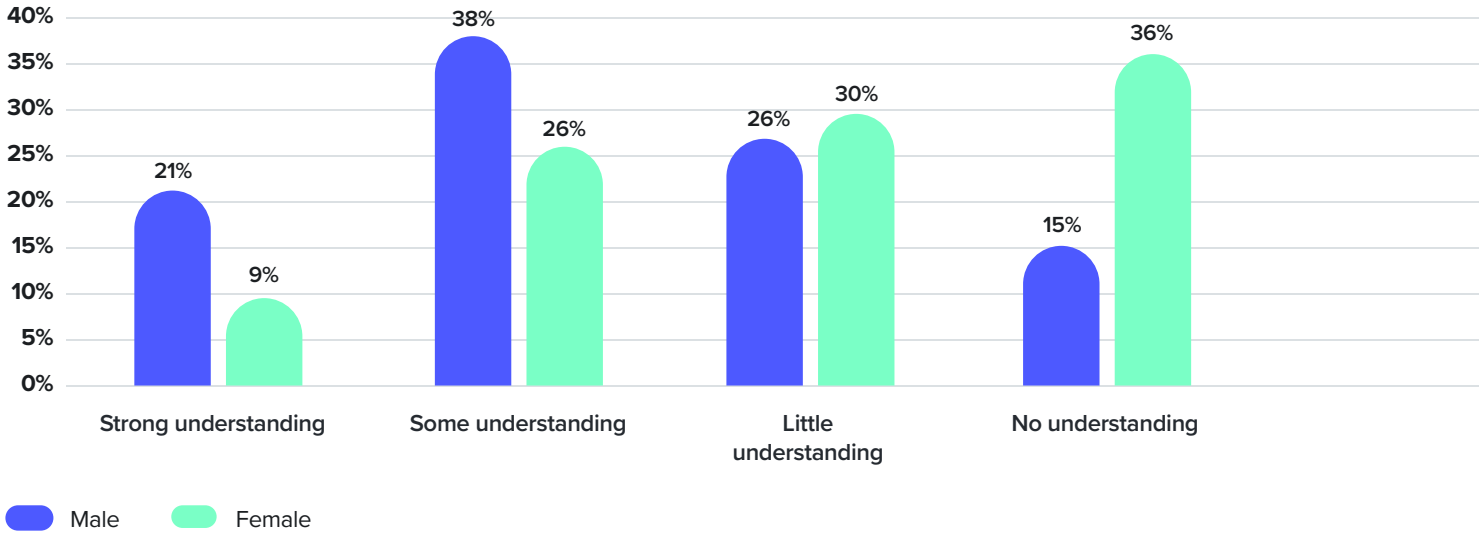



Tax concessions within superannuation play a critical role in encouraging savings for retirement and helping ensure long-term financial security, yet less than half (46%) of Australians feel they have a strong or some understanding of these benefits.

The gender divide is stark, with women significantly more likely than men to have little or no understanding (65% vs. 42%) including being more than twice as likely to have no understanding (36% compared to 15%).

Similarly, Gen Z shows the highest gap in understanding compared to older generations, with 65% having little to no understanding compared to Millennials (53%), Gen X (52%) and Baby Boomers (45%).

**Men and women's understanding of tax concessions available within super**

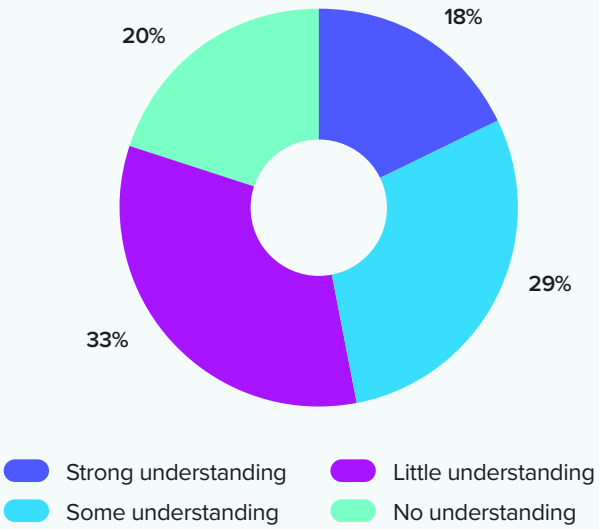



Less than three in five (57%) Australians have a strong or some understanding of how their superannuation is currently invested, including only one in five (22%) who have a strong understanding.

Women and Gen Z are notably less informed, with women almost twice as likely as men to have little to no understanding of how their super is being invested (55% compared to 30%), including being twice more likely to have no understanding (21% compared to 10%).

Gen Z are the most likely to have little to no understanding of how their superannuation is currently invested (53% compared to Millennials: 43%, Gen X: 40%, Baby Boomers: 36%).

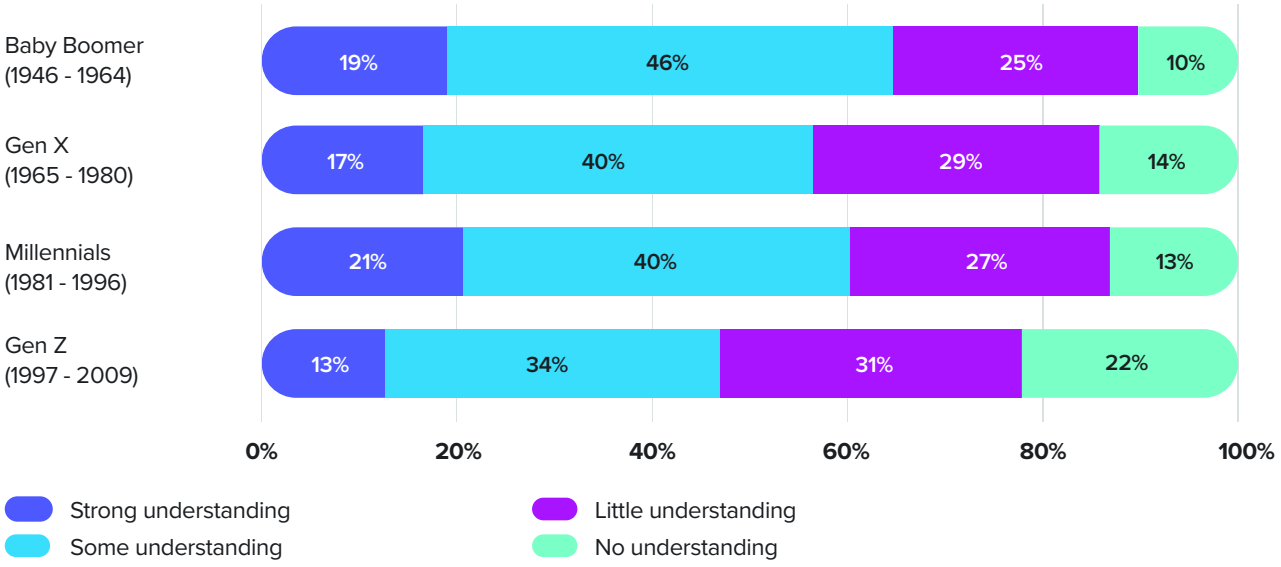
**Gen Z's understanding of how their super is currently invested**



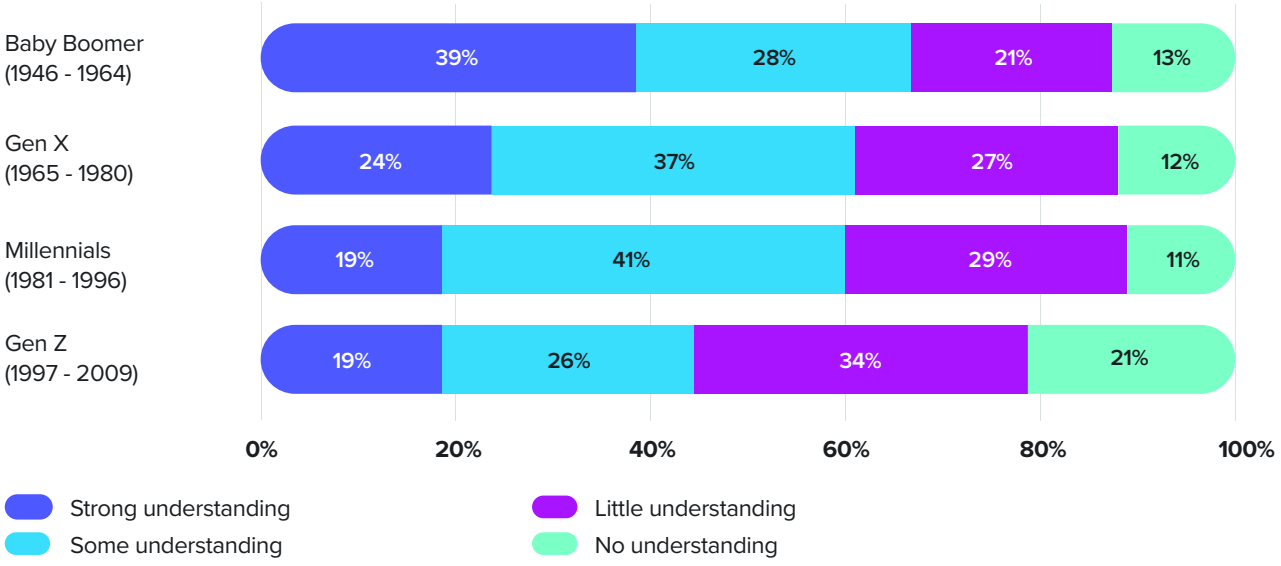
The methods by which funds can be contributed to superannuation and accessed for retirement are diverse and can significantly impact the growth of retirement savings. However, less than three in five (58%) Australians have a strong or some understanding of the different ways that funds can be contributed to superannuation, and a similar proportion (59%) say they have a strong or some understanding of when their superannuation can be accessed and the different options available for accessing it.

Gen Z are more likely than Millennials and Baby Boomers to have little to no understanding of the different ways that funds can be contributed to superannuation (53% compared to 40% and 35% respectively) and to have little to no understanding of when their superannuation can be accessed and the different options available for accessing it (55% compared to Millennials: 40%, Gen X: 39%, Baby Boomers: 33%).

### Generational understanding of how funds can be contributed to super

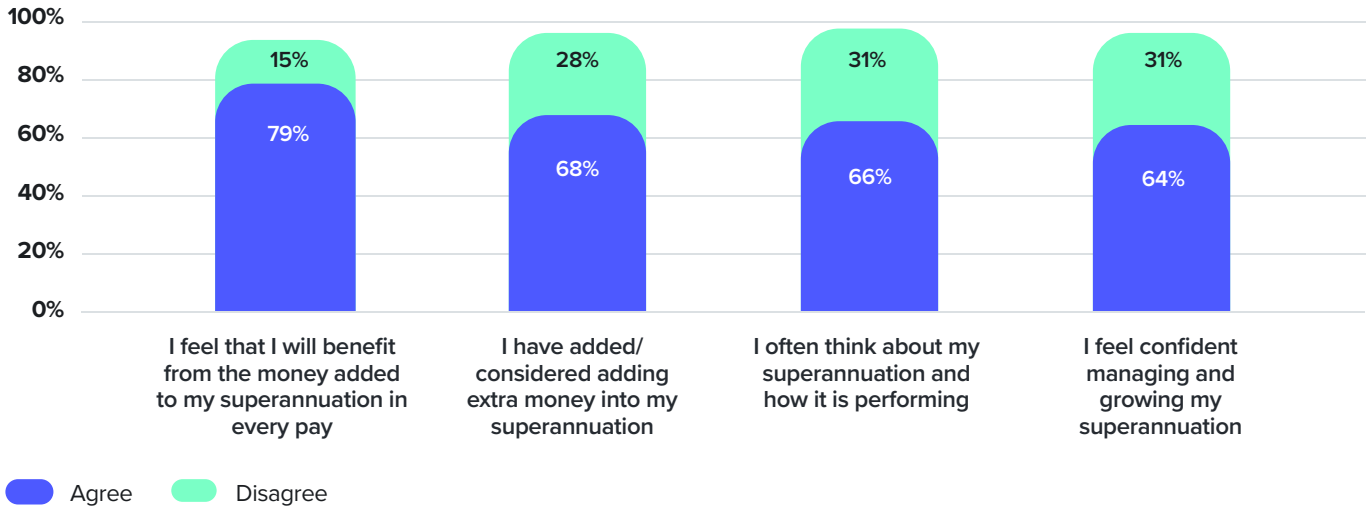



### Generational understanding of how super can be accessed and options for accessing



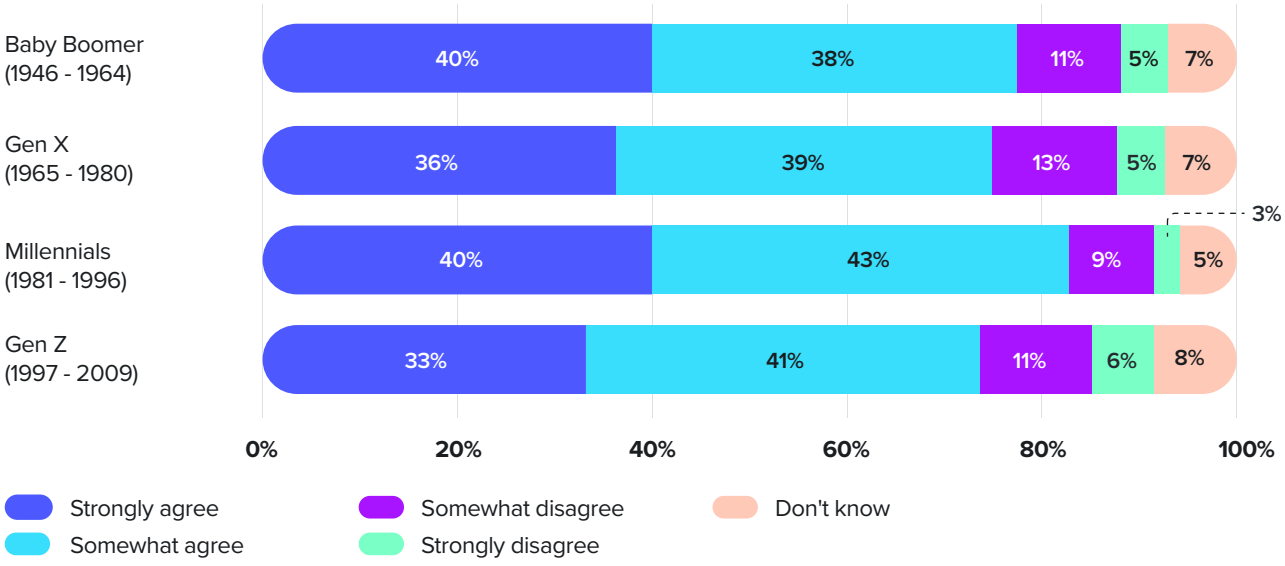
## Engagement with superannuation

Although many Australians have a relatively weak understanding of superannuation concepts, most Australians appear to be engaged or interested in their superannuation. Yet it's clear Australians don't know if they are doing enough to secure a comfortable retirement.




Most Australians (79%) feel they will benefit from the money added to their superannuation with each pay, and only one in seven (15%) disagree with this sentiment. Men are more likely than women to strongly agree (42% vs. 34%), and Millennials, in particular, show the highest agreement (83%), suggesting a generational difference when compared to Gen Z (74%) and Gen X (75%).

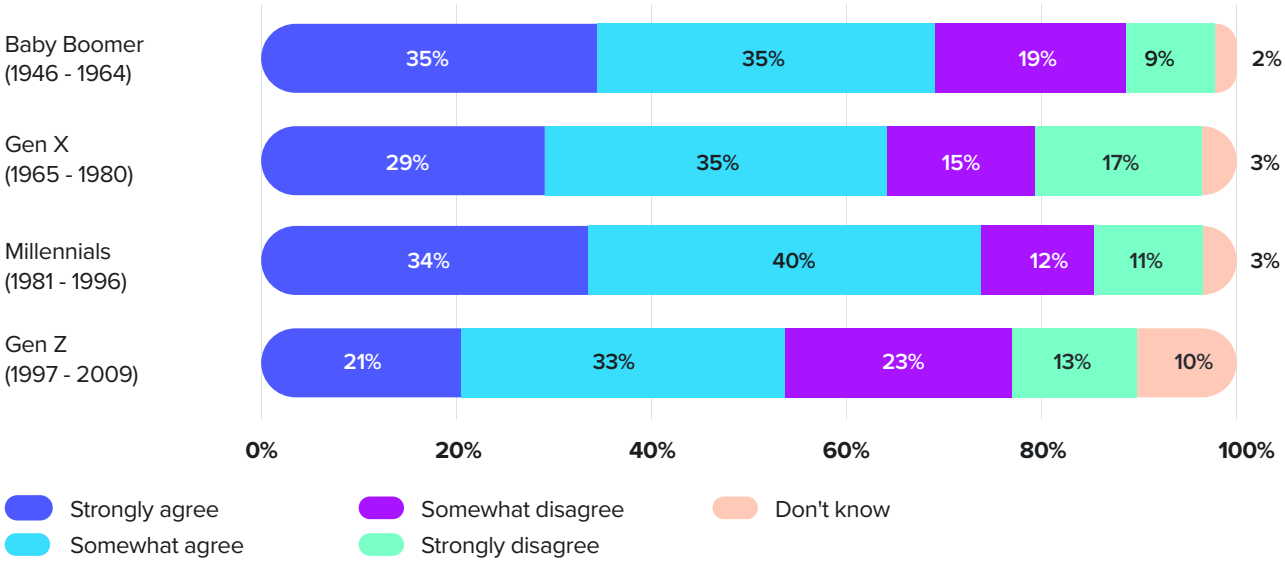
### How generations feel about whether they will benefit from the money added to superannuation every pay



More than two-thirds of Australians (68%) have considered or made additional contributions to their superannuation, and one third (31%) strongly agree with doing so, which reflects a proactive stance toward growing retirement savings among a significant portion of the population, yet almost three in ten (28%) disagree with this statement.

Men are more engaged in this behaviour than women (73% vs. 62%), and Millennials lead in this area compared to Gen Z and Gen X (74% compared to 54% and 64% respectively).

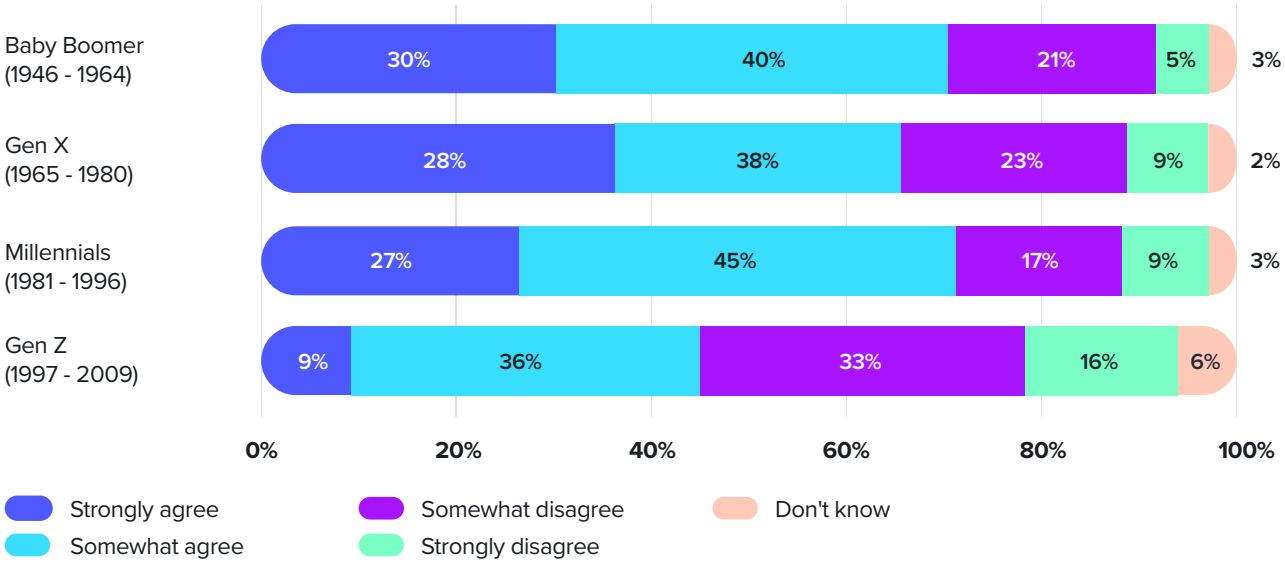
**Have added/considered adding extra money into super by generation**




About two-thirds (66%) of Australians often think about their superannuation and its performance although only one quarter (25%) strongly agreed with this statement and three in ten (31%) disagreed with this statement.

Men show higher engagement than women (72% vs. 60%) and Gen Z are the most likely to disagree they think about their superannuation and its performance (49% compared to Millennials: 26%, Gen X: 32%, Baby Boomers: 27%).

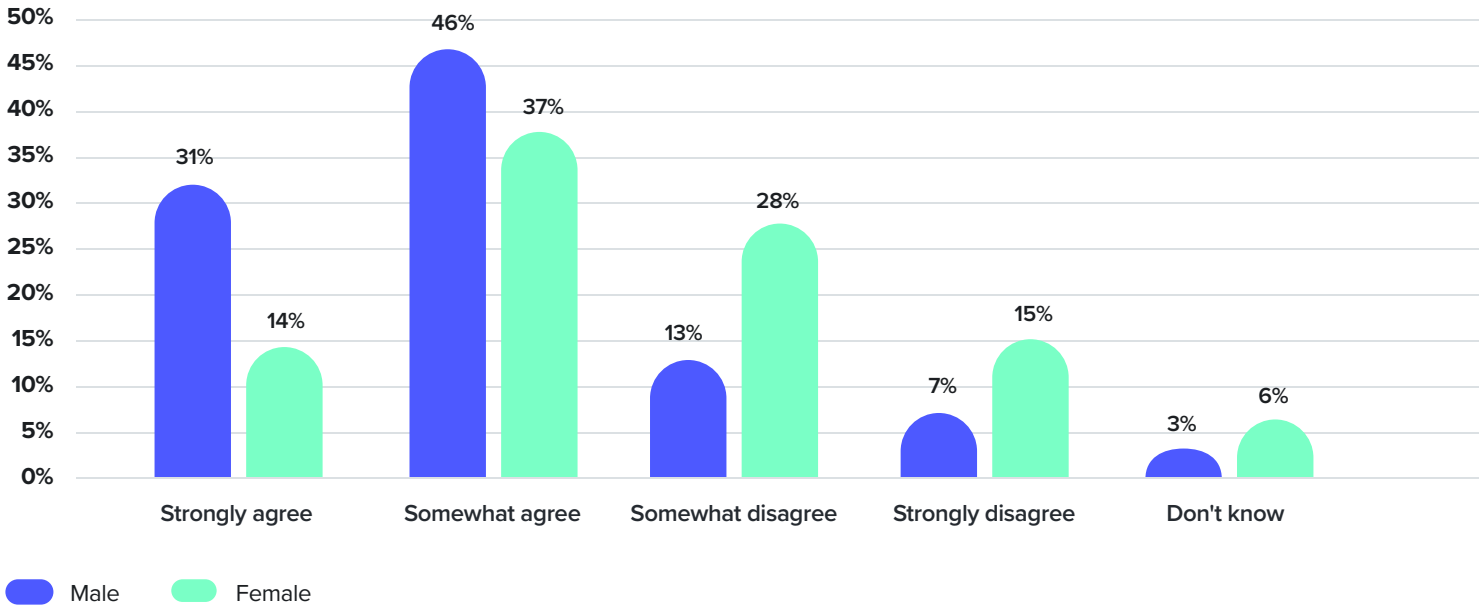
**Often think about super and how it is performing by generation**



Despite relatively strong engagement with their superannuation, less than two-thirds (64%) of Australians feel confident managing and growing their superannuation, suggesting a significant portion of the population lacks confidence in their ability to manage their retirement savings effectively.

A stark gender divide was evident with 78% of men agreeing they feel confident managing and growing their superannuation, compared to 51% of women. Conversely, women are more than twice as likely as men to disagree with this sentiment (42% compared to 19%) and only 14% strongly agreed with the statement compared to 31% of men.

**Feel confident managing and growing super by gender**






## Retirement planning and expectations

Australians' perceptions of necessary retirement savings far exceed standard recommendations, influenced by concerns over the rising cost of living and uncertainty about future financial stability. While the majority remain committed to building their superannuation, a notable proportion would prefer immediate access to funds, highlighting diverse approaches to financial planning and the need for flexible strategies that accommodate both current and future financial needs.

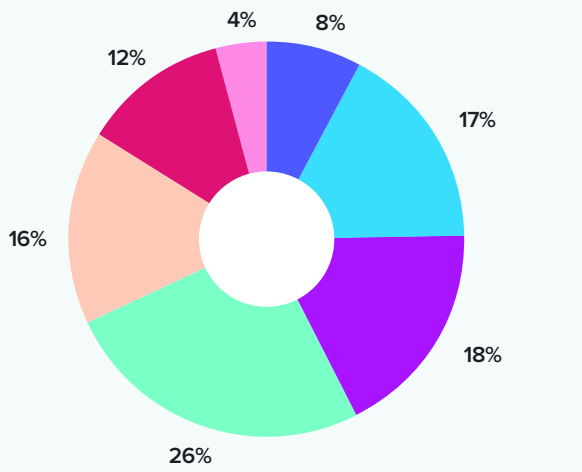
### Super balance for a comfortable retirement

The ASFA Retirement Standard suggests that a comfortable retirement at age 67 requires a superannuation balance of $690,000 for a couple and $595,000 for a single person[4]. Despite these guidelines, most Australians believe they will need significantly more to live comfortably in retirement.

A striking three in five people (59%) estimate they will require at least $750,000, with more than two in five (42%) believing that $1 million or more will be necessary. Only one in six (17%) believe they will need somewhere around what is suggested by the ASFA Retirement Standard (between $500,000 and $749,999) and a further one in six (16%) anticipate they will need at least $2 million for retirement - a substantial upward deviation from the ASFA Retirement Standard. This discrepancy suggests a growing concern among Australians about the adequacy of their superannuation savings and the potential need for increased savings rates or investment returns to meet their retirement objectives.

On average, Australians estimate a need for $1.13 million for a comfortable retirement, with men expecting nearly $120,000 more than women ($1.18 million vs. $1.07 million). Men are also more likely than women to believe they will need at least $1 million (47% compared to 36%), including those who believe they'll need at least $2 million (19% compared to 13%).

**Super balance required for a comfortable retirement at age 67**

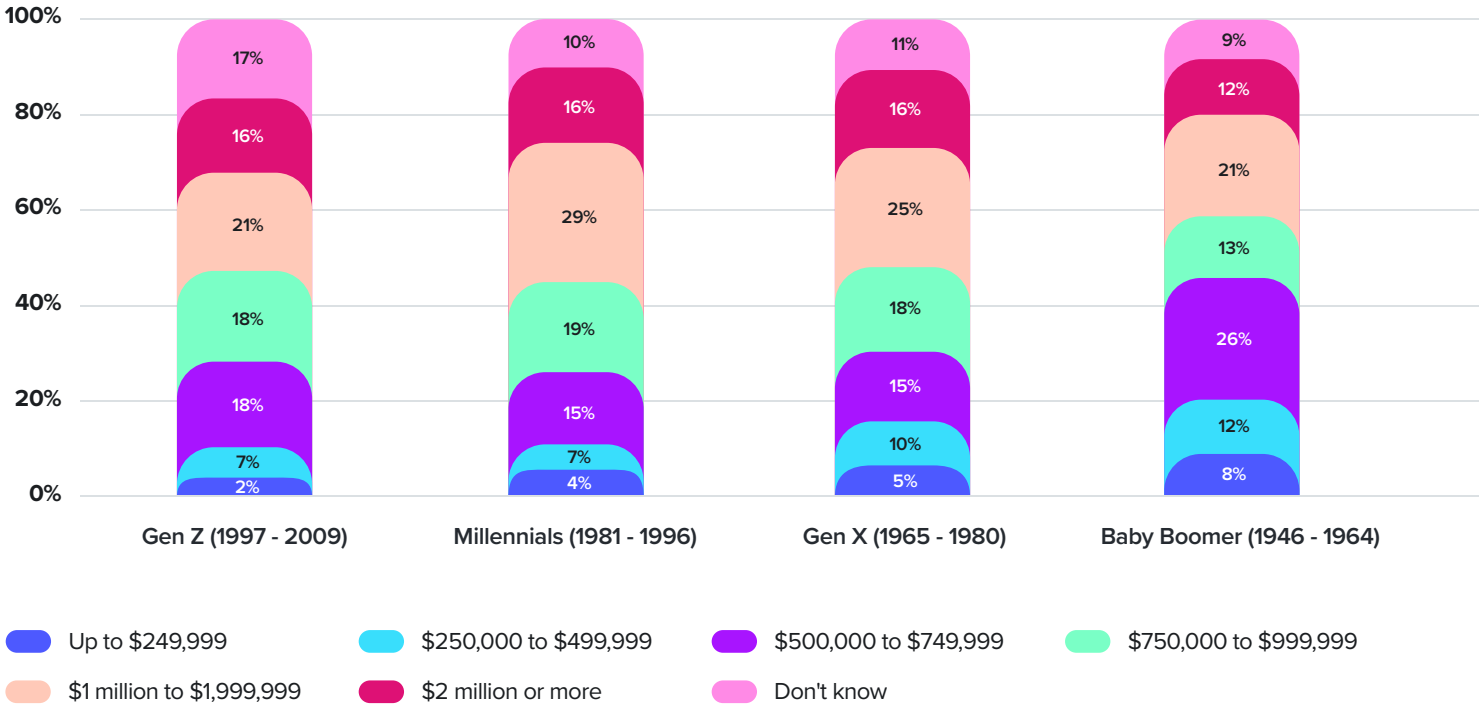



[4] *https://www.superannuation.asn.au/resources/retirement-standard/*

Younger generations, particularly Millennials, set the bar high for their superannuation balances, possibly due to a more cautious approach to future financial uncertainty. Millennials demonstrate the highest expectation for their retirement savings, with 45% believing they will need $1 million or more, including 29% who expect to need between $1 million to $1,999,999. And despite being the furthest from retirement, 37% of Gen Z expect they will need $1 million or more, including 16% who believe they will need $2 million or more.

Meanwhile, Baby Boomers appear to be more conservative in their expectations, though a significant number still anticipate needing more than the standard suggests. The largest segment within this group (26%) anticipates needing between $500,000 to $749,999, aligning more closely with the ASFA Retirement Standard. However, a significant proportion (33%) still expects they will need $1 million or more, including 12% estimating they will need $2 million or more for a comfortable retirement.

**Super balance generations think they require for a comfortable retirement at age 67**



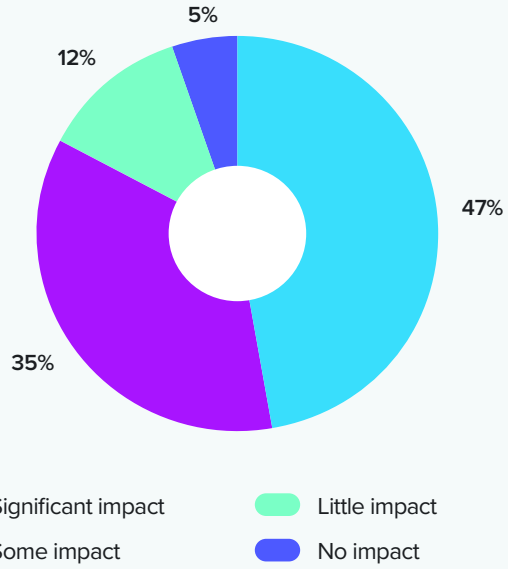
### Impact of rising cost of living on retirement confidence

The rising cost of living has significantly impacted Australians' confidence in achieving their desired superannuation balance for retirement. Among respondents who know what superannuation balance may be needed for a comfortable retirement, more than four in five (83%) report that increasing living expenses have negatively affected their confidence, including nearly half (47%) who describe the impact as significant.

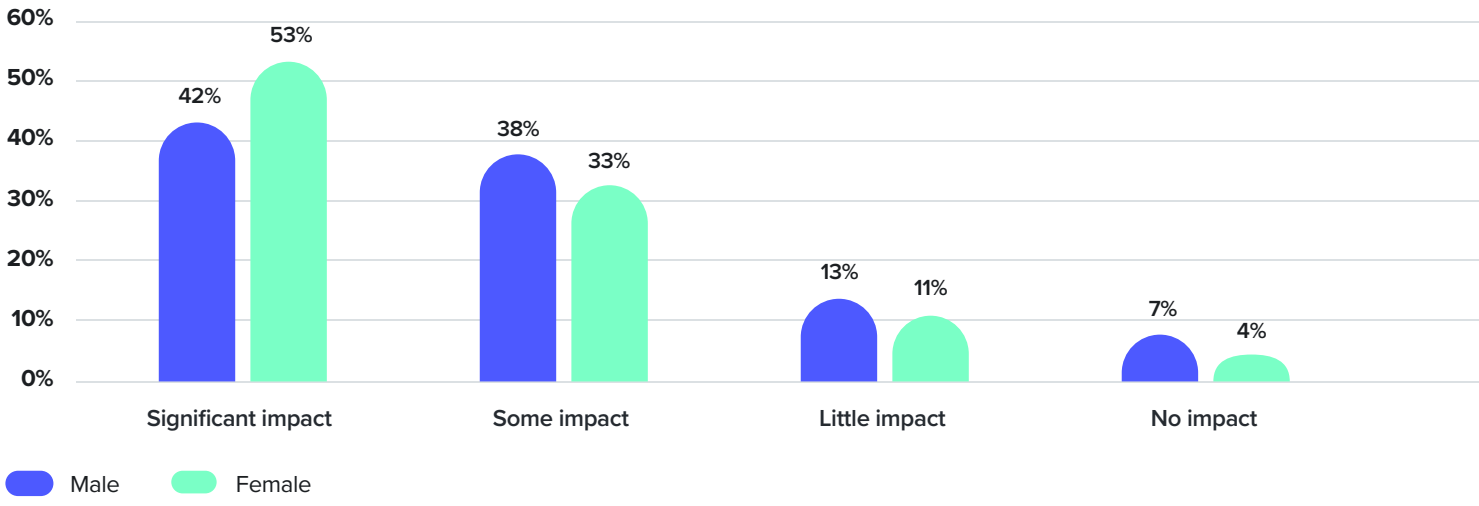
The concern about the impact of the cost of living is consistent across various demographics, including age, income levels, and whether individuals have received financial advice. This uniformity suggests that the cost of living is a universal stressor for Australians thinking about retirement, cutting across socioeconomic lines.

Women feel particularly vulnerable to these economic pressures, with 86% reporting an adverse impact on their confidence compared to 80% of men including 53% who say it has had a significant impact compared to 42% of men. This finding may reflect broader economic vulnerabilities that women face, such as wage disparity, career interruptions, or longer life expectancy, which could exacerbate the effects of rising costs on their retirement planning.

**Impact of cost of living on confidence in achieving amount for a comfortable retirement**




**Impact of cost of living on men and women's confidence in achieving amount for a comfortable retirement**



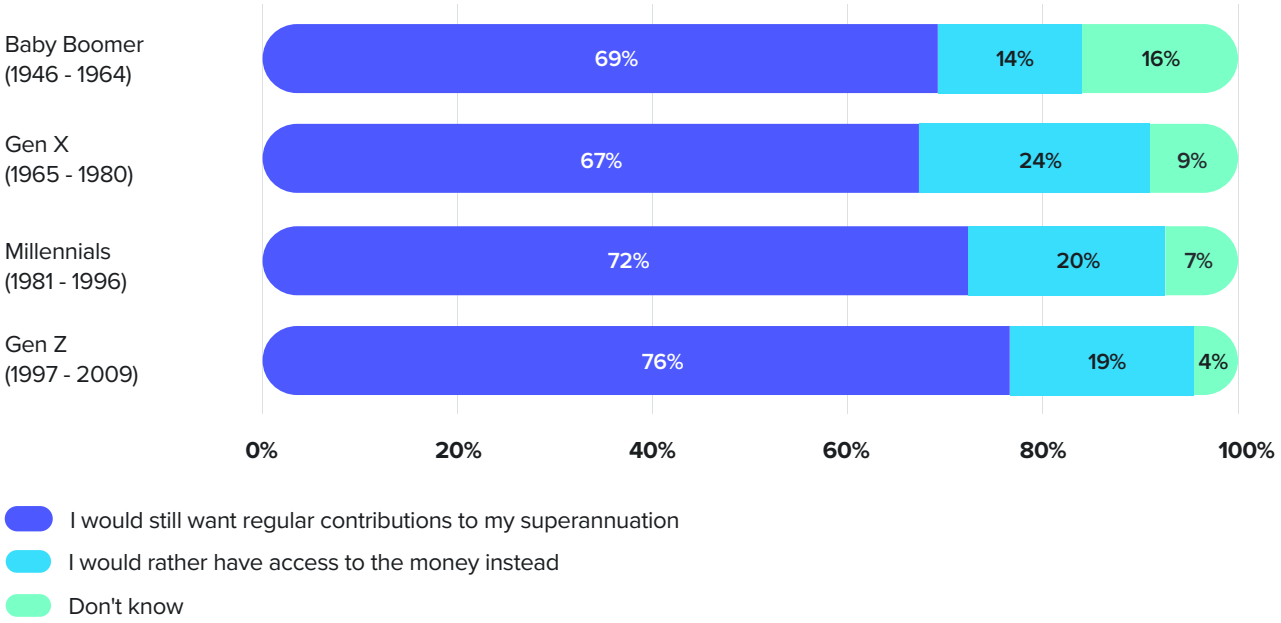
### Preferences on superannuation contributions

If it wasn't compulsory to add a set amount of salary to superannuation via employer contributions, one in five (21% or around 2.7 million) Australians would rather access the extra money, although the majority (71%) would still want some regular contributions.

This preference is more pronounced in Gen X at 24%, possibly indicating a greater immediate financial need or a desire for more control over personal finances.

In contrast, Baby Boomers, many of whom are nearing or already in retirement, are the least likely to want immediate access (14%) but are also most likely to not know (16%) if they would still want some regular contributions. And despite being the generation least likely to rank superannuation as their top investment choice for wealth building, more than three in four (76%) Gen Z say they would still want regular contributions to their superannuation if it wasn't compulsory.

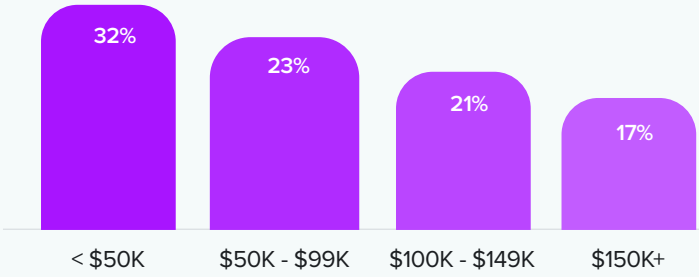
**What generations say about whether they would still add a set amount of salary to super or access the money if employer contributions weren't compulsory**




Household income significantly influences Australians' preferences regarding superannuation contributions; those with an annual income below $50,000 show a marked tendency (32%) towards preferring immediate access to their money, revealing the financial pressures and the challenging balance between meeting short-term needs, and planning for long-term retirement savings.

Conversely, as income levels rise, the urgency for immediate funds diminishes, indicating that higher earners feel more secure in their financial situation, allowing them to focus on long-term savings.

**Australians who would rather access the money if employer contributions weren't compulsory by income**

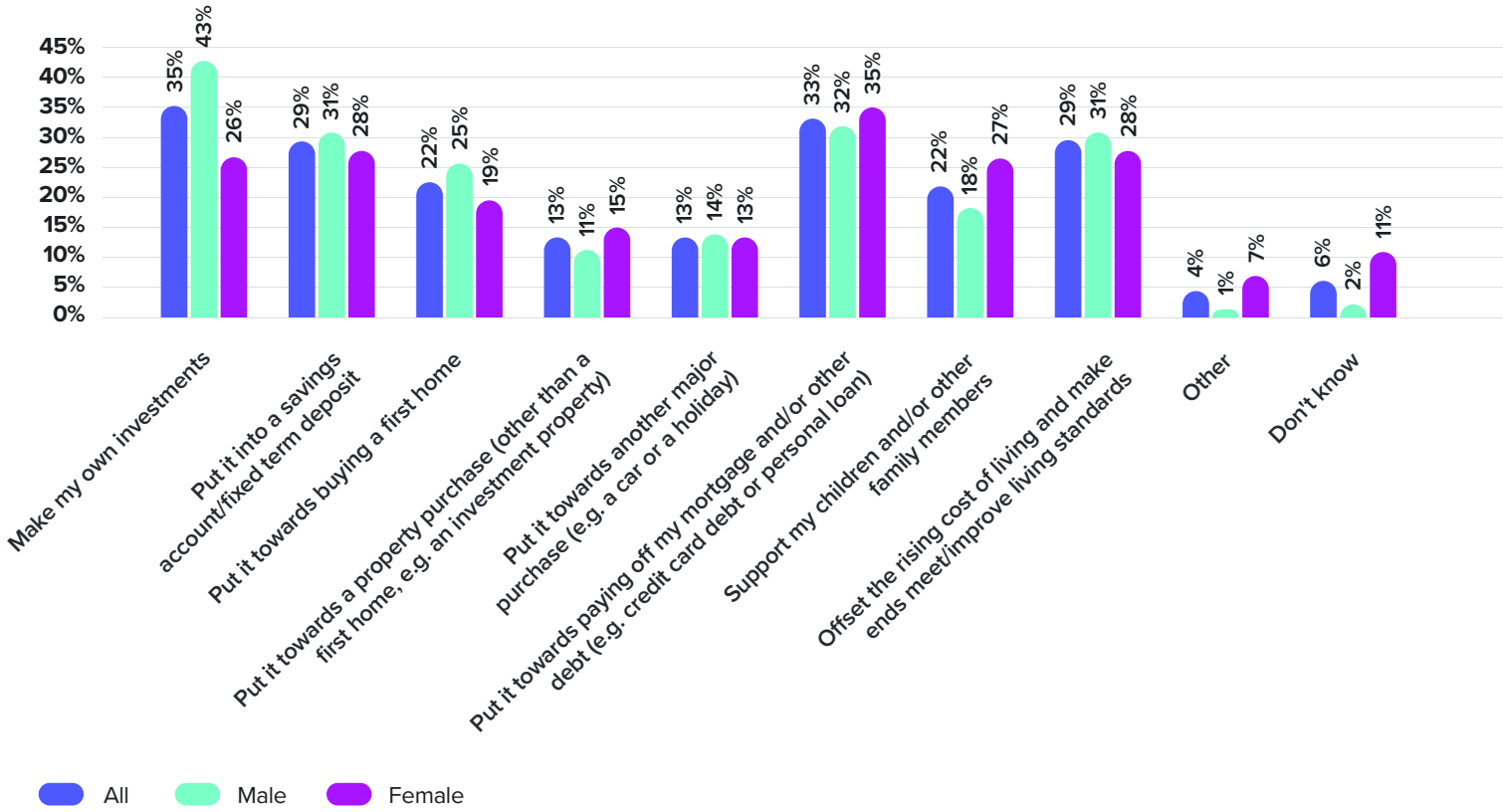


### Utilisation of extra funds

Australians have diverse and multifaceted plans for the extra money that would otherwise go to compulsory superannuation contributions. Making their own investments (35%), purchasing a first home or other property (35%), paying off debt (33%), savings (29%), and addressing the cost of living (29%) are all prominent considerations, reflecting not just individual financial goals but also the broader economic challenges faced by many Australians.

Men show a greater propensity towards investing these additional funds (43% vs. 26% for women), indicating differing strategies for financial management and growth.

**How gender influences how Australians who would rather access the money, would utilise the extra funds**

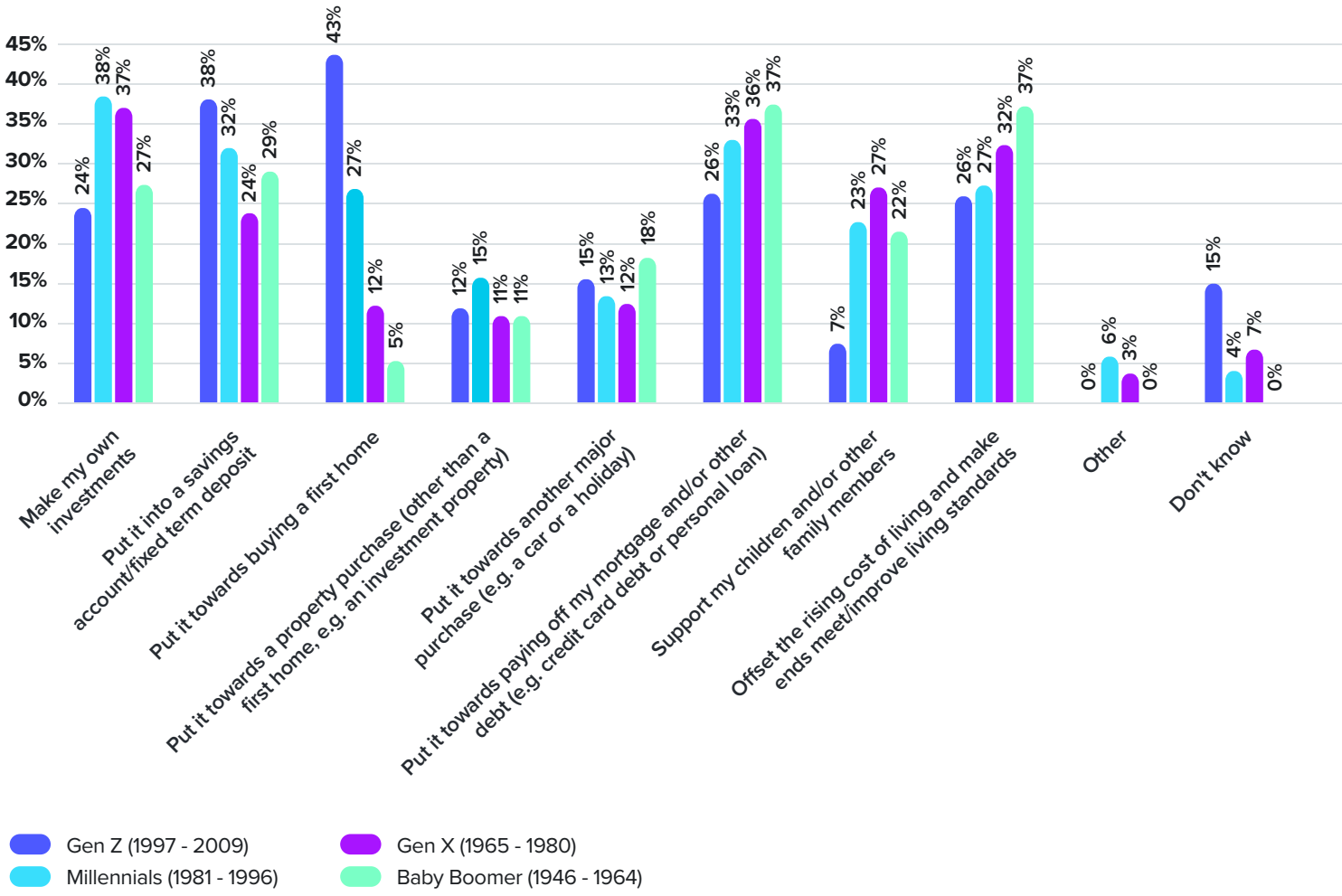


Across generations, the propensity to make independent investments with the extra money is considerable, with nearly four in ten Millennials (38%) and Gen X (37%) showing a strong inclination towards this option, reflecting a confidence in their ability to manage investments or a desire for more immediate control over their financial growth.

Debt reduction is a priority across all age groups. Baby Boomers (37%) and Gen X (36%) show a higher tendency to use additional funds to pay off debt/mortgage and offset the rising cost of living (Gen Z: 26% and Millennial: 33%), suggesting that being debt-free is a significant part of their financial planning, particularly as they approach or navigate retirement.

Gen Z, on the other hand, show a distinct preference for using extra funds to secure housing, with more than four in ten (43%) aiming to put money towards buying a first home, which is considerably higher than the overall 22% and reflects the challenges younger Australians face in the housing market. They are also the most likely to place the extra money into savings accounts or fixed-term deposits (38%), which might be indicative of Gen Z's risk aversion or a preference for liquidity in uncertain economic times.

**How age generation influences how Australians who would rather access the money, would utilise the extra funds**



## The power of financial advice

Australians who receive professional advice demonstrate a significantly better grasp of their superannuation investments, contribution strategies, and withdrawal options than those who do not seek advice, underscoring the critical importance of professional guidance in demystifying super.

Moreover, financial advice has a significant impact on how Australians engage with their superannuation, and their confidence in managing and growing their superannuation, which is crucial for long-term financial security.

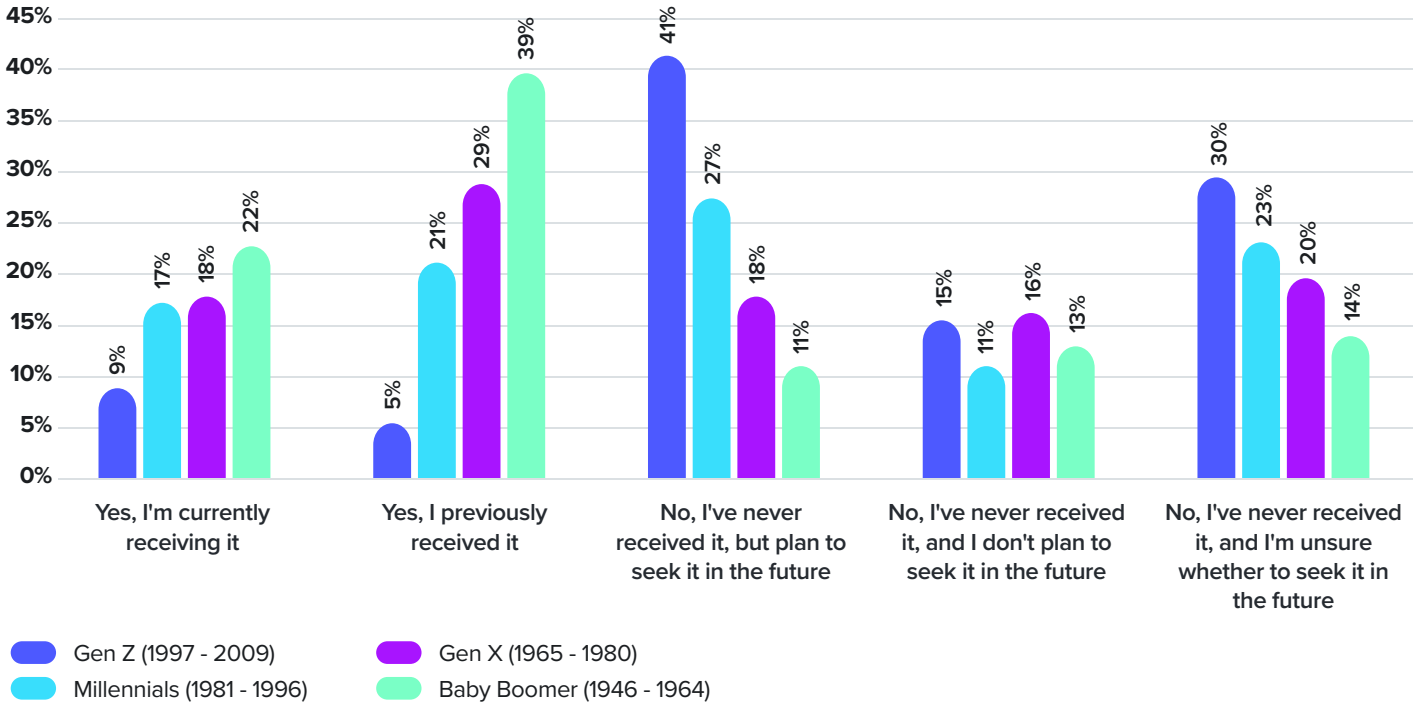


### Current advice status and future intentions

Almost four in ten (39%) Australians have engaged with a financial planner, with 17% currently receiving advice and 23% having received it in the past. Notably, three in five (61%) have never sought professional advice, yet a quarter (25%) of this group plan to seek advice in the future.

Men are more likely to be currently receiving or have previously received professional financial advice (43% versus 36% of women). In concurrence with their life stage, Baby Boomers are the most engaged with professional advice services (62% compared to Gen Z: 14%, Millennials: 39%, Gen X: 46%), however two in five (41%) Gen Z say while they don't currently receive financial advice, they plan to in the future.

Advice status by generation



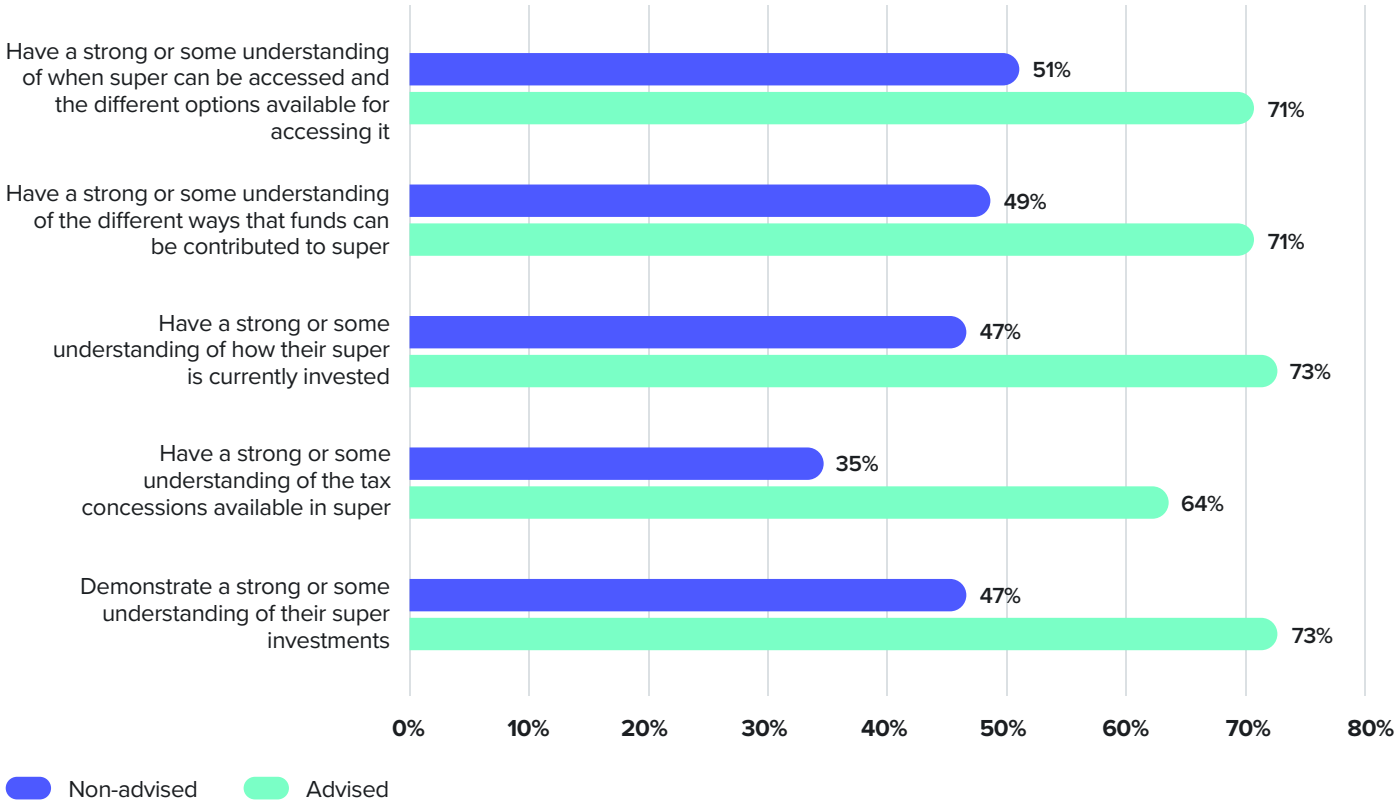


## Impact of financial advice on understanding of superannuation concepts

Advised Australians show a markedly higher level of understanding of how their superannuation is invested with almost three in four (73%) reporting strong or some understanding compared to less than half (47%) of those without advice. This disparity underlines the value of professional advice in educating individuals about investment options within superannuation, a foundational component of financial literacy.

The positive impact of financial advice on superannuation literacy is further supported by our findings on understanding of tax concessions and the different ways to make contributions to super or access super.

### How advice impacts understanding of superannuation concepts



As one of the more complex but most impactful areas of superannuation, tax concessions and understanding how to maximise them can have a big impact on retirement savings. Our research shows that 64% of Australians who have received advice report a strong or some understanding compared to just 35% of those who have not received advice.

Professional advice also correlates with a better grasp of superannuation contribution strategies and withdrawal options. More than seven in ten (71%) advised individuals have a strong or some understanding of the ways funds can be contributed to super, in contrast to just under half (49%) who have not received advice. The same number (71%) have a strong or some understanding of when superannuation can be accessed and the different options available for accessing it, compared to 51% of non-advised Australians.

### Impact of financial advice on superannuation engagement and confidence

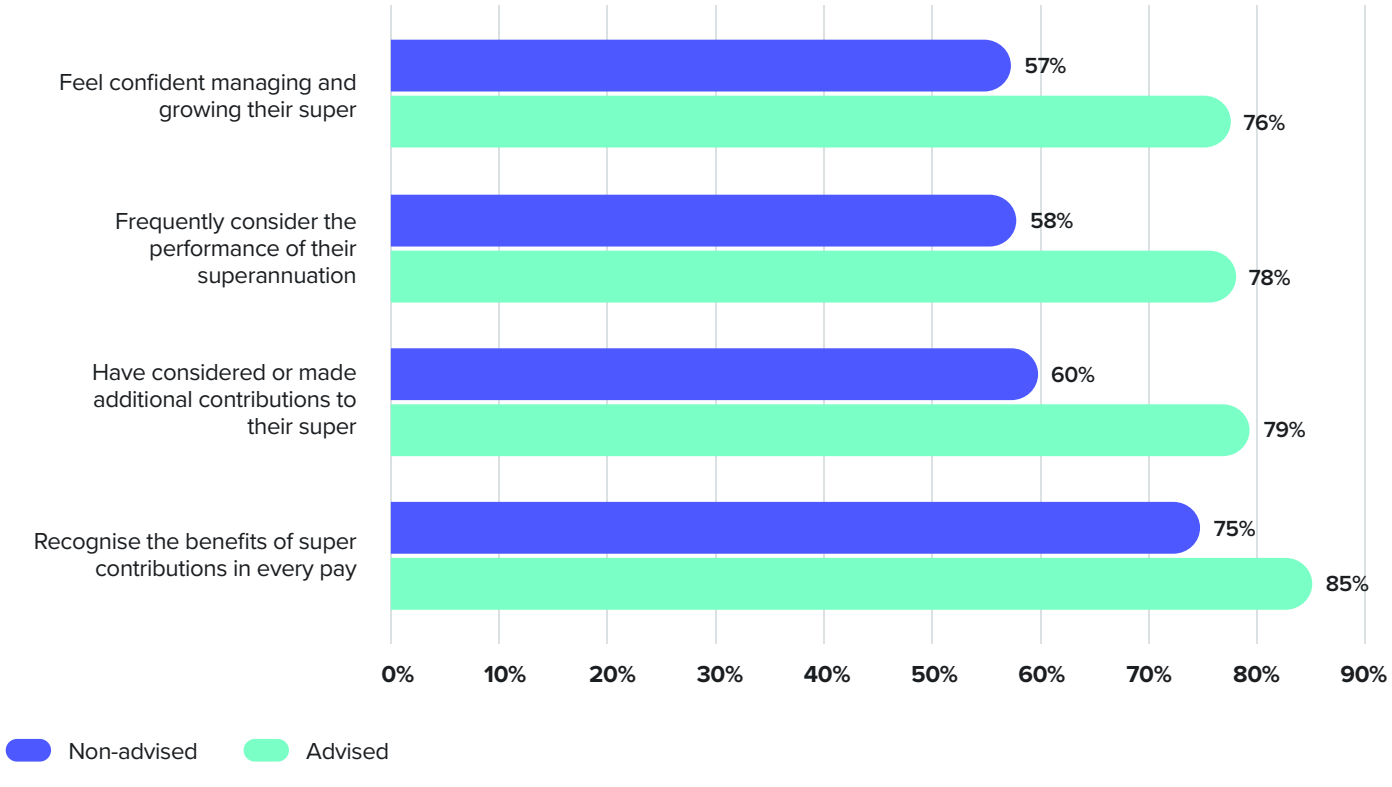
The value of professional financial advice is not only measured by the increase in knowledge it provides but also by the substantial influence it has on Australians' engagement with their superannuation and their confidence in managing and growing their super for the future.

A considerable 85% of individuals who have received advice acknowledge the benefits accruing from employer super contributions, compared to 75% of those who haven't sought advice. Moreover, advised Australians are far more likely to have a more engaged and strategic approach to superannuation management with almost four in five (79%) proactively contributing or considering contributing to their super balance compared to 60% of non-advised. A similar number (78%) say they often think about their superannuation and how it is performing compared to 58% of the non-advised.

To take a proactive engagement to retirement savings, confidence in managing and growing superannuation is essential and can lead to more strategic decision-making, better risk management, and ultimately, a more secure financial future. And our results demonstrate that professional advice has a pronounced impact.

Those who have engaged with financial advice report significantly higher confidence levels, with more than three in four (76%) feeling confident in their ability to manage and grow their super funds, in contrast to less than three in five (57%) who haven't received advice.

**How advice impacts engagement with superannuation**



# Conclusions

Australians are finding themselves at a pivotal crossroads – caught between navigating the immediate pressures of the cost-of-living crisis and anchoring themselves for the long-term journey to retirement.

With the projected superannuation balances Australians think they require for a comfortable retirement far exceeding the ASFA Retirement Standard, it's clear the rising cost of living has impacted confidence. And it's amidst this backdrop that 81% of Australians are recalibrating their investment and saving goals, unaware of the full power of superannuation in securing their future prosperity.

The undervaluation of superannuation by younger generations, particularly Gen Z, is a point of concern but also an opportunity. Showing the most significant gaps in understanding and engagement with superannuation, Gen Z stand on the cusp of their earning potential. With the superannuation guarantee rate set to rise to 12% by 2025, even those on average salaries without additional contributions, stand to amass considerable savings by the time they retire if they can reassess their view of superannuation as not just a mandatory deduction but a potent tool for wealth accumulation.

This gap in understanding and engagement with superannuation, especially among Gen Z, underscores the urgent need for enhanced financial literacy and targeted advice through programs like **Young Money.** It's not merely about recognising superannuation as a vital component of financial planning but understanding how to leverage it effectively for long-term benefits.

Educating younger Australians on the nuances of superannuation, from the impact of compound interest to the benefits of additional contributions and tax advantages, is crucial.

Moreover, the report highlights the powerful impact of financial advice on superannuation management. Individuals who receive professional advice not only demonstrate a better understanding of superannuation but are also more engaged and confident in their ability to manage and grow their retirement savings. Financial planners serve as essential guides in navigating the complexities of superannuation, providing clarity and instilling confidence among Australians as they plan for their future prosperity. The data suggests a clear call to action for those who have not yet engaged with a financial planner to consider the substantial benefits of doing so.





As Australians navigate the complexities of the current economic climate, the importance of a proactive, informed approach to superannuation cannot be overstated. The journey to retirement can be fraught with challenges, however, by embracing superannuation as a key pillar of financial planning and leveraging the forthcoming increase in the superannuation guarantee, Australians have a powerful tool at their disposal.

As the cost-of-living crisis unfolds, having the knowledge and tools to navigate their financial futures will be of critical importance for the younger generations. And with two in five (41%) Gen Z saying, while they don't currently receive financial advice they plan to in the future, parents can play an important role by bringing their children into their existing advice relationships and leveraging our **Family Pricing Model** to start empowering them with the professional advice they need now and into the future.

By engaging with superannuation early, understanding its benefits, and seeking professional advice, Australians can turn superannuation into a powerful ally for a secure retirement. And with the right support, education, and advice, the path to a comfortable retirement, even in the face of economic uncertainties, is within reach for every Australian, marking superannuation not as a financial obligation but as a cornerstone of future prosperity.

# Appendix

## Survey questions

**Target:** 1,000 Australians aged 18-64 who have superannuation and are not retired. Participants who said they were not a member of any superannuation fund were screened out.

**1 Are you currently receiving, or have you previously received professional financial advice from a professional financial adviser?**

1. Yes, I'm currently receiving it.
2. Yes, I previously received it.
3. No, I've never received it, but plan to seek it in the future.
4. No, I've never received it, and I don't plan to seek it in the future.
5. No, I've never received it, and I'm unsure whether to seek it in the future.

**2 When building your wealth over your lifetime, please rank the following types of investment based on how important you think they are with '1' being the most important and '9' being the least important. We are interested in your views regardless of whether you have the type of investment.**

1. Shares.
2. Exchange traded funds.
3. Property.
4. Cryptocurrencies.
5. Superannuation.
6. Managed funds.
7. Cash.
8. Bonds.
9. Bank savings interest rates.

**3 Aside from your superannuation, which, if any, of the following types of investment do you have?**

1. Shares.
2. Exchange traded funds.
3. Property.
4. Cryptocurrencies.
5. Managed funds.
6. Cash.
7. Bonds.
8. Bank savings interest rates.
9. Other – specify.
10. Not applicable, I don't have any investment aside from my superannuation.

**4 Which of the following are your main reasons for investing?**

1. Enjoyment.
2. Building wealth.
3. Planning for retirement.
4. Saving for a property purchase (e.g. investment property).
5. Saving for a first home.
6. Saving for another major purchase (e.g. a car or a holiday).
7. Saving for a milestone occasion (e.g. a wedding).
8. Saving for emergencies.
9. Preserving my wealth/beating inflation.
10. Supporting my children and/or other family members.
11. Paying off my mortgage and/or other debt (e.g. credit card debt or personal loan).
12. Other – specify.

**5 How, if at all, have your investment or saving goals changed over the past twelve months? Over the past twelve months, I have been prioritising:**

1. Ensuring an adequate regular income stream.
2. Protecting my wealth against inflation.
3. Making ends meet due to rising cost of living.
4. Growing/maximising my wealth (i.e. investment returns).
5. Reducing taxes.
6. Transferring my wealth to my children and/or other family members.
7. Other – specify.
8. Not applicable, my investment goals haven't changed over the past twelve months.

**6 Which of the following best describes your knowledge of your superannuation balance?**

1. I know my balance to the nearest $1,000.
2. I know the approximate balance.
3. I have a vague idea what my balance is.
4. I have no idea what my balance is.

**7 How would you rate your understanding of each of the following?**

1. The tax concessions available within superannuation.
2. How your superannuation is currently invested.
3. The different ways that funds can be contributed to superannuation.
4. When your superannuation can be accessed and the different options available for accessing it.

**8 Rate the following statements on superannuation.**

1. 1.I feel that I will benefit from the money added to my superannuation in every pay.
2. I have considered adding extra money into my superannuation.
3. I often think about my superannuation and how it is performing.
4. I wish I could access my superannuation to purchase a home.
5. I feel confident managing and growing my superannuation.

**9 Do you know what superannuation balance you might need for a comfortable retirement at age 67?**

1. Yes, up to $250,000.
2. Yes, $250,000 to $499,999.
3. Yes, $500,000 to $749,999.
4. Yes, $1 million.
5. Yes, over $1 million.
6. No.

**10 How, if at all, has the rising cost of living impacted your confidence in achieving this amount?**

1. Significant impact.
2. Some impact.
3. Little impact.
4. No impact.

**11 If it wasn't compulsory to add a set amount of your salary to superannuation via employer contributions, would you still want a monthly contribution to your superannuation or would you rather have the money on hand?**

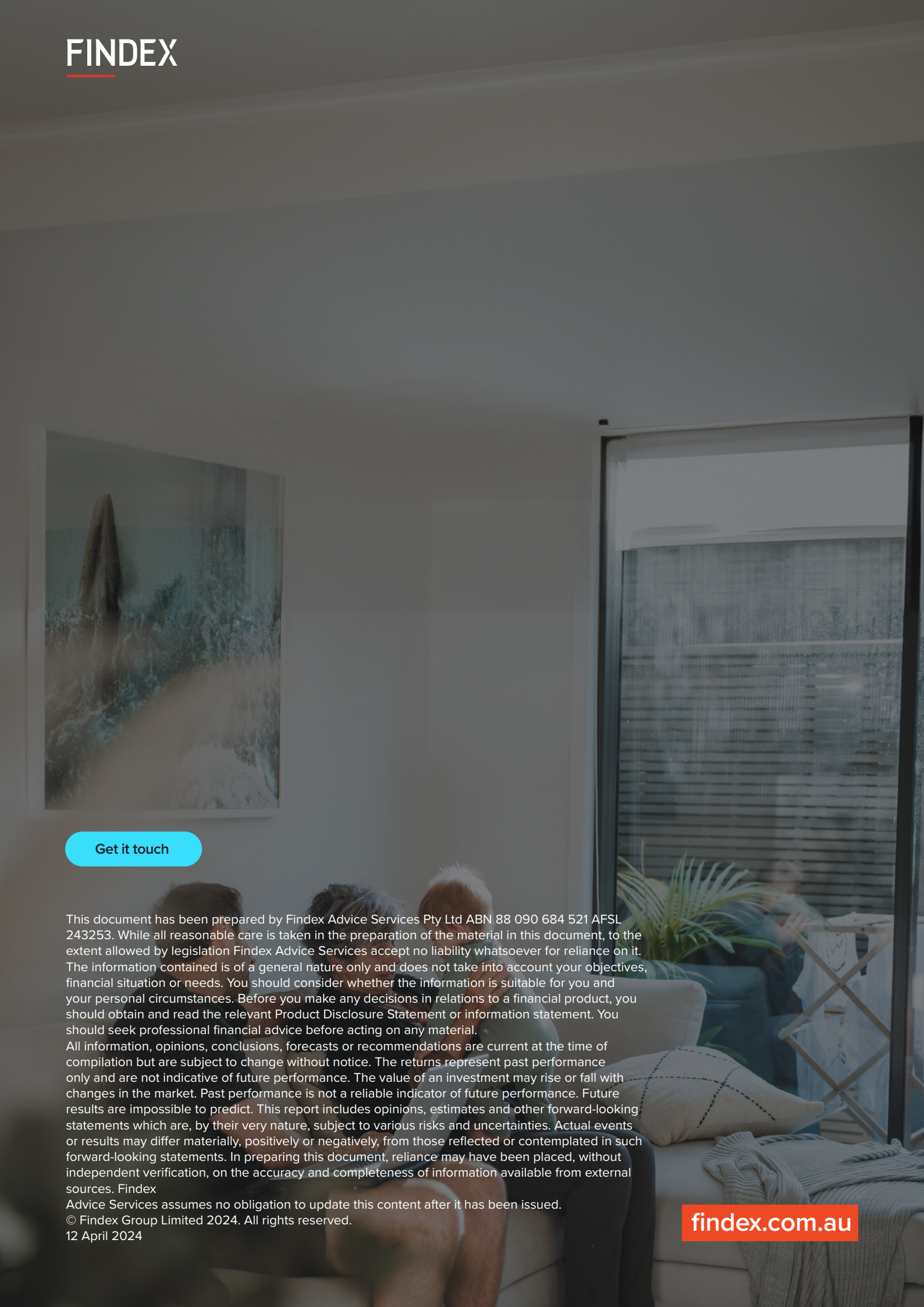
1. Yes, I would want monthly contributions to my superannuation.
2. No, I would want to have access to the money instead.
3. Others – specify.

**12 What would you do with the extra money?**

1. Make my own investments.
2. Put it into a savings account/fixed deposit.
3. Put it towards buying a first home.
4. Put it towards paying off debt/loans (e.g. credit cards, personal loan).
5. Offset rising cost of living.
6. Make ends meet.
7. Support children/dependents/family.
8. Improve current living standards.
9. Others – specify.

Survey questions

FINDEX



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