SUBMISSION 72

Submission to the House of Representatives Standing Committee on Economics, Finance and Public Administration

Inquiry into Improving the Superannuation Savings of People under 40.

Max Super Pty Ltd

April 2006

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Introduction

max Super welcomes the opportunity to make a submission to the parliamentary inquiry into improving the superannuation savings of people under 40.

We are the promoter of Australia's newest (and one of its fastest growing) retail funds. As the only fund specifically targeted to the under 40 demographic, we have based this submission on the information gathered from our pre-launch research, and the knowledge gained through listening to our market since launching in September 2005 in a post 'Super Choice' environment.

max Super has made considerable efforts to design a fund that will engage people under 40 in thinking about retirement savings. We have done this through the use of 'jargon busting' plain language, an easy to understand index based investment strategy, and an online focus that delivers simple educational materials.

In our submission we will identify the problems with adequacy modelling (the assumption of home ownership), the housing affordability issue for under 40's and the barrier this creates for additional retirement saving (needing to save more for a home deposit), and our proposal to make limited accessibility for first homeowners a viable model. We will also propose removal of the contributions tax as a mechanism to make super a more attractive investment given the investment horizon of under 40's, and consider the issues of portability and simplicity in making super more appealing to this demographic.

Fundamentals

Before investigating the issues it is worth exploring the fundamental premise of the Inquiry - that in light of established trends in voluntary contribution rates and other private savings, the current 9% compulsory (SG) contribution will not be enough to provide a reasonable level of self-funded retirement income for most people. This notion is widely accepted as fact across government and industry.

Motivating under 40's to save

Contrary to popular assumptions, we believe that the under 40's are not apathetic when it comes to superannuation. More realistically, our research indicates that this demographic have more pressing demands on their limited resources, and many lack an understanding of how superannuation works for them given all their other financial commitments.

- They are unaware or confused about super as an investment. Fear of the unknown translates into hesitation and complacency;
- They are unaware of the benefits of investing early and discount those benefits;
- They are under pressure to meet other pressing financial and lifestyle commitments e.g. HECS, mortgage, consumer credit debt, and adopt an unjustified belief that they have all the time in the world to worry about their super and retirement funding once the immediate pressures have been alleviated.

In this submission we will hold up for scrutiny one of the central tenets of the superannuation system, the "sole purpose test" (or preservation rules). **max Super** will propose that the understanding of this principle should be expanded to consider the positive impact an early, limited benefit release for first home buyers could have on providing for broader financial independence in retirement.

Adequacy – how much is enough?

There have been various actuarial studies conducted to model what savings levels are needed to provide an adequate retirement income. The general consensus is that around 15 per cent of annual earnings must be saved across a full working life of 30 years, to provide an income of 60 per cent of pre-retirement salary, deemed necessary to sustain a reasonable lifestyle in retirement.

A critical assumption in these studies is always home ownership – it is assumed that retirees will own a house. The question of adequacy becomes far more problematic if this assumption is removed. Savings levels would then need to be more like 22 per cent to cover housing costs in retirement. We will return to this assumption later in the submission.

Do the under 40's know 9% is not enough?

Research commissioned by **max Super** indicates that many under 40's have not considered whether current contribution levels are adequate. They either simply do not know, or perhaps assume that having established a compulsory scheme, the government ensured there will be adequate funds available. Most under 40's have certainly never been asked to consider this question or provided with the information to reach the necessary conclusion.

When you retire, what will your superannuation do for you?				0% 50% 100%
It will allow me to have the same lifestyle I have now	138	N/A	23.55%	
It will provide me with an EVEN better lifestyle than I have now	69	N/A	11.77%	
It will struggle to cover an adequate lifestyle	96	N/A	16.38%	
My super won't be a significant factor in the scheme of my financial portfolio	49	N/A	8.36%	
I have no idea what it will do as I don't know how much I'll have!	226	N/A	38.57%	

At 16% of respondents, only about one in six seems to have a realistically informed view on the current inadequacies of super.

Barriers and Disincentives - Why aren't under 40's building on 9%?

The premise of the Inquiry suggests that a few carrots and some tax tweaking could get 9% to 15%. Well yes, and no. **max Super's** research into the under 40's has highlighted three fundamental themes that prevent this demographic from optimising their retirement savings;

- **Preservation = Lack of accessibility.**
- **Investment Horizon = Disconnect of being too far from retirement.**
- **Limited Resources = Priorities and competing use of funds.**

What stops you saving for your retirement ?				0% 50% 100%
I need the money now	179	N/A	40.68%	
Retirement is ages away	57	N/A	12.95%	
No one is providing me with a compelling reason why I should	20	N/A	4.55%	
I know I should, but it' s not a priority	89	N/A	20.23%	
My house will be the security for my future	42	N/A	9.55%	
None of the above	53	N/A	12.05%	

Respondents indicated that accessibility / other priorities and distance to retirement were significant obstacles to increased retirement saving.

How to get 9% to 15% - What sort of carrots are required?

Our research indicates that access to funds is a priority for the under 40's, and will continue to be as they have families and incur further expenses. Many respondents nominated earlier access to super as a real incentive to make voluntary contributions.

What would make you contribute extra payments into your Super				0% 50% 100%
No tax on extra contributions.	62	N/A	14.09%	
Hey, I have a lot of reward points, if I could convert the points to cash, I'd stick it in my Super.	2	N/A	0.45%	
If my employer matched dollar for dollar the contributions I made.	79	N/A	17.95%	
I'd contribute if I knew that I could withdraw the money if I needed it	89	N/A	20.23%	
If I knew that for every $50 I contributed my fund did something socially responsible like plant a tree.	10	N/A	2.27%	
Tell me the benefits in making extra payments and I'll do it !	30	N/A	6.82%	
I'd contribute if there was some sort of incentive at end of the year - discount on sneakers, gym membership or a holiday for example .	23	N/A	5.23%	
I can't afford to make additional payments.	112	N/A	25.45%	
None of the above	33	N/A	7.50%	

Respondents indicated that accessibility, employer co-contribution, and removal of contributions tax would be incentives to make additional contributions to super.

max Super contends that the most significant recommendation this Inquiry can make is based on a simple and honest observation of the under 40's. They're not interested in retirement. We do know, however that they're interested in home ownership, and starting their families.

Recommendations for improving the attractiveness of Superannuation as an investment vehicle.

We believe that the tendency for under 40's to save their limited available funds in traditional investments is based primarily on the immediacy of their financial needs.

Where do you put your savings?				0% 50% 100%
I put it towards saving a deposit on a house	25	N/A	4.27%	
I make additional mortgage repayments on my house.	128	N/A	21.84%	
I'm saving for a new set of wheels, or I make additional payments on my car.	5	N/A	0.85%	
My savings go towards building my business.	7	N/A	1.19%	
I repay my credit card(s).	69	N/A	11.77%	
I play the stock market.	13	N/A	2.22%	
I put it in the bank.	155	N/A	26.45%	
I've got one of those high interest paying online accounts.	102	N/A	17.41%	
I top up my Superannuation.	8	N/A	1.37%	
I put it towards paying off my HECS earlier	0	N/A	0.00%	
I don't have any savings.	74	N/A	12.63%	

44% of research respondents highlighted that savings were directed to banks and high interest paying online accounts, with only1% nominating they top up super.

The obvious advantage that banks, online investment services and the like have over super when competing for the under 40's limited saving dollar, is the ability to release funds on demand. This flags accessibility as the real issue for the under 40's, and is therefore an area that needs to be fully explored in reviewing the attractiveness of super as an investment option.

Additionally, the relative attractiveness of super is a marginal case for many in this demographic, when they consider their PAYG tax rates vs 15% contributions tax, and the time their money will be quarantined. Put another way, under 40's understand the necessity to lock up 'government directed' savings, however with a lifetime of uncertainty ahead while they establish themselves and their families in the world, the wisdom of committing serious discretionary savings to a distant future, on an iffy proposition, takes a high degree of conviction.

max Super proposes improving the attractiveness of superannuation to young people via two measures;

- **Limited accessibility for first home ownership, and**
- **Removal of the 15% contributions tax.**

Exclusion from Home Ownership

Home ownership is a principle central to social and family stability, and is as important to the under 40's as it was for their parents. While the great sanctity of home ownership in the Australian psyche hasn't changed, housing prices continue to rise, with capital city median house price to average earnings multiples rising from around 3 times for baby boomers, to 9 times more recently, well above the long term average of around 6 times.

While the recent period of low interest rates and the structural shift in the competitiveness of the mortgage market has assisted many home owners and investors to build wealth in the housing market, the resulting property boom has created significant affordability issues for most first home buyers (despite the existence of the First Home Owners Scheme). Larger deposits are required to offset larger mortgages, and significant gearing levels are the norm. The financial situation of the under 40's differs significantly to that experienced by their parents at the same age.

The REIA's 2003 position paper, *Early Access to Superannuation* nominates a number of cultural and economic variables, including later and second marriages, changing consumption trends and 'unprecedented' household debt as major barriers to buying a home.
While some would argue there is a cyclical nature to current housing affordability rates, social trends in living arrangements identified by the ABS, reveal far more significant structural trends. ABS projections indicate a population growth of 25% between 2001 and 2026, while growth in the number of households over the same period is projected to increase by up to 47% (due to increases in single-person households and higher divorce rates the average household size is projected to decrease from 2.6 persons per household in 2001 to between 2.2 and 2.3 persons per household in 2026).

Given the implied demand growth for dwellings, we wonder what these trends mean for affordability, particularly for young people wanting to get a start in home ownership. We also wonder what these trends might mean to the adequacy assumptions we set out at the beginning of our submission. Will more people be locked out of home ownership? If we haven't managed to get retirement savings levels to 15%, how will we ever get them to 22%?

max Super's data indicates that mortgage repayments constituted a large proportion of this group's financial outgoings, followed by credit card, HECS and motor vehicle debt. Survey participants also reported that between 50% and 75% of their income went on day-to-day living expenses. In spite of this demand on financial resources, a large number of respondents were attempting to stick to a budget. Contrary to the 'live for the day' label often used to describe this demographic, over a quarter of survey respondents indicated that their budget reflected their desire for a secure future with less than 10% budgeting for self gratifying purchases. These immediate expenses and efforts to reduce high interest rate debts such as credit cards, place a large drain on their limited financial resources.

Needing to save more for home deposits, repaying Higher Education Contribution Scheme debt, superannuation, and increased living expenses, puts people under 40 at a distinct financial disadvantage compared to earlier generations.

Provide access for first home deposit

Superannuation would be a considerably more viable investment option for the under 40's if it provided an access point prior to retirement. We believe that people under 40 would be keen to use superannuation as an alternative saving vehicle if they knew that it would provide them with a deposit for a home. Most critically for the outcomes sought by this Inquiry, it would also motivate young people to develop and maintain good savings habits. For example, homeownership would not seem such a distant dream to an 18-year-old university student working part time, if they knew that investing in superannuation would provide them with a housing deposit in their late 20's or early 30's. We contend that the reward of home ownership through such a scheme would also provide a tangible measure of the effectiveness of super, motivating members to continue making voluntary contributions throughout their entire working lives.

max Super recommends that the Federal government consider a broader interpretation of the sole purpose test, legislating for first home buyers to be given access to 75% of their accumulated non Super Guarantee contributions made to age 35, to be used for a home deposit. All SG contributions, the balance of non SG contributions, and all accumulated earnings would remain quarantined.

Why partial access to Super?

The benefits of such a scheme providing limited access to super to fund first home deposits include:

- All SG and at least 25% of non-SG contributions remain preserved.
- All earnings are preserved, and are based on a higher accumulation.
- Shores up the 'at-risk' affordability issue for first homeowners and thereby recognises and supports the fundamental assumption of 'home ownership in retirement' that exists in adequacy models.
- Under 40's don't need to be thinking about retirement to engage in super saving.
- By allowing access to pre-tax salary sacrifice contributions, it is likely that these behaviours would be maintained once the 'deposit' was withdrawn.
- Unlike grants and stamp duty concessions for first homebuyers, this proposal provides the behavioural influencing aspects necessary to improve retirement savings outcomes.
- MDC limits prevent rorting.

Given the existing very low rates of salary sacrifice and member voluntary contribution in this demographic, we believe a measure of this scale is required to make a significant impact on savings levels.

Case study

In the following example, it is assumed that an individual commences work at age 20 on a salary of $30,000 and is encouraged to make salary sacrifice contributions of 6% in addition to the 9% SGC contributions paid by the employer. After 10 years, the individual draws down 75% of salary sacrifice contributions for use towards a first home deposit, leaving the remaining 25% of salary sacrifice and 100% of the earnings on all contributions within the fund.

Following the drawdown at age 30 we have looked at 3 scenarios for continuing salary sacrifice contributions moving forward:

1. No further salary sacrifice contributions
2. Continue with 3% salary sacrifice contributions until age 60
3. Continue with 6% salary sacrifice contributions until age 60

The table below shows the amount an individual would currently accumulate in super by relying solely on employer SG contributions (base case) as well as the resulting outcomes of the 3 scenarios above after drawdown has occurred in year 10.

Accumulated Super at Age 60 Retirement	Base Case SGC Only	Level of continued salary sacrifice after drawdown		
		0%	3%	6%
Cont. Tax = 15%	227,735	244,839	288,779	332,718
Cont. Tax = 0%	259,117	277,966	328,377	378,788
Growth on Base Case		7%	27%	46%

These results show that *even if salary sacrifice arrangements are stopped* after drawdown at year 10, the higher balance remaining within the fund will build a retirement balance that is 7% higher than if no salary sacrifice contributions were made. Given individuals would have experienced the positive value creation from saving within super, it would be reasonable to expect most would maintain some level of salary sacrifice contribution post drawdown.
If they were to maintain a 3% contribution moving forward, a 27% higher balance would be available at retirement, or if they were to maintain a 6% contribution, a 46% higher balance would be available at retirement than if an individual relied solely on the SG contribution.

We have used the assumptions contained in the ASIC superannuation calculator available on the FIDO website, in addition to the following:

Assumptions	
Start Age	20
Retirement Age	60
Start Salary	30,000
Real Wages Growth	1.00%
Earning Rate	8.50%
Total Fees	1.00%

The Alternative

Under 40's are currently likely to use a traditional or high interest online bank account to save for their first home deposit. In order to test the attractiveness of our proposal it is necessary to consider the typical outcome of this competing savings strategy.
Assuming the same individual above was to direct 6% of their pre-tax income (now in post tax dollars) to a savings account bearing interest of 5.5%, after paying tax at the marginal rate of 30% on earnings they would have a balance of $16,272 available after 10 years.
In the earlier scenario, by making a 6% pre tax contribution to super the individual would have balance of $21,258 attributable to the salary sacrifice contributions and related earnings after 10 years. With 75% of only the salary sacrifice contributions available to be withdrawn, the amount available would be $14,124.

Although the amount of funds available to put toward a home deposit would be $2,148 less, we believe that the ongoing value of the savings created within super would be sufficient to encourage its widespread use as a viable saving scheme for first home buyers.

Removal of 15% contributions tax

- The 15% contributions tax reduces the 9% compulsory employer contribution to an effective contribution of only 7.65%. The removal of this tax would increase the standard of retirement living across all income groups.
- The removal of the upfront contributions tax would go a significant way to ensure more Australians have adequate retirement savings.
- Government investment in superannuation.

Survey respondents indicated that abolishing the 15% contribution tax would be a major incentive for them to make voluntary contributions. It would also increase the Super Guarantee in effective, after tax terms, from 7.65% to the full 9% employer contribution, and must be seen as a key component in bridging the savings gap to get under 40's nearer to the 15% long term savings rates defined in adequacy models.

This tax was introduced during a period when the Federal budget was in deficit. Ensuing economic policies have resulted in a period of consistent and substantial Federal budget surplus. In the interests of a robust future economy, the Federal Government must now give consideration to redirecting these monies into retirement savings. Removing the 15% contribution tax is also arguably a more responsible alternative to PAYG tax cuts, which may have inflationary pressures and drive interest rates up at a time when mortgagors are highly geared and more vulnerable to interest rate rises.

It is suggested that by focusing tax collection on the end of the wealth growth cycle where Reasonable Benefit Limits can leverage more equitable socio-economic outcomes, the increased tax take from a focus on benefits rather than contributions will better align the budgetary requirements of looming social security and healthcare payments required by the future generation of retirees. There are clear indications these will be a higher proportion per tax payer, with healthcare costs significantly greater than they are today.

Summary so far ...

If we acknowledge that the responsibility of the Standing Committee is to make policy recommendations that will significantly increase young people's retirement savings, it is imperative that we consider the broad social and economic priorities of this demographic. Recommendations should help address these more immediate objectives, while making saving for retirement more attractive.

max Super believes that a system that helps Gen X & Y achieve immediate goals, and compares well against other investment vehicles, is the one most likely to be widely adopted by these generations.

As such the two components that we believe will have the greatest impact on behavioural change toward retirement saving, and thus generate improved savings over and above the 9% SG are;

- **Partial access to contributions above SG for 1st home deposits.**

- **Removal of the 15% contributions tax.**

What other issues has max Super identified?

Portability

It is broadly acknowledged that the incidence of individuals with multiple funds (higher for young people), is undesirable due to the eroding effect of multiple fees and the general disconnect that many small amounts instils in these members. The ability to easily consolidate and direct future contributions into one account is fundamental to getting this demographic to take control and essential in optimising super balances. Difficulties surrounding portability add to the perceived complexities attached to super.

While Super Choice was introduced to allow individuals to select a retirement investment most suited to them, in **max Super's** experience (and others who have been vocal in the media on this issue), difficulties still exist with portability regulations. Some of the problems that have arisen when a member has attempted to switch out of an old fund include:

- Funds can have very different rollover form requirements, from a simple one page to an overbearingly complex eight;
- Funds have different identification requirements for establishing the authenticity of rollover requests;
- Trustees are allowed up to 90 days to action a rollover request, commencing once they have all the information they consider necessary (which can take multiple communications to establish);
- Some fund trustees have been suspected of using 'dirty tricks' as retention strategies, making it difficult to leave the outgoing fund;
- The inefficiencies and flow of paperwork to consolidate super can make it all too confusing and time consuming, with members often giving up.

For Choice to be effective we must remove the barriers to portability that makes switching too hard, and police any super funds that make it unreasonably difficult for members wishing to exit. We urge that the significance of this issue not be underestimated, as these early experiences with super help to establish the views of young people.

Recommendations for improving portability

max Super believes that under 40's need to take control of their superannuation accounts. The process of rolling over existing funds into a single account should not be a difficult or alienating process. A universally adopted and streamlined approach to rollover procedures is required to realise the intentions of Super Choice legislation in connecting people with their retirement savings. **max Super** proposes the following measures be considered for improving the portability / consolidation issue:

- Introduce one standard rollover form to facilitate the easy transfer of existing super balances to chosen fund;
- Speed up the rollover process – change portability regulations that allow outgoing fund trustees 90 days to action a rollover request, which is highly inefficient in a modern financial system, 14 days to action is proposed as reasonable;
- Regulator to monitor those funds making it difficult for members to transfer funds;
- Consistent protocols for establishing member identification. Fraud prevention is a significant issue that needs to be addressed universally, and shouldn't be left to individual trustees to consider. The government needs to mandate these requirements, as it did with the banking industry. Suggest making superannuation accounts subject to the same identification requirements of the 1988 *Financial Transaction Reports Act* in which signatory verification (commonly known as 100 Point Check) was introduced for the establishment of accounts;
- ATO audit of the entire superannuation industry, requiring all funds to contact members to submit 100 point ID to allow for accurate identification of all members, and actually address the issue of the nearly 30 million member accounts in this country and the billions of dollars of 'lost' super;
- Promote the use of industry standard protocols for the electronic transfer of funds for switching (rolling over) Funds.

Complexity and Confusion.

Research commissioned by **max Super** highlighted that 73% of under 40's '*found Superannuation confusing and complicated'*. Nearly all respondents nominated super as more difficult to understand than mobile phone contracts, home mortgages, and health insurance.

Do you find superannuation funds confusing and complicated?				0% 50% 100%
Yes	429	N/A	73.21%	
No	157	N/A	26.79%	

Choice has placed control of investment firmly in the hands of the end user without arming them with the tools and knowledge to make decisions with confidence. Complexity was identified in the following areas:

- Complexities surrounding highly technical super terminology, and rules and regulations that are often overwhelming: RBL system, accessing benefits, eligible termination payments, preservation rules etc;
- Tax on super is multifaceted and complex, with tax on contributions, investment income, and final benefits;
- Information presented in annual statements often assumes a basic level of financial literacy that is missing;
- Disclaimers on all fund communications stressing the importance of seeking independent advice can add to the perception of complexity. Under 40's don't yet know how to access this advice, and are excluded from professional advice by the high cost of advice relative to their low account balances;
- Difficulties in making meaningful comparisons between Super funds;
- Difficulties in finding lost super and consolidating accounts.

Recommendations for reducing complexity and confusion.

max Super believes that a lack of knowledge and understanding robs the under 40's of the confidence to take control and manage their Super. We believe that expecting under 40's to invest their savings into an investment vehicle that they don't understand, is a questionable assumption at best. The expense of accessing financial advice is generally prohibitive for this demographic, who are quite adept at doing their own research and making independent decisions on other financial products & services. We propose the following solutions to reduce complexity and facilitate the decision making process.

Simplification
While **max Super** acknowledges that legislation and planned modifications intends to make superannuation products less complex and confusing, we believe there is someway to go before young consumers will be able to take an active interest in choosing their own superannuation fund.

Review of PDS and fund feature disclosure
Draft FSR refinements related to short form PDS go some way towards making financial product documentation, particularly superannuation, more accessible to consumers. Further, ASIC's PS 182 on dollar disclosure will be very useful for consumers to understand how many dollars of fees they are paying each year. However, while documents would be easier to read, and costs would be more evident, consumers are still not able to determine how one fund compares to another on a like for like basis. Further, there remains an issue of transparency, with concerns that funds may not include all costs that have been incurred in running a fund, as these can be hidden within the investment performance of the product.
max Super believes that young people should be empowered to easily compare superannuation funds, and should be able to make decision with all relevant information present. **max Super** calls for the establishment of a comparative table that allows funds to be compared on a like for like basis on fund features including ALL fees associated with the fund management, historical performance and cost of insurance.

While existing regulation and proposed refinements intend to make financial product disclosure and advice more accessible to consumers, **max Super** believes more needs to be done to reveal key information contained in superannuation products. And while we believe that planners play a very important role in the delivery of expert advice, we don't believe that most under 40's need this level of service – they just require the tools to conduct independent research.

Education
max Super believes the Federal government must implement a national behavioural change and education campaign aimed at promoting Superannuation as a viable investment vehicle for under 40's , and further must establish the role of Super within the context of our demographics broader financial goals. This is particularly relevant for those already outside the education system, who are

unlikely to be exposed to the Government's Financial Literacy program in curriculum development.

The establishment of the Financial Literacy Foundation within the Federal Department of Treasury and Finance is a welcome initiative. However, considering the compulsory nature of Super and the introduction of Super Choice, **max Super** proposes that priority be given to Superannuation when developing and advising on curriculum.

Conclusion

As we have acknowledged, current Super Guarantee rates alone will not eventuate in anything like self funded retirement, and it appears the under 40's are the least likely to recognise this. Placing the responsibility for adequate retirement funding solely on this generation's willingness to make voluntary contributions is a big ask to a group that in our experience, has little understanding of what is required and limited financial resources to do so. What savings they do accumulate is most likely to reside in bank and online accounts and to contribute to a deposit for a home. Their need for security is immediate and retirement is at least 25 years away.

Motivating the under 40's to make voluntary contributions won't prove a difficult undertaking if the Federal government instigates a number of reforms to superannuation policy and taxation legislation.

Superannuation would be seen as a more attractive investment vehicle if it addressed the more immediate investment priorities of a generation concerned with missing out on home ownership due to escalating housing prices. By providing an early access point to voluntary contributions for first home deposits, we are likely to see superannuation used as a viable savings vehicle much earlier, and establish the necessary savings behaviours required to achieve significantly higher retirement savings. We additionally cement the assumption of home ownership in retirement as realistic. Preservation rules must change to incorporate access to funds for a house deposit.

The removal of the contributions tax has broad support and would go a significant way to ensuring more Australians have adequate retirement saving. Abolishing the 15% contribution tax will increase super guarantee, in after tax terms from 7.65% to the full 9% employer contribution, and accompanied by further Government incentives will help achieve the desired retirement savings goal of 15%.

In order for Super Choice to really work for young people, they need to be equipped with a better understanding of superannuation's benefits and processes. Fund rollover should be made easier by legislating for the introduction of standard forms and procedures across the superannuation industry, and regulating to ensure they are adhered to. The introduction of standard protocols for the simplification of superannuation documentation should provide young consumers with the ability to easily compare funds. This must be accompanied by a government behavioural change campaign and a financial literacy curriculum that recognises and addresses this demographics need to know more.
max Super calls on the Federal Government to regard an investment in the under 40's as an investment in a secure future for all Australians.

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A little more about max Super

max Super, the super fund specifically targeting the under 40 year old demographic was launched to coincide with the introduction of Super Choice. Having investigated the superannuation experiences of this younger demographic, **max Super** identified an opportunity to offer a simple super solution to a market that had been largely ignored, due to their lower account balances and perceived apathy toward retirement saving.

Recognising that super is likely to be one of their biggest assets and acknowledging that Government pensions were unlikely to fund their desired retirement lifestyle, it was important in establishing this new fund that **max Super** help its market take control of their retirement saving. **max Super** has adopted a refreshing approach to superannuation and aims to connect the under 40's with retirement savings through;

- Removing administrative complexities and 'super jargon';
- Offering a low cost fund that helps build more into super;
- Easy to understand, and sound investment options;
- Helping members find lost super and consolidate accounts;
- Empowering people largely excluded from access to professional advice with basic investment fundamentals to help them take control, compare alternatives, and make considered decisions;
- Educational tools that allow an individual to project possible retirement savings so as to make retirement more tangible;
- An online focus to member communications, reporting of transactions & balances;
- A high level of customer support to promote confidence.

max Super acknowledges that growing super takes time, and aims to provide our younger audience with customer support, tailored investments, helpful on-line tools and education to enable them to take control of their super and be confident about making independent decisions on building their retirement funds.

Interests in the **max Super fund** are issued by Equity Trustees Limited. The funds are invested by Barclays Global Investors (BGI), who currently manage more than $1.8 trillion worldwide and over $36 billion in Australia (June 2005), and **max** is administered by Australian Administration Services Limited. BNP Paribas Fund Services is the fund custodian, and American International Assurance Company (Australia) Limited trading as AIG Life offers member insurances. PricewaterhouseCoopers are the fund auditors.