

What young people often don't know about super

If you're like 56% of young Australians, you probably couldn't say exactly how much money you have in superannuation, but according to the Association of Superannuation Funds of Australia (ASFA), what you've got in super may easily outweigh what you've got in your everyday bank account.

We take a look at the research, released by ASFA in March this year, which also highlights that the majority of those under age 29 strongly support super as a good way to save for retirement, even though many underestimate the amount of money they'll need after they finish working.

How much the average young person has in super

ASFA found around 25% of Australians aged 15 to 19 had a super account, as did approximately 75% of those aged 20 to 24.3.

While average balances were not that large, ASFA said they were rather substantial compared to what most young people had in their bank account.

ASFA pointed to figures from the Australian Bureau of Statistics, which showed the average super balance for those aged 20 to 24 was around \$5,000, with that figure escalating to more than \$16,000 for 25 to 29-year-olds.

What additional findings revealed

Key points from the ASFA research showed:

- More than 60% of young Australians have multiple super accounts, with 30% reporting trouble in finding their old accounts
- Young people who have multiple accounts are potentially at risk of eroding their super savings because they're paying multiple sets of fees and charges
- Nearly 10% of Australians under 29 are checking their super balance daily, which is important as it's likely to be one of the biggest investments they'll ever have
- On average, young people expect they'll need \$625,000 to retire, while those aged 60 and over expect they'll need a much bigger sum of around \$1 million.

Super tips for young people

- If you earn more than \$450 in a calendar month, your employer is required to make super contributions to a fund on your behalf at the rate of 9.5% of your earnings.
- If you're under 18, contributions are only payable if you work more than 30 hours a week.
- If you are employed, you should check your payslip and your super account transaction records to make sure you are getting the contributions you are legally entitled to.
- If you aren't getting what you think you are owed, speak to your employer. The Australian Taxation Office can also help you with information and in recovering any unpaid contributions, with non-payment of super affecting about 690,000 Australians annually.

What about insurance inside super?

Each super account you have will typically have a fixed administration charge of at least \$100 a year and if you've taken out insurance through super, premiums will also be deducted from your balance.

While more than 70% of Australian life insurance policies are held inside super—and it may be beneficial for you, depending on your circumstances—you should regularly review your preferences, as more than 25% of people under age 29 are unsure whether they have cover, let alone the right type.

Where to go for help

While you mightn't be able to put as much money into super due to these changes, the good news is there are still opportunities you could take advantage of if you act soon.

While retirement might seem like a lifetime away, remember - the more informed you are about super from a young age, the better off you may be down the track.

Source: AMP News & Insights