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Monday, 6 November 2017

## Millennials more than double their share of superannuation funds over the decade

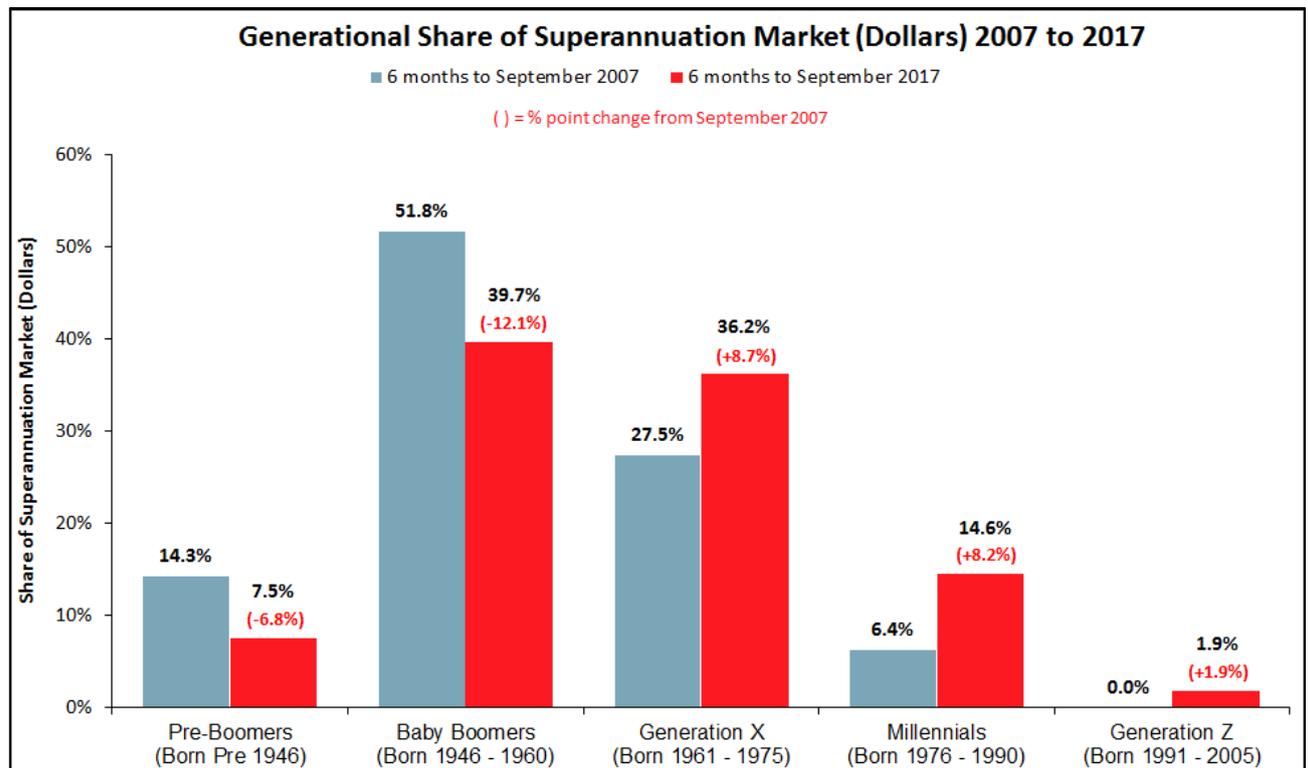
**It's Official: Millennials' share of superannuation fund balances has more than doubled between September 2007 (6.4%) and September 2017 (14.6%). This represents an increase in superannuation funds held by them of \$226 billion or 382% and is well ahead of the overall market growth over this period of 110%.**

These are the latest findings from Roy Morgan's Single Source Survey (Australia) of over 50,000 consumers per annum, which covers of all aspects of their financial behaviour and includes interviews with over 30,000 superannuation fund members.

### Younger generations increase their share of superannuation funds

Gains in superannuation market share over the last decade were seen across all three of the younger generations, with Generation X up 8.7% points (to 36.2%), Millennials up 8.2% points (to 14.6%) and Generation Z up from zero to 1.9%. Gains in dollars held were greatest for Millennials (up 382%), followed by Generation X (up 177%).

### Generational Share of Superannuation Market (Dollars) 2007 to 2017



**Source:** Roy Morgan Single Source (Australia). 6 months to September 2007, n= 15,118; 6 months to September 2017, n= 16,098. **Base:** Australians 14+ with superannuation

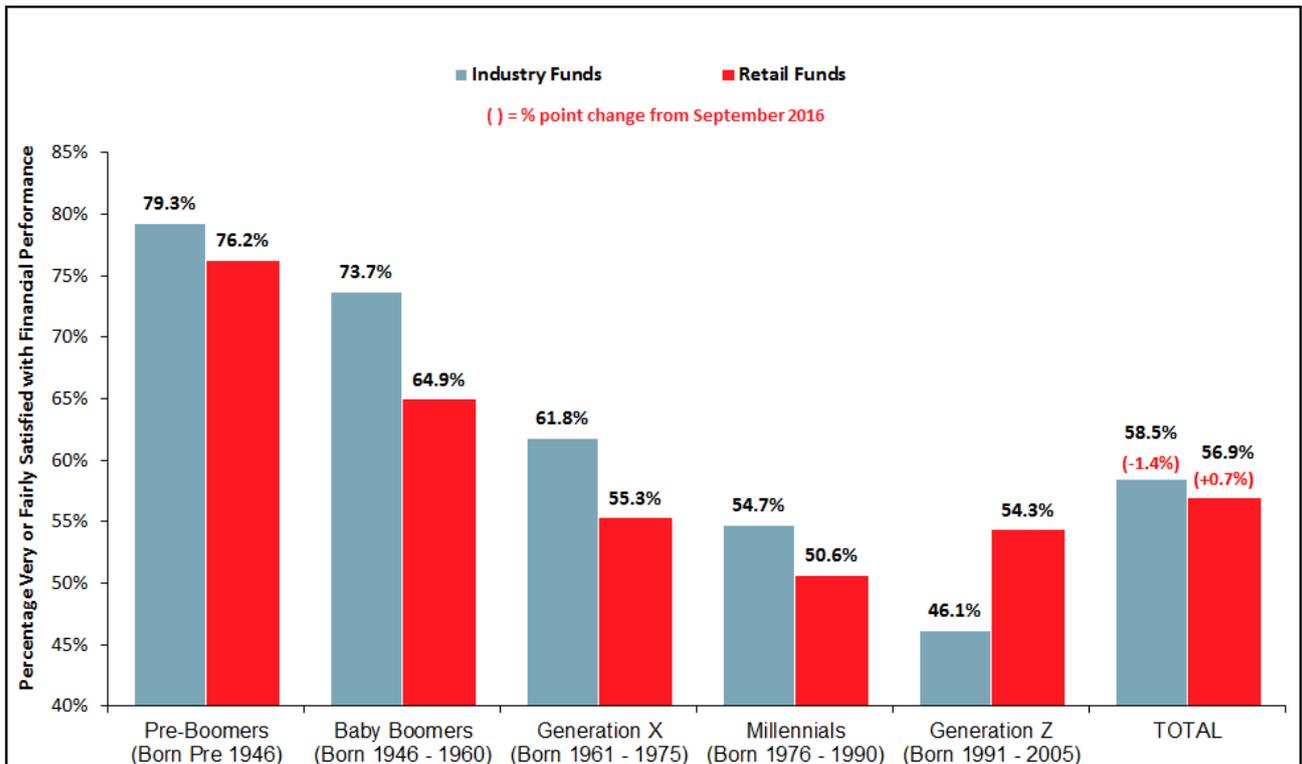
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The older generations which have been the major strength of superannuation fund growth, are now showing declines in market share, with Baby Boomers down 12.1% points over the last decade (to 39.7%) and Pre-Boomers down by 6.8% points (to 7.5%).

### Satisfaction with industry funds ahead of retail funds

In the six months to September 2017, satisfaction with the financial performance of industry funds was 58.5%, compared to retail funds on 56.9%. Over the last year, satisfaction with industry funds fell by 1.4% points, compared to an improvement in retail funds of 0.7% points.

### Satisfaction with Financial Performance of Superannuation Funds



**Source:** Roy Morgan Single Source (Australia). 6 months to September 2016, n=16,017; 6 months to September 2017, n= 16,098. **Base:** Australians 14+ with superannuation

Satisfaction with industry funds is ahead of retail funds for all generations except for Generation Z where retail funds lead. The decline in satisfaction for retail and industry funds with the younger generations is associated with their lower average superannuation balances, as illustrated by the fact that the average balance for Pre-Boomers (the oldest group) is \$289,400 and gradually declining to \$16,600 for Generation Z (the youngest generation). The average balance held by Millennials currently is \$59,500, well up on their average of \$17,300 in 2007.

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

*“It is a major challenge for superannuation funds to engage the younger generations in a long term issue such as superannuation, when they are most likely to have shorter term priorities such as housing affordability and lifestyle. Concerns relating to rule changes to superannuation that are likely to occur over the many years involved and difficulties in accessing funds, are also likely to be contributing to a general lack of engagement by the young in superannuation.*”

*“This research has shown that due to the compulsory nature of superannuation, Millennials, Generation Z and Generation X are where the greatest growth potential now lies. Baby*

*Boomers and Pre-Boomers are becoming less significant for superannuation growth in the long term due to retirement and the associated drawing down of their superannuation balances.*

*“The very low satisfaction levels among the younger generations of around 50% are likely to lead to low brand loyalty and engagement. Industry funds with their higher satisfaction levels should have a growth advantage over retail funds if this lead in satisfaction with performance can be maintained.*

*“A major threat to both industry funds and retail funds are self-managed funds which have much higher satisfaction and average balances and are currently the biggest sector of the market. Retaining and attracting high balance superannuation members therefore represents a major challenge to both retail and industry funds.*

*“With more than 30,000 in-depth interviews conducted per annum with superannuation members for over two decades, Roy Morgan is in the unique position to enable a detailed understanding of this market for all participants and interested parties.”*

**For comments or more information about Roy Morgan Research’s retirement research and analysis, please contact:**

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#### **Related research reports**

View our [Consumer Satisfaction – Financial Performance of Superannuation in Australia Monthly Report](#).

#### **About Roy Morgan Research**

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

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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