

Media Release

11 October 2015

A nation of Super know-it-alls – *Almost half of Australian workers underestimate the amount of cash they'll need for a comfortable retirement - Two in five don't know the balance of their main super fund*

12 October 2015 - New research from ING DIRECT and the Financial Services Council (FSC) reveals we're a nation of know-it-alls when it comes to planning for retirement, but we're not as prepared as we think we are.

The FSC / ING DIRECT *Your Super Future* report shows 46 per cent of Aussies believe just \$500,000, or less, will be enough to fund a comfortable retirement. In reality, a comfortable retirement – which includes only occasional overseas holidays, private health insurance, purchase of a reasonable car and assumes the individual is a homeowner and receives the Age Pension – is estimated to require at least \$545,000¹.

The research also shows almost two in five Australians don't know the balance of their main super account and half (49 per cent) are unaware how much they pay in fees. However more than 1 in 3 Australians are more prepared to switch funds for a better deal.

Lisa Claes, Executive Director of Customer Delivery at ING DIRECT, said: "Australians are becoming more financially savvy but despite thinking we know it all about retirement, we've still got our heads in the sand on some points. Too many of us underestimate how much we'll need to live the life we want. For example, housing affordability issues mean today's young people could face a future of managing mortgage repayments well into their later years.

"Although retirement may seem a long way off for many, not thinking about what's required for a comfortable life is costing Australians dearly. With Australians paying an average of \$2,000 in super fees each year, it's in people's best interests to monitor what they're paying. In retirement, it could make the difference between a fine dining or fast-food lifestyle."

Sally Loane, CEO of the FSC said: "On average, Australians will need 62.5 per cent of their final annual salary to live comfortably in retirement. With super balances still low – at \$70 000 for women and \$110,000 for men - it is important that people begin engaging with their super fund and savings plans as soon as they get their first pay slip, to ensure they have enough money to sustain them in retirement. "

"Superannuation is the second biggest asset that most people will have during their lifetime, after the family home. Discussion about super should be just as much a part of our family dinner time conversation as property."

¹ Association of Superannuation Funds of Australia, 2015, <http://www.superannuation.asn.au/media-release-18-august-2015>

Rolling the dice with inheritance

The *Your Super Future* report shows many Australians are gambling with their retirement, pinning their hopes on an inheritance to supplement their super, rather than making practical plans for additional income.

Of the 55 per cent of Australians who intend to supplement their super with outside sources, one in five are relying on inheritance.

“A large number are relying on a cash inheritance from parents or grandparents to plug the gap. The message needs to get through that far from a guarantee, inheritance is not a sound financial plan”, said Ms Claes.

Additional findings:

- 11 per cent of Australians consulted a professional when selecting their main super fund
- As many as 68 per cent of Australians use their employer’s default fund
- More than half of Australians claim to feel ‘in control’ of their super
- A majority (74%) are aware they can specify investment options for their super, however only half this group have actually exercised that choice

To learn more, download the FSC / ING DIRECT *Your Super Future* report from <http://www.fsc.org.au/research/yoursuperfuture2015>

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Notes to editors:

Your Super Future is based on a study conducted by KREAB Research on behalf of ING DIRECT and the Financial Services Council. The research comprised an online survey of over 1,200 Australian workers in August 2015.

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About the Financial Services Council

The Financial Services Council (FSC) has over 115 members representing Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks, licensed trustee companies and public trustees. The industry is responsible for investing more than \$2.6 trillion on behalf of 11.5 million Australians. The pool of funds under management is larger than Australia’s GDP and the capitalisation of the Australian Securities Exchange and is the third largest pool of managed funds in the world. The Financial Services Council promotes best practice for the financial services industry by setting mandatory Standards for its members and providing Guidance Notes to assist in operational efficiency.

About ING DIRECT

ING DIRECT changed the way Australians bank 16 years ago by launching the country’s first high interest, fee free online savings account. Since then, we’ve brought this low fee value to home loans, transactional banking and superannuation.

With over 1.5 million customers – and \$34 billion in savings and \$38 billion in mortgages – ING DIRECT has the highest Net Promoter Score (advocacy) of any bank in Australia.