


# Super balances disappear too early for retired Australians

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By **ANTHONY KEANE**, PERSONAL FINANCE WRITER

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Senior Australians are dying without a cent of superannuation, according to new research that combats claims that many don't spend their nest eggs.

A new report by the Association of Superannuation Funds of Australia (ASFA) says four out of five people aged over 60 who died between 2014 and 2018 had no super for up to four years before their death.

And almost two-thirds of Australians currently aged over 70 – about 1.7 million people – have no super, says the report, which argues that compulsory superannuation should rise to 12 per cent as legislated “so that retirees can live in retirement with dignity”.

ASFA chief executive Officer Martin Fahy said the situation was worse for women, with 85 per cent of those passing away after age 60 having no super left.

“People who had modest superannuation balances have spent them because of aged care costs, health care costs and also the cost of living,” Dr Fahy said.

ASFA's Superannuation Balances Prior to Death report analysed Australian Taxation Office figures and previously unpublished data from the Household, Income and Labour Dynamics in Australia (HILDA) survey.

It says the recent Retirement Income Review stated that retirees tended to avoid using up their super assets. These claims had been widely quoted, it says, but there is “little or no evidence” that typical Australians die with the same level of wealth they had when retiring.

“A lot of people in manual occupations don't get to work all the way to the age pension age and they end up eating into their super prematurely,” Dr Fahy said.

He said compulsory employer super contributions had only reached 9 per cent in 2002, and the huge amounts of super held by wealthy retirees distorted average super balances.

“There are 11,000 people with more than \$5 million in their super. We have suggested that anybody with more than \$5 million in super should have to withdraw the excess of that from their superannuation and not continue to get tax breaks.”

Some Coalition MPs and think tanks including the Grattan Institute have argued that compulsory super should not rise from 9.5 per cent to 10 per cent this July and then 12 per cent by 2025, claiming it would hurt businesses and lead to lower wages.

Financial strategist Theo Marinis said super data could be misleading because many people in their 80s and 90s who had died might never have received superannuation, which only became compulsory in the 1990s.

“Super is a political football and it depends on which side you want to position yourself,” he said.

“The reality is somewhere in the middle. Because of super, retirees are much better off now than they were pre-super.”

[@keanemoney](#)

#### ANTHONY KEANE, PERSONAL FINANCE WRITER

Anthony Keane writes about personal finance for News Corp Australia mastheads, focusing on investment, superannuation, retirement, debt, saving and consumer advice. He has been a personal finance and business w... [Read more](#)

Financial Strategies (SA) Pty Ltd trading as Marinis Financial Group

T 08 8130 5130 | F 08 8331 9161 | A 49 Beulah Road, NORWOOD SA 5067

E [admin@marinigroup.com.au](mailto:admin@marinigroup.com.au) | W [marinigroup.com.au](http://marinigroup.com.au)

ABN 54 083 005 930 5067 | AFSL No: 326403

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