

Melbourne Mercer Global Pension Index

**Global pension systems:
where does Australia sit?**

**Prof Deborah Ralston
AIST Breakfast
Wednesday, 14 July 2010**

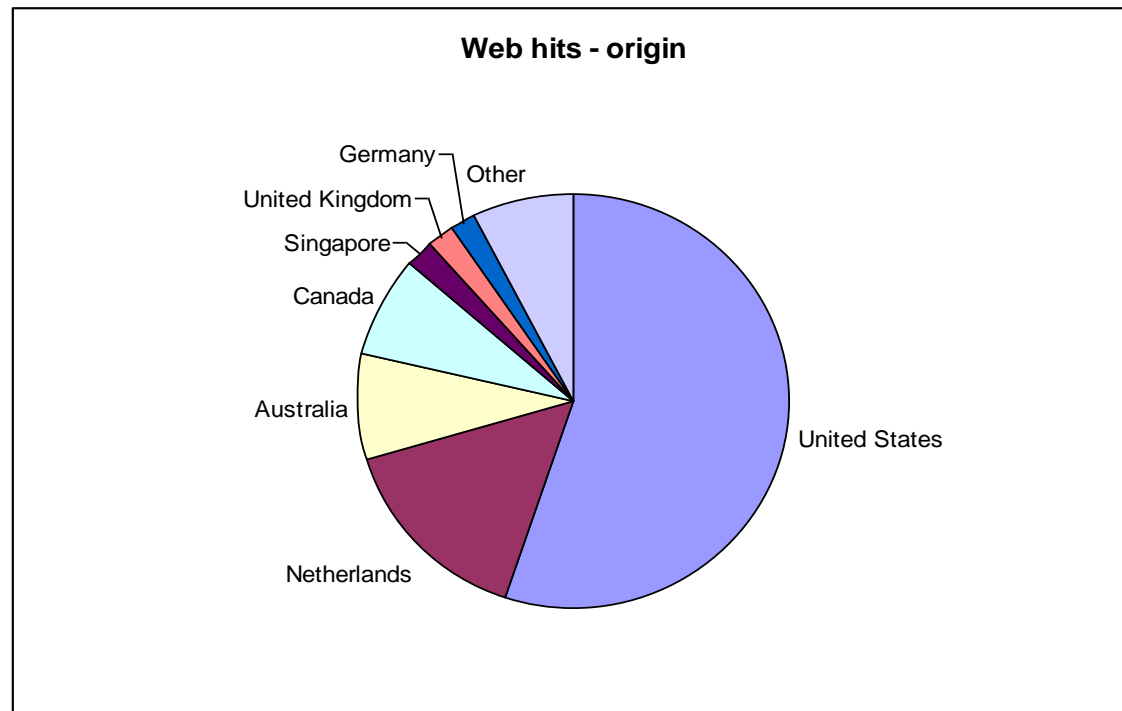
ACFS Role with the MMGPI

➤ Steering Committee

- Syd Bone, Chairman, Melbourne Centre for Financial Studies
- Jeremy Duffield, Managing Director, Vanguard Investments Australia
- Dr Vince Fitzgerald, Chairman, Allen Consulting
- Assoc Prof Roger Gay, Monash University
- Prof Richard Heaney, RMIT University
- Assoc Prof Matt Pinnuck, Melbourne University
- Ian Silk, Chief Executive, Australian Super

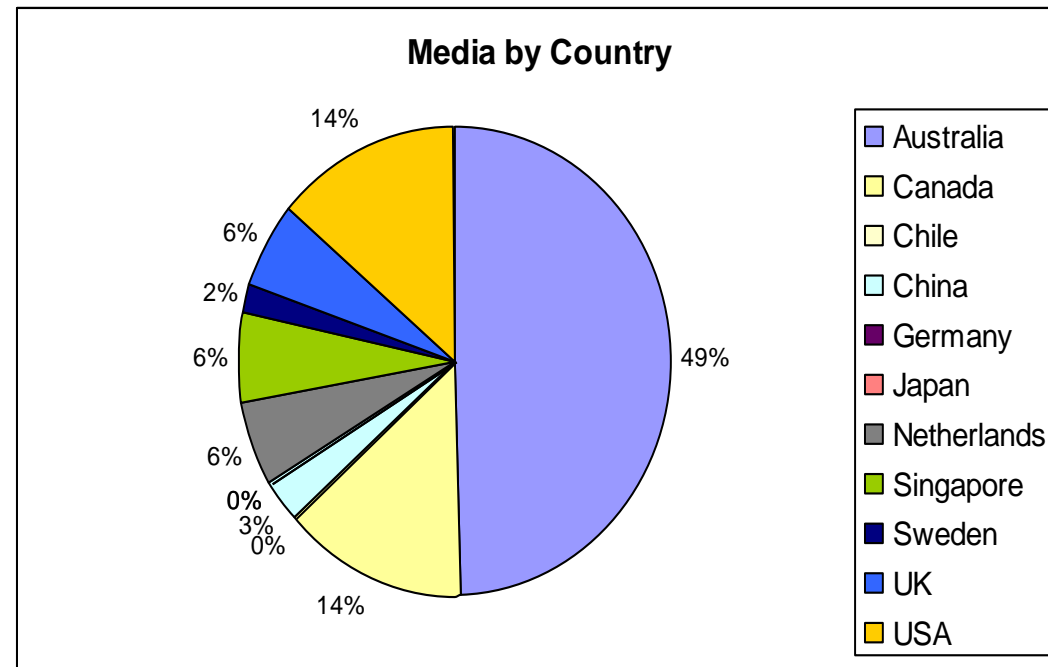
Disseminating the outcomes

- In the first three weeks following the launch:
 - There were over 17,000 views of these websites;
 - The United States was the greatest driver of traffic; and
 - There was a large spread of visits geographically.



Media coverage

- Overall the media coverage was split globally.
- Over 100 media references.
- Just under half of the coverage was generated in Australia, with the US and Canada following with around 30% of coverage between them.



Retirement research Issues

➤ **MMPGI**

- How to account for costs

➤ **Other issues concerning the retirement system**

- Relatively few “self-funded” retirees in medium to long term
- Disparity in the level of superannuation savings based on gender
- Engagement with superannuation limited
- Compulsory contributions miss many people
- Taxation incentives can be regressive
- Despite changing work patterns, trends towards early retirement
- Longevity risk of increasing importance



Dependence on the pension

- By 2047 there will be still a high degree on dependence on the age pension
- Self funded retirees up from 20% in 2007 to <24% in 2017

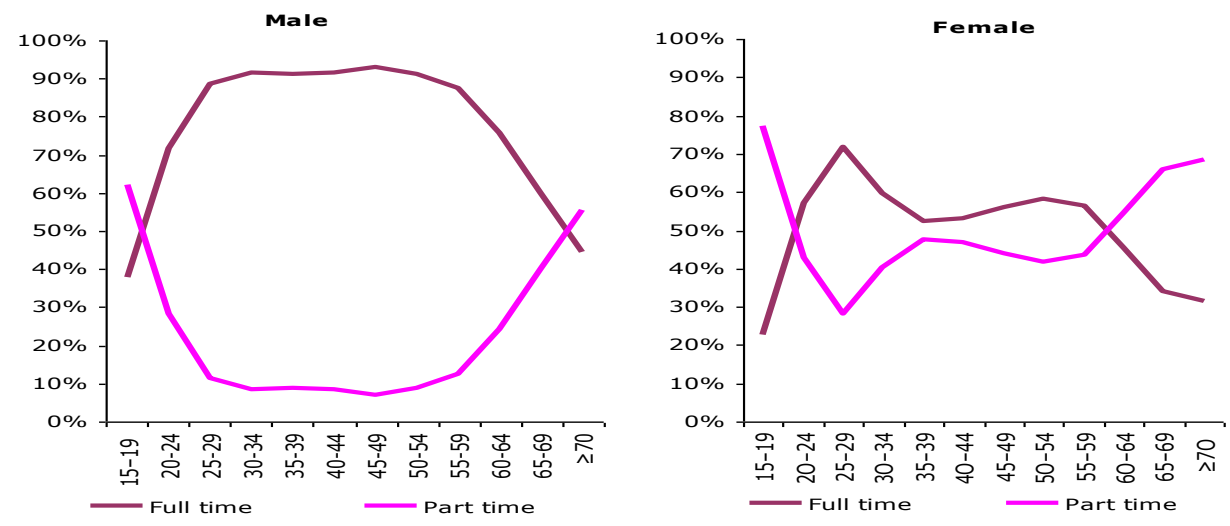
<i>People receiving pensions and no pensions</i>	2007	2017	2027	2037	2047
Full pension	55.1	48.5	40.6	37.8	35.8
Part pension	24.9	31.1	36.6	38.6	40.7
No pension	20.0	20.4	22.8	23.6	23.6
Total	100.0	100.0	100.0	100.0	100.0

Source: Trends in Aged Care Services: some implications, Productivity Commission, Research Paper, September 2008



Coverage

- Male and female participation rate patterns
- The average retirement payout for women is only \$73,000 compared with \$155,000 for men (ASFA, 2009)



Source: ABS 2010

ACFS Funds / Super Research Reference Group

- Regulation
- Structure of the Industry/ macro issues
- Performance of funds
- Investment management / Technical Issues
- Consumer retail issues

The End



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TRUSTEES



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