

Wednesday, 21 March 2018

## Over two million superannuation members contribute above the compulsory level

The latest research from Roy Morgan shows that in the 12 months to January 2018, just over one in five (20.8%) superannuation contributors were paying more than the compulsory level (i.e. The SG rate of 9.5%) into their fund. This group represents 2.2 million current superannuation members.

The results in this release cover the period 2010 to 2018 and are from Roy Morgan Single Source survey of over 50,000 people per annum, including over 24,000 with superannuation.

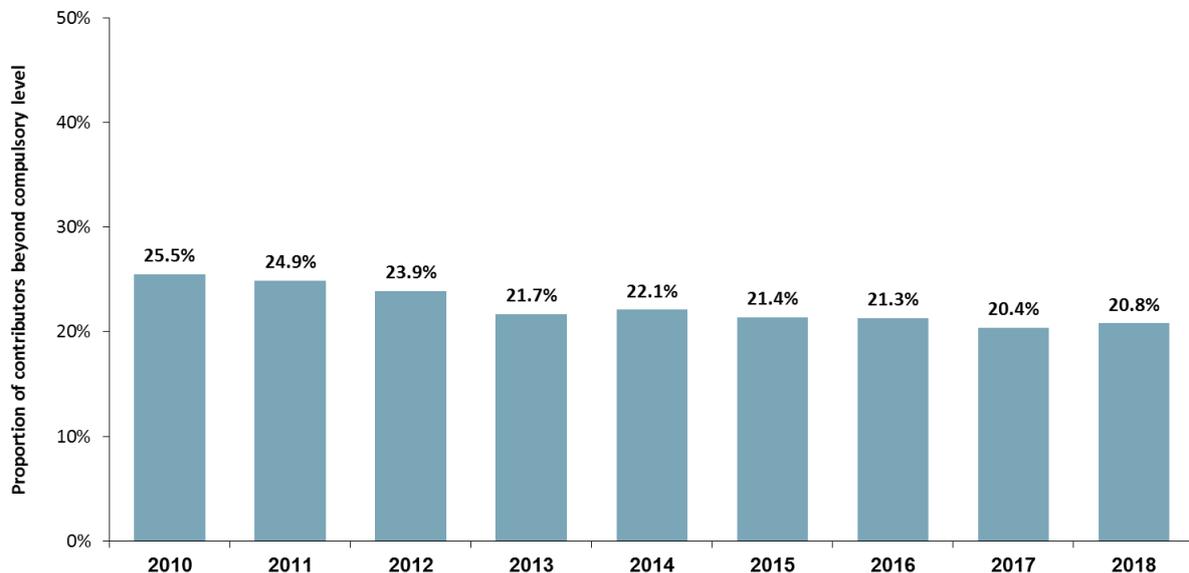
### Declining trend in proportion paying over the compulsory level

Making superannuation payments beyond 9.5% has been recognized by the government as necessary to provide adequate superannuation in retirement. Fund members however appear unlikely to increase their contributions voluntarily and are currently falling well short of this objective. The government is not planning to make any change to the SG levy until 2021 when it will go to 10%.

The chart below shows the proportion of superannuation members contributing more than the compulsory level has declined substantially since 2010.

In 2010, 25.5% of superannuation contributors were making payments beyond the compulsory level, this declined down to 21.7% in 2013. In 2014 the level was up marginally to 22.1% but since that date it has struggled to stay above 20%.

### Superannuation Contributors Beyond The Compulsory Level



**Source:** Roy Morgan Single Source: 12 months ended January. Average sample, n= 24,571. **Base:** Australians 14+ with superannuation currently making contributions

### High income earners well above average on contribution levels

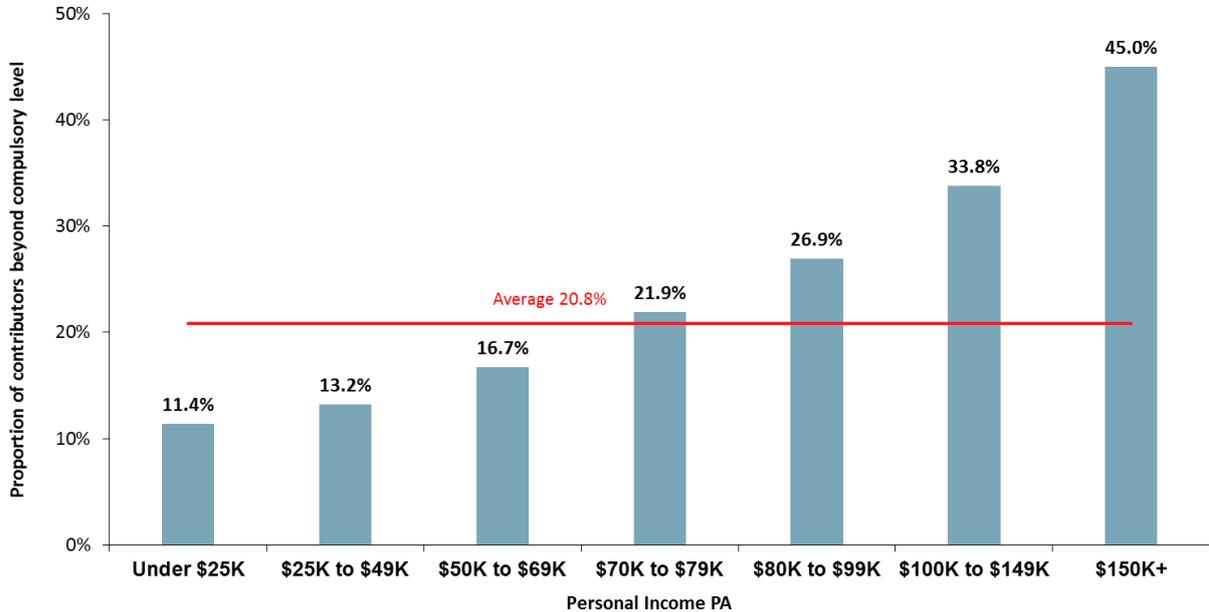
As would be expected, there is a direct correlation between income level and the proportion making superannuation contributions over the compulsory rate. This presents a major problem for low income earners.

Superannuation members with personal incomes of over \$70k per annum have an above average proportion of their contributors paying above the compulsory level. The highest are those earning more

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\$150k per annum in which 45% are paying beyond the SG rate, followed by those on incomes of \$100k to \$149k per annum where the average is around a third (33.8%). Those earning below \$25k per annum are well behind the market average with 11.4%, followed by the \$25k to \$49k per annum group with 13.2%.

### Superannuation Contributors Beyond The Compulsory Level By Personal Income



**Source:** Roy Morgan Single Source: 12 months ended January 2018. Sample, n= 23,207. **Base:** Australians 14+ with superannuation currently making contributions

As well as income, life stage is also a major factor impacting on superannuation contribution levels, particularly when it involves other priorities such as mortgage repayments, lifestyle choices and family expenses. This is shown by the fact that 40.8% of Baby Boomers who contribute to superannuation pay more than the compulsory level, compared to only 26.8% for Gen X, 12.2% for millennials and only 5.0% for Gen Z.

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

*“The Federal Government has announced that the SG rate will ultimately need to go to 12% to provide adequate superannuation in retirement but reaching this level has been delayed and is planned to start in July 2025.*

*“With the Government delaying the time for the SG rate to reach 12%, it will be even more important for individuals to voluntarily increase their level of contributions (within the current limits), otherwise they are more likely to fall behind in their retirement funding.*

*“We have seen that there are major competing priorities when it comes to people choosing to increase retirement funding options. Young age groups may be more focused on exciting lifestyle options. Young families often see the priority needs of their children to be more immediate and don’t have discretionary spending or saving capacity. In addition, the recent changes announced by both parties relating to superannuation have the potential to reduce the confidence in the long term nature of [superannuation](#) which has to potentially cover a period of fifty or sixty years.*

*“The Government’s changes have involved a number of major reforms, including a \$1.6m balance cap in the retirement phase, and reduced contribution levels to \$25,000. The Opposition has said that they will make major changes to dividend imputation which will place more pressure on superannuation, particularly SMSF’s.*

Our recently released [Superannuation and Wealth Management in Australia report](#) details the opportunity for superannuation funds, to gain a greater share of more household investments currently held outside of superannuation. Australian households now hold only 27.4% of their net wealth in superannuation.

*“This analysis is from the extensive Roy Morgan Single Source database which covers retirement funding, including superannuation, in much greater depth over nearly two decades.”*

To learn more about Roy Morgan’s superannuation data, call (+61) (3) 9224 5309 or email [askroymorgan@roymorgan.com](mailto:askroymorgan@roymorgan.com).

Please click on this link to the [Roy Morgan Online Store](#).

### About Roy Morgan

Roy Morgan is the largest independent Australian research company, with offices in each state of Australia, as well as in the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan 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
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

