



CORE | DATA

The Shock Of The New
FEAL Presentation August 2021

ABOUT US

CoreData Research is a global specialist financial services research and strategy consultancy, founded in 2002 and headquartered in Australia, with operations in Sydney, Perth, London, Boston and Manila.

It provides clients with bespoke and syndicated research services through a variety of data collection strategies and methodologies, along with consulting and research, database hosting and outsourcing services.

CoreData provides both business-to-business and business to-consumer research, while the group's offering includes market intelligence, guidance on strategic positioning, methods for developing new business, advice on operational marketing and other consulting services.

GLOBAL PRESENCE, LOCAL FOCUS

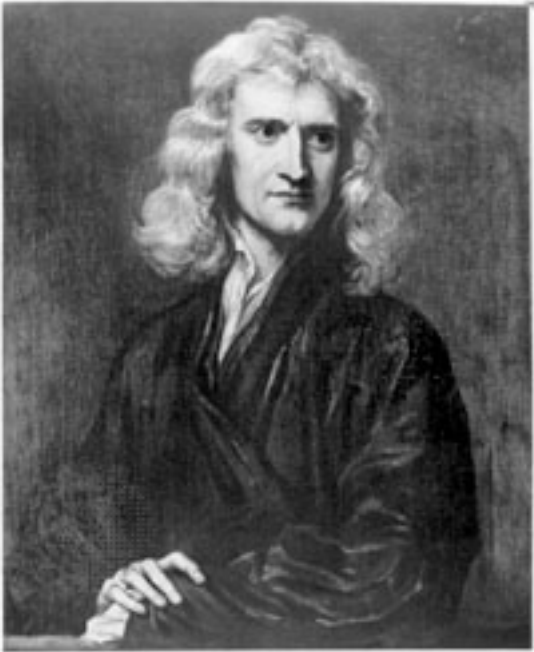


Today

1. How Was Your Pandemic?
2. The Moments Of Truth
3. Best Possible Retirement
4. The Small Fund Effect



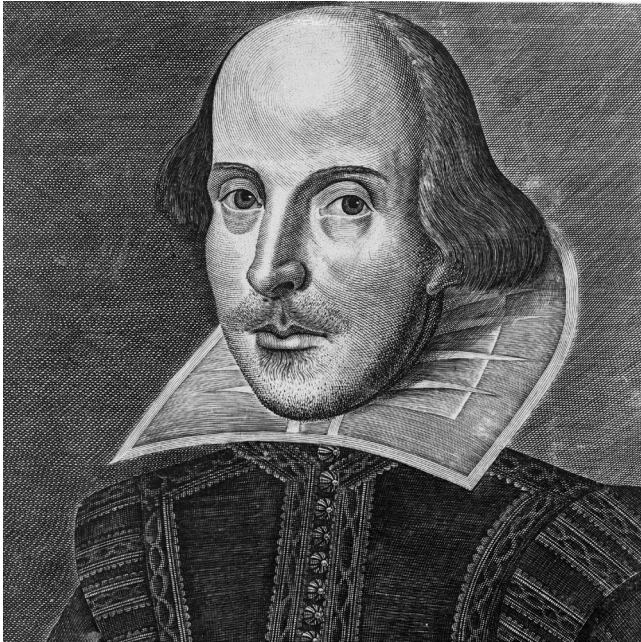
How Was Your Pandemic ?



Isaac Newton

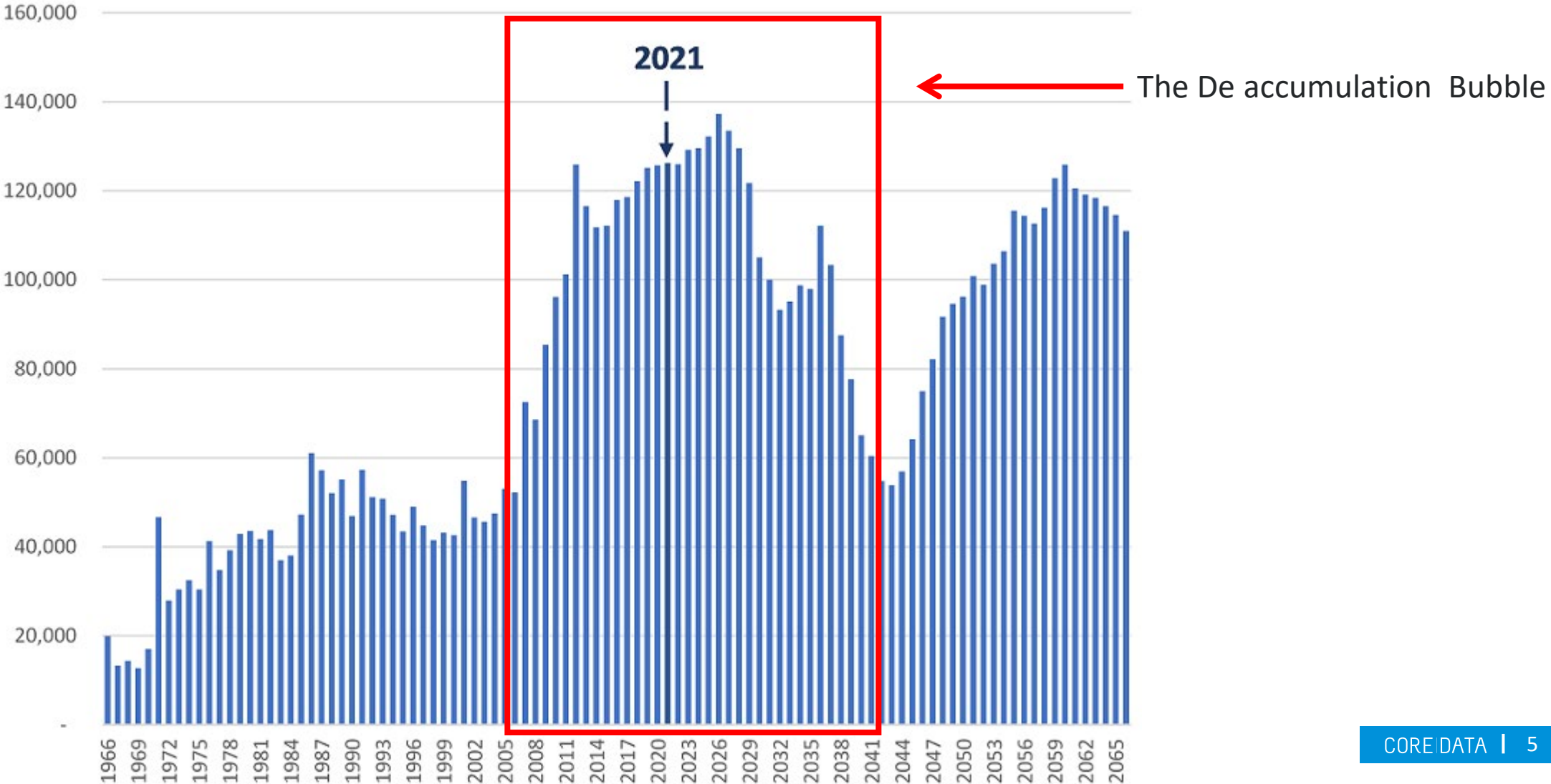


John Graunt



William Shakespeare

The Descriptive Nature Of Graunts View Of The World



Moments Of Truth

How Trust Is Created, Fumbled and Destroyed

The Moments Of Truth

1

On Boarding - New, Transitioning, Young, Old – Its all different

2

Reporting – Anchoring The Benefit Of The Fund

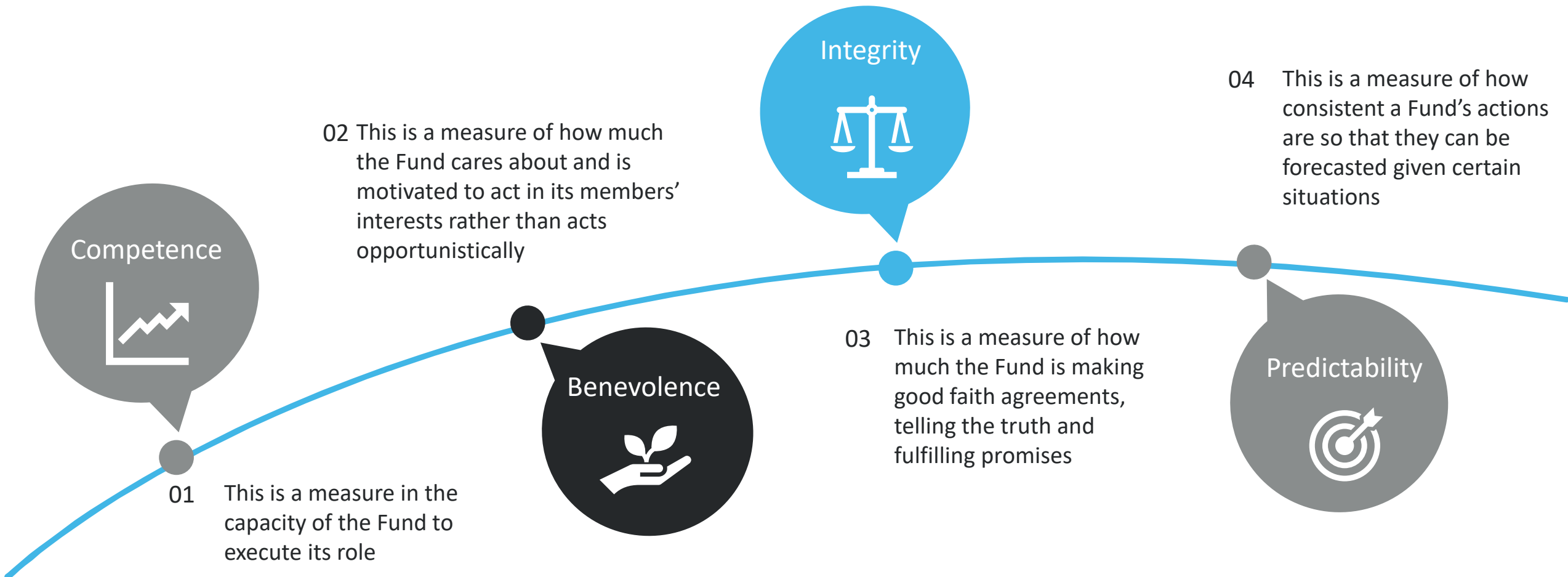
3

Transitioning – Highly Stressful for 80% of your members – particularly those who have “failed”

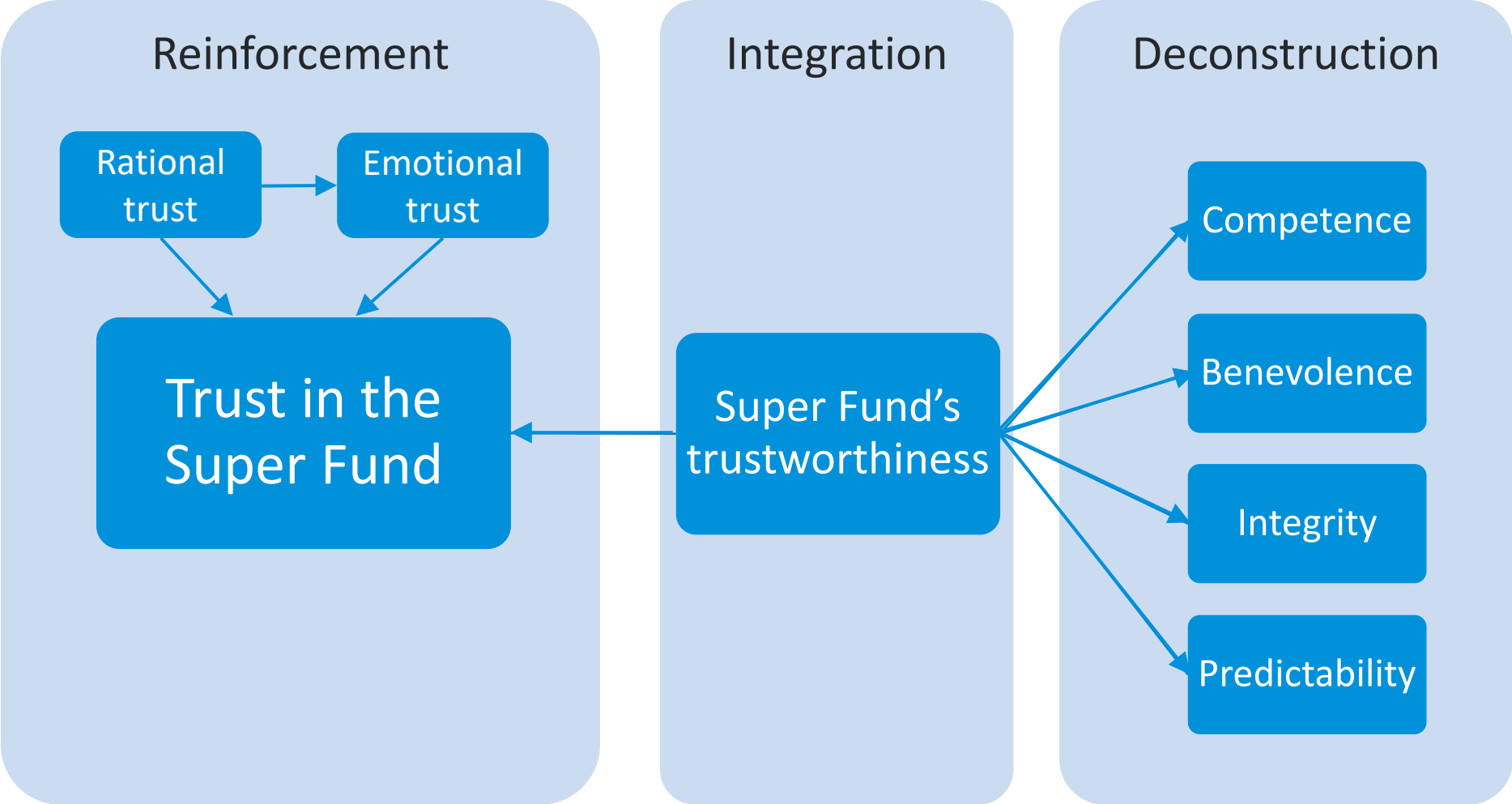
4

Ending – The biggest moment of truth of all

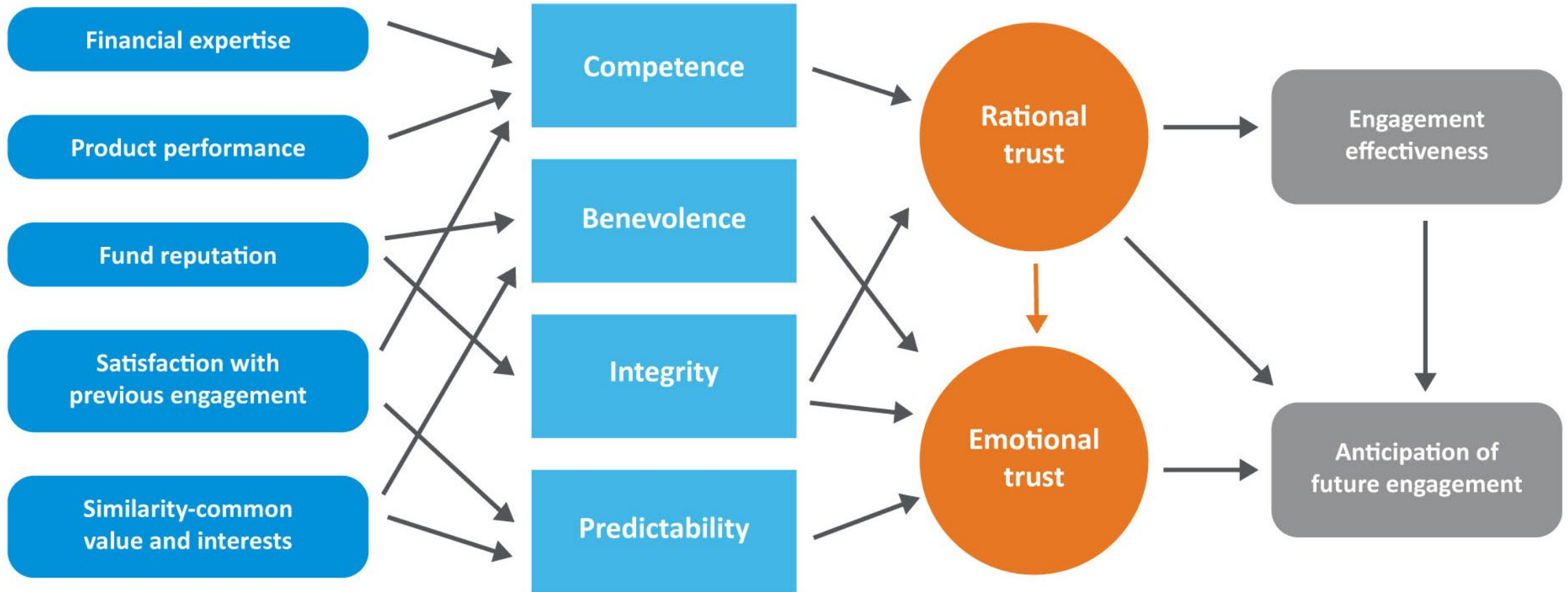
The Four Critical Trust – Inputs (How Trust Is Built)



Trust Framework Structure (How Trust Is Measured)



Deconstructing And Integrating The Meaning Trust Effectiveness



In January, When My Father Knew He Was Dying

1. Consolidated From Eight Funds to Four. Two Large Two, Smaller. One of the Funds lost the transfer for 8 weeks.
2. All transactions with small funds were completed within 50 days
3. The Large Retail Fund took 61 business Days.
4. The Large Industry Fund Is Yet To Be Complete.

Here Is Some Sample Correspondence (We Have 84 Emails)

I have all the information I need to commence the transaction and will get back to you on Wednesday

We have no record of any Information being received from you.

The information we have from you does not comply with our needs

We have no record of that information on file.

I will have to contact my manager – that person no longer works here

There is no complaints procedure.

The Best Possible Retirement

More Than Money

CoreData's Best Possible Retirement Research 2020-21



This is the second iteration of CoreData's Best Possible Retirement (BPR) suite of research. It consists of a major quantitative survey which assesses retirement success/preparedness for Australians.



The survey was completed by **4,288** Australian consumers over the age of 45, with one survey for retirees (**1,580**), and another comparable survey for pre-retirees (**2,708**).



The results from this survey give quantitative insight into the intangible and tangible factors that contribute to each Australian's best possible retirement.

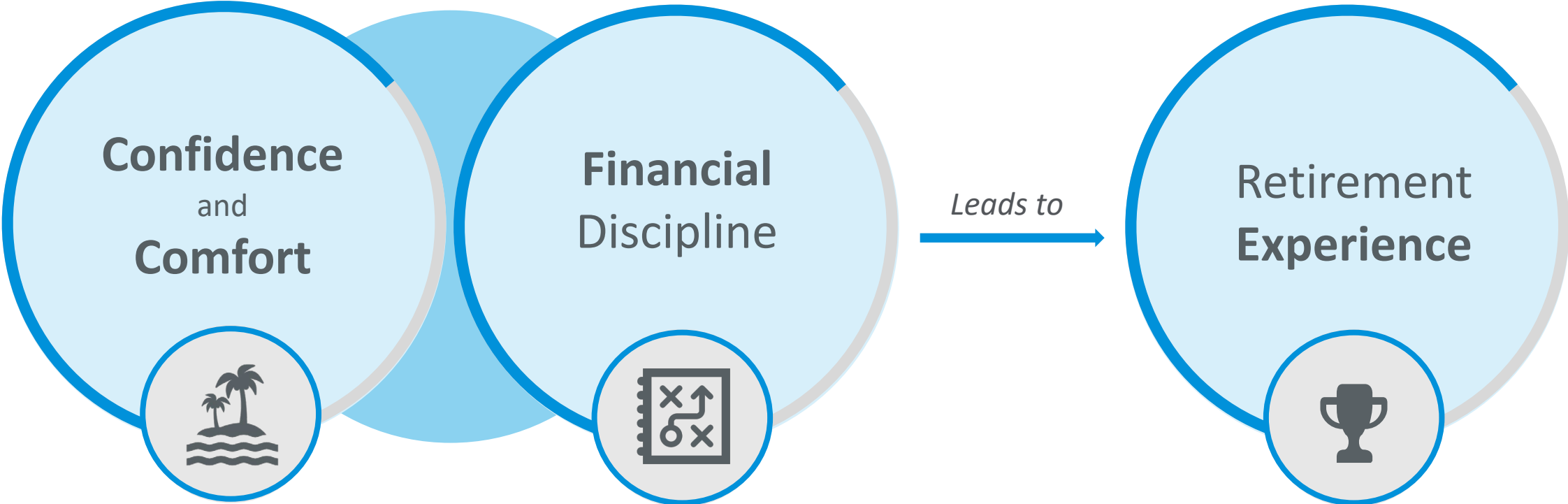


The answers have also been used to create this year's BPR index. A way of quantifying the success/preparedness of a given consumer's retirement.

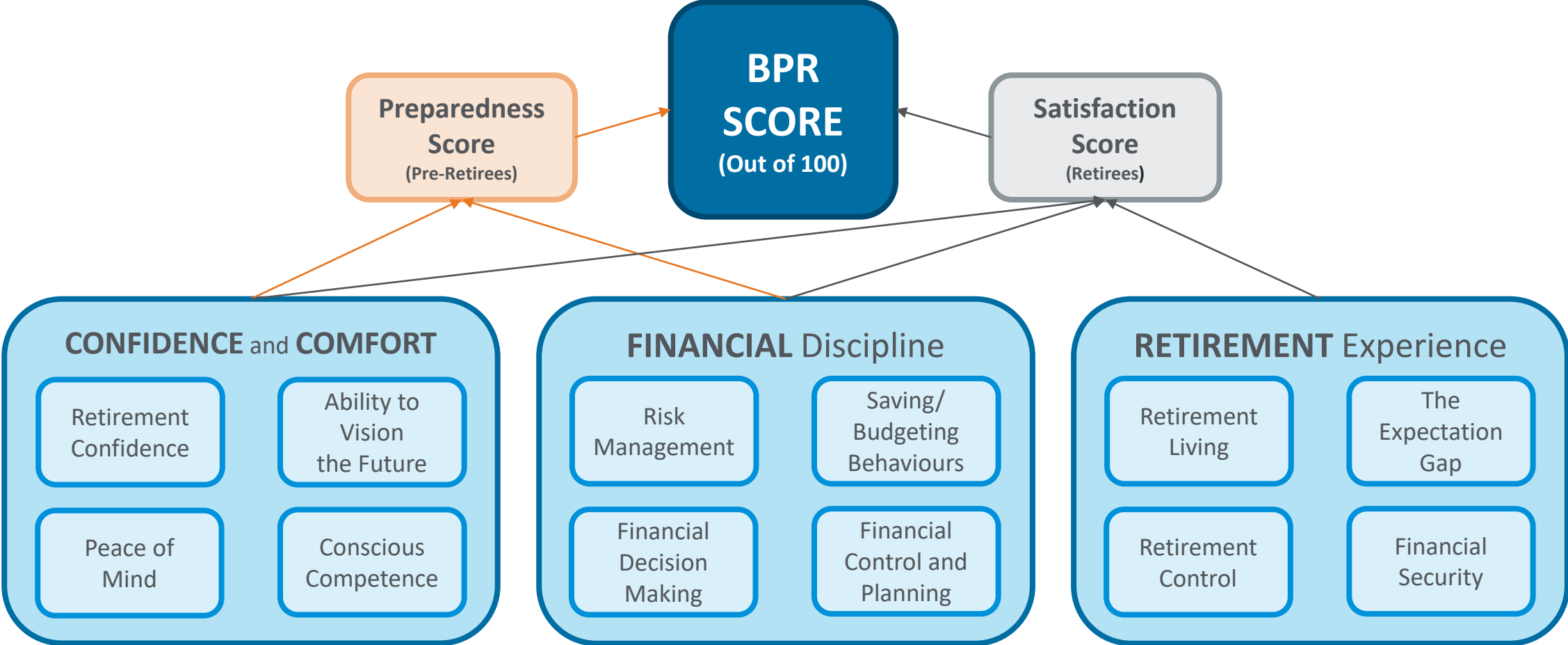


This index allows us to compare the retirement success/preparedness of different consumers, and to see which factors (e.g. wealth) are most closely correlated with that ultimate feeling of retirement success/preparedness.

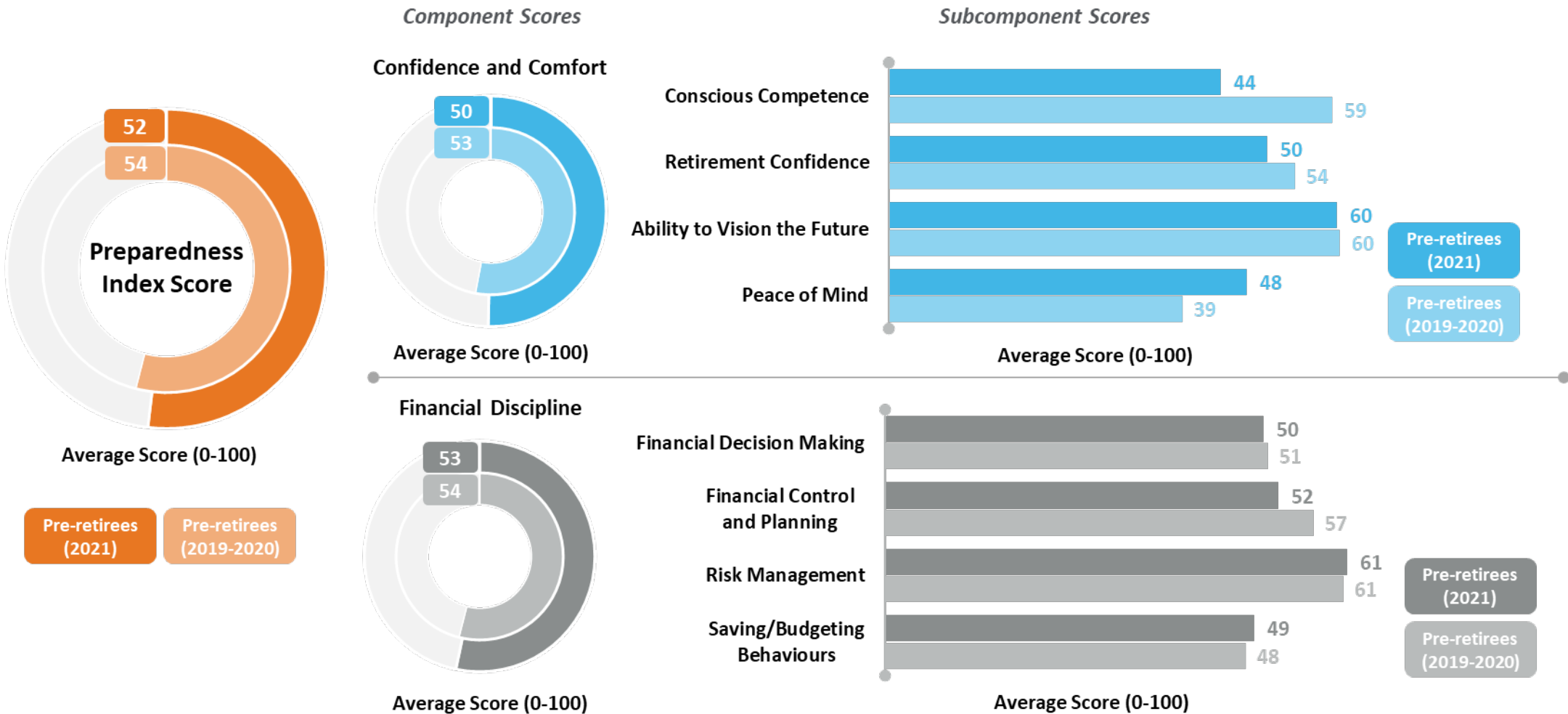
The BPR Index Methodology – Components



The BPR index – measuring preparedness and satisfaction



Retirement Preparedness Index Results: 2021 & 2019/20 (Overall)



n = 2,708, pre-retirees (2021); 1,491, pre-retirees (2019-2020)

Retirement Satisfaction Index Results: 2021 & 2019/20 (Overall)



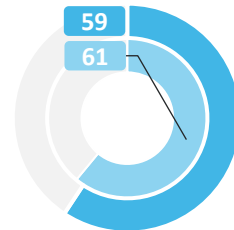
Average Score (0-100)

Retirees (2021) Retirees (2019-2020)

n = 1,580, retirees (2021); 657, retirees (2019-2020)

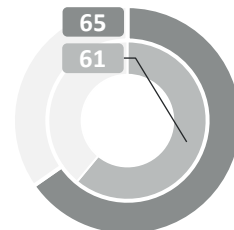
Component Scores

Confidence and Comfort



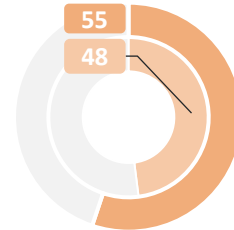
Average Score (0-100)

Financial Discipline



Average Score (0-100)

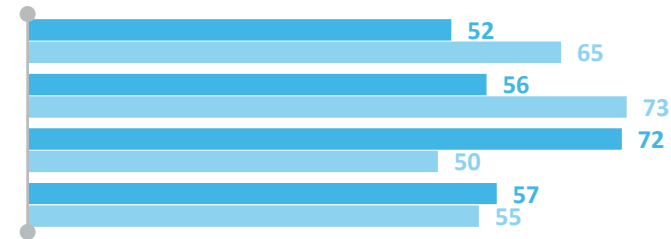
Retirement Experience



Average Score (0-100)

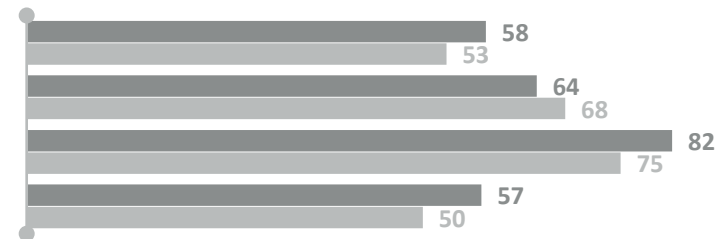
Subcomponent Scores

- Conscious Competence
- Retirement Confidence
- Ability to Vision the Future
- Peace of Mind



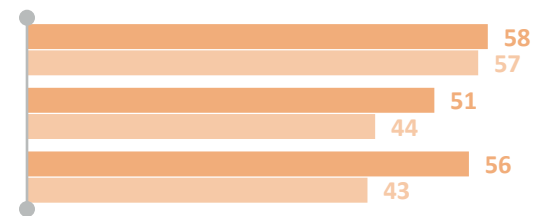
Average Score (0-100)

- Financial Decision Making
- Financial Control and Planning
- Risk Management
- Saving/Budgeting Behaviours



Average Score (0-100)

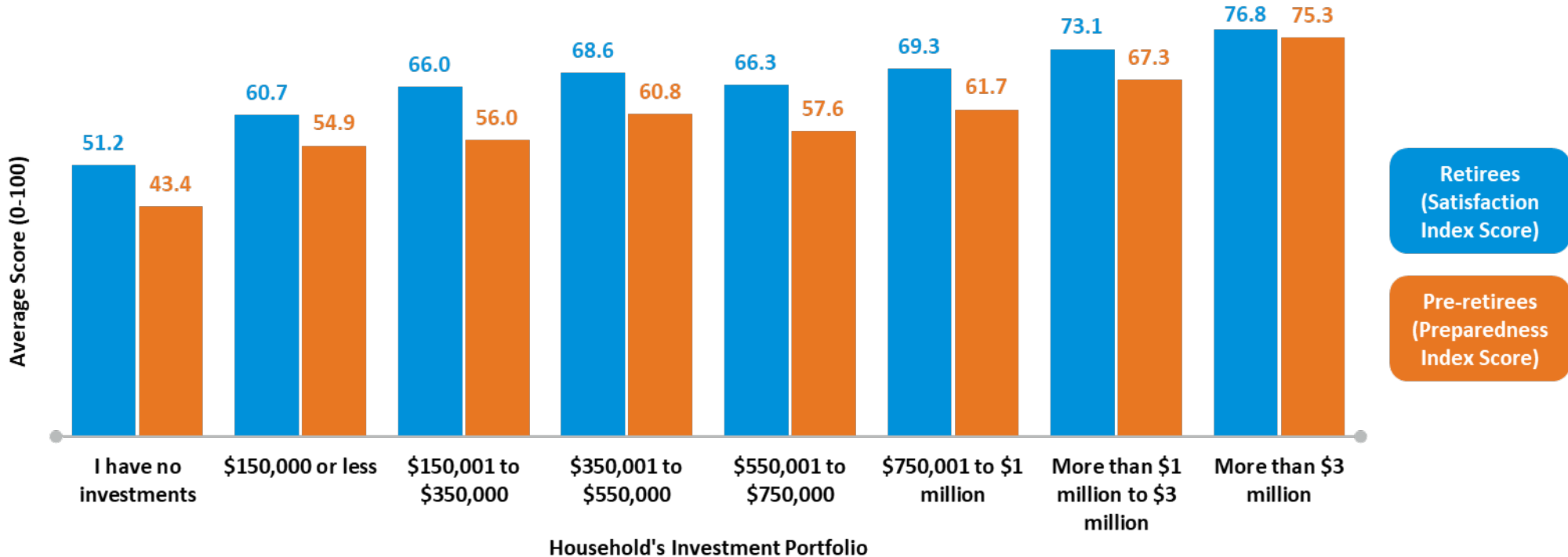
- Retirement Living
- The Expectation Gap
- Retirement Control



Average Score (0-100)

Wealth Improves Satisfaction and Preparedness, But Not Significantly

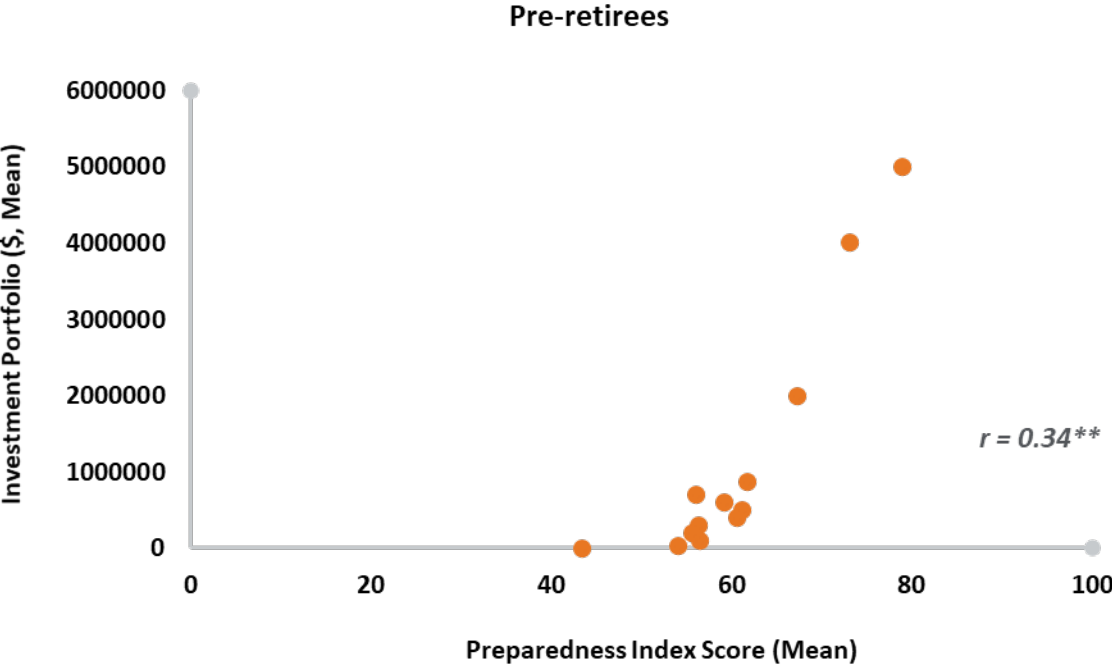
Overall Index Scores by Household Investment Portfolio



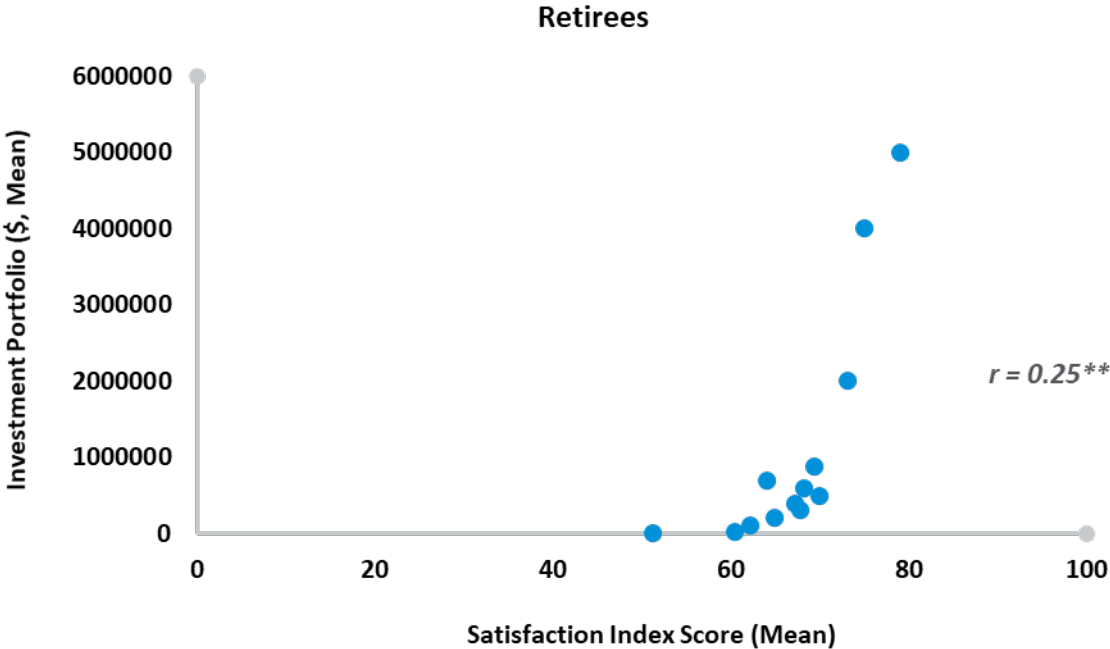
n = 1,580, retirees; 2,708, pre-retirees

The Wealth Effect Is Not Linear

Correlation between investment portfolio size and BPR index scores



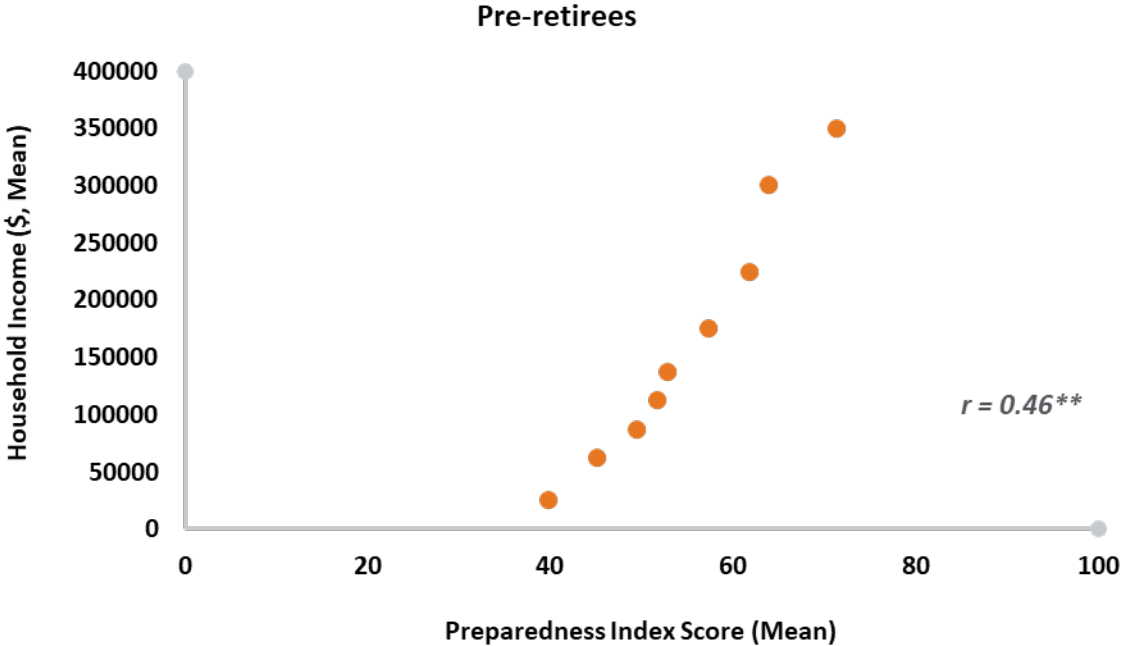
n = 2,708, pre-retirees



n = 1,580, retirees

Income Has A Stronger Correlation

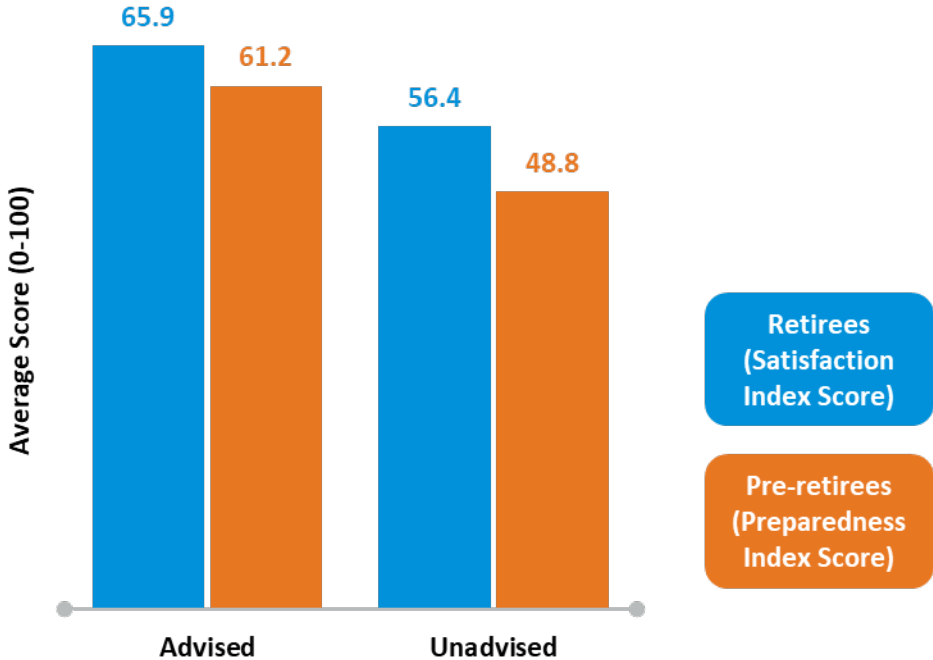
Correlation between income and BPR preparedness score



n = 2,708, pre-retirees

Advice Matters

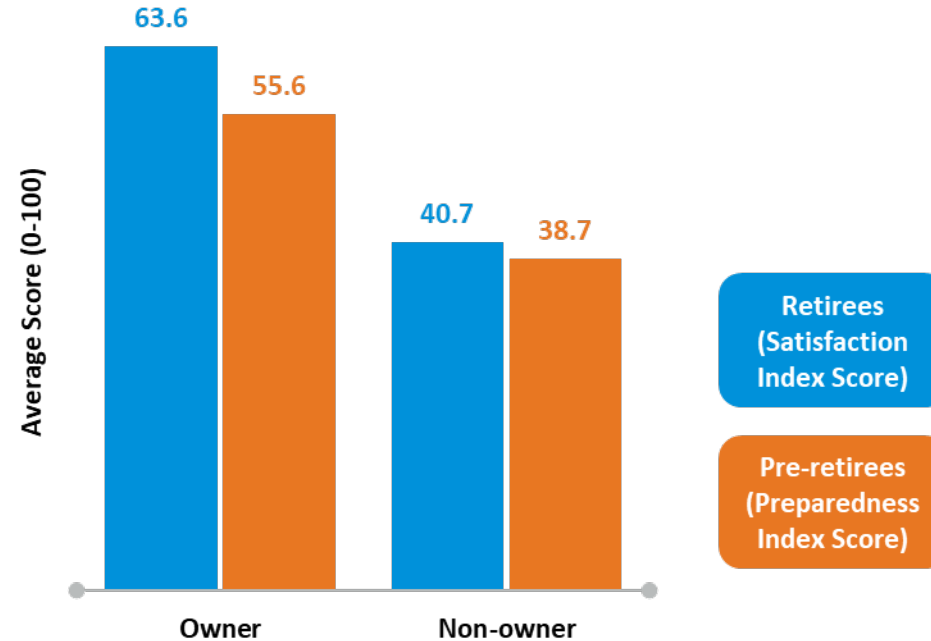
Overall Index Scores by Use of Financial Advisers



n = 704, advised retirees; 818, advised pre-retirees; 1,890 unadvised retirees; 876, unadvised pre-retirees

Home Ownership Matters Too

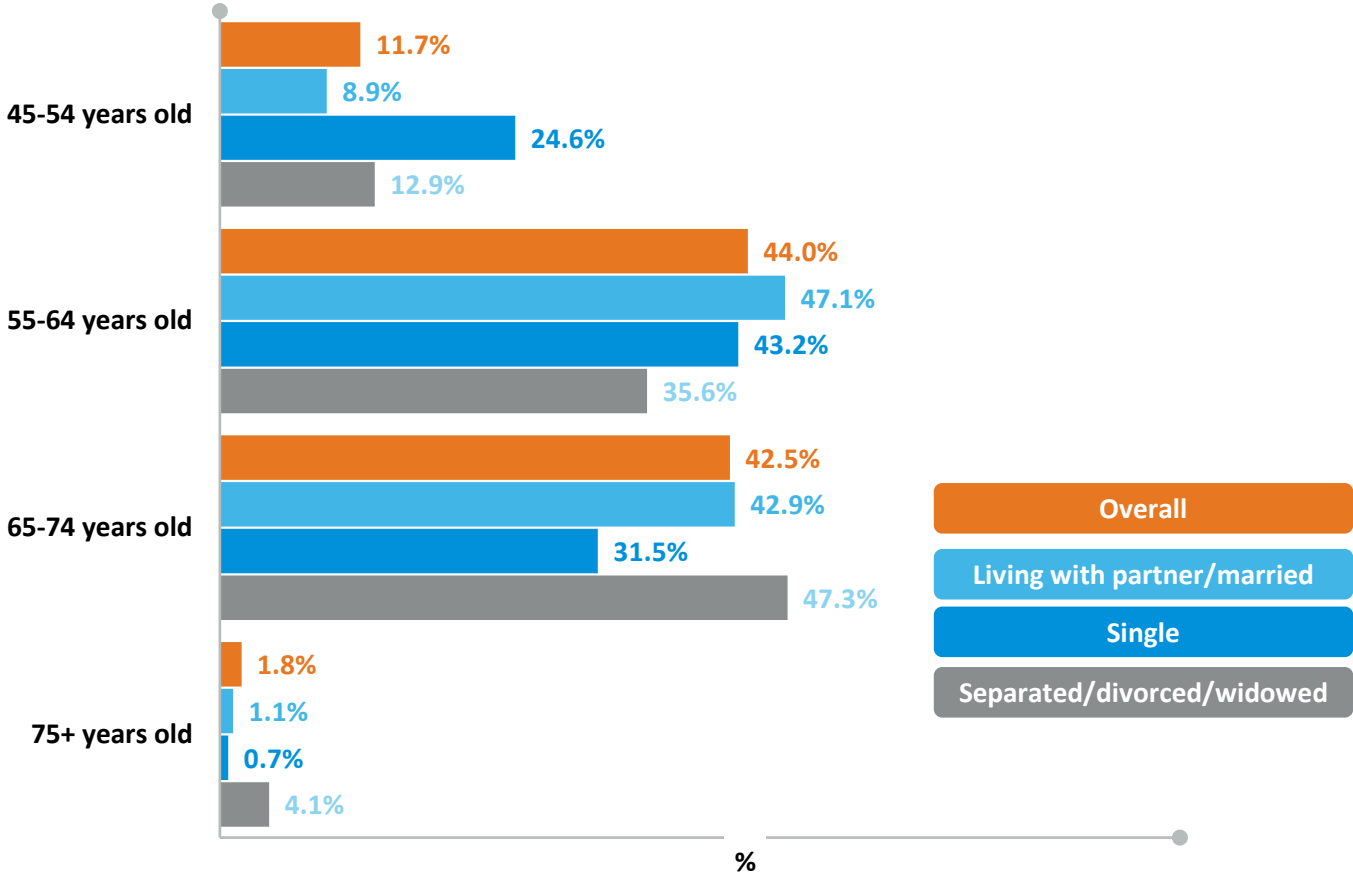
Overall Index Scores by Property Ownership Status



n = 1,372, owner retirees; 2,197, owner pre-retirees; 143, non-owner retirees; 357, non-owner pre-retirees

Singles Retire Younger

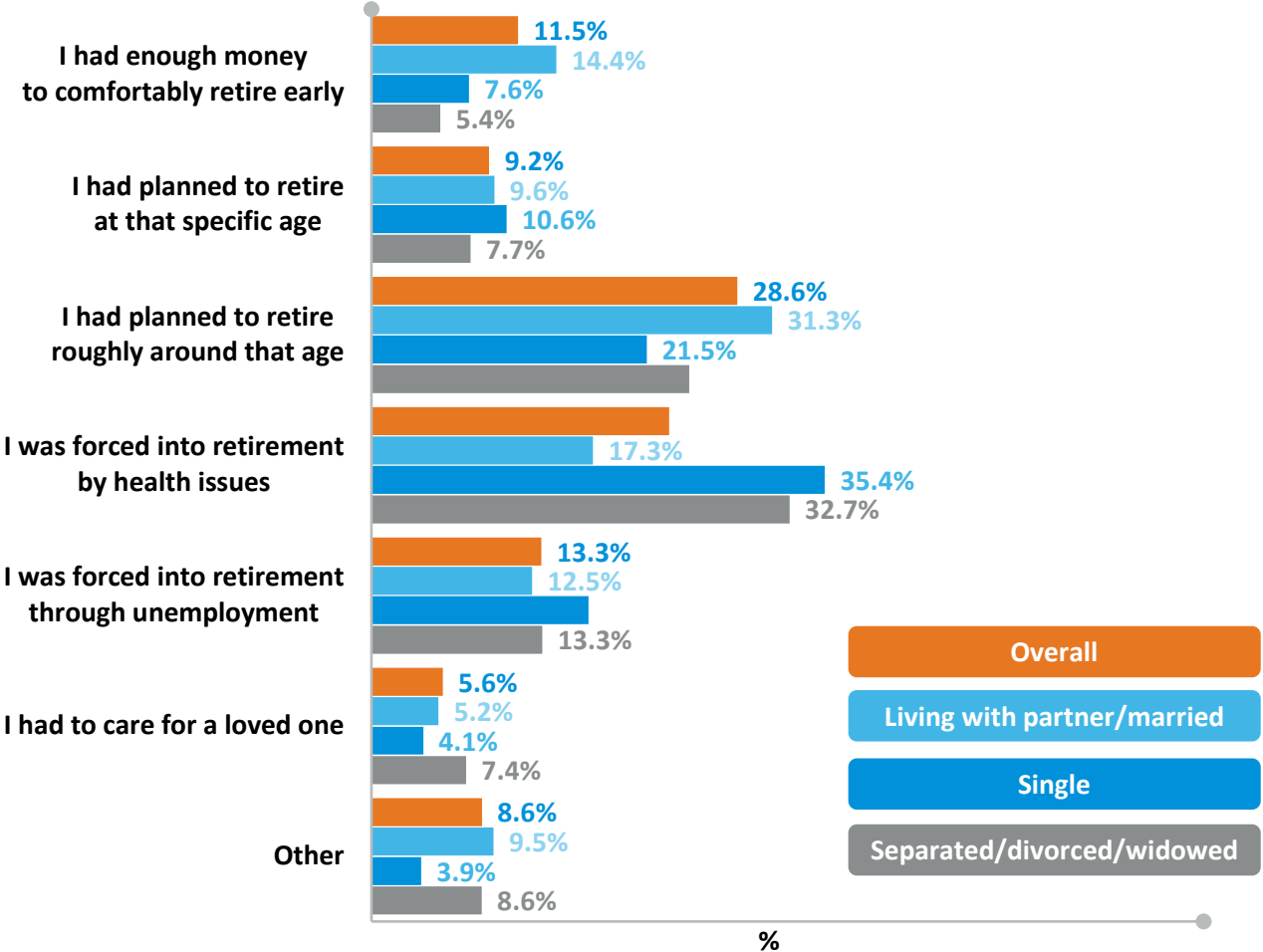
At what age did you retire?



n = 1,580, retirees

But Not Through Choice

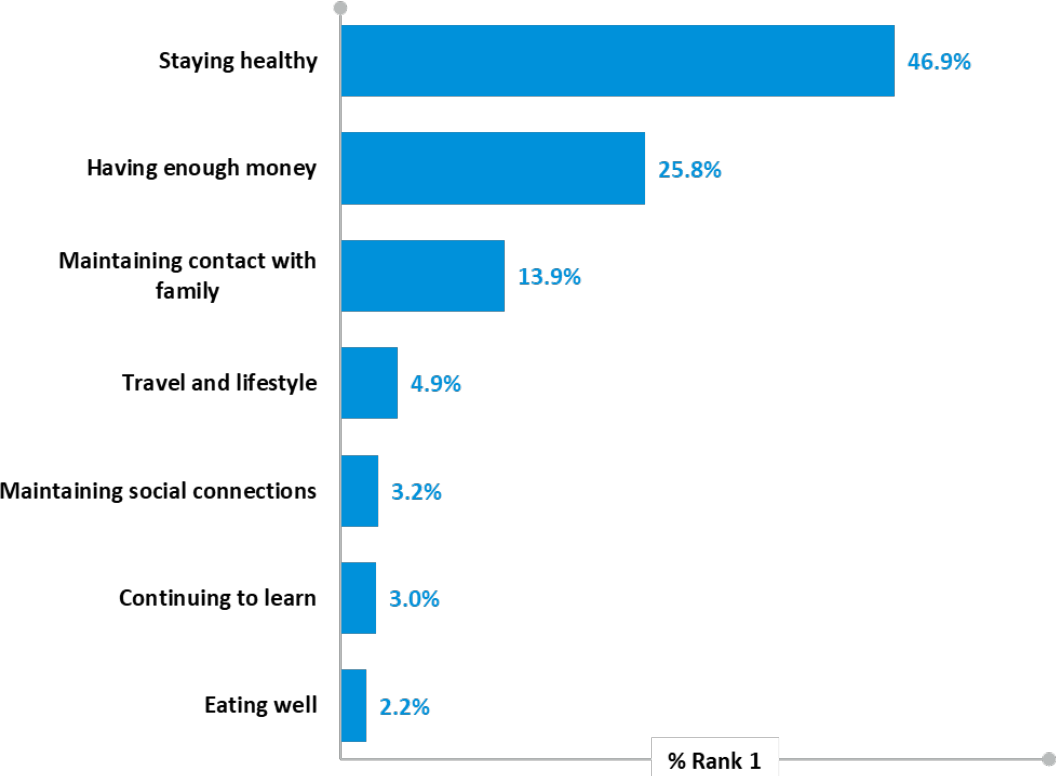
What was your main reason for retiring at that age?



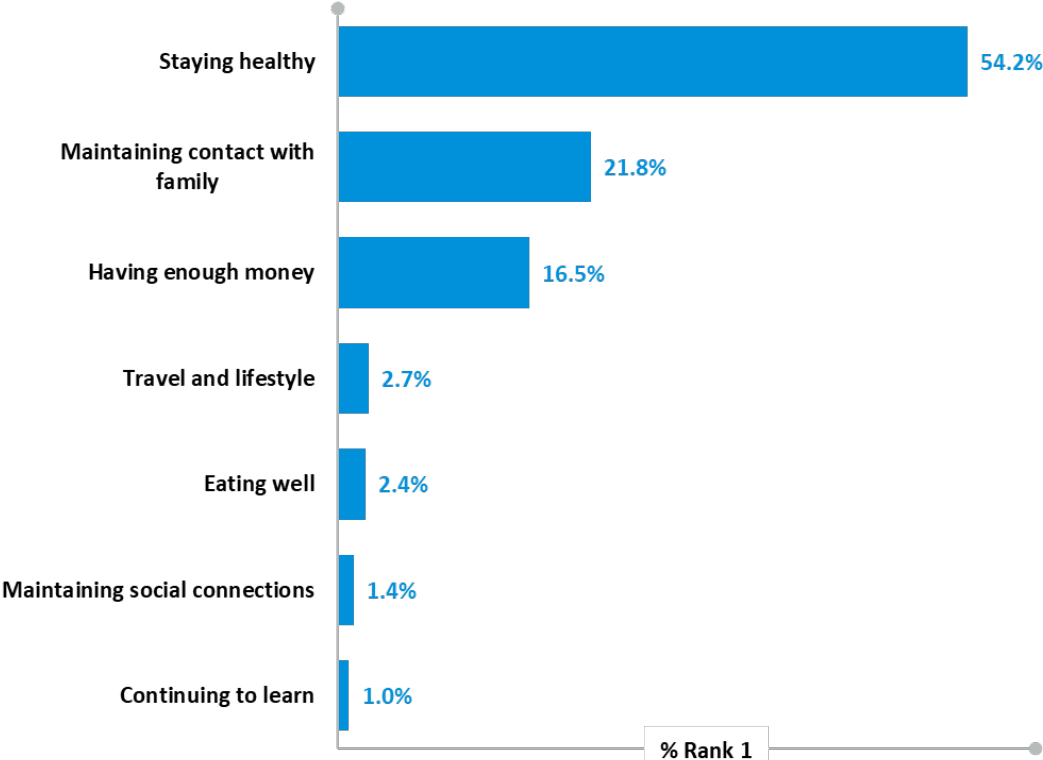
n = 1,580, retirees

Health Outweighs Wealth

Please rank the following issues from highest **cause of stress** in your life to lowest (With top being highest)



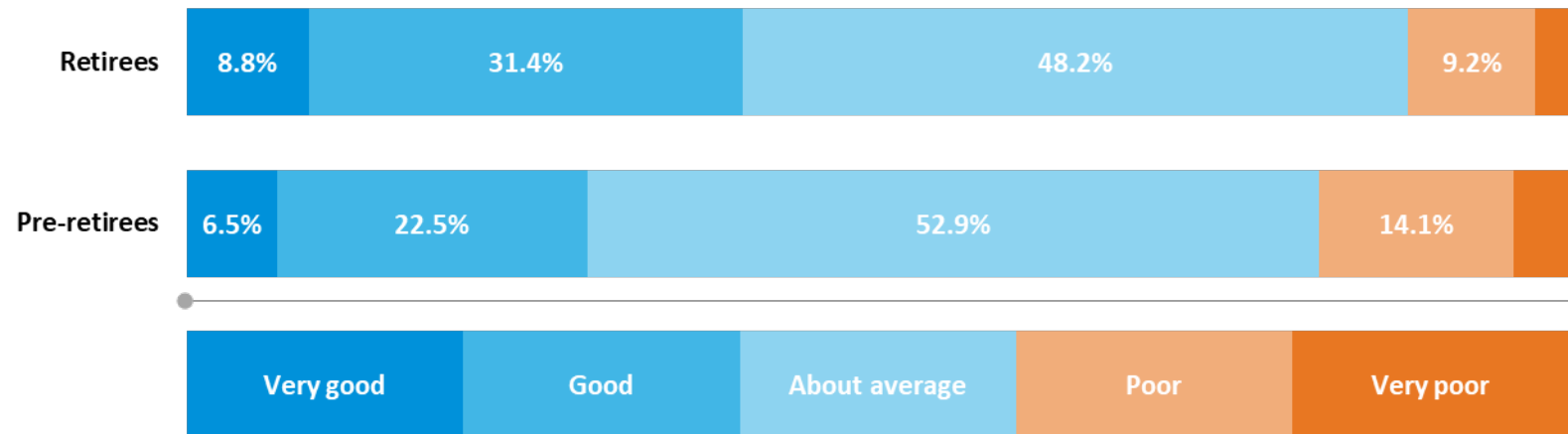
Please rank the following issues from **highest priority** in your life to lowest (With top being highest).



n = 1,580, retirees

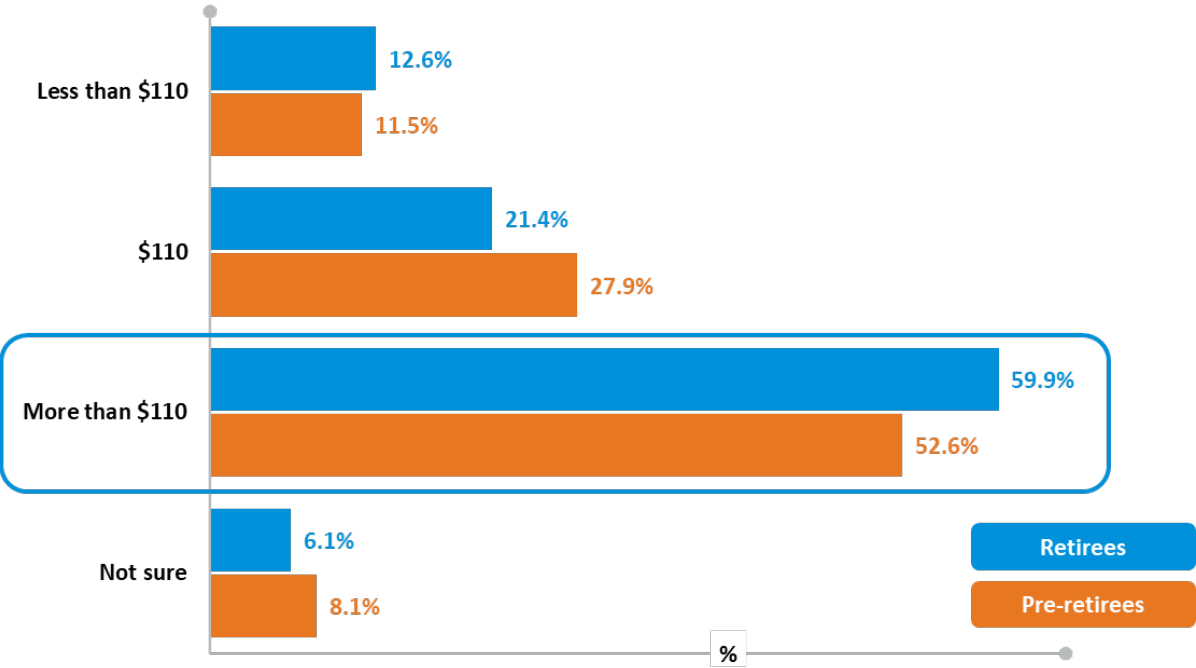
Everyone Understands Retirement

How would you rate your overall knowledge about financial matters compared with other adults in Australia?

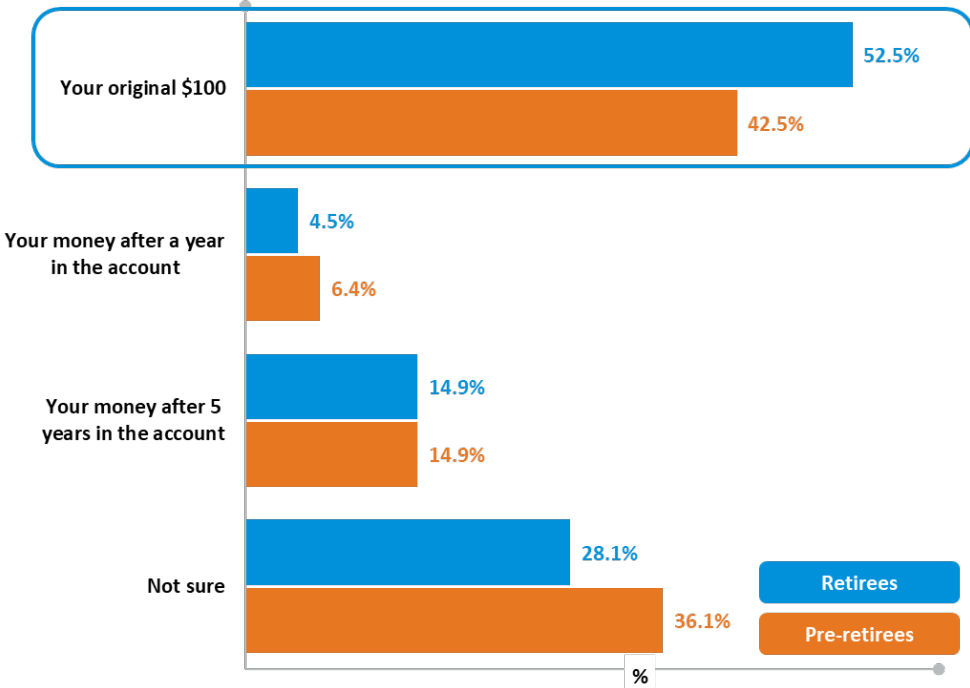


Except, They Don't

If you deposited \$100 in a bank account paying 2% interest per year, what would you have after five years if you didn't deposit or withdraw?



If you deposited \$100 in a bank account paying 2% interest per year, and inflation was at a consistent 3% per year, what would be worth more?



n = 1,580, retirees; 2,708, pre-retirees

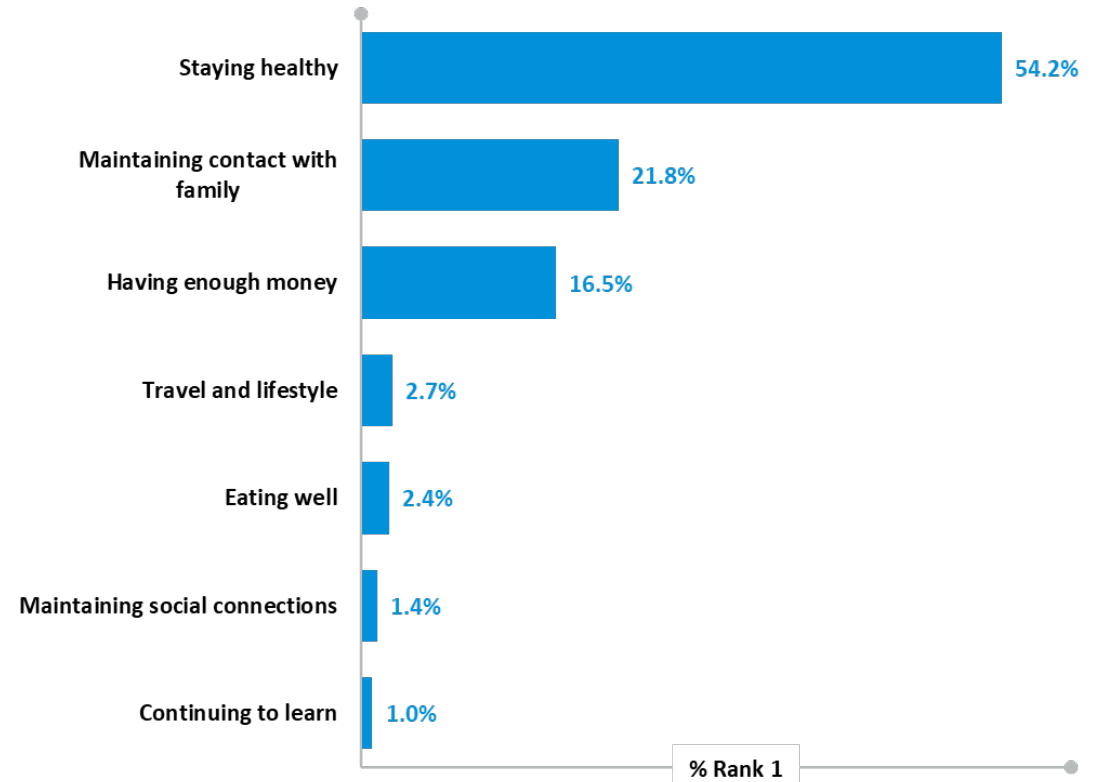
Wealth Is Weakly Correlated With Happiness

Correlation between investment portfolio size and BPR index scores



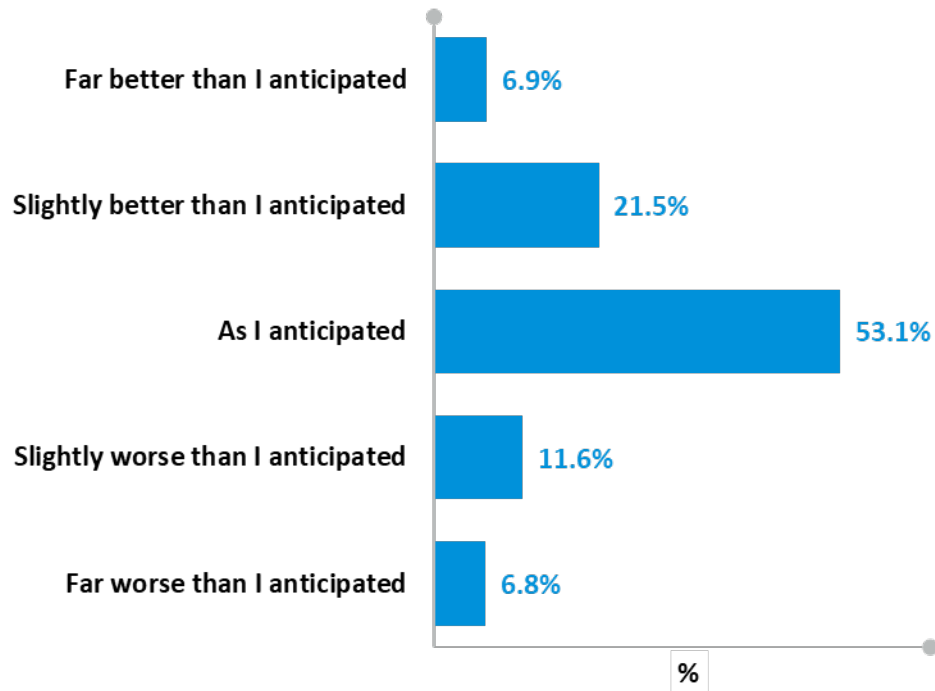
n = 1,580, retirees

Please rank the following issues from **highest priority** in your life to lowest (With top being highest).

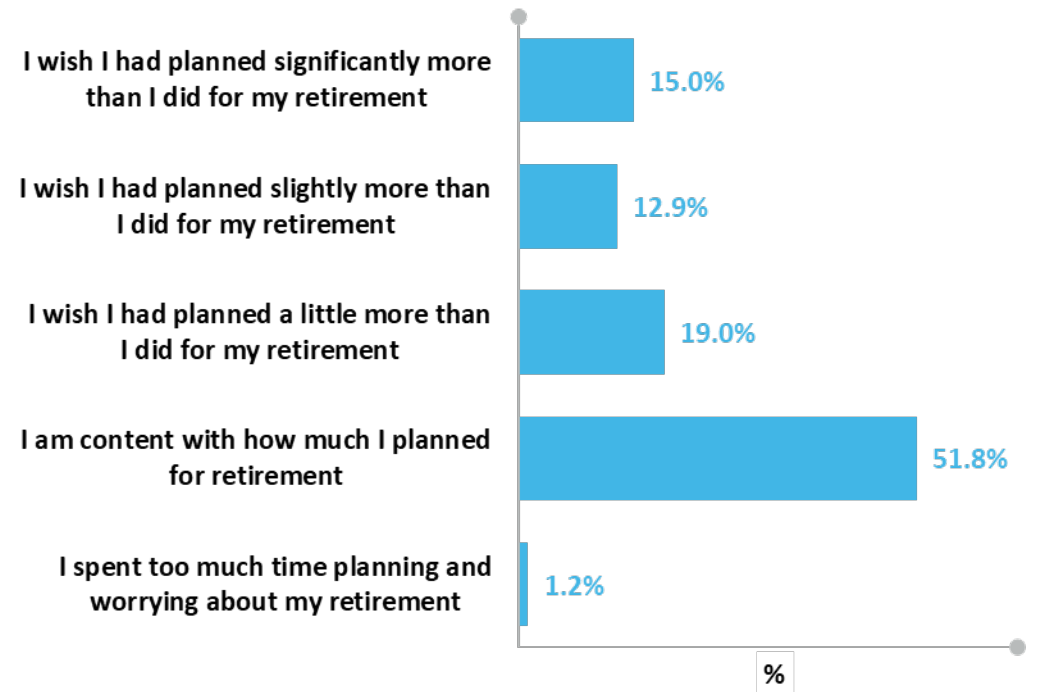


No Surprises, But Some Regrets

How would you say your overall lifestyle compares to what you expected in your retirement?



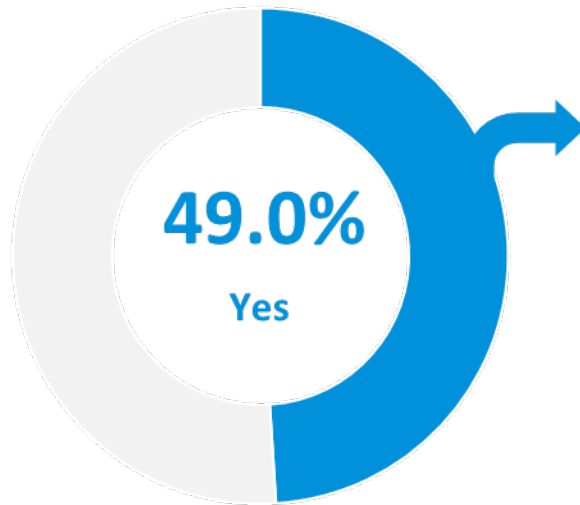
Do you wish you had planned more for your retirement?



n = 1,580, retirees

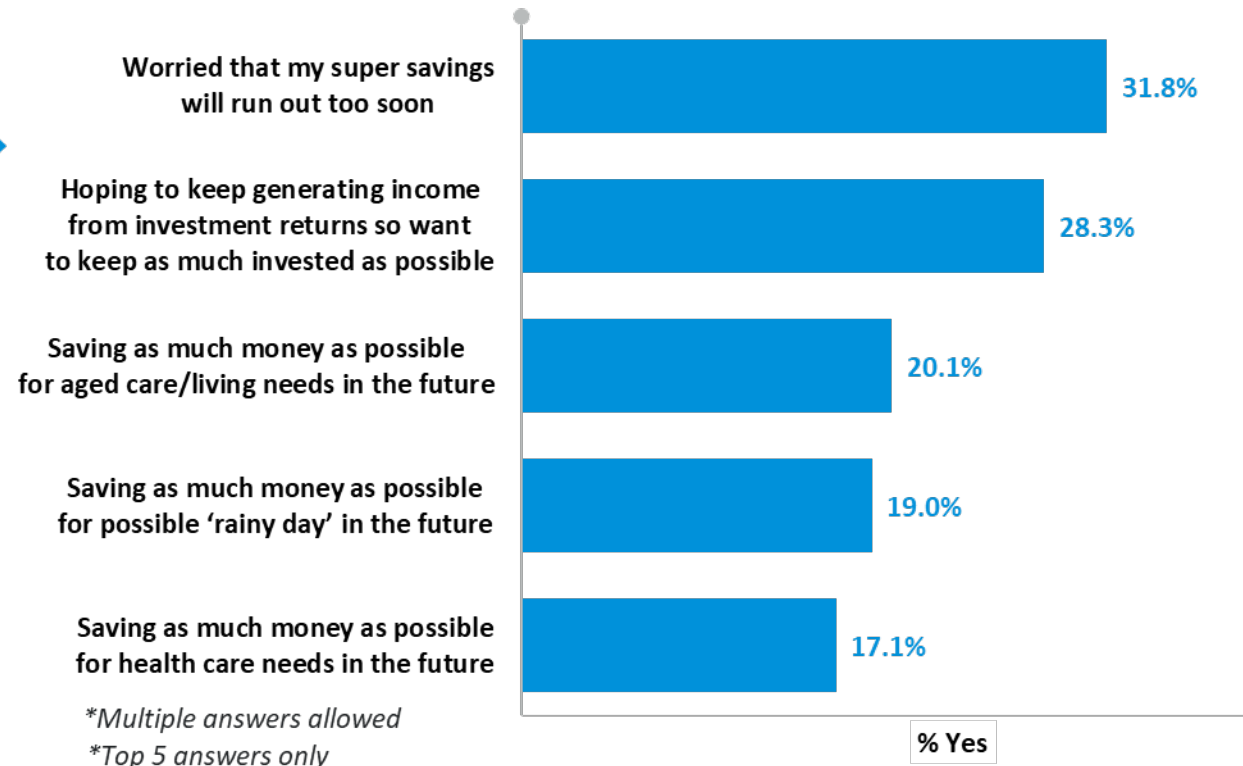
Longevity Risk Holds Retirees Back From Spending More

Do you feel there is anything holding you back from drawing down and spending more of your retirement savings?



n = 1,466, retirees who have super funds

What do you think maybe holding you back from drawing down and spending more?



n = 628, retirees who have super funds who are held back from drawing down and spending their retirement savings

Small, But Perfectly Formed

Some Clear Clues That Small Funds Outperform on Intimacy

The Small Advantage

Small Fund members are both much **more prepared (+6.3)** for their retirement, and **more satisfied (+5.3)** when they reach their retirement.

Members of Small Funds have a much **more positive sentiment** towards their super fund.

Smaller funds are more interested in **helping (+12.1)**, perceived as **caring more (+13.2)** and **trusted by (+11.4)** their members.

Members of Small Funds are **more active and engaged** and gather information and advice from a **wider range of sources**.

And they use this information in forming better habits such as **salary sacrificing (+19.7)** and **using an adviser (+2.1)**.

Money is less of a stressor (-9.0) for Small Fund members, who **prioritise keeping healthy (+7.9)** – so they can make the most of their retirement.

They are more **optimistic (+15.4)** about their retirement while also being able to **afford the things they want (+18.7)** prior to retiring. All these things lead to **better retirement outcomes** such as **standard of living (+20.7)** for members of smaller funds.

The Small Advantage

1

Small Fund members are both much **more prepared (+6.3)** for their retirement, and **more satisfied (+5.3)** when they reach their retirement.

2

Smaller funds are more interested in **helping (+12.1)**, perceived as **caring more (+13.2)** and **trusted by (+11.4)** their members.

3

Members of Small Funds are **more active and engaged** and gather information and advice from a **wider range of sources**. And they use this information in forming better habits such as **salary sacrificing (+19.7)** and **using an adviser (+2.1)**.

4

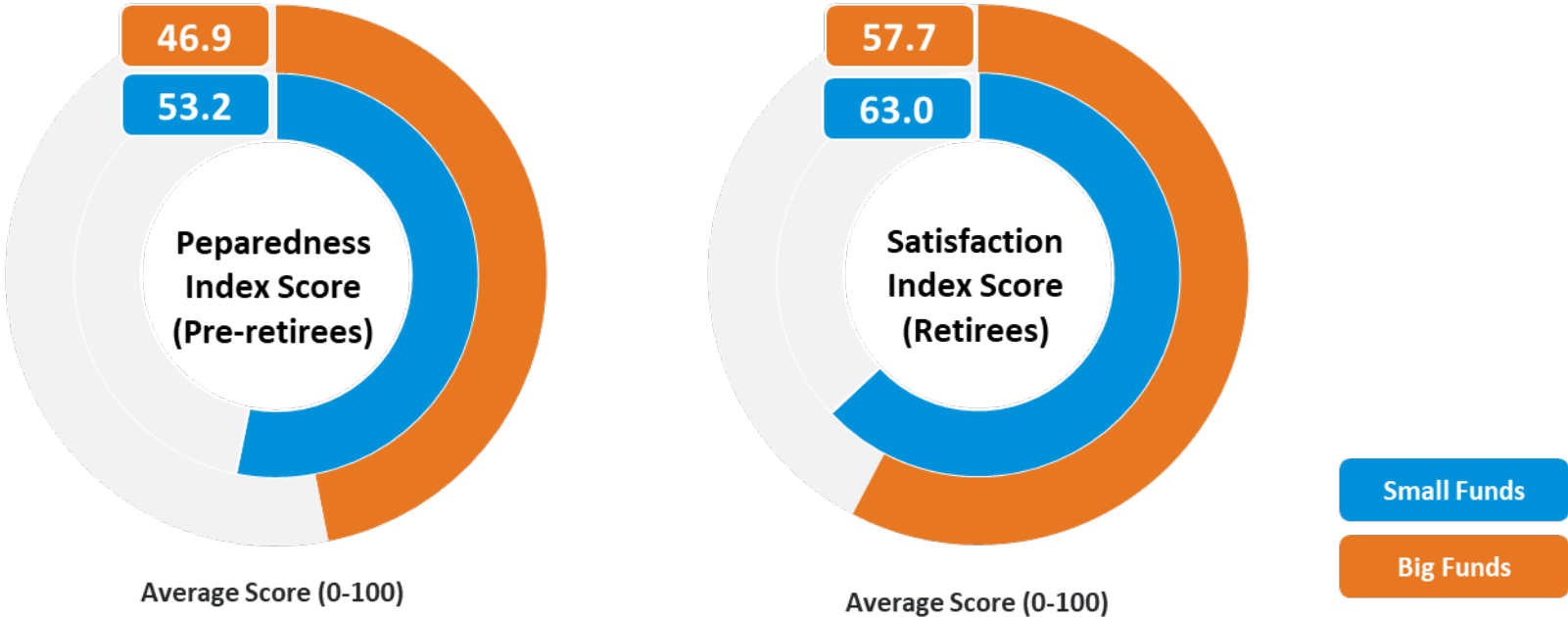
They are more **optimistic (+15.4)** about their retirement while also being able to **afford the things they want (+18.7)** prior to retiring. All these things lead to **better retirement outcomes** such as **standard of living (+20.7)** for members of smaller funds.

Smaller Fund Members are Better Prepared for Retirement

We can clearly see that Small Fund members are both much **more prepared** for their retirement, and **more satisfied** when they reach their retirement.

Members of small funds are doing the right things before retiring and having a better retirement experience because of it.

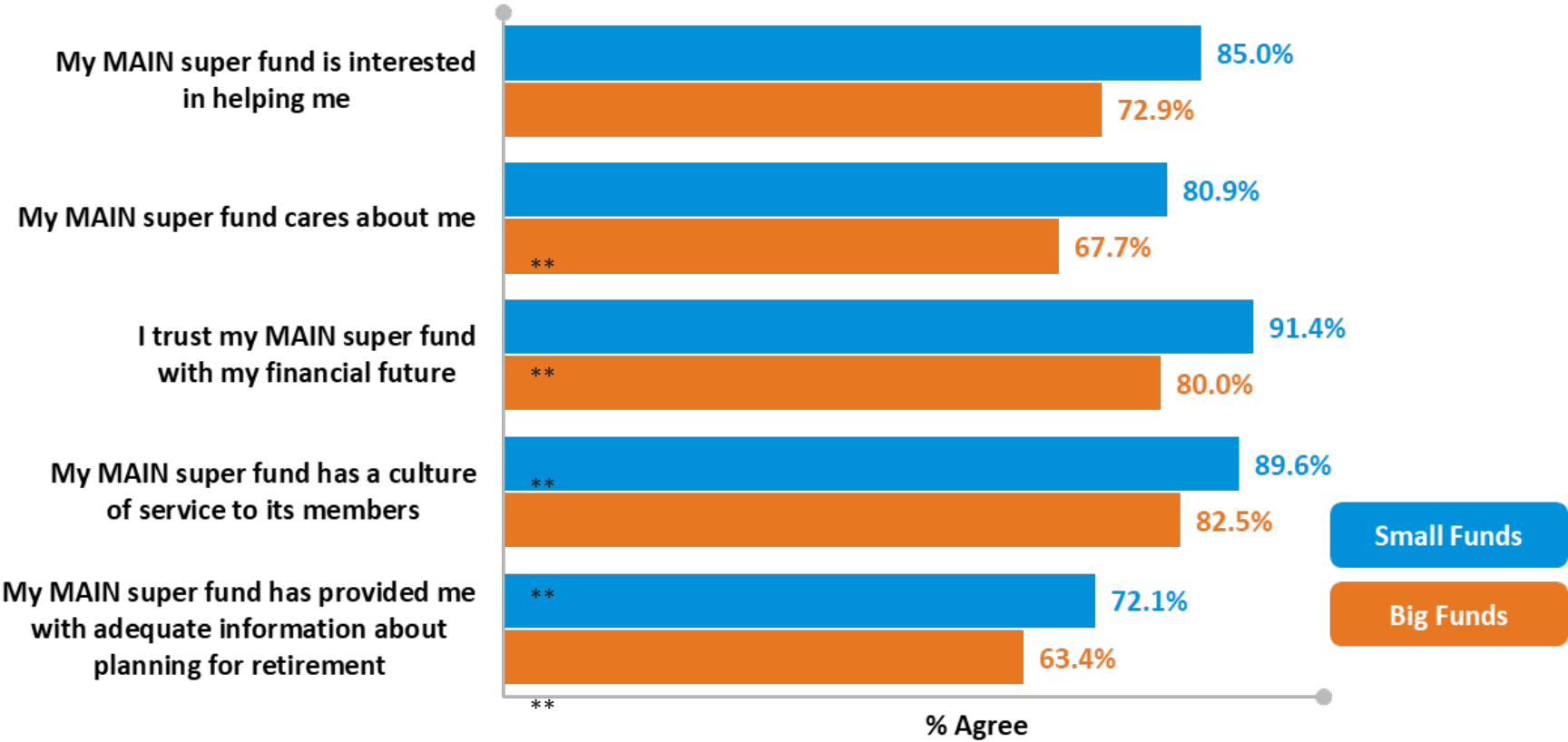
Smaller Fund Members are Better Prepared for Retirement



*Significant difference at 95% confidence interval. Source: 2021 CoreData Best Possible Retirement Report

Smaller Funds Care More About Their Members

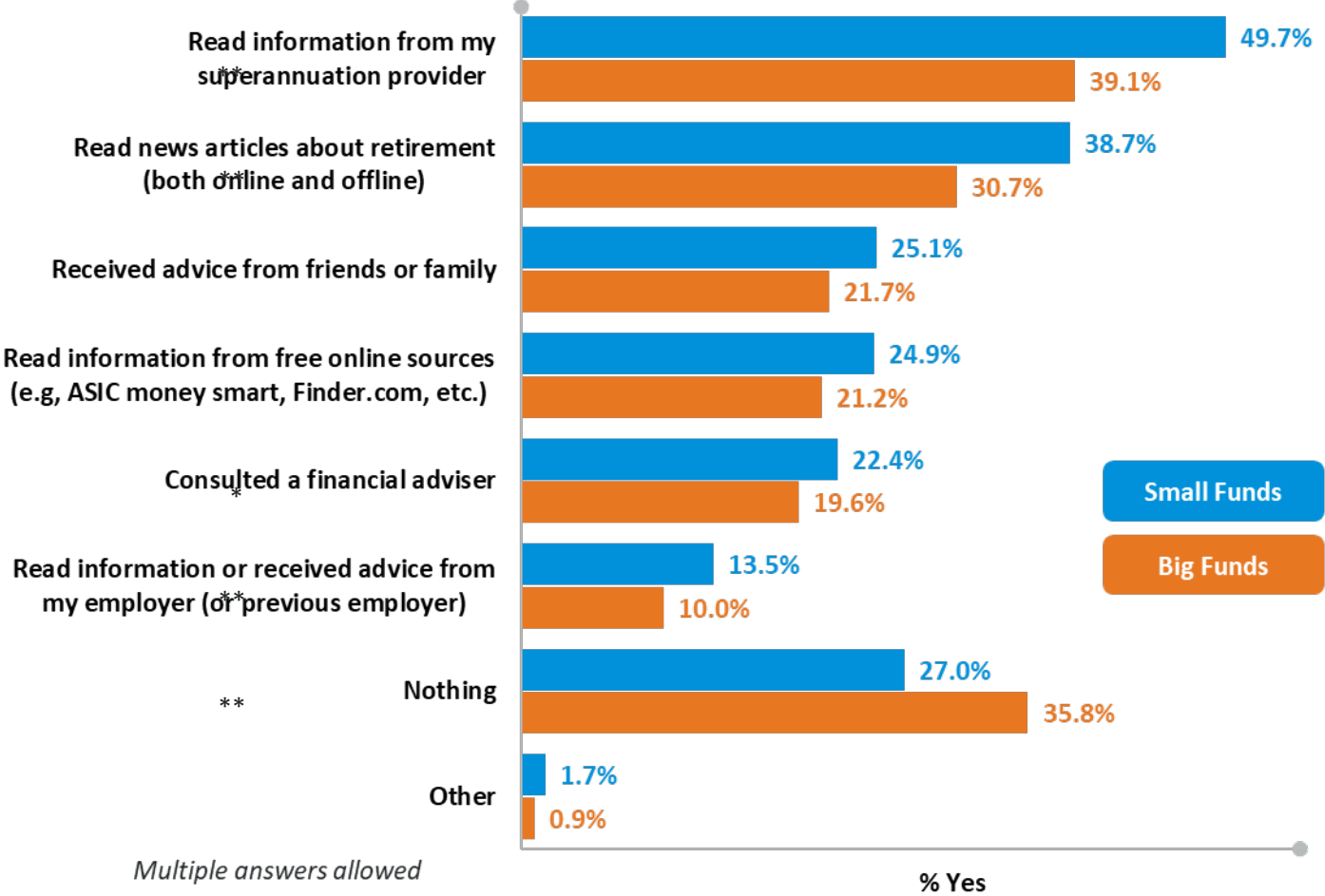
How much do you agree or disagree with the following statements?



**Significant difference at 99% confidence interval

Caring More Means Better Retirement Plans

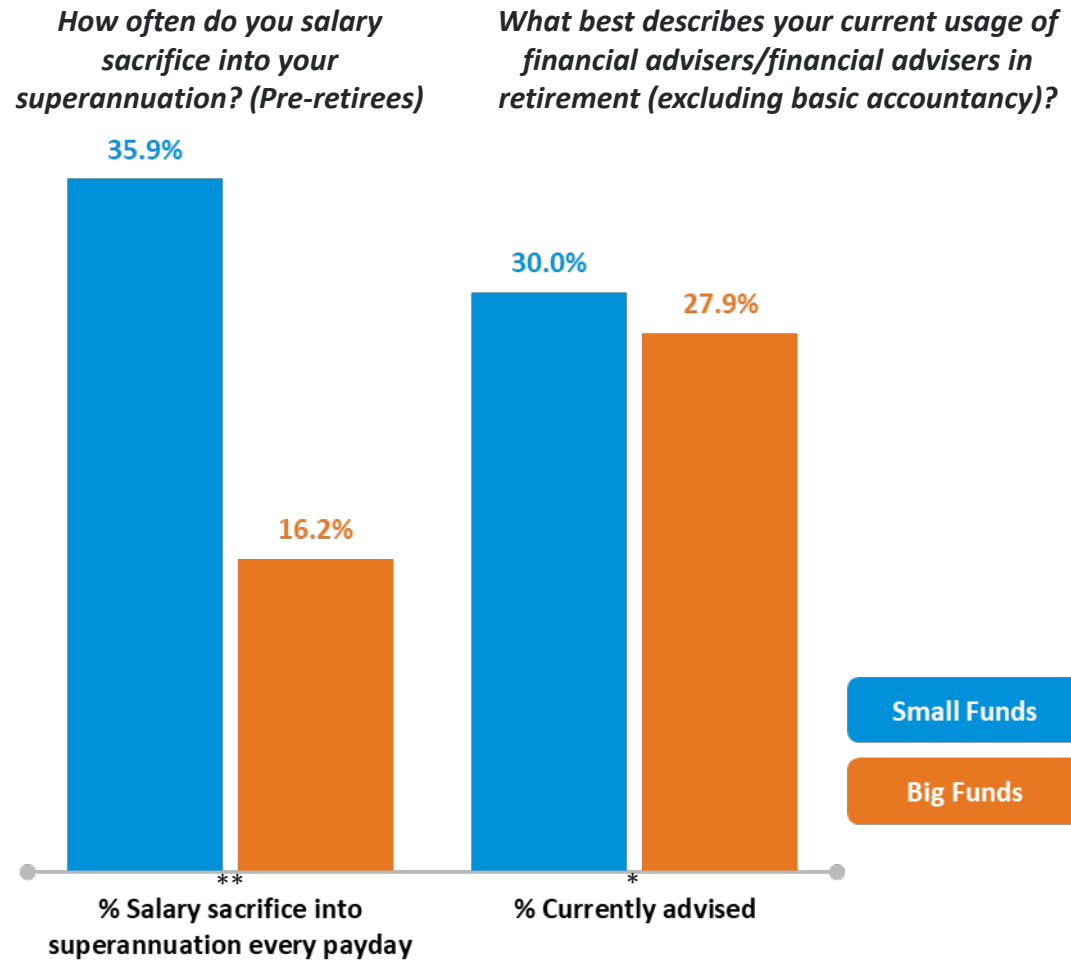
Which, if any, of the following things have you done in preparation for retirement?



*Significant difference at 90% confidence interval
 **Significant difference at 99% confidence interval

Better Retirement Plans Mean Better Behaviours

In addition to their more thorough research, members with Small Funds are also more likely to be **contributing more** (via salary sacrifice) each pay day, and **currently have a financial adviser**.



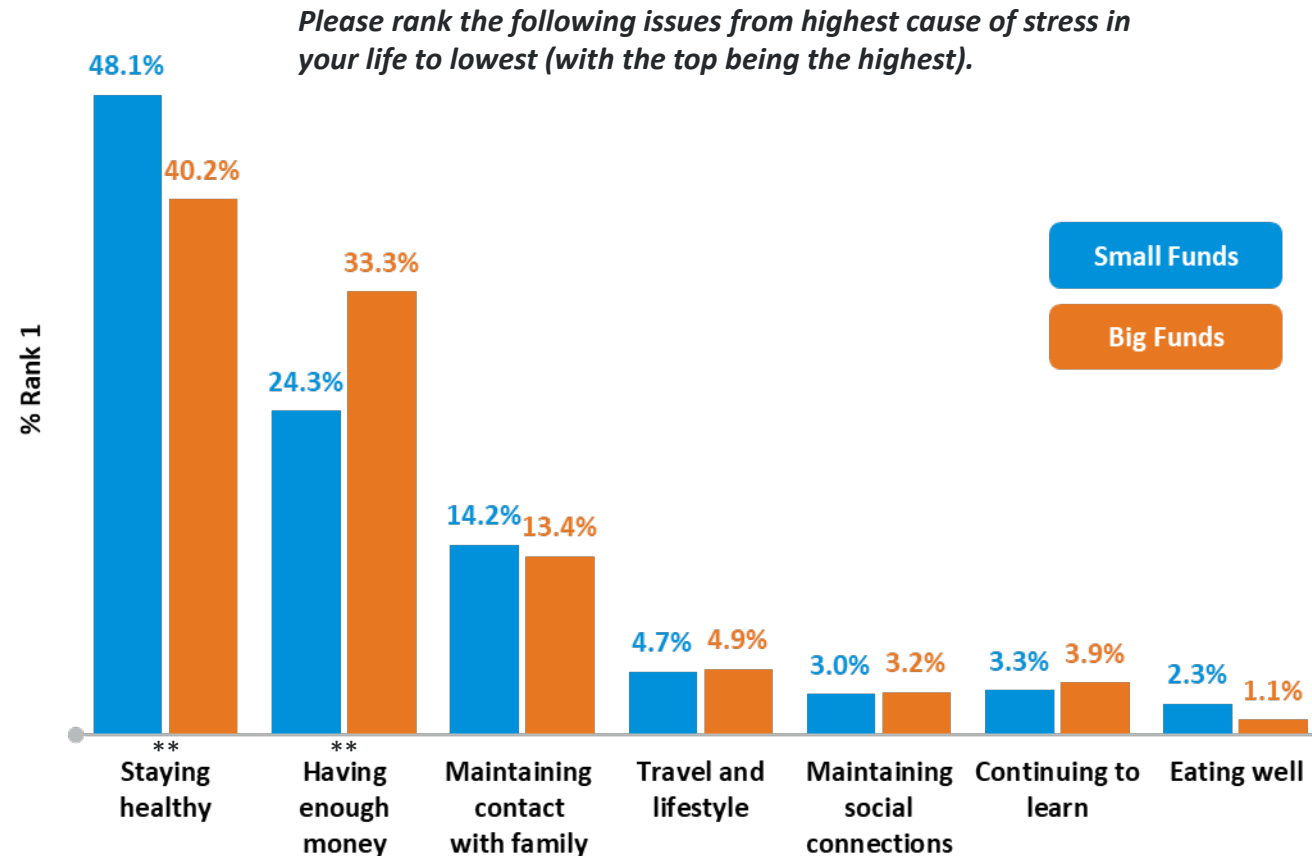
Note: Currently advised % is different to previous slide as this version is for all respondents, previous slide is pre-retirees only

*Significant difference at 95% confidence interval

**Significant difference at 99% confidence interval

Big Fund Members Stress More About Money

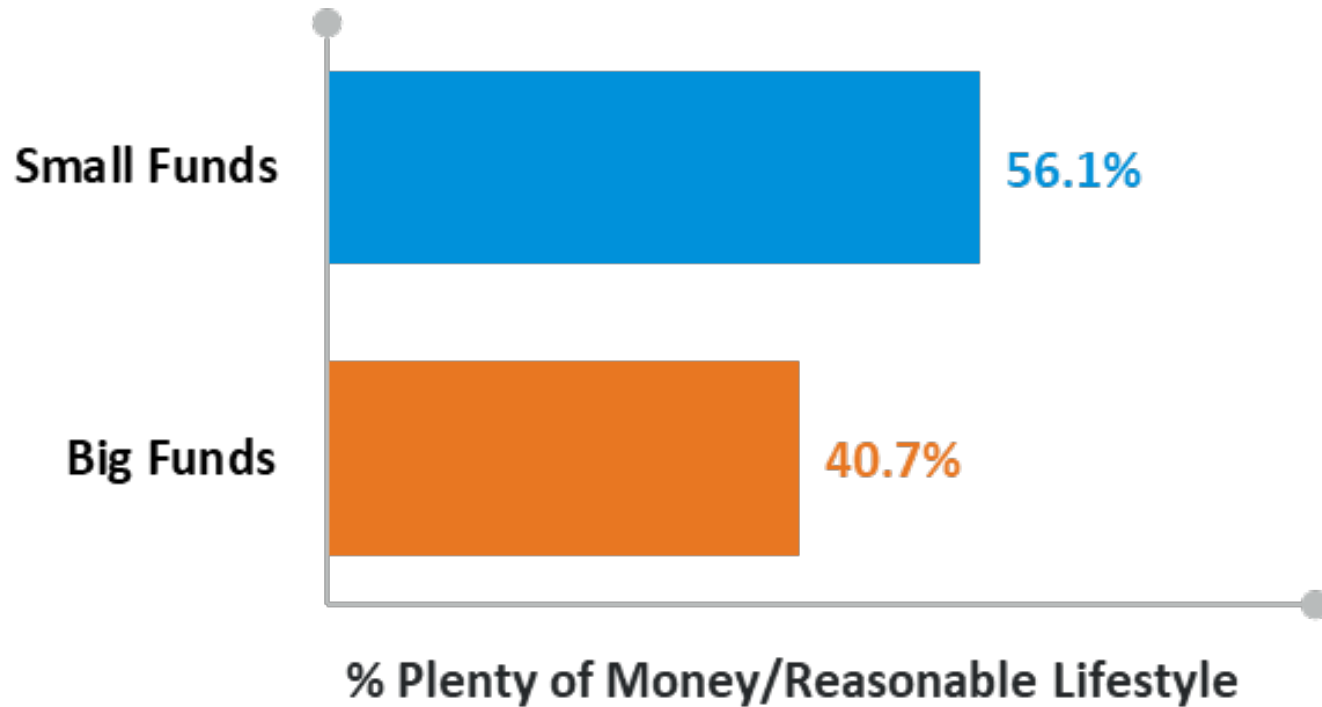
Money is less of a stressor for Small Fund members who prioritise keeping healthy – so they can make the most of their retirement!



**Significant difference at 99% confidence interval

More Engagement Leads to Optimism About the Future

If you were to retire at 65, how would you describe your retirement? (Pre-retirees)

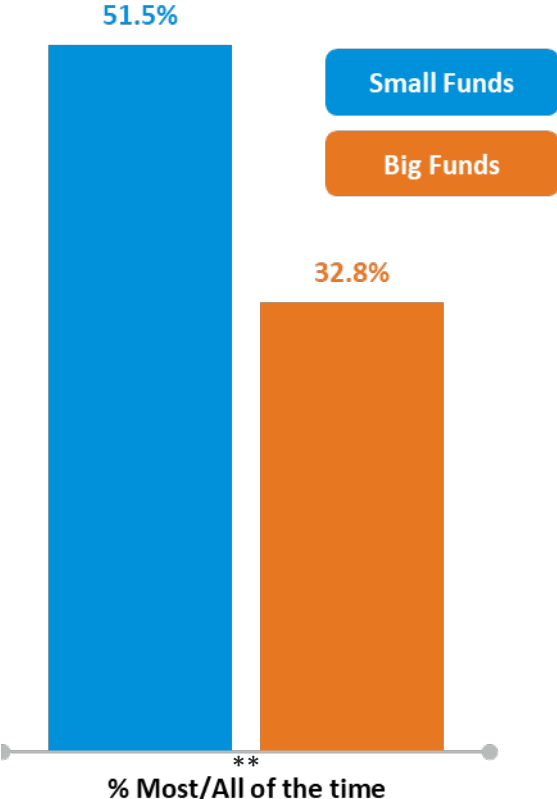


***Significant difference at 99% confidence interval*

Better Engagement Also Means Higher Current Satisfaction

Small Fund members have great retirement plans, and although they are more likely to sacrifice their salary this doesn't mean they are sacrificing their pre-retirement quality of life. They have the **money to do the things they want right now** as well.

Do you feel you have enough money to do the things you want in life right now?

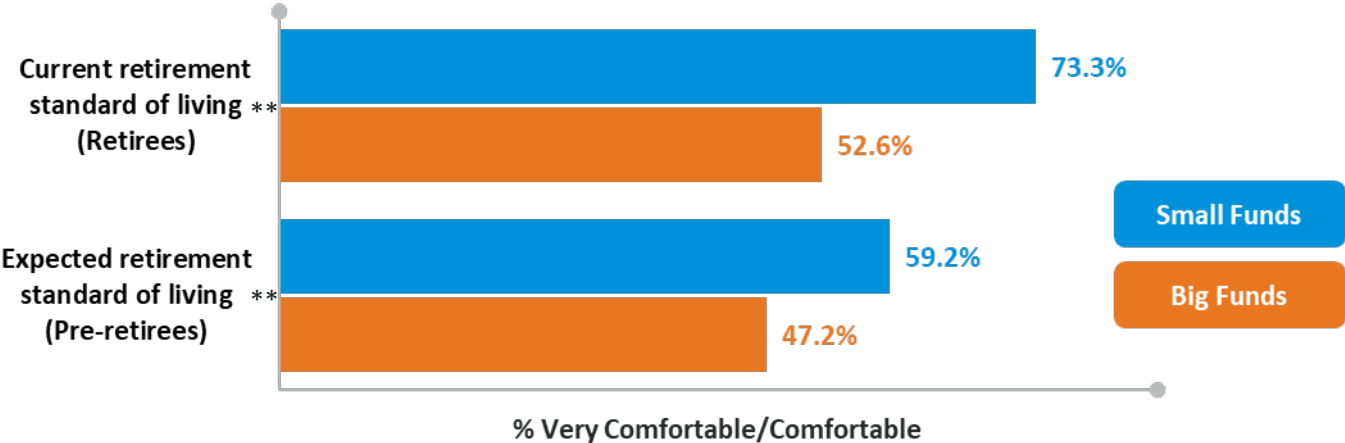


***Significant difference at 99% confidence interval*

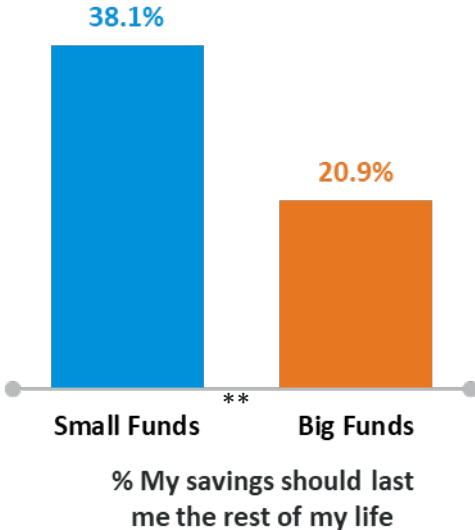
Smaller Funds May Lead to Better Retirement Outcomes

Not only are their **expectations about retirement higher**, but when they do reach retirement, they **live more comfortably** than those members with the Big Funds and their savings will last them longer.

How would you describe your current retirement standard of living? (Retirees)
How would you describe your expected standard of living in retirement? (Pre-retirees)



If you were to maintain your desired standard of living, when do you think your retirement savings would run out, leaving you primarily reliant on the age pension? (Retirees)



**Significant difference at 99% confidence interval

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