Challenger
Retirement Income Research

How much super do Australians really have?

> Estimates of super balances vary significantly by age, gender and by fund type

Executive summary

This paper collates up-to-date super balance data for the various sectors according to age, gender and fund type. It also explores some common problems in interpreting and using such data and suggests some solutions.

Published estimates suggest that super balances vary significantly between age groups as well as by gender. As a result, a single, system-wide estimate of super balances across all age groups and genders tends not to be very informative: a bit like being told that the average Australian likes sport.

Super balances can be estimated at an account level (which we will call 'account-based' data) or as an aggregated amount for each person (which we will call 'aggregate personal balance' estimates). Account-based data do not provide a complete picture of a typical person's super since many people have more than one account. Such data tend to underestimate balances for a typical person. Aggregate personal balance estimates, when they are made, provide a better guide to a typical person's super balance.

> Different estimation methods and data sets can influence balance estimates

Users of super balance estimates also need to be aware of the difference between median estimates and average estimates. Median balances are more likely to represent the typical super balance than averages because they show us the super balance for 'the person in the middle' of the system and are less affected by small or large outliers.

Super balance statistics are compiled and presented below. We offer an opinion about the most useful set of figures. Lastly, we provide a simple way to project the growth in median balances for those retiring in the future. These are expected to increase rapidly, reaching $200,000 in around five years.

Purpose of the paper

The amount of super that the typical retiree has at retirement is important from a number of perspectives:

- It assists our understanding of the super system
- It tells us whether the super system is performing its function
- It allows us to estimate the post-retirement income our super will provide.

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In order to gain an insight into how much super members have, industry participants rely on a wide range of data sources and measures. Estimates of super balances have varying levels of usefulness. Super balance amounts are generally estimated according to age, gender and the category of fund (e.g. industry fund, corporate fund etc.).

Methodology

In this paper, we refer to anyone who holds at least one super account as a 'member'.

We separate super balance estimates into account-based data and aggregate personal balance estimates. Account-based figures reflect the dollar amount in super accounts using total assets and the total number of accounts. Aggregate personal balance estimates attempt to capture a person's total super savings, regardless of the number of super accounts they might have.

Super balances across the system are typically measured and reported as either a median or an average amount. Median super balances represent the amount at which half the balances are below the median and half the balances are higher than the median. Thus, the median represents the balance of the person in the middle of the system, which we suggest will reflect a 'typical' person. If we ranked all the houses in Australia by their market value, it would be a fair bet that the one in the middle (i.e. median) would represent a typical Australian house.

> **Average measurements can be adversely influenced by outliers. Median measurements give a better picture in super**

> **Super balances vary significantly with age**

The average and median are not necessarily the same. The average can be significantly influenced either by small numbers of very large outliers or very large numbers of small outliers. Consider a saw-mill where there are 10 workers. Nine of the workers have super accounts of $50,000 while the manager of the saw-mill has $500,000. In this case, the median super balance is $50,000, while the average super balance is $95,000. None of the workers has a super balance of $95,000 and in this case the average does not paint an accurate picture of the typical super balance at the mill.

Age-based estimates

Super balance estimates by category of fund only are not entirely useful because they provide little detail about the profile of savings for individual members. Younger members, for instance, typically have lower balances than older members. An estimate of the average account balance for a fund or sector as a whole tells us little about the spread of savings between age groups.

A key statistic is the typical member balance at age 65 (notionally, retirement age), which informs thinking about adequacy and retirement strategies. The wide range of average super balances between age groups is illustrated in Table 1. Some of these differences relate to where the statistics are collected, and others relate to the collection methods. Understanding these differences provides a better picture of what is happening. Details on each source are provided in the appendix.[1]

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1 The Industry Super Network sponsored a survey in 2009 which reported an average super balance of $109,548, but noted that it was not representative.

Table 1: Average super balances by age from various sources (June 2010)

($) Age	Aggregate personal			Account-based	
	Rice Warner	ABS	NATSEM	AMP	APRA
15-19		409			6,027
20-24	4,100	4,437		6,599	
25-29	12,200	13,290		15,319	
30-34	27,100	24,701		27,251	
35-39	41,200	34,761		40,414	22,813
40-44	59,800	48,789		51,966	
45-49	73,800	67,345	82,400	66,060	
50-54	100,900	88,508		80,806	54,374
55-59	129,400	127,955	83,850	86,789	
60-64	159,600	155,216		80,493	83,167*
65-69		72,247	42,650	77,979	116,423*
70+					
Average across all age groups	**61,600**	**55,873**	**N/A**	**44,690**	**24,820**

Source: Rice Warner, AMP, ABS, APRA, NATSEM, Challenger estimates
*APRA data is for 60 to 65 and 66+ age groups

Gender-based estimates

The difference in super balances between genders is also apparent and has been publicised.[2] Men typically have more super than women. The gap between male and female super balances increases with age, particularly from about the mid-30s, but narrows closer to retirement. Women tend to earn lower wages than men, and might miss years of super contributions if they choose to leave the workplace (either permanently or temporarily) to raise a family. The following are a range of data on the difference that gender makes to average super balance size. The trends are similar across both account-based data and aggregate personal balance estimates.

> Men generally have higher super balances than women, and the gap increases with age

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2 Financial Services Council, 'Super savings gap at June 2009', October 2011. ASFA, 'Average super balances boosted despite volatile economy', Media release 19 September 2011. NATSEM, 'Don't stop thinking about tomorrow. The changing face of retirement – the past, the present and the future', November 2009.

**Table 2: Average balances in super by gender and age (June 2010)**

($) Age	Account-based AMP		Aggregate personal ABS		NATSEM	
	Male	Female	Male	Female	Male	Female
15-19			466	349		
20-24	7,452	5,510	5,269	3,557		
25-29	16,441	13,739	15,612	10,922		
30-34	28,948	24,517	29,270	20,194		
35-39	44,346	33,451	40,563	29,167		
40-44	59,813	38,119	62,410	35,611		
45-49	80,050	42,802	89,047	46,315	103,400	61,400
50-54	99,988	49,596	120,325	57,775		
55-59	104,302	57,514	166,298	90,783	113,200	54,500
60-64	92,312	56,657	198,325	112,632		
65-69	86,830	52,997	96,540	50,721	43,000	42,300
70+						
Average across all age groups	**54,061**	**29,692**	**71,645**	**40,475**	**N/A**	**N/A**

($) Age	Account-based APRA		Aggregate personal Roy Morgan	
	Male	Female	Male	Female
<35	6,210	5,804		
35-49	24,852	20,166		
50-59	62,017	44,425		
60-65	88,023	76,224		
66+	120,379	110,312		
Average across all agegroups	**29,572**	**22,879**	**154,000**	**92,000**

Source: AMP, ABS, NATSEM, APRA, Roy Morgan, Challenger estimates

The gap between average balances (both account-based and aggregate personal) in super between men and women increases with age from about the mid-30s. Australian Bureau of Statistics (**ABS**) statistics suggest that between the ages of 15 and 39, average male aggregate personal super balances are around 40 per cent higher than female ones. By the mid-50s, average male aggregate personal balances are double those of women in the same age group. The gap between male and female balances then narrows as retirement approaches. This can be seen in Figure 1.

Figure 1: Average male and female super balances by age
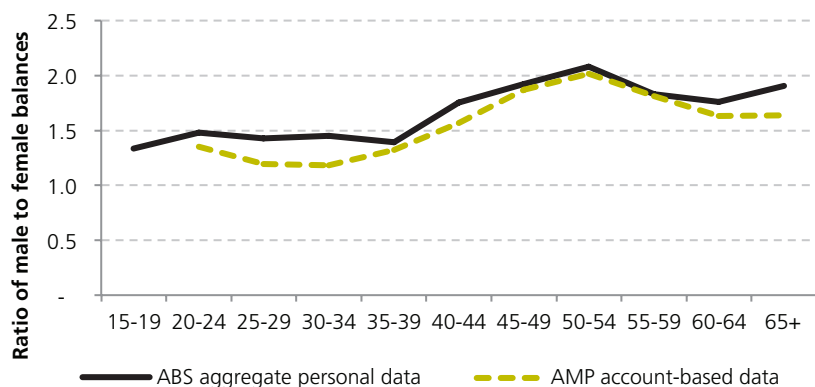
Source: ABS, AMP, Challenger estimates

Fund type-based estimates

The type of super fund can provide some insight into the size of an average super balance. Table 3 displays average account-based super balances by the type of super fund. The figures show that super balances in industry and retail super funds are typically much lower than amounts invested in corporate super funds.

Figures for average balances in the self-managed super fund (**SMSF**) segment are also important. SMSFs make up 31 per cent of total super assets ($1.3 trillion)[3] and generally have higher member balances than large funds. ATO data indicate that the average super balance per SMSF is $888,433. The ATO estimates that the average SMSF balance per member is $466,909. The Australian Prudential Regulation Authority (**APRA**) has estimated SMSF fund-level balances, while Rice Warner has estimated member balances, which are similar to ATO estimates.

> Super balances vary across fund types

> SMSFs have the highest super balances followed by corporate funds. Industry and retail funds have the lowest super balances

Table 3: Average super account-based balances by type of fund (June 2010)

($) Age	Account-based		
	APRA	Rice Warner	ATO
Corporate	90,815	86,300	
Industry	19,641	19,700	
Public sector	55,203	53,300	
Retail	20,248	21,800	
Post retirement		102,300	
SMSF	957,248		888,433
SMSF per member		485,600	466,909
Average across all fund types	**24,820**	**37,100**	**N/A**

Source: APRA, Rice Warner, ATO

The differences across the fund types are indicative of the socio-demographics associated with each sector. Industry funds, for example, tend to have more young, low-balance members and possibly more accounts per member. The size of average balances does not reflect in any way the performance of any sector over another.

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3 APRA, Quarterly Super Performance, September 2011.

Super as a proportion of net worth

An alternative method for viewing the relative importance of super is to consider it as a proportion of a person's net worth. Using ABS statistics, it is possible to estimate super as a proportion of net worth for people in different age groups and with different household characteristics. Here, we examine super as a proportion of net worth according to two household characteristics, namely home ownership and the main source of household income.

Figure 2 displays super assets as a proportion of net worth for different age groups, separated by home ownership status. For households that rent or own their home without a mortgage, super remains relatively constant as a proportion of net worth from ages 15 to 54. For those households with a mortgage, super makes up a greater proportion of net worth as age increases. In all cases, super increases significantly as a proportion of net worth from ages 54 to 64, just before many retire. Super drops as a proportion of net worth as retirees spend their capital in retirement. The tax advantage for super is lower with the seniors tax offset available and some savings move from super to other assets. Holdings of financial assets, other than super, are relatively constant at $131,100 per household over 65 compared to households aged 60-64.[4] This suggests that people spend their super before other savings.

**Figure 2: Super as a proportion of net worth for households by home ownership**
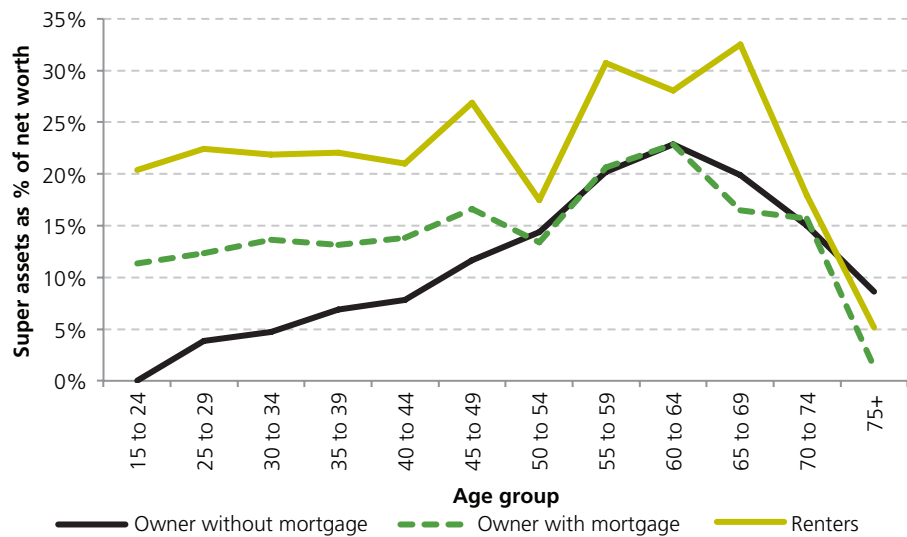
Source: ABS, Challenger estimates

The picture is similar when we consider the statistics by households and their main source of income (see Figure 3). That is, super as a proportion of net worth remains fairly constant from ages 15 to 54, then increases before retirement and drops following retirement.

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4 Source: ABS special data service.

Figure 3: Super as a proportion of net worth for households by main source of income
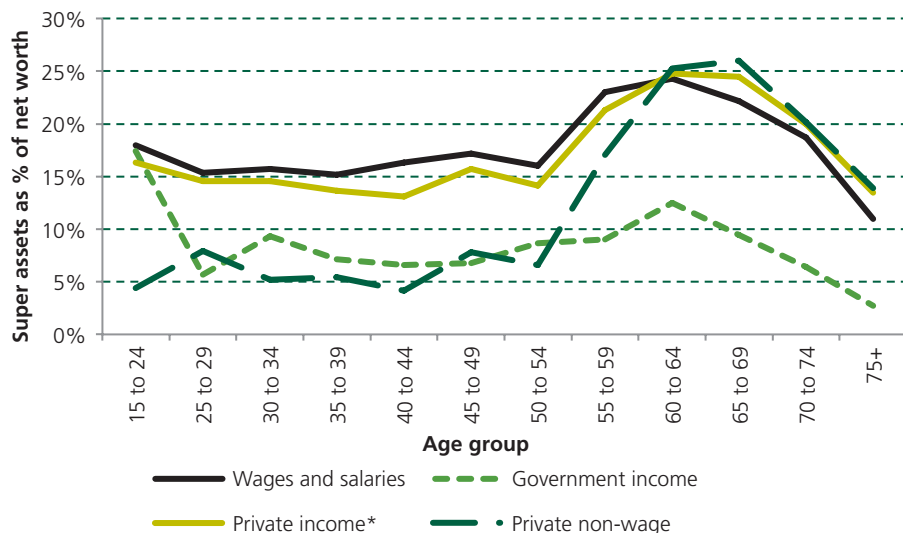
Source: ABS, Challenger estimates

*Private income is the sum of those households whose main source of income is wages and salary, own unincorporated business income, or other income.

Other issues when examining super statistics

Accounts are more numerous than members

Estimates of average super balances across the super system are unhelpful given that they cover all ages, all fund categories and genders. For instance, Rice Warner estimates that the average super account was $37,100 at 30 June 2010.[5] Without any information about age, gender or proximity to retirement, such estimates are of limited use to industry analysts, planners and policymakers.

Many super members have multiple accounts as a result of working for different employers over time or as a result of accounts that have become 'lost' or inactive. As a result, estimates based merely on account balances often tell us little about what the typical person has in super.

For historical and regulatory reasons, APRA's data on super balances are based on the total assets and number of accounts each fund has (i.e. account-based). If every super member had only one super account, this data would reflect actual aggregate personal balances. However, this is not currently the case. Under the SuperStream proposals, small, inactive accounts will be automatically consolidated with a person's active account, but these are not yet in operation.

As at June 2010, there were approximately three super accounts for each Australian with super. ABS statistics estimate that in June 2010 there were 11.3m Australians with non-zero super balances[6] compared to 32.9m super accounts.[7]

> Aggregate personal balances, rather than account balances, offer a more accurate picture of the super system

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5 Rice Warner, Super market projections as at June 2010, November 2010.

6 ABS data for Australians aged 15 and over as at June 2010.

7 30.5m accounts as at June 2011. Source: APRA Annual Superannuation Bulletin June 2011, issued on 29 February 2012.

There are also 5 million 'lost' or inactive accounts that represent approximately $20.2 billion in assets.[8] APRA account balance data take these lost accounts into consideration (i.e. even though they are 'lost'), which also skews the picture of the typical super member.

Surveys of members can offer a more detailed picture

Some industry analysts have attempted to mitigate the impact of multiple accounts by surveying people and asking them how much super they have in total (notwithstanding that it is spread across multiple accounts). This can provide a more complete picture of super savings for a typical member at a particular age and gender, but it depends on the survey methodology and the accuracy of the answers provided by respondents. That is, it assumes that someone with multiple accounts has an accurate idea of their aggregate value.

Which estimates are the most useful?

The ideal measure of super balances would be a median measure of aggregate personal balances, by age, gender and type of fund. Unfortunately, no one source of information currently captures all of those characteristics. We suggest that ABS data are best for those interested in aggregate personal balance estimates, while APRA data are best for those interested in account-based data.

ABS data detail average and median aggregate personal balance estimates by age and gender. However, the data do not provide a breakdown by fund type. The difference between median and average amounts is displayed in Table 4. Using the average as a proxy for a typical aggregate personal balance can significantly overestimate retirement savings in many cases.

Table 4: Average and median aggregate personal super balances (including zero balances) by age and gender (June 2010)

($) Age group	Average			Median		
	Male	Female	Total	Female	Male	Total
15-19	466	349	409	0	0	0
20-24	5,269	3,557	4,437	2,000	1,858	2,000
25-29	15,612	10,922	13,290	10,000	5,980	7,706
30-34	29,270	20,194	24,701	20,273	10,000	15,000
35-39	40,563	29,167	34,761	26,000	15,000	20,718
40-44	62,410	35,611	48,789	37,000	11,300	20,998
45-49	89,047	46,315	67,345	46,986	16,811	28,000
50-54	120,325	57,775	88,508	60,000	23,000	36,054
55-59	166,298	90,783	127,955	57,702	25,000	35,932
60-64	198,325	112,632	155,216	58,630	9,770*	30,821
65+	96,540	50,721	72,247	0	0	0
Total	**71,645**	**40,475**	**55,873**	**10,000**	**3,000**	**6,000**

Source: ABS

*Estimate should be used with caution as the confidence band is wide around this number.

Surveys can provide a more tailored view of super balances

Ideally, measures of super balances should adjust for age, gender and fund type

The ABS provides the best estimates of aggregated personal balances

We have estimated median aggregate personal balances after removing zero-dollar super balances. The results are displayed in Table 5. This provides a better super balance estimate for a typical super member.

Table 5: Median aggregate personal super balances (excluding zero balances) by age and gender (June 2010)

($) Age group	Median aggregate personal super balances (excluding zero balances)		
	Male	Female	Total
15-19	900	500	600
20-24	4,500	3,300	3,900
25-29	14,100	10,600	12,300
30-34	26,800	18,300	22,700
35-39	37,200	26,800	31,900
40-44	50,200	22,700	36,300
45-49	62,100	51,200	46,300
50-54	85,200	38,200	41,500
55-59	115,700	52,800	77,100
60-64	127,200	90,100	109,400
65+	121,200	120,300	119,900
Total	**36,800**	**21,200**	**27,600**

Source: ABS, Challenger estimates

APRA data are account-based and calculate averages, rather than medians. Using APRA data, it is possible to estimate average account (rather than aggregate personal) balances by age, gender and fund type. We present here estimates of average account balances as at June 2011, based on APRA data.

APRA provides the best estimate of member account balances

Table 6: Average account balances by age, gender and type of fund (June 2011)

($) Age	Corporate		Industry		Public sector	
	Male	Female	Male	Female	Male	Female
<35	19,000	16,000	7,500	6,500	32,500	22,500
35-49	103,500	62,500	27,000	19,500	109,500	67,500
50-59	256,000	113,000	57,000	38,000	240,500	124,000
60-65	312,500	312,500	80,000	62,500	292,500	154,500
66+	283,000	283,000	93,500	74,000	273,000	152,500
Average across all age groups	**120,500**	**56,00**	**24,500**	**18,000**	**146,500**	**79,000**
Average across all age groups and genders	**98,500**		**21,900**		**108,500[9]**	

($) Age			Total		SMSF (ATO-regulated)
	Male	Female	Male	Female	All[10]
<35	7,500	6,500	7,500	6,500	50,447
35-49	28,000	21,500	29,500	23,000	180,128
50-59	62,000	48,500	72,500	50,500	440,779
60-65	105,000	112,000	105,000	88,000	636,502
66+	129,000	136,500	131,500	117,000	708,374
Average across all age groups	**38,500**	**32,500**	**35,500**	**26,500**	
Average across all age groups and genders	**30,500**		**31,483**		**484,500**

Source: APRA, Challenger estimates

Figure 4 displays the number of funds where members aged 60 to 64 have average super account balances of varying amounts, starting at zero. The figure shows that a large number of funds have members aged 60 to 64 who have low average account balances ($20,000 or $40,000), bearing in mind that these are account-based data. The number of funds with low account balances for members in this age group has decreased since 2004, but still remains fairly high. We estimate that retirees would need balances over $600,000[11] at age 65 to support a comfortable standard of living through their retirement.[12] Our research indicates that a 65-year old who lives to age 90 would have a 50 per cent chance of having $600,000 last their whole retirement, given volatile market conditions. Importantly, the $600,000 figure does not take into account that some retirees might live past 90. Not many funds have members aged 60 to 64 with account balances over $600,000 suggesting that intending and recent retirees might struggle to support themselves entirely from their superannuation savings.

9 This is the vested benefit for the members. Average assets per member is $62,500 with the difference representing the average unfunded balance in the public sector.

10 Source ATO, data from June 2009 when the average across all age groups and genders was $443,010.

11 Available online at: https://online.challenger.com.au/ChallengerOnline/content/adviser/group/CRIR_How_much_super_Feb12.pdf

12 The Association of Superannuation Funds of Australia (ASFA) estimates that a single person would need $40,407 per year to support a comfortable standard of living.

Figure 4: Number of funds with indicated average account balances in super (age 60-64)
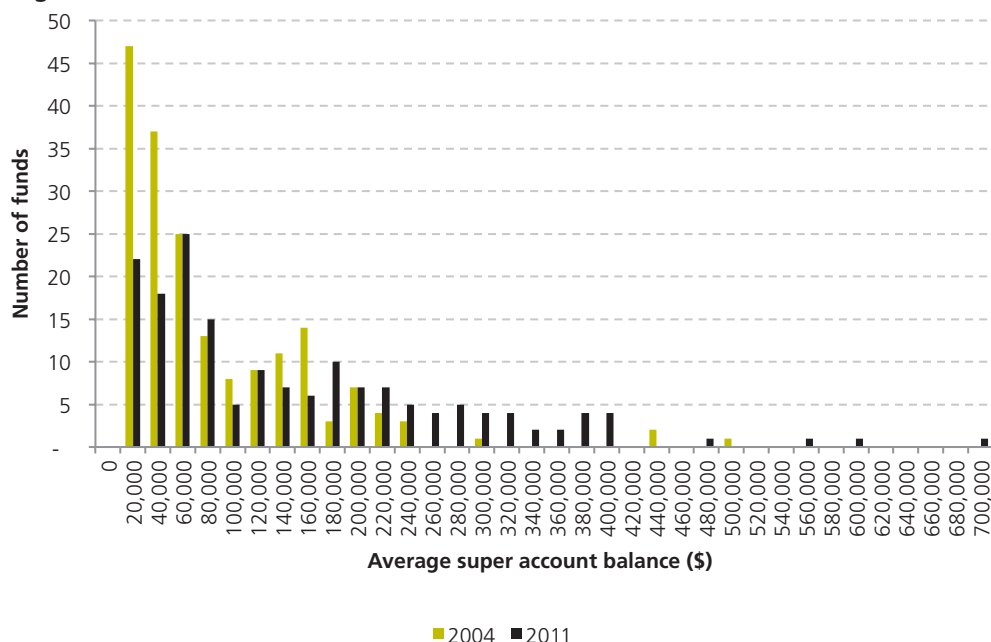
Source: APRA, Challenger estimates

Financial profile of a retiree

In this section, we provide some basic statistics about people in retirement, in order to provide a profile of the typical retiree.

Australians are currently entitled, subject to means tests, to get the Age Pension when they reach 65 for males and 64.5 for females. The age of eligibility for both males and females will increase steadily to 67 by 2023. We treat statistics for those over the age of 65 as representing retirees as a convenient proxy for the retired cohort, even though we acknowledge that many people continue working beyond 65.

ABS statistics suggest that there are approximately 2.8 million Australians over the age of 65. Of those, 71 per cent do not have any super. Some of those might have taken it as a lump sum, but do not have any money left in a super account. APRA statistics indicate lump sum payments accounted for 56 per cent of the benefit payments from APRA-regulated funds in 2011.[13] The continuing popularity of lump sums might explain why nearly 60 per cent of households aged 65 and over have no money in a super account.

> Currently, a majority of people over 65 have nothing in super

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13 APRA 2011 Annual Superannuation Bulletin, Table 8.

Table 7: Summary statistics for people/households 65+

	Male	Female	Total	Households
Average aggregate personal super balance ($)	96,540	50,721	72,247	124,605
Average aggregate personal super balance ($)*	275,800	218,600	249,100	304,000
Median aggregate personal super balance ($)*	121,189	120,343	119,914	120,000
Number of people/households 65+ with nil super balance	844,100	1,116,000	1,960,100	1,045,900
Total number of people/households 65+	1,292,600	1,458,600	2,751,200	1,763,500
% people/households 65+ with nil balance	**65%**	**77%**	**71%**	**59%**

Source: ABS, Challenger estimates

*Amounts are Challenger estimates and exclude people with zero balances. The actual median, including all people, is zero given that more than 50 per cent of both males and females aged 65+ have no super.

> **76% of retirees receive at least a part Age Pension**

Given the low super balances and non-existent super balances for many of those aged 65 and over, a large proportion of retirees get some form of government pension. We estimate that around 68 per cent of retirees get either a full or part pension, while a further eight per cent get a pension through the Department of Veterans' Affairs. In total, around 76 per cent of retirees get a pension.

Table 8: Proportion of people 65 and over receiving a government pension

	% people 65+ 2011
Full rate Age Pension	41%
Part rate Age Pension	27%
Total on Age Pension	**68%**
DVA (65+, ex age pensioners)	8%
Total on some kind of government pension	**76%**
Proportion not receiving a government pension	**24%**

Source: Department of Families, Housing, Community Services and Indigenous Affairs; Department of Veteran Affairs; Challenger estimates

The majority (77 per cent) of households in the 65 or over category own their own homes and have no mortgage. Table 9 displays the home ownership statistics for households aged 65 and over.

Table 9: Proportion of households age 65 and over by home ownership status

	Age group		
	Male	Female	Total
Owner without a mortgage	75%	77%	82%
Owner with a mortgage	9%	6%	3%
Renter – state/territory housing authority	5%	5%	5%
Renter – Private landlord	8%	7%	5%
Other	4%	5%	5%
Total	**100%**	**100%**	**100%**

Source: ABS, Housing occupancy and costs, 2009-10, 4130.0; Household expenditure survey, 2009-10, 6530.

While the majority of retirees might be mortgage-free, a large number of people who retire from age 65 onward use their retirement savings to pay off their mortgage and other expenses. Of those who retired at age 65 and above who received a lump sum payment, 32 per cent used a part of the payment on home-related expenses. Around 25 per cent of those who received a lump sum invested some of the amount in an annuity or other super vehicle, and around 27 per cent invested outside super. Some will have done both, so half or less maintain their savings for their retirement.

Table 10: Use of lump sum payments for those who retired at age 65 and over

	Female	Total
Number of people who received a lump sum	206.6	
All methods of disbursement of lump sum payment from super*		
Rolled it over/invested it in an approved deposit fund/deferred annuity or other super scheme	43.9	21%
Purchased an immediate annuity	7.3	4%
Invested the money elsewhere/personal savings/bank	55.6	27%
Paid off home/paid for home improvements/bought new home	66.0	32%
Bought or paid off car/vehicle	38.3	19%
Cleared other outstanding debts	24.6	12%
Paid for a holiday	28.8	14%
Assisted family members	9.5	5%
Undecided/Did not know	7.4	4%
Other	12.6	6%

Source: ABS, Challenger estimates

*Lump sum might be used for more than one purpose.

On average, households of couples aged 65 and over spend approximately $44,000 a year on goods and services, while single people aged 65 and over spend approximately $23,000 a year.[14] ASFA estimates[15] that a single person aged 65 and over will need $21,930 a year for a modest lifestyle and $40,407 a year for a comfortable standard of living. A couple aged 65 and over will need $31,675 a year for a modest standard of living and $55,249 a year for a comfortable standard. Singles and couples aged 65 and over should, on average, be able to afford somewhere between a modest and comfortable standard of living. The ABS data indicate that median incomes are around 80 per cent of the average income for households aged 65 and over, so it is likely that the majority of households, particularly singles, can only afford a modest level of spending.

Projected balances at retirement

Another interesting exercise that arises from existing data is a projection for the average aggregate personal balance at retirement in future years. With a system still maturing, it can be difficult to generate an accurate number, but we can consider a simple proxy. This simple proxy is to calculate what a worker on average earnings would accumulate with the minimum, statutory contributions starting in 1992. The wage measure we use is Average

> A typical retiree has a small amount of super savings, owns a home without a mortgage, relies on the Age Pension and lives a modest lifestyle.

> The typical member is likely to have around $200,000 at retirement by 2017

14 ABS Cat 6523.0

15 The ASFA Retirement Standard – December quarter 2011.

Weekly Ordinary Time Earnings for all adults. The hypothetical account balance created by these contributions is assumed to enjoy the whole-of-industry returns, as published by APRA since 1997 and returns based on the Morningstar Pension and Annuity Multisector Conservative category prior to that.[16]

A range of projected median aggregate personal balances at retirement in future years (and in future dollars) can be seen in Figure 5. These can be compared to the current median balance for people aged 60-64 as the average age at retirement between 2006 and 2011 was 62.5.[17] The ABS median was at $109,400 for males and $90,000 for females in 2010. It was $71,000 across genders in 2007. These estimates are close enough to provide some confidence in the approach, when it is also the case that, on average, additional contributions are made by the 60-64 age cohort prior to reaching 65.

The middle line in Figure 5 provides a projection for this balance at retirement, assuming a 6 per cent per annum investment return. The projections assume that wages increase by 4 per cent per annum and that contributions will increase to 12 per cent by the 2020 financial year. These projections suggest that the average member is likely to have around $200,000 at retirement by 2017, that is, within five years. Alternatives for investment returns of 3 per cent and 9 per cent per annum are also plotted to give an indication of the range of likely outcomes. The projected increase represents both the increase due to investment returns, and the fact that retirees will have had an additional five years of contributions. This rapid increase will continue until the system has fully matured, sometime after 2040.

Figure 5: Super proxy and projections of median aggregate personal balance at retirement
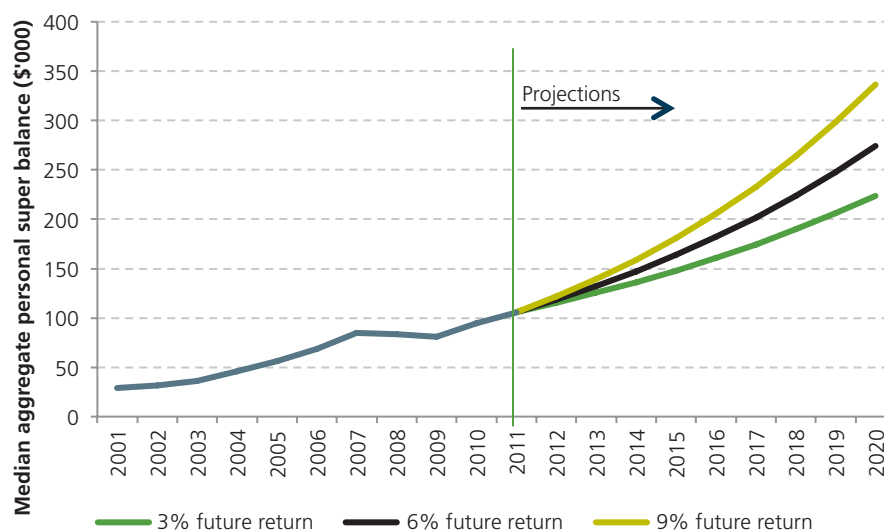
Source: Challenger estimates from ABS, RBA, APRA, and Morningstar data

16 This category was chosen as it more closely matched the APRA returns in the period of overlap.
17 ABS Retirement and Retirement Intentions 6238.0 Dec 2011.

Summary

The super industry produces a number of estimates for super balances. Average and median super balance estimates are important in tracking certain trends. Super balances can differ significantly according to age, gender and type of fund. It is important to keep these differences in mind when examining industry statistics. We recommend using APRA data for account-based information, given that these data reveal trends in all of the important categories of measurement (i.e. age, gender, fund type). The ABS estimates, on the other hand, provide a split by age and gender on an aggregated personal and household basis.

Given the importance of super balance data for advisers, policy-makers and the industry generally, it is vital that it is interpreted properly and that inherent limitations are understood. A good start here is to:

• Use median figures where possible, rather than averages

• Appreciate the differences between account-based data (i.e. as collected by APRA) and aggregated personal balance data (as collected by the ABS)

• Understand that system-wide averages are uninformative

• Understand that some savings are moved out of the super system after retirement and do not show up in superannuation figures, but may nevertheless form part of people's retirement savings.

Glossary

ABS Australian Bureau of Statistics.

Account-based super balance data are based solely on the number of accounts in the relevant funds in the data set.

Aggregate personal super balance estimates quantify the total amount of superannuation per person, regardless of the number of accounts in the data set.

ATO Australian Taxation Office.

Average means the arithmetic mean of the data.

Median means the data point at which half the data is less than the median and half the data is above the median.

Member means a person with at least one super account.

NATSEM The National Centre for Social and Economic Modelling.

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Appendix: Data sources

ABS Cat #6530 Households expenditure survey 2009-2010. Additional unpublished data has been provided by the ABS to calculate some of the median balances.

AMP 'Super balanced up but Australians remain cautious' Media release 1 March 2011, details from the AMP Retirement Adequacy Index.

AMP estimates are the average of AMP account balances from its corporate customers' funds.

APRA June 2011 Annual Super Bulletin.

APRA 2011 Super Fund level profiles and performance.

ASFA, 'Average super balances boosted despite volatile economy', Media release 19 September 2011.

ASFA 'Developments in the level and distribution of retirement savings', Sep 2011.

ATO SMSF statistical report as updated on 22 Feb 2012 in the December 2011 publication. http://www.ato.gov.au/corporate/content.aspx?menuid=0&doc=/content/00309172.htm&page=5&H5.

Financial Services Council, 'Super savings gap at June 2009', October 2011.

ISN Research Report 'ISN Investigates How Older Australians are Using Their Super' Retirement Intentions, November 2010. This was from a survey of members from selected industry funds who received a super payout in the second half of 2009. The survey reported an average super balance of $109,548, but noted on page 2 that 'the sample cannot be used to make inferences about the average level of payouts' as the respondents were filtered. While their numbers are broadly in line with other studies, we have not included them separately in this report.

NATSEM/ AMP, 'Don't stop thinking about tomorrow. The changing face of retirement – the past, the present and the future', November 2009. In Table 1, figures have been averaged across males and females. NATSEM 2010 figures are projections.

Rice Warner, Super market projections as at June 2010, November 2010. The estimates are aggregate personal balances in Table 1 and average account balances in Table 3.

Roy Morgan estimates are for Australians aged 14 and over with super balances, for the year July 2010 to June 2011.