



Is my Super above or below average?

Money and Life

(Financial Planning Association of Australia)

It's all very well having retirement savings as a financial goal, but just how much should you plan to have in your super balance now, and when you retire? Find out more about coming up with a super balance target, for your age group, and for the retirement lifestyle you have in mind.

Above or below average?

If you have been in the workforce, your retirement savings will be growing because of Super Guarantee (SG). This is the compulsory contribution to super your employer must pay on your behalf. For most people, SG alone will not generate sufficient retirement savings. You can keep tabs on just how much you have by checking your latest super statement, logging onto your MyGov account, or your super fund's online portal.

Once you've checked up on your super savings, how can you tell if it's enough to see you living comfortably in retirement, whether that's in 5 or 25 years' time? To get an idea of how your super savings compare with

others your age, the Association of Superannuation Funds of Australia (ASFA) has published average super balances held by different age groups, including figures for men and women. So if you're currently aged 40-44, your peers have an average balance of just over \$80,000. That average rises to a peak of almost \$215,000 in the years approaching retirement (60-64).

How much is enough?

Putting a figure on how much you'll need saved to cover your costs in retirement is a tricky task. There are so many unknowns for each of us, including when we're going to retire, how long we'll live once we do and what we'll be spending our time doing. This is why many people seek advice from a Certified Financial Planner® professional to get financially ready for retirement. They can ask the right questions and help you run the numbers to give you a clear picture of your retirement goals and plan for the income you'll need to achieve them.

To get a more general idea of what you can expect to spend in retirement, the ASFA publish retirement standard figures each quarter. As a well-researched estimate of what singles and couples will need to pay their bills for a modest or comfortable retirement lifestyle, these figures offer a rough idea of living costs. The Milliman Retirement Expectations and Spending Profiles (ESP) report is also published quarterly. Based on data gathered from 300,000+ Australian retirees, their reports put spending in retirement under the microscope to help people plan better for their financial needs in retirement. According to data and commentary from their February 2018 ESP report for example, Milliman found that over half of Australian retirees are actually living on less than the Age Pension each year.

Having said this, results from the 2017 FPA Live the Dream survey show that just 22% of baby boomers say they're living the dream in retirement. And the number one obstacle standing in their way is a low bank balance (39%). So while a modest income may be enough to live on, perhaps a bigger nest egg is important for making retirement dreams come true.

Should I save more?

As well as these different estimates about how much you'll need in retirement, here are some important ideas to bear in mind if you're uncertain about the importance of topping up your super with extra contributions:

- Not only is Australia's population getting bigger, it's ageing too. As a nation that's very successful at living longer, we're likely to be retired for longer and need extra savings as a result.
- Current ASFA retirement standard figures assume you'll have no rent or mortgage to pay in retirement. However, there are widespread concerns about growing numbers of people heading towards retirement still paying off a substantial home loan or continuing to rent for the rest of their lives. This creates a significant extra cost to cover from retirement income.
- The gap between average superannuation balances at retirement age for men and women in 2015-16 was \$113,661, a difference of more than 40%.¹ As women are far more likely to take on unpaid care roles² and stop working or work part-time as a result, they also have less opportunity to build up retirement savings from SG contributions. Whether you end up taking a break from work to study, travel or look after family members, consider making up for missed SG payments with extra contributions now.

Looking for a way to budget for extra super contributions? Salary sacrificing into super can be a great way to cut your tax bill and boost your super contributions at the same time.

Table 1: Average superannuation balance by age and gender, 2015-16

Mean superannuation balance (\$)	
Male	
15 to 19 years	382
20 to 24 years	5,924
25 to 29 years	23,712
30 to 34 years	43,583
35 to 39 years	64,590
40 to 44 years	99,959
45 to 49 years	145,076
50 to 54 years	172,126
55 to 59 years	237,022
60 to 64 years	270,710
65 to 69 years	246,915
70 to 74 years	214,030
75 to 79 years	102,647
80 to 84 years	*58,827
85 years and over	*15,778
Total	111,853
Female	
15 to 19 years	*594
20 to 24 years	5,022
25 to 29 years	19,107
30 to 34 years	33,748
35 to 39 years	48,874
40 to 44 years	61,922
45 to 49 years	87,543
50 to 54 years	99,520
55 to 59 years	123,642
60 to 64 years	157,049
65 to 69 years	171,227
70 to 74 years	109,831
75 to 79 years	51,880
80 to 84 years	31,372
85 years and over	*13,038
Total	68,499

* estimate has a relative standard error of 25% to 50% and should be used with caution

References

[1] ASFA, **Superannuation account balances by age and gender**, October 2017, page 9, Table 1: Average superannuation balance by age and gender 2015-16.

https://www.superannuation.asn.au/ArticleDocuments/359/1710_Superannuation_account_balances_by_age_and_gender.pdf.aspx?Eembed=Y

[2] PWC, **Understanding the unpaid economy**, March 2017, page 1, 'Women are significantly over-represented in the unpaid economy, accounting for almost three quarters of all unpaid work.'

<https://www.pwc.com.au/australia-in-transition/publications/understanding-the-unpaid-economy-mar17.pdf>

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Elders Financial Planning
eldersfinancialplanning.com.au
advisor.services@elders.com.au
1800 060 741