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Wednesday, 20 January 2016

Long-term nature of superannuation has negative impact on engagement

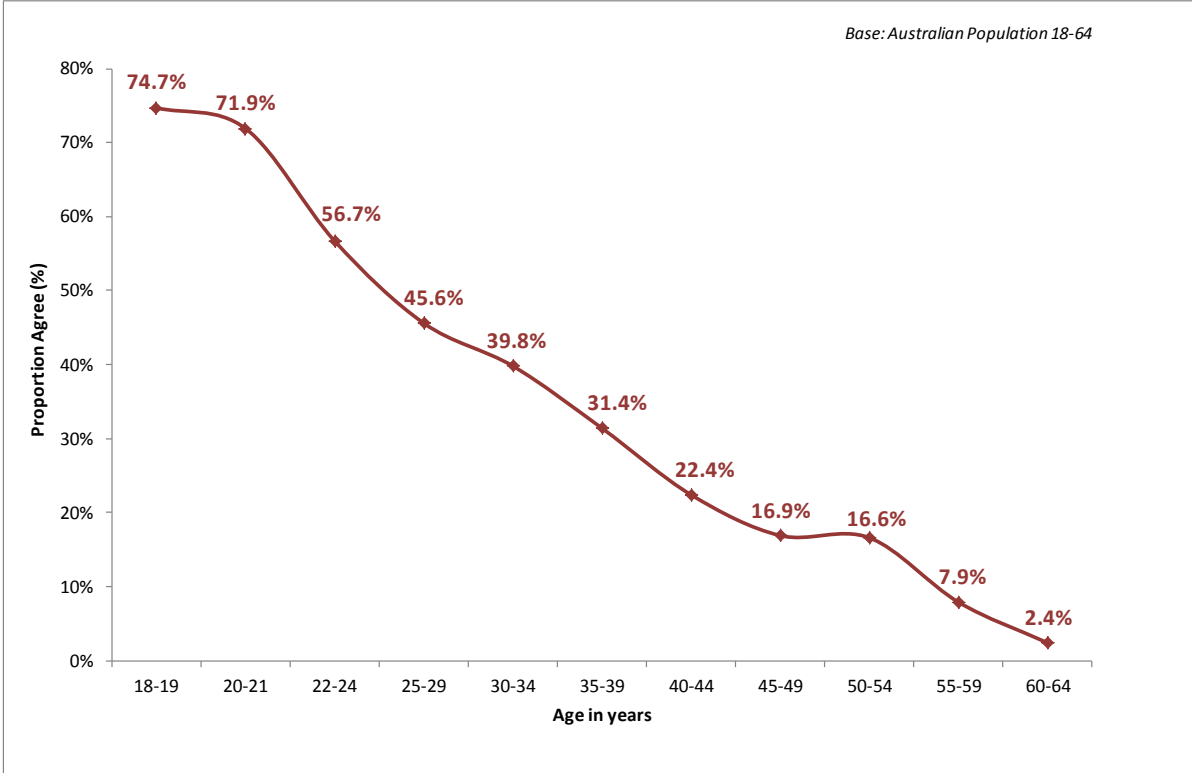
Nearly a third (30.3%) of the population aged 18 to 64 consider retirement too far away to plan for. This lack of planning and engagement in the process is likely to contribute to less-than-optimum superannuation in retirement.

These are the latest findings from the Roy Morgan Single Source survey of over 50,000 people pa.

Retirement planning needs to start early

Providing adequate superannuation funds in retirement is largely dependent on starting early and maximising allowable contributions so as to benefit from the compounding effect. The following chart shows that awareness for a need to plan for retirement gradually increases with age, but unfortunately many Australians do not consider it necessary to plan even in the older age groups.

"Retirement is Too Far Away for Me to Need to Plan For It"



Source: Roy Morgan Research Single Source (Australia) November 2014 - October 2015, n = 9,315

Up to 21 years, most people (70%+) feel that retirement is too far away to plan for, but this improves a great deal by around 22 to 24 years, by which time 56.7% think that retirement is

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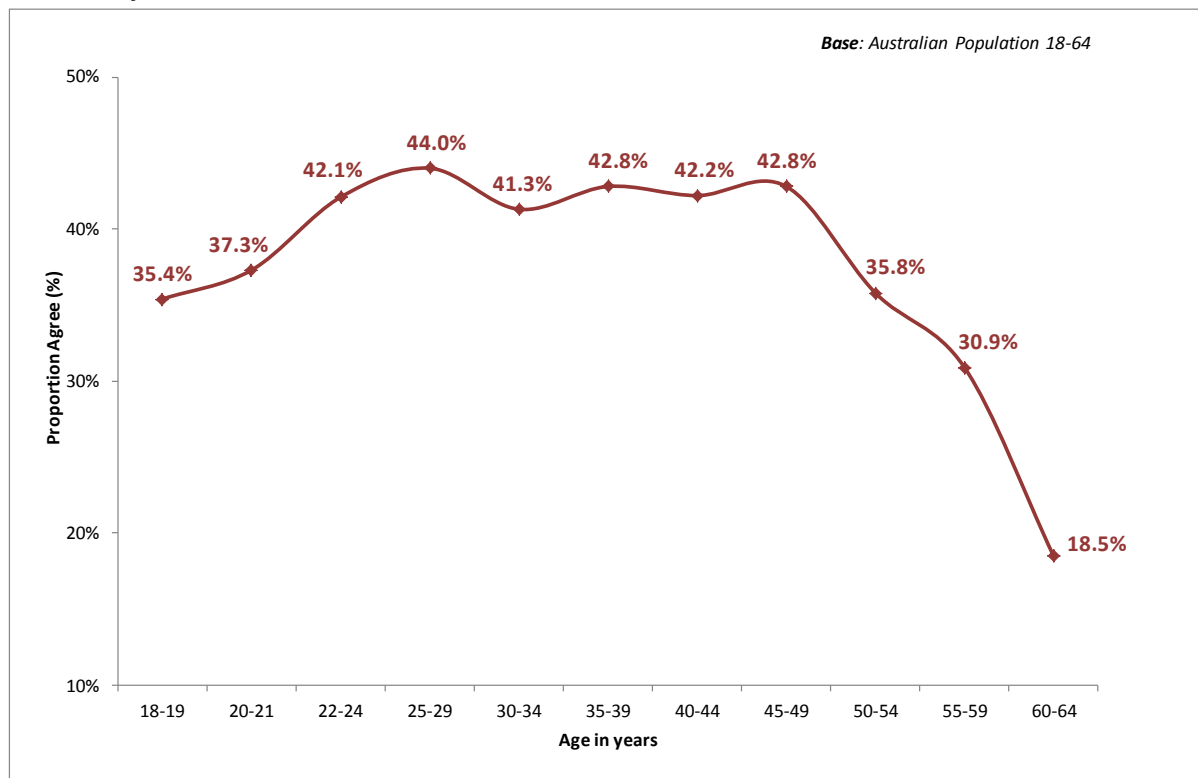
too far away. It is a potential problem that just under a third (31.4%) of 35 to 39 year olds still believe they are too far from retirement to plan.

In the critical pre-retirement years of 50 to 54, 16.6% consider that retirement is too far away to bother about planning.

Planning financial future is important but not a priority

More than a third of the population (38%) aged between 18 and 64 agree that they should plan for their financial future but procrastinate and give other things priority.

"I know I should do something about planning my financial future but other things always get in the way"



Source: Roy Morgan Research Single Source (Australia) November 2014 - October 2015, n = 9,315

The general lack of financial planning is a result of its low priority, particularly up to the age of 45 to 49 where 42.8% still consider that they should plan but don't. After 50 the need for planning obviously becomes more important and by 60 to 64 years, only 18.5% agree that other things get in the way of planning, which is too high for this pre-retirement group.

Norman Morris, Industry Communications Director, Roy Morgan Research, says:

"The concern that many Australians will not have adequate superannuation or other investments to fund their retirement has a lot to do with lack of long-term planning and other priorities. Although those in their 30s and 40s generally realise that they should be planning their finances for the future, they have other priorities like home loans and families that are likely to put longer-term planning on the back burner.

"The superannuation industry and the government have roles to play here to make people aware of the benefits of financial planning, such as creating a more stable set of

conditions and rules for superannuation that will improve confidence in being able to plan for the long term. Frequent changes or speculation of changes to the rules governing superannuation do not instil confidence in what for most people is a 40-plus year time frame. There is also a need to improve people's understanding of superannuation: from its terminology, adequacy and advantages, to its fees and financial advice.

"Currently there is uncertainty regarding what the government is likely to do regarding rule changes for the taxation of superannuation. Factor in the volatile share market and the complex terminology used in superannuation, and this makes long-term financial planning for individuals a rather precarious occupation'.

For comments or more information about Roy Morgan Research's finance and banking data, please contact:

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View profiles of [Superannuation Members](#).

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Roy Morgan Research is the largest independent Australian research company, with offices in each state of Australia, as well as in Indonesia, the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan Research has over 70 years' experience in collecting objective, independent information on consumers.

Margin of Error

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

Sample Size	Percentage Estimate			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
5,000	±1.4	±1.2	±0.8	±0.6
7,500	±1.1	±1.0	±0.7	±0.5
10,000	±1.0	±0.9	±0.6	±0.4
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2