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House of representatives Standing Committee on Economics, Finance and Public Administration

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Secretary:

The Hon Bruce Baird MP
Chair
Standing Committee on Economics, Finance and Public Administration
Parliament House
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13 October 2005

Dear Mr Baird,

The Institute of Securities, Banking and Finance (the 'Institute', formerly the Securities Institute of Australia and Australasian Institute of Banking and Finance) welcomes the opportunity to provide comment to the inquiry by the House of Representatives Standing Committee on Economics, Finance and Public Administration (EFPA) into *Improving the Superannuation Savings of People Under the Age of 40.*

The Institute represents over 20,000 professionals practising in financial services and related fields. The issues related to retirement incomes are important to our broad membership base, from superannuation to investment product issuers and financial advisers.

Additionally, the Institute's 19,000 students studying for postgraduate and vocational qualifications in applied finance and investment, financial planning, and related disciplines represent the next generation of professional support to financial services consumers.

As both a professional body and industry educator, we have a responsibility to foster market development and a capacity for thought leadership and constructive influence in the challenges being considered by the Committee.

For further information please do not hesitate to contact me or Ms Kristen Foster, Senior Manager Policy & Public Affairs on 02 8248 7660 or via email k.foster@securities.edu.au or Russell Thomas, Policy Adviser on 02 8248 7508 or email r.thomas@securities.edu.au

Yours sincerely

Brian Salter ASIA
CEO

Background

The Institute welcomed the recognition by the Minister for Revenue and Assistant Treasurer, the Hon Mal Brough MP, that an inquiry was needed into the preparedness of younger Australians (the under 40 age cohort) to save for their retirement. Retirement planning and, in particular, superannuation have been tirelessly promoted amongst the Australian community. Moreover, from a Government and policy perspective – generally low levels of financial literacy and concerns about the adequacy of projected superannuation savings have been well documented. However, as policy makers, we have yet to understand the psychology and behaviours of a generation, which has grown up with the existence of compulsory superannuation, but who appear to not be saving enough for their retirement. Effective policy solutions require a comprehensive understanding of the psychology of the under-40 age cohort.

The Institute's view is that retirement planning needs to be considered as a whole of government issue and that it cannot be considered solely in terms of superannuation savings. Too often superannuation is addressed in a 'silo' style approach without appropriate links to the overall culture surrounding retirement incomes, planning and saving in Australia.

The under-40s are unique compared with their baby boomer forebears because they will be the first generation to accumulate superannuation funds throughout their entire working lives. Despite, or because of their compulsory superannuation contributions, many under-40s may lack the emotional engagement to independently save for their retirement. As such, there are two policy issues that require attention, namely:

1. the adequacy of accumulated superannuation funds – there is much conjecture (and econometric literature) on whether the 9% compulsory superannuation will provide the level of retirement incomes most Australians expect to enjoy, and
2. the possible over-reliance of this generation on compulsory superannuation – has compulsory superannuation been a victim of its own success in having lulled under-40s into a false sense of security?

Many commentators have relied on stereotypes of so-called Generations X & Y to describe the under-40s as spendthrifts, who are 'living for today' and adopting a cavalier attitude towards their financial future. Unfortunately, the terms of the debate have been shaped by a general paucity of research into the attitudes and behaviours of the under-40s with respect to overall retirement planning in recent times.

In response to lack of information, the Institute, in consultation with its Consumer Affairs Taskforce and Dr Hazel Bateman (Economics Professor at the UNSW Centre for Pensions and Superannuation) has commissioned research strategists Crosby|Textor to conduct both qualitative and quantitative research into the attitudes and behaviours of under-40s to their retirement savings.

The research was conducted between June and September and the Institute has titled the research, the Institute of Securities, Finance & Banking's (the Institute's) Opinion Poll, ***'Saving the Future: changing U-40's retirement planning behaviour'.***

Key findings

The Institute's Opinion Poll *'Saving the Future: changing U-40's retirement planning behaviour'*, has revealed more than 80% of people are convinced of the importance of planning for retirement, but only 32% consider themselves prepared. Women are more likely to consider themselves 'not prepared' at 29% compared to men at 21%. Hence, Australia faces the tremendous challenge of a retirement-literate generation of people who, even with the best intentions and with existing levels of compulsory savings, will still not be prepared to self-fund their retirement.

The question of how this problem should be addressed was canvassed in the research.

The Institute is delighted to present, for the first time to the Inquiry, the top line findings of ***'Saving the Future: changing U-40's retirement planning behaviour',*** and will endeavour to frame the results according to the following themes:

- **Preparing for retirement is important amongst the under-40s**, backed by a high level of retirement literacy (operation of superannuation, availability of alternative investment vehicles), general awareness that compulsory superannuation will not provide enough retirement income and an appreciation that alternative arrangements are also necessary.
- **Forced savings are widely recognised as the primary source of retirement income (and saving generally) for under-40s**, and incentive-schemes for saving above the 9% compulsory threshold are overwhelmingly supported.
- **Personal responsibility and mutual reciprocity are the modus operandi for under-40s**, who can expect to live longer, work harder and retire later, and who believe that their baby-boomer parents will thoroughly exhaust any inheritance that might have been left to them.
- **Mortgages, education and costs of raising a family mitigate against the best intentions of the under-40s**, who intuitively understand that there is a gap between the importance they place on retirement planning, their expectations for living-in retirement and the funds they currently set aside for that purpose.
- **Part-time and casual workers (especially women on 'home duties') suffer structural difficulties accumulating sufficient retirement savings**, are unsurprisingly concerned, self-educated and circumspect about their ability to fund their retirement needs and realistic about their prospects of self-funding their retirement.
- Despite the strengthening of equity markets and diversifying opportunities available from Australian financial markets, **'the great Australian dream', property remains the cornerstone of most under-40s retirement security or savings.**

1. The Institute's Retirement Incomes Project

Ensuring that Australians prepare to accumulate adequate retirement savings is a whole-of-government policy challenge that encompasses superannuation, family & community services, workplace and education portfolios.

To this end, and in reference to the Inquiry's terms of reference, the Institute has commissioned research by Crosby|Textor into the attitudes and behavioural drivers of the under-40s towards their retirement savings. The research has had two components:

1. Qualitative research was conducted with two focus groups being held in Sydney on 6 July with eight participants per group (five females and three males) aged 25-44.
2. Quantitative research was conducted from 16-19 September by polling 600 people nationwide in the 25-44 age cohort, with an over sample of 200 women, due to the particular vulnerability of this group.

The 25-44 year age bracket was used to enable figures to be weighted to ABS Census information. These findings have been viewed as an indication of the thoughts and activities of the 'under-40s' age bracket in relation to their Superannuation and retirement planning.

The top line results have been completed and comprehensive findings, alongside an independent exposition paper by UNSW academic, Dr Hazel Bateman, and Institute policy solutions will be released during the coming months. The project will culminate in a National Symposium involving key thought leaders in February 2006 at which members of the EFPA will be invited to attend.

During the project, the Institute was in consultation with the office of the Minister for Revenue and Assistant Treasurer, the Hon Mal Brough MP, the office of the Hon Senator Kay Patterson, Minister for Family and Community Services, Minister Assisting the Prime Minister for Women's Issues, the Financial Literacy Foundation, the Shadow Minister for Superannuation and Intergenerational Finance, Banking and Financial Services, the Hon Senator Nick Sherry, The Australian Securities and Investments Commission, the Australian Stock Exchange and the Office for Women. There was overwhelming support for the initiative and the Institute's project was favourably referred to at the recent MINCO meeting.

2. Key findings

The following findings of ***'Saving the Future: changing U-40's retirement planning behaviour',*** provide a broad-brush perspective on the top-line results. The Committee will appreciate that the data is currently being cross-tabulated and analysed by experts in the superannuation and retirement incomes field. The Institute looks forward to providing the Committee with a final report before the proposed National Symposium in February 2006.

2.1 Under 40s are doing it for themselves

Contrary to a widely held belief, people polled by the Institute, have demonstrated a high level of awareness concerning the importance of retirement planning, superannuation and investment planning. More than 80% of people indicated that it was important for them personally to be well prepared financially for their retirement and 69% considered they should be committing 10% or more of their current income to retirement planning. However, the majority (65%) of people did not contribute over and above the 9% compulsory employer contribution. These results suggest that under-40s recognize that the superannuation contribution (9%) will be insufficient to meet their retirement needs, and that the shortfall will need to be addressed with other investments. In 2002, the Senate Select Committee found that, on average, Australians need an income the range of 75% and 80% of their pre-retirement spending or its equivalent - 65% of pre-retirement gross income in retirement. Over a quarter of respondents thought that the following statements applied to them:

> *"I think about my retirement planning from time to time but am yet to take any action" (33%);*
> *"I have a full retirement plan in place" (26%); and*
> *"My existing savings, assets and investments should adequately provide for a comfortable retirement"(26%).*

Just 5% expect to rely on an inheritance alone. In fact, 42% of people "expected that their parents would exhaust their retirement funds and leave nothing to their children".

When asked at what age they expect to retire and whether they expect to be fully-funded retirees, the mean age of retirement was an unprecedented 61.6 and 45% expected to be a fully self-funded retiree (ie. expected not to be reliant on the Government for a full, or part, pension - see Chart 5). The message of personal responsibility and mutual reciprocity has obviously sunk in; only 8% of this age group expected to rely entirely on the age-pension.

But the problem is that their aspirations to fund-their-own retirement do not match the reality of their savings. While the under 40's certainly understood the importance of saving for retirement, they appeared to lack the necessary emotional engagement. Of concern, those participants who recognized that they could not rely on the age pension alone also did not have confidence in their ability to save for their future:

> *"I know I'm not putting enough away now to support myself. I know I'm not. I just don't want to think about it! It's too depressing"; and*

> *"I can't save a cracker at the moment. I do my best but I'm just living week by week at the moment".*

2.1.1 Expectations and the reality

Despite the high appreciation of the importance of retirement planning, there are some worrying gaps between expectations of under-40s and the realities of their future situation. The actuarial debates about adequacy aside, the under-40s were less confident when asked whether they had an adequate retirement plan in place: only 32% (less for women at 29%) considered themselves 'prepared' for retirement. More specifically, over half of women (and 39% of men) did not believe that their current savings plan "would be sufficient to reach an adequate level of retirement" based on the minimum amount they deemed necessary to adequately provide for themselves in retirement.

In terms of adequacy, while participants in the qualitative phase of the project recognised that they should be preparing financially for their future, few were engaged in this process. Adequacy targets were raised as an issue and competing interests (eg bills and mortgage costs) were also addressed:

> *"Just knowing how much you need to live on. If you're gauging your lifestyle at the moment on the wage that you live on, who's to say that that annual wage will be able to support you in the future? There's no actual guidelines to say how much you will need for your future to live on and what sort of lifestyle you want to maintain. Or your retirement, I should say,"; and*

> *"For us, the super and retirement and having a nest egg is important I suppose, but doing something about it ... we think it's important, but we never actually get around to organising things the way we probably should."*

The differences between knowledge of retirement planning and behaviors towards retirement savings are very stark. Whereas, for example, 82% of people were aware that they are able to commit a greater percentage of salary to superannuation, only 33% actually do so, 61% of men and 69% of women did not contribute extra income to superannuation. Similarly, three-quarters of people were aware of the co-contribution scheme, but only 15% had so far made a contribution. Given the high level of awareness regarding voluntary contributions it would appear that participants do not lack the knowledge, rather they lack the ability to emotionally engage and make a concerted decision to save more.

2.2 The importance of forced savings

'Saving the Future: changing U-40's retirement planning behaviour', indicates that with respect to retirement planning, under-40s present a behavioural conundrum: they are retirement-literate; many of them are worried that their accumulated super contribution will not be adequate, however, most are not saving above the 9% threshold. It would seem that a culture of forced savings, which promotes ease of savings, might be preferable. However, there are also other key economic and social factors influencing such behaviour.

The fact that the under-40's cannot be complacent and simply rely on inheritance or funds from their parents was also highlighted by the statistic that more than 40% of people "expected that their parents would exhaust their own retirement funds and leave nothing to them". The following statements DID NOT describe most of the people:

> *"I live for the moment, I'll worry about my retirement planning later";*
> *"I know I should be taking action but don't know where to start";*
> *"I don't worry about retirement planning as I expect to receive an inheritance that will adequately cover me".*

2.2.1 Priorities and expenses

Competing priorities and expenses are partly responsible. In its recent 'Household Expenditure Survey', (11 August 2005) the ABS highlighted some of the fiscal pressures for Australians across the board. In its release, the ABS stated that "almost half the money that Australian households spend on goods and services goes on food, housing and transport". Some of the most significant spending increases outlined by the ABS since the last survey period in 1998-1999 were on:

- bills and living expenses: mobile phone charges (up 183%), domestic fuel and power (up 32%), petrol (up 26%);
- accommodation costs: interest payments on mortgages (up 47%);
- education: education fees (up 41%);
- family commitments: child care (up 34%);
- insurance: accident and health insurance (up 34%); and
- health: health practitioners' fees (up 44%).

Undoubtedly, the under-40s must balance unprecedented pressures on their earnings in the form of higher property prices and higher-education debts, with the need to save for their own retirement. AMP's report prepared by NATSEM entitled, 'Household debt in Australia – walking the tightrope' (released in November 2004) highlighted the presence of financial pressures and stress, "...all forms of debt are on the increase. Home loans, other property loans, personal loans, HECS and credit card debt are at record levels...in 2002 the level of debt owned by Australian households represented almost 60 percent of all economic activity in Australia". In ***'Saving the Future: changing U-40's retirement planning behaviour',*** those aged 25-34 were significantly more likely to consider 'credit card debt, personal loans, car loans' their most important priority or goal at 14% (compared to the total at 11%).

A key question is whether younger Australians are spending more than they are earning, which obviously in turn affects their retirement savings and plans.

In ***'Saving the Future: changing U-40's retirement planning behaviour',*** more than half of people cited 'accommodation costs' (mortgage, home buying, rent, renovations) as their main financial priority or goal, which may act as a barrier to contributing more to superannuation.

2.2.2 *Preference for property and superannuation*

Mortgage retirement investment and compulsory superannuation are more passive vehicles for retirement planning compared with other investments, including shares and managed funds. Indeed, the preference for property and superannuation (74% and 68% respectively) far outstripped peoples' preferences for managed funds and shares (39% and 32%).

'Saving the Future: changing U-40's retirement planning behaviour', indicates that under-40s have a high preference for 'forced savings' as both an integral part of retirement planning and a fall-back plan when other, more immediate priorities, take precedence. Almost 80% of people agreed with the statements,

"Superannuation is a good way to make me save"; and
"Compulsory superannuation is forced savings, I barely notice it".

Significantly higher, almost fifty percent of women agreed with the statement,

> *"Without compulsory superannuation I would not be contributing to my retirement planning".*

From a different perspective, approximately one quarter of people strongly agreed with the statements:

> *"I'd rather be paying off my mortgage than contributing to superannuation" (26%);*
>
> *"Superannuation has limited accessibility. I would rather have current access to my retirement savings in case of emergency" (21%).*

Generally, superannuation is considered a low risk, but often low-return option. Many focus group participants believed that the regulation of superannuation acted as a quasi safety net and provided a a good savings vehicle *because* it was forced savings and they did not have to worry about it:

> *"It's generally user-friendly and requires very little input apart from some money from your pay packet every fortnight";*
>
> *"You don't see it as your own money going in – it's like it's your employer's money."*

With the rising costs of property investment, superannuation is assuming greater importance in under-40s retirement planning.

The findings above indicate that the 'bricks and mortar' savings culture still exists amongst the under-40 age group in Australia. In the focus groups, a major concern expressed by participants was that 'they have a roof over their head in retirement'.

However, while some participants had purchased a house or taken on a mortgage, others were worried that they would never be in the position to purchase a home and were therefore leaving themselves financially exposed in their retirement .

> *"I'm worried at the moment, because I haven't got my own house and I don't really know how to start planning for that, with the way the prices are going up. Every time I seem to reach a down payment, like the prices of the houses go up, so I have to save that extra ... and I never get there."*

Property was also perceived to be a tangible asset that was immune from a stock market crash.

> *"And the emotional side, like knowing you won't have to be told you have to leave by some landlord ... at whatever age, and things like that. It's very important. To know*

that you only have to pay your rates and water rates when you're retired, that's a huge peace of mind"; and

"It's yours ... you're paying brick by brick, so you know it's yours."

2.2.3 Forced savings in perspective

The rising comparative costs of property have brought the issue of 'forced savings' (in the form of superannuation) into the spotlight. The Institute does not intend to preempt the debate regarding the most suitable policy lever for addressing 'forced savings', ie between increasing the contribution rate or, say providing more incentives for 'voluntary' payments. Rather, ***'Saving the Future: changing U-40's retirement planning behaviour',*** indicates that people know that they must save more for retirement, but they also lack the sufficient incentive (or coercion) to act on that decision.

The under-40's also broadly support schemes that force them to save and remove some of the decision-making difficulties. The overall sentiment is that the under-40's support compulsory superannuation as they do not have to think or worry about savings.

2.3 Structural disadvantages (casualisation of the workforce; labor participation rates of women)

The superannuation contribution scheme is designed for full-time working Australians, and not for those who predominantly work part-time or are required to take breaks from the workforce to raise children or care for family members. Inevitably, in balancing their multiple responsibilities to work and family, most women will fail to accumulate sufficient superannuation savings. Simply put, superannuation creates a rift between those who do not participate in full-time employment in the workforce and those who do – compulsory employer contributions favour those in the paid workforce. Indeed, wage levels and employment profiles impact upon an employee's 'pot' of superannuation savings.

2.3.1 Disadvantages faced by women

Financial security, family, finding a work life balance and changing workforce patterns were key lifestyle priorities and changes among the focus group participants, as indicated by the following comments:

"Work-life balance ... more time at home and less time at work, at the moment"; and

"My priority is my family. I have small children as well. I'm actually separated, which makes it a bit harder, but they're the most important thing ... trying to balance my work with my family"; and

"I think for us too, it's employment – as you get older, it's harder to get jobs, once you get to 50. I'm still studying, so hopefully I'll be able to keep working in some capacity to retirement age."

For women surveyed, family events have been more important (than men) in prompting major financial decisions (34% to 26%).

According to NATSEM, women are a particularly vulnerable group because:

- they are more likely than men to work part-year, part-time or in casual positions (eg. in October 2000, 43% of female employees worked part-time, compared with only 13% of male employees);
- even when they work full-time, women's average earnings amount to only 84 per cent of male average full-time earnings; and

- women are more likely to have interrupted labour force careers, due to child bearing and rearing.

'Saving the future: changing U-40's retirement planning behaviour', highlighted these issues. In terms of workforce statistics:

- 23% of people were employed part-time (34% female and 12% male),
- 19% were not employed at all (26% women to 11% men),
- of females, 60% were either not employed or employed in part-time or casual positions,
- 30% of women earned less than $25k (compared to 10% of men),
- only 25% of women earned more than $50,00 compared with 55% of men,
- only 16% of women worked 45 hours or more, compared with 43% for men.

These figures also ally with comments made by the Federal Sex Discrimination Commissioner, Pru Goward at an AIBF conference on 8 April 2005 - "even comparing men and women full time workers, women earn only 64 cents in the male dollar".

Women are often not able to accumulate adequate retirement savings during their working lives due to career breaks for child bearing and rearing. According to Dr Diana Olsberg, "women, on average, will continue to retire from the paid workforce with insufficient savings to ensure a comfortable lifestyle in later life" (Olsberg, 2005). The ABS has found that the average super savings for women were $6,400 and men were $13,400. (ABS Cat 6361.0, June 2000)

Crucially, ***'Saving the Future: changing U-40's retirement planning behaviour'***, also found that 40% of women (as opposed to 19% of men) expected to not be employed for 12 months or more, before actual retirement. Of these women, 56% did not know how they would contribute to their retirement savings during this period (only 22% nominated their spouse as a fall-back plan) (see chart 3). The main catalyst for women not being employed before actual retirement was 'having children' (60% compared to 5% for males).

During the qualitative phase of the Institute's research, lower incomes and time spent away from the workforce having children, were identified as specific hurdles for women in their retirement planning. One female participant noted,

> *"I think the only thing is a lot of women are likely to take a big chunk out of their working life, 5 years or 10 years or whatever to bring up the kids so ..."*

Finally, it must be noted that actions by Government have gone some way towards improving the position of women. These include the introduction of compulsory superannuation in 1992; co-contribution schemes for low-income earners and changes to the Family Law Act in relation to divorce.

2.3.2 The part-time and casual workforce

The same structural disadvantages that discriminate against women in the superannuation system, also affect part-time and casual workers. More detailed study of the findings, especially cross-tabulations against income groups and employment conditions, are currently being conducted.

3. Moving forward

The Institute's Opinion Poll, ***'Saving the Future: changing U-40's retirement planning behaviour',*** has identified some of the psychological and behavioral drivers that impact the under-40s attitude towards, and preparation for, retirement.

As the Committee would appreciate, the Institute is currently assessing the findings and has commissioned independent analysis to assess possible policy solutions. As this is the first significant study into this generation cohort in recent years, policy solutions will not be put forward without appropriate economic modeling and expert consultation.

The Institute will provide the Committee with a copy of the final report when it is completed early next year.

Given the lack of comprehensive retirement incomes research into the under-40s group, the Institute will also recommend areas for further research that the Government, academics or other bodies may wish to pursue.

The Institute expects to hold a National Symposium in February 2006, with key thought leaders, to further debate the issues highlighted in the Institute's Opinion Poll, ***'Saving the Future: changing U-40's retirement planning behaviour'.***

Finally, the Institute would welcome invitations to participate in industry roundtables or taskforces and we look forward to receiving the Committee's final recommendations.

Appendix 1: Crosby|Textor's Research

As previously mentioned, as part of an overall project designed to understand the attitudes and behavioural drivers of what motivates Australians to save for retirement, the Institute commissioned independent research by Crosby|Textor.

The following is an excerpt regarding the qualitative research conducted by Crosby|Textor:

The research was conducted in two phases:

Phase 1: Qualitative Research

Two focus groups were conducted in Sydney on the 6th July 2005. Eight Australian tax payers were in each group, with five females and three males. Men were employed full time and women were employed full time, part time or on home duties with dependant children under the age of 18 living in their care (maximum of two people on home duties).

Participants were selected based on them being Australian tax payers who haven't seen a financial adviser for retirement and superannuation planning, but who would like to.

The qualitative research assisted to develop a quantitative questionnaire to validate qualitative findings and provide some 'hard numbers' to the research.

Phase 2: Quantitative Research

A CATI (Computer Assisted A CATI (Computer Assisted Telephone Interviewing) survey was conducted in the period 16-19 September 2005 Australia wide with a sample of n=600 participants aged 25-44, including an over sample of n=200 females giving an effective sample size of n=533.

Quotas were set by age and gender. Data weighted post-survey to known gender and age characteristics according to ABS Census information.

Crosby|Textor typically uses qualitative (percentages or proportions) and quantitative (averages or means) measures in its survey designs. In general, for a qualitative measure, the maximum margin of error for a sample size of 533 is ±4.2 percentage points in 95 out of 100 cases.

It should be understood, however, that this margin of error only applies to measuring a proportion based on the total sample. Margins of error will be different for comparisons between sub samples and for quantitative measures, such as means derived from ratings scales.

Any variation in reported percentages of ±1% in this report is due only to rounding. In reporting of figures "0%" denotes mentioned by less than 0.5% and "--" denotes not mentioned or no difference.

Although the most sophisticated procedures have been used to collect and analyse the information presented here, it must be remembered that surveys are not predictions. They are designed to measure public opinion within identifiable statistical limits of accuracy at specific points in time. This survey is in no way a prediction of opinion or action at any future point in time.

CHART 1

Expect to be not employed for 12 months or more before actual retirement

Question: Do you expect to be not employed, but not actually retired for an extended period of time, that is, for 12 months or more, at any time before your actual retirement? Is that definitely or probably?
Base: All participants n=600

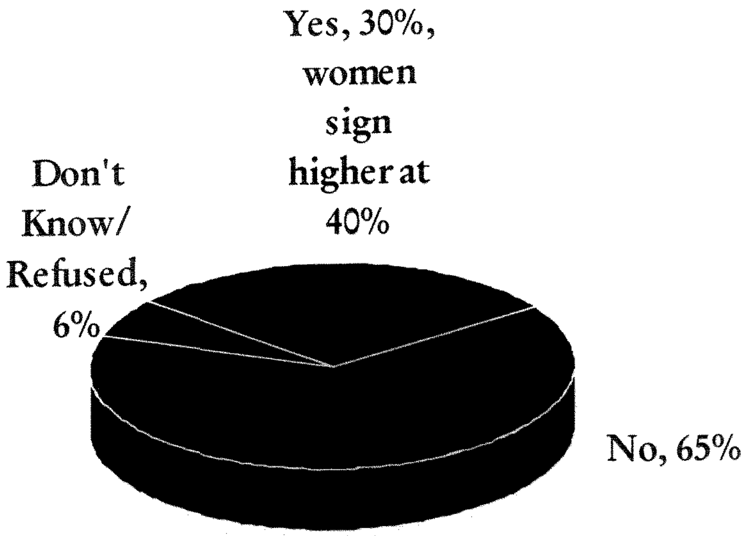


CHART 2

Main catalyst for not being employed before your actual retirement

Question: What do you think will be the main catalyst for being not employed, but not actually retired for an extended period of time at some time before your actual retirement?
Base: Expect not to be employed prior to retirement n=195

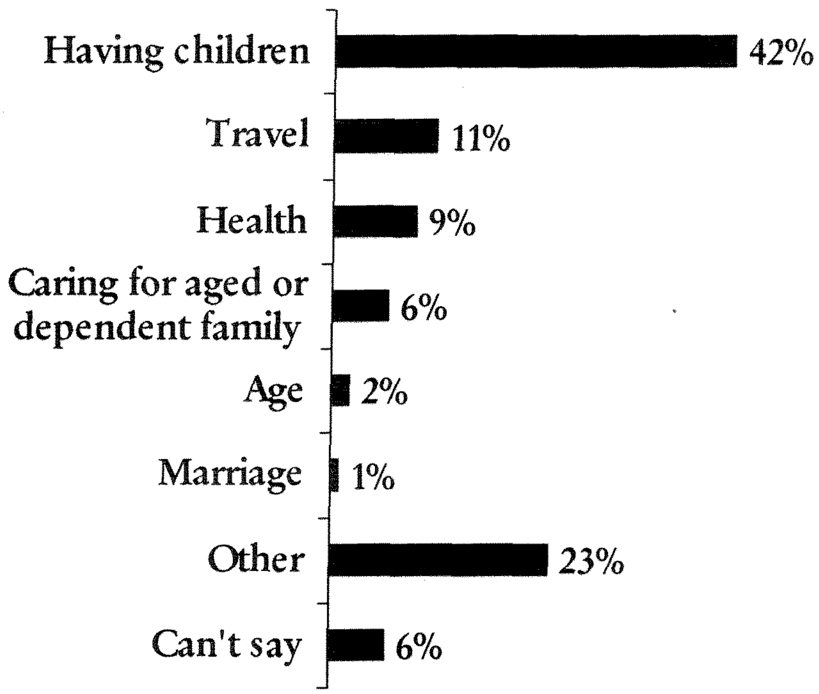


CHART 3

Anticipate contributing to your retirement savings during this period

Question: How do you anticipate contributing to your retirement savings during this period of not being employed? Base: Expect not to be employed prior to retirement n=195

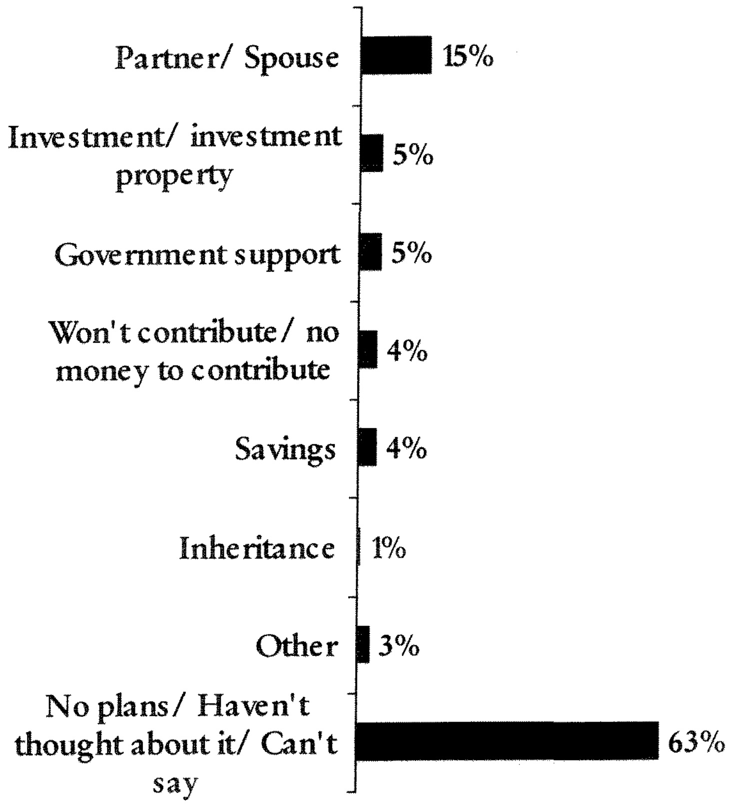


CHART 4

Age you expect to fully retire

Question: At what age do you expect to fully retire? Base: All participants n=600

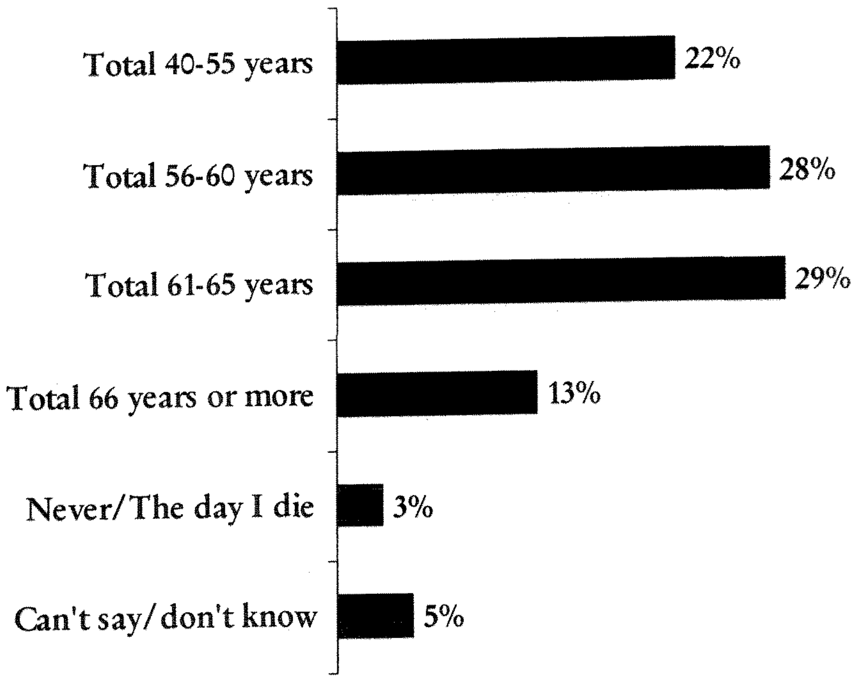


CHART 5

Aspirations for retirement

Question: Thinking about your retirement, do you consider you will be a …?
[READ OUT LIST]
Base: All participants n=600

85% of respondents consider they will be a 'fully self funded retiree' or a combination of a 'self funded retiree and a government pensioner'.

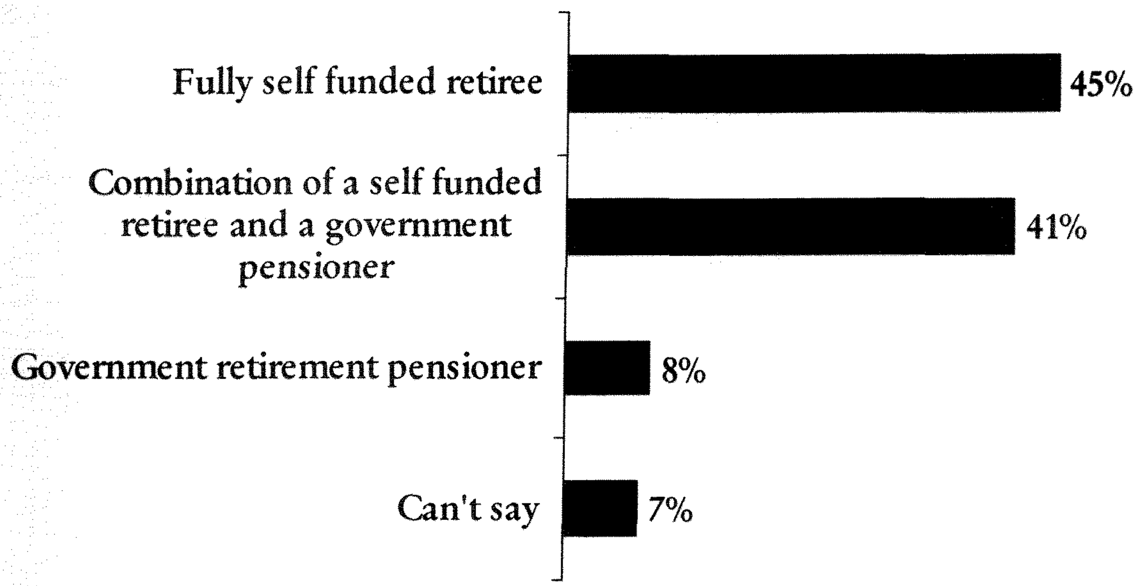
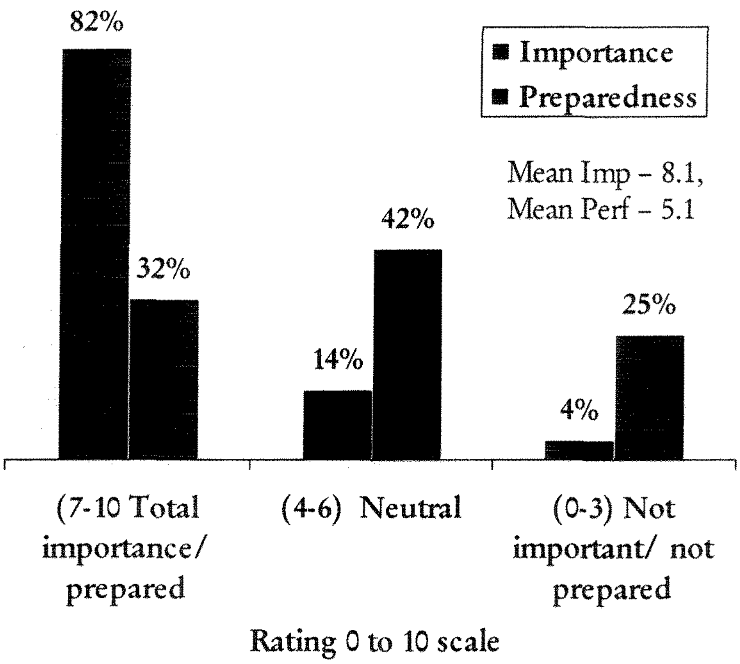


CHART 6

Importance of being prepared for retirement Vs level of preparedness

Question: Thinking about how important it is for you personally to be well prepared financially for your retirement. On a scale of 0 to 10 where a 0 means it is not at all important and a 10 means it is extremely important, how important is it for you personally to be well prepared financially for your retirement? Base: All participants n=600

Question: And thinking about your level of financial preparedness for your retirement later in life, on a scale of 0 to 10 where a 0 is not at all prepared and a 10 is extremely well prepared, how would you rate your level of financial preparedness for your retirement? Base: All participants n=600



Importance significantly higher amongst:
- **Women (84%)**
- **Country residents (57%)**
- **Those married (86%)**
- **Income of $50k-$80k (88%)**
- **Assets $100k - $500k (88%)**

Preparedness significantly higher amongst:
- **Ages 35-44 (40%)**
- **Working full time (38%)**
- **Married (40%)**
- **$50k-$80k (40%) and >$80k (51%)**

CHART 7

Agreement with statements in relation to superannuation - Summary

Question: I would now like to run through a list of statements with you specifically in relation to superannuation and I would like you to tell me if you agree or disagree with each statement? Is that strongly/somewhat agree/disagree?
Base: All participants n=600

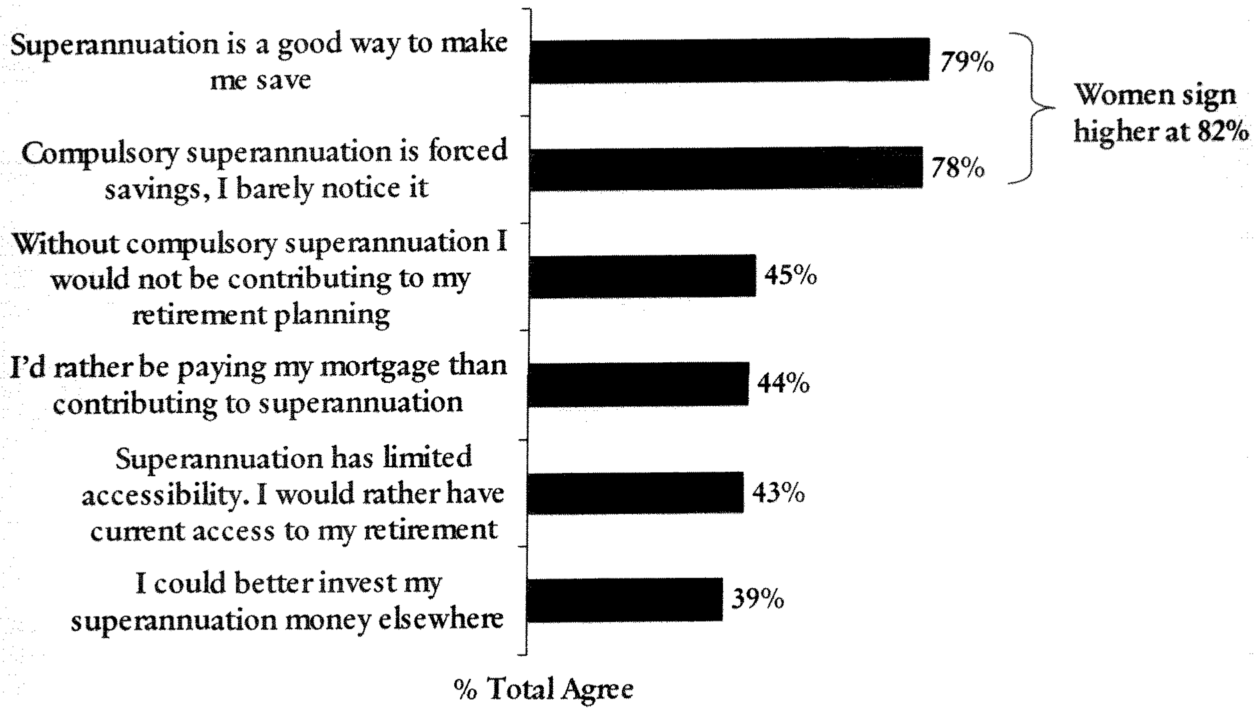


CHART 8

Expect to work in some paid capacity in retirement

Question: Do you expect to work in some paid capacity in your retirement?
Base: All participants n=600

Women aged 25-34 sign higher at 57%

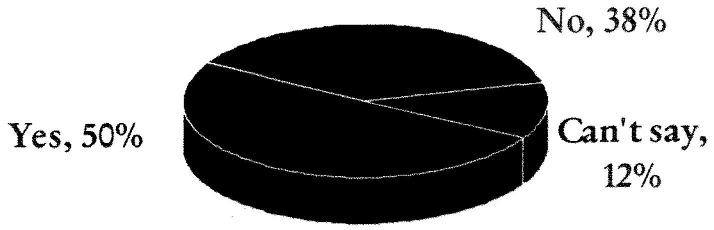
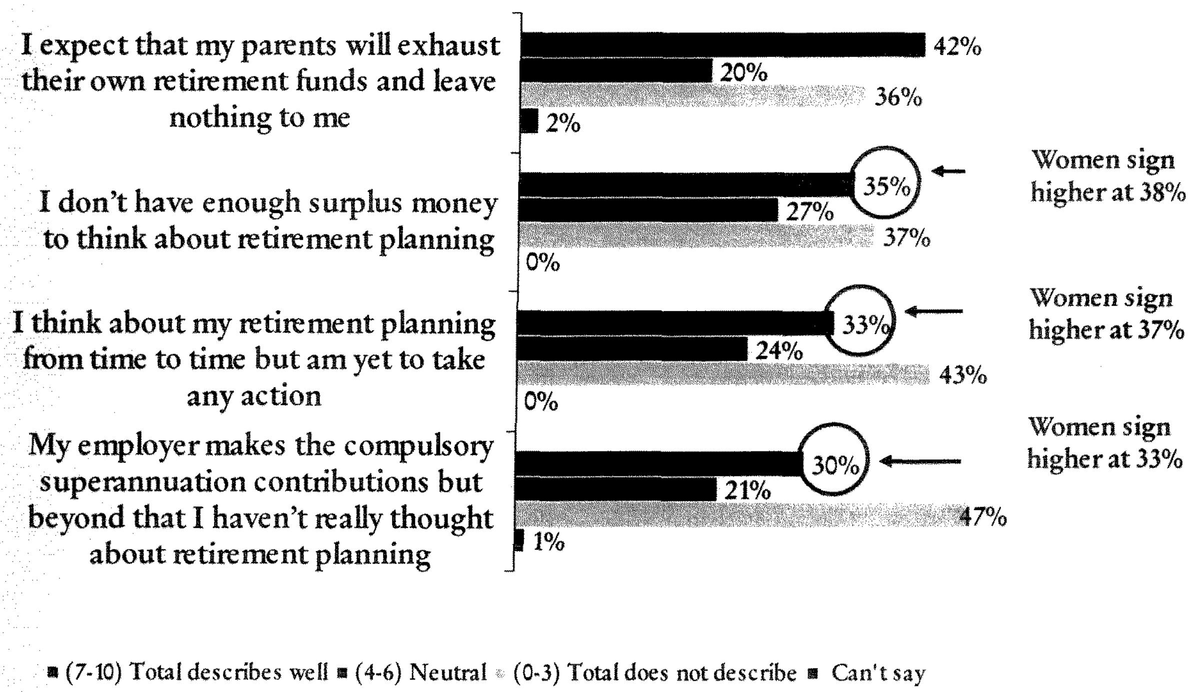


CHART 9

People are ambivalent about retirement planning considerations – Summary

Question: I am now going to read a list of statements that may or may not describe you personally in relation to your retirement planning. Using a scale of 0 to 10, where a 0 does not describe you at all and a 10 describes you perfectly, how would you rate the following statements in relation to your retirement planning? Please be as honest with yourself as possible about your answers. Base: All participants n=600



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