The Australian Finance Podcast Episode Transcript

Episode: Super gap? Getting (back) on top of your retirement at any age
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Speakers: Owen Raszkiewicz, Kate Campbell & Bronwyn Bruce
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Episode transcript:

Owen:
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Owen:
Kate Campbell, welcome to this episode of The Australian Finance Podcast.

Kate:
Good to be back, Owen.

Owen:
Yeah, we've got a very special guest with us, one of the OGs or the OG of The Australian Finance Podcast, Bronwyn, A.K.A. Miss Moneybox, how are you going?

Bronwyn:
I'm good, how are you?

Owen:
Very well, thanks.

Kate:
It's been a long time. We haven't seen you on the podcast since 2019.

Bronwyn:
May, 2019.

Owen:
2019, yep. Our listeners-

Kate:
We were in a different office with different microphones and didn't know what we were doing.

Owen:
Yeah, we were just talking off air, just reminiscing of the time we all met each other. And one of those stories was, you moved from Sydney, Bronwyn, to Melbourne.

Bronwyn:
I did. Yeah.

Owen:
And I messaged you on Twitter.

Bronwyn:
That's right, and we had coffee.

Owen:
Yeah, a bit of a rando-

Bronwyn:
And you had a broken foot.

Owen:
Yeah. Yeah, I don't know if I was on crutches at the time, but it would have been around then. And we went to Manchester Press here in Melbourne.

Bronwyn:
We did.

Owen:
Yep, they do good bagels.

Bronwyn:
And good coffee.

Owen:
Good coffee, yeah. Strong coffee. And you guys met each other, we think in person first time at the-

Kate:
Late 2018 at one of your events.

Owen:
Yep. That's cool. Isn't that funny how-

Kate:
Internet friends in real life.

Bronwyn:
IRL. It happens.

Owen:
And so, you've been on the podcast before.

Bronwyn:
Yes.

Owen:
But this is the first, I guess, opportunity for you to share publicly what you've been working on, which is super cool. Really exciting and we've been looking forward to doing this because Kate and I want to talk about Super more often. But in particular, we often come up against this huge challenge, which is getting women involved in the financial conversation, and particularly when we talk about investing. We see it, I mean, when we do investing events, mostly men. And you've just kind of excelled in this area of trying to understand the barriers, what women can do in particular to kind of right the ship insofar as Super.

Bronwyn:
Yes.

Owen:
So, we're going to talk about that throughout this podcast. Before we get to that, Kate, can you just tell us, what is Super?

Kate:
Yep. So, for a quick refresher, and we didn't want to touch on it too much because we have done some earlier episodes on Super. And I'll link to them in the show notes. But Superannuation is essentially the money that's supposed to keep you going in retirement. So, I think it's just increased to about 10%.

Owen:
Yes, it has. On July 1st 2021.

Kate:
Yeah, this financial year. And we're recording this brand new financial year. So, it's the general employee, if you're working a normal 9:00 to 5:00, your employer is paying you 10% of your salary into a special account called your Super account. And you actually get to choose what company that is in most circumstances, and what fund that is. So, if you've listened to past podcasts, you'll have heard us talk about risk profiles and different investments and investing in shares and ETFs and all of that. So, you actually do have quite a lot of choice there. And you're locking this money away for your retirement in maybe 40, 50 years' time. I don't know how long until I retire. Hopefully a while away.

Owen:
Yeah. It's a minimum 65.

Kate:
Yeah. And the government could push that back further for our age group.

Owen:
Yeah. If you're 20 and you're listening to this, you might think, "Oh, it's 45 years." But by the time you get there, it might actually be 55 years because they might move the age bracket further up as people get older and live longer and the government needs to support people in retirement.

Kate:
Because it's so far away, people just kind of tune out and don't think about it too much. And I mean, we've talked about it since sort of the very first 10 episodes we did back a few years ago. But I think slowly people have been tuning into their Super a bit more, especially since people could take money out during COVID, it got a lot of press there. And the Super fund phone lines, because we had one of our guys working at a Super fund. And he just said it was off the charts, the amount of people calling into the Super fund.

Owen:
Yeah, there was some scary stories too, right?

Kate:
Yeah.

Owen:
Like, he said that the day that he left, I think it was, there was a 26 year old female who rang up and said, "Can you tell me how much I've got in your Super? I think I'm eligible to get it out." And he looked at her Super fund, and half of it was in cash, and the other half was fixed interest, like bonds.

Bronwyn:
This kills me to hear that.

Owen:
Yeah. So, it was like an absolute nightmare for a 26 year old who doesn't understand Super, who's kind of acting probably out of emotion at that time. And forgets that ... Well, basically just doesn't understand, right? That she had 40 years to go before she'd even get close to accessing that money. So, it should never be that much in fixed interest and that much in cash. So, he was kind of shocked about that. But some of the stories that we heard coming out of that are remarkable. Why don't we throw it over to you, Bron, seeing that you're the expert here? I guess, maybe, can I just ask just from a high level, can you just explain kind of what you've been researching?

Bronwyn:
Sure. So, I am currently undertaking a PhD at RMIT. And top level, I'm researching how to engage younger Australian women with their Superannuation. There's this big Super gap that exists between women and men in Australia. It's 37%, depends on your source, but that's the one I'm using. Couple of reasons for that, the design of the system, career interruptions, and then caring responsibilities. So, I'm focused on millennials because research shows that this gap gets very, very wide when women and men are in their 30s. So, my age range is 25 to 40. So, I'm looking at what this group of women can do at this point in their lives so they don't end up homeless, which is another scary statistic that's been coming out in the media of women over 55 are now this rising group of homelessness in Australia. So, I'm exploring the sources of self-efficacy and how they can help women to build up their self-belief, awareness, and confidence to make changes today for a better financial wellbeing in the future.

Kate:
And it's been a bit ... It's definitely been hard to date with women taking time off work possibly in 30s, which is some of the best years for compound interest, especially if you have a 40 or 50 year working career. Like, the 20s and 30s are when it's so important. So, it's really tough to miss out on a decade of superannuation payments because maybe you're out of the workforce or only working part-time or casual for a while.

Bronwyn:
Yeah, for sure. And in your 30s, it's really hard. I think a lot of women and men, everyone, they don't engage so much with their super because of that time difference.

Kate:

It's so far away.

Bronwyn:
It's so far away. And that's something I've explored in my research as well, you know? Why don't people care? What can be done about getting people to care? And I guess we'll talk about that.

Kate:
Yeah, dive into some of the nitty gritty.

Owen:
Yeah. And I think there's ... Well, if I just take a step back and just think about a 20 year old female, like the one that we just talked about. If you think about her situation where she's got half in cash, half in fixed interest, which is probably the worst allocation of Super I've ever seen or heard of. If you think about that person at 26 versus at 40 years old, just based on that allocation in investing, they're probably not going to go even forward. They might even just go flat. Maybe at the pace of inflation, which is very slow, verus someone who actually has a basic understanding, or even a male that's not going to be interrupted and has the understanding. You can see how those two things diverge pretty quickly. So, super important thing that you're tackling, super important.

Owen:
And you're doing things ... Just before we get into some questions. You're doing things like asking questions, you're interviewing women and doing all those types of things as well as part of the research, right? So, it's not just done in like a laboratory if people are thinking PhD.

Bronwyn:
No.

Owen:
Yeah.

Bronwyn:
No, I don't think I would have signed up if that was part of the job. No, so I'm doing qualitative research. So, I've done one round of qualitative interviews. That was 20 women one on one. And then, now I'm recruiting for a second round. And then, after that, I'm going to be doing a sort of online ethnography study.

Owen:
What does that mean?

Bronwyn:
Yeah, I know. Looking at Facebook groups, finance Facebook groups, and how people-

Kate:

There's a lot of fun in those groups.

Bronwyn:
Yes.

Owen:
Yeah. Yeah, right, okay.

Bronwyn:
Yeah, and how people interact on those and what drives someone to comment or like or share or just lurk, and what people are learning in there.

Owen:
In a social, like an online ... The kind of the new age way to get information out of a social circle is online, right?

Bronwyn:
Yes.

Owen:
Yeah.

Bronwyn:
And because advice is still something that's-

Kate:
Quite out of reach.

Bronwyn:
... Not as accessible for most people, this is where people are going.

Owen:
Yeah, right. Okay. So, I guess this is kind of cutting to the chase, I guess, but it's a good question. And Kate prepared this question, which is, what can be done to level the playing field, both at the systemic level, so for the whole of Australia? And then, at an individual level, what are some of the things that we can do to help close that gap?

Bronwyn:
So, at a systematic level, I guess ... And this is really easy to say, but very hard to do, there needs to be this recognition that gender has an effect on retirement outcomes. So, the difference between men's experience of work and women's is different. It would be great if Super could be paid on parental leave. You know, they just recently changed the ... Removed that 450 Super threshold, which was stopping casual workers or people on a lower income from getting Super.

Owen:
Which is ridiculous when you think-

Bronwyn:
Like, why?

Owen:
Why was that rule ever brought in? I remember reading that at uni thinking, "This is the stupidest thing I've ever come across."

Bronwyn:
I don't understand.

Owen:
So, for people who don't know, if you didn't earn more than 450, you wouldn't get Super.

Bronwyn:
No Super.

Owen:
Your employer didn't have to pay it, which I always just ... That's crazy.

Bronwyn:
And if you had a number of casual jobs. So, you know, at one you earned 300 a month, at one you earned 400, that's still no Super. And the thing is, it's a lot of women in these roles.

Owen:
Yeah.

Bronwyn:
Predominantly.

Owen:
And how about you said no Super on parental ...

Bronwyn:
Parental leave. So, they should mandate, the government should mandate that Super gets paid on parental leave. Like, on top of-

Owen:
Yeah, right. I didn't even know that was a thing. I just assumed that-

Bronwyn:

Some companies offer it.

Owen:
... If we ever had to do that, we would just do it anyway.

Bronwyn:
Like, you would do it?

Owen:
Yeah. Like, our company would do that.

Bronwyn:
Yeah. And some companies do, but not all. And I guess the tax system as well. Like, it could be fairer. So, it benefits high income earners. And low income earners are often, again, more so women, you know? There's the tax benefit of salary sacrificing to minimise your tax.

Owen:
Yeah, taxable ... Yeah.

Bronwyn:
You know what I mean?

Owen:
Yep.

Bronwyn:
Yeah, so that's the structural things I would suggest. Did you ask me something else?

Owen:
Well, yeah, it was more like at an individual level. So, what can ... So, we have tens of thousands of people that listen to this podcast.

Bronwyn:
Yep.

Owen:
What can, either if there's women listening right now, if there's partners listening, which we know there is heaps of people out there, if there's parents, brothers, sisters, what can you say to them to help the people around them or themselves to not be in this situation?

Bronwyn:
So, this is what I'm looking at, it's like the crux of my work at the moment. I'm looking at three encounters. So, it's the combine, contribute, and invest. So, what I mean by that is combining your funds so that you just have one, so that you're not paying multiple sets of fees or multiple

sets of insurance fees. Contribute, so that's add more if you can. And invest, that's knowing what you should be invested in for your age or your risk tolerance. So, that's three things you can do. Two of them will cost you nothing. And what you can do is to make an appointment with a Super advisor at your fund. It's no extra cost. So, in other words-

Owen:
Air quotes.

Bronwyn:
... You pay for it in your fees. So, you might as well take the opportunity to go and talk to someone who knows, who can give you a bit more information about your particular circumstances. I did it a few years ago, it was great. Like, really great. Yeah.

Owen:
So, just go into like, some of them have apps or the website and just organise a call.

Bronwyn:
Yep, book an appointment. It's like an hour. And they'll tell you what would be the best thing to invest in for your circumstance, you know? Like, I'm hardcore, aggressive investor because I'm like, let's just-

Kate:
It's a while away.

Bronwyn:
It's a while away, let's just ride this wave. And I love the stock market. But you know, that's not for everyone. But, like the women you were talking about, the 26 year old who was in the cash fund. I mean, that's terrible because ... And that happened to me, actually. That's why I got interested in Super.

Owen:
Oh, really?

Bronwyn:
I moved to Australia. We only had Kiwi Saver, I don't know if it was even a thing. And I joined a fund. I won't say which one it is, but it's not a good one. And I was in a job for two years. And I got the statement when I left that job. And I'm like, "What? I've made no money."

Kate:
What happened? I went backwards in fees.

Bronwyn:
Because I was in all cash.

Owen:
Oh, wow.

Bronwyn:
And I was mid-20s. No, that was terrible.

Kate:
Yeah, and if you just end up in your employer's default fund, you might end up in something that's completely inappropriate for you. And if you have never actually logged in to have a look or opened the statement. Maybe the statement tells you. But yeah, it's really easy to go for years, decades, we've heard people go past without checking in on their Super and actually finding out what they're invested in.

Bronwyn:
Correct. And the default fund is often a balanced option, which is okay. But-

Kate:
It's better than cash.

Bronwyn:
It's better than cash. And it's often the low fee MySuper option. But you could maybe have a better option if you just made the time to talk to someone or choose the right options for you.

Kate:
Yeah. And in your research, what are some of the things you've found out about the money lessons that we learn growing up, and how they affect our decision making around Super as we age? Because most of us don't ... Our parents aren't sitting down and taking us through the Super talk, like they might take us through some other life lessons.

Bronwyn:
Correct.

Kate:
And I mean, the teachers aren't talking about Super, even though they're hopefully getting paid some. So, yeah, what do you think is affecting us as we grow up? And what's stopping us from thinking about Super until it's way too late often?

Bronwyn:
Yep. So, I can talk about ... This isn't all related to Super, but I can talk about the economic socialisation that happens when you're a child and how that affects you. And the research that I'm doing, so I've now analysed the first set of 20 interviews that I've done. And this is like real fresh off the press stuff.

Kate:

Exclusive here.

Owen:
We're breaking, here we go.

Bronwyn:
I'm not kidding, I spent the last two weeks coding my data. Like, it was horrible. So, in heteronormative families, so mom and dad, it seems that the dad is responsible for the big picture type stuff, the investing if they do invest. Whereas, the mom tends to be the day to day budgeting, doing the shopping.

Owen:
Finance controller. Yep.

Bronwyn:
Yeah. So, if girls ... And young girls, they look to their mothers. So, that's research that's not mine. So, the same sex parent is the most influential. So, if young girls are looking to their mothers and seeing them doing this day to day budgeting, how do they then go ahead later and do a big picture for themselves?

Kate:
Yeah, because they're not seeing it demonstrated.

Bronwyn:
Yeah. So, that's one thing. As you mentioned about school, hilariously ... Well, maybe not hilariously, no one learned about money at school.

Kate:
No.

Bronwyn:
Like, absolutely no one can remember learning anything about money at school. I mean, they did maths classes, and maybe the odd one did a commerce class. But they don't remember. And if they did have some lesson, they don't remember any of it.

Owen:
But you can calculate the circumference of a circle, which is really important later on in life. Everyone wants to know Pi R squared, in case you're wondering.

Bronwyn:
Yeah, I'm constantly using that one.

Kate:
How to play dodge ball. Very important life skills.

Bronwyn:
Pythagoras, you know?

Owen:
Yeah, all those important things.

Bronwyn:
Thank god I learned that. But I mean, it doesn't mean that because you didn't learn that at school that you can't then go on to be financially capable later in life. And that's sort of what I'm trying to find out, you know? Because this entire group of women didn't learn these money lessons in school. But then, a lot of them are actually pretty financially capable. Where has that come from? So, my sort of theory at this point is that it's coming from these sources of self-efficacy. So, it's not just parents that provide efficacy. It's friends, family, and then influencers or people who are perceived as experts. So, I'm looking at ... I'm going to lose you all here, but-

Owen:
Go for it.

Bronwyn:
So, self-efficacy is basically the belief that you can achieve a task. And it's gained in four ways. And this is according to psychologist Albert Bandura, I'm looking at two of them. So, the two I'm looking at are verbal persuasion. That's someone cheers you on or tells you about something that they've done and you go, "I can do that."

Kate:
Yeah, like, "Hey, I just checked in my Super. I added an additional contribution. Why don't you do that too?"

Bronwyn:
Correct. That is verbal persuasion. And then, vicarious experience is when you see someone do something and you're like, "They did that."

Owen:
Yeah.

Kate:
They invested for the first time. Why can't I?

Bronwyn:
Yeah, exactly. And then, on the flip side of that, I'm also getting a few examples of negative vicarious experiences. So, that's where someone did something and it was terrible or it went

horribly wrong in a financial sense. And they're like, "I never want to do that, so I'll make sure I don't because I'm going to take these steps to stop it."

Kate:
Yeah, like hearing one horror story from a friend using a financial advisor or something, and that puts you off the whole industry and using it full stop.

Bronwyn:
Yeah. But then, on the flip of that, you then maybe talk to someone else who you trust that can give you advice or something like that.

Kate:
Yeah.

Bronwyn:
Yeah, so that's-

Owen:
Can I stop you?

Bronwyn:
Yeah.

Owen:
Is it more common to have that kind of negative vicarious-

Bronwyn:
Than a positive?

Owen:
Yeah. So, like, you know there's that saying, "An unhappy customer tells 10 people, a happy customer tells three." I feel like, at least in finance, you hear a lot of negativity.

Bronwyn:
So, this is what I'm learning. I think, yes.

Owen:
Yeah.

Bronwyn:
It seems that the negative experiences is something that really sticks with people. So, I spoke to one young woman, and she talked to ... And she wasn't the only one who referred to her grandmother who had a late life divorce and ended up with nothing, which then made her pay attention to her superannuation, because she's like, "I don't want to be in that situation." So,

yeah. They are very influential, these negative vicarious experiences. And what else was I going to say? Because I've forgotten the question.

Owen:
You did the two that you've been focused on.

Bronwyn:
Yes.

Owen:
Yeah.

Bronwyn:
Oh yeah, okay. Gosh, I've got so much to say. So, secondary influencers of financial literacy. So, we talked about parents, but there's also a spouse, extended family members, friends. But data suggests that trust plays a huge role. And so, maybe your uncle is very financially successful, but you actually don't think he's a good guy. So, maybe you're not really going to listen to anything he says. So yeah, it's this whole thing called source credibility, where it's based on either someone perceived to be trustworthy or has expertise in an area or they're familiar to you. And if they have one of those, you're more willing to take on that verbal persuasion or that vicarious example that you've seen.

Kate:
So, it's identifying those powerful sort of role models that you trust in your life. And they are probably a strong source of information for you.

Bronwyn:
Yes.

Kate:
Yeah. I mean, I probably see that in my own life, the people that I trust and I think are somewhat successful in their life. I'm probably a lot more likely to take on what they say when it comes to finance and business than someone else that might not have experienced this or had a string of bad luck. I don't know if that's exactly the right way to approach it.

Bronwyn:
No, no, that's the way. And then, the one who has a string of bad luck, that's a negative experience. You don't want to do that. You want to do the opposite.

Kate:
Yeah, it's a lot from like, "I don't want to be like them, so I'm going to take all these steps to not go in the same direction."

Bronwyn:

Yeah, so trustworthiness, it's a huge key when it comes to Superannuation, especially around the government's control of it and the way it's legislated. It came up again and again, they have this lack of trust in the system. So, they don't bother engaging with it. They're like, "Well, that money is locked away for how long? And even at that point, will I even get it?"

Kate:
I heard one young person that I know tell me the other day, "Oh, Super's just a scam." And he's just-

Owen:
Source credibility.

Bronwyn:
Oh my gosh.

Kate:
Yeah, he's just ... He's written off the whole thing. So, he doesn't want to make any changes. He wants to keep it in cash just because he thinks the whole thing's ... And so, yeah, it's interesting. And how many people does he go and convince of his opinions there?

Bronwyn:
Yeah, that's frightening, or he's the negative vicarious and everyone's like, "I don't want to be like that guy."

Owen:
Yeah, that guy's crazy. So, okay. So, that's what you've kind of realised that those are kind of the things that people are feeding in.

Bronwyn:
Mm-hmm.

Owen:
How do you get people to engage?

Bronwyn:
So, you know how I was talking about those three encounters? So, invest ... Sorry, combine, contribute, invest.

Owen:
Yep.

Kate:
Yep.

Bronwyn:
Okay. So, in my research, what I've found is the verbal persuasion source is very, very strong. So, when it comes to the invest encounter, so that's choosing the right investment options for your age. It's the verbal persuasion of friends, fathers, partners, and Superannuation advisors that has a really strong effect.

Owen:
Not podcasters?

Bronwyn:
Well, funnily enough, I mean-

Owen:
Come on.

Bronwyn:
The Barefoot Investor did come up in my work.

Owen:
Of course.

Kate:
And he has the trust there.

Bronwyn:
Yeah, but he came up more in the combine encounter.

Kate:
Okay.

Owen:
Right, yeah.

Bronwyn:
So, that's choosing one fund instead of having-

Kate:
Instead of having 100 running around.

Bronwyn:
Yeah.

Owen:
Yep.

Bronwyn:
Yep, so it's interesting. So, when it comes to investing, I found this so strange. These women, a lot of them had actually chosen aggressive investment options, which is, for them, probably great. And then, it was all based on something someone had said, someone they go cycling with, someone's dad. And then, they just did it. They just went online and changed their options. But at the same time-

Kate:
Just because of one person?

Bronwyn:
One person. But at the same time, when it comes to other financial decisions, they will research the hell out of it. Like, buying a car, getting a credit card. So, I don't know why that is. Is it because the verbal persuasion or that trust element or that source credibility is so strong? Or is it that Super is so far away that you're like, "Might as well."

Kate:
Yeah. Well, I guess buying a car, you're immediately impacted by having that potential car loan. And you get the car then and there, and everyone can see your car. Whereas, the Super in 30 or 40 years, I guess maybe changing the Super option doesn't have a ... Doesn't seem that big of a deal.

Bronwyn:
Yeah. There's no immediate effect, so they're like, "Let's just go for it. Might as well."

Owen:
Yeah. Like, I could convince you maybe to have an ice cream on a cold day. But I maybe couldn't convince you to buy like 50 ice creams on the day. So, if there's no real cost for you to do something, maybe the verbal signal is enough to get you over the line, right?

Bronwyn:
Yeah. And the trust that you have in the person telling you.

Owen:
Exactly. Yeah. Maybe that's enough for that one seemingly costless decision just to go online and fiddle with it a bit.

Bronwyn:
Because it doesn't cost you anything. And I did ask every single woman that I interviewed the same question regarding this idea of hyperbolic discounting. So, that's the future value of money. So, I asked them, "If I could give you $10 today or $15 in two weeks, what would you take?" And then I also asked them, "$100 today or $150 in six months, what would you take?" The answer relies totally on the immediate need. So, if they don't have enough money for

groceries this week, they'll take that money. But if they're like, "No, I can wait two weeks. $15, that's a pretty good return for two weeks. Yeah."

Kate:
I guess that's a more adult version of the marshmallow test that-

Bronwyn:
Correct.

Kate:
... People always talk about in their books and on their podcasts.

Owen:
Yeah.

Bronwyn:
Yes, it is. Yeah. So, it was interesting. It was sort of a bit of a split, you know? Like, what they would take. It definitely got more challenging the longer they had to wait. So, the six month it became a bit more, "I might take the 100 now." Yeah, so it really depends on how these people see the future version of themselves and if they see a future version of themselves.

Kate:
Yeah. I mean, a lot of people are like, "Oh, I'm probably not going to be around when I'm 60 or 70. Like, life's short. Why would I worry too much about my super? Why should I be making additional contributions of the money I could spend on a great holiday?"

Bronwyn:
Yeah, that's exactly right.

Owen:
Yeah. Can't take it with you, that's what they say. Interesting. Interesting. So, Kate, I feel like this is a good question for you to ask.

Kate:
Yeah. So, now that sort of you've identified those key things of combine and contribute and invest, what are some of the ways, if you've sort of sorted your own Super out and you're feeling pretty confident that you've got the basics down pat, in terms of being sort of a superhero for your friends and family and raising the topic of Super and being the person that can help them or get them to have a look and care about their retirement. What are some ways to get your friends and loved ones thinking about their super and helping them take steps in the right direction to secure their retirement?

Bronwyn:
So, in my research, it really is just talking to people.

Kate:
Yeah, that's all you need to do.

Bronwyn:
Yes. I mean, super funds, they spend a lot of money on research and marketing, trying to figure out how to engage members. And it's a real hard ask because a lot ... You know? People in this group, the millennial age and even younger, it's difficult, you know? They're just not engaged, not as engaged as older members. The closer you get to retirement, retirement becomes in sight. You're like, "Oh, man. It's nearly there. I can feel it. I can touch it, so now I want my money. Now I'm going to take an interest in my money."

Bronwyn:
So yeah, it really is talking to people, you know? In one of the interviews, I spoke to a young lady who was so adamant because she became so invested in understanding Super after listening to the Pineapple Project. And she went on to influence her best friend. And it actually worked. So, I mean, that's hat I'm looking at, those sources of self-efficacy and how they drive people to make a change.

Kate:
And I think sometimes people just, they don't think that Super's a good topic to bring up in conversation, or maybe they're scared to talk to their friends or family about it.

Bronwyn:
Or they feel they don't know enough sometimes. Yeah.

Kate:
Yeah. And really just start the conversation and send people to the Money Smart website. I mean, we've got a free Super course. And just give them some basic resources. Flick them a Facebook message and say, "Hey, have a look."

Bronwyn:
Yeah.

Kate:
Do you want to talk about it over coffee?

Owen:
Yeah, that's probably the easiest way. I find that I'd be most receptive to that. Like, you actually talking to me about it would be ... Like, I think Tash Invests, who came on the show, she talked about this. And she said she had a massive advantage in her upbringing. So, that's how she achieved what she's achieved financially.

Kate:

Because her family spoke about money.

Owen:
Because her family talked about it at the dinner table every day. Like, they talked about finances in front of her. And then, that made her confident to think about it.

Kate:
Yeah. It makes you think the conversation's okay. So, I mean, just talking to your friends and just mentioning it a little bit, "Hey, I did ..." Or even if you make a change with your Super, just mentioning it to your friends that, "Hey, I did this to my Super." It might spark an interest in them and they might go, "Oh, I should have a look too."

Bronwyn:
It works because I am that friend. So, I will talk to my friends about anything I do in Super. And I know that some of them have made changes based on what I've said.

Kate:
Yeah.

Bronwyn:
So, I mean, it's really hard because you want people to have financial wellbeing in retirement. You want all your loved ones to have access to healthcare and housing and all that stuff. But how do you get them to care 20, 30, 40 years in advance of that? And like, it's not a simple answer. But this is what I'm looking at. And just talking to people. If you've done something and you feel it was worthwhile, talk to people about it.

Kate:
So, not having to over complicate things. I mean, sometimes we forget the power of a simple conversation.

Bronwyn:
Yeah.

Owen:
Hey, that's why the podcast exists. So, if I took money out of my Super during COVID, because there was some rules there that allowed you to take out up to $20,000.

Bronwyn:
Yes.

Owen:
$10,000 per financial year. This is touching on your contribute strategy, I guess. Well, all of it, but contribute and investing.

Bronwyn:
Yep.

Owen:
What are some of the ways that people can get their Super back on track?

Bronwyn:
It just goes back to those three things, combine, contribute, invest. And as I said, two of them cost you nothing.

Owen:
So, combine costs you nothing.

Bronwyn:
Combine.

Owen:
What's the best way to do that?

Bronwyn:
MyGov. Go to the MyGov website. It should show you every super fund that you've got money in.

Owen:
Yeah, it should if you've got your tax file number there.

Bronwyn:
Yep.

Owen:
It should. Yeah.

Bronwyn:
And then, pick one. And if you would like, and put your super into one fund, because that means, as I said, one set of fees, one set of insurances if you have a balance over 6,000 and you're over 25. And then, less fees compounded over 20, 30, 40 years makes a difference to your final balance at retirement.

Owen:
Yeah. And then, okay, so I've gone into MyGov, done the change. I've got one Super fund. Takes a few days, say. Then, what can I do?

Bronwyn:
So, you could think about contributing more if you're in a position to do so.

Owen:
And how would I do that?

Bronwyn:
So, there are two ways. You could salary sacrifice. That's most beneficial to people who earn over ... I need to know the exact number, $56,112.

Kate:
That's very precise.

Bronwyn:
As of today, right?

Kate:
Okay. Yep.

Owen:
Yeah, right.

Bronwyn:
Because well, it brings down your overall tax.

Owen:
Yeah, because it's before tax dollars that are going in.

Bronwyn:
Yes.

Owen:
Yeah.

Bronwyn:
So, you could do that if your employer offers that. Or you could do a before tax contribution. And the cool thing about these is that if you earn under ... I think it's 41,112, but it's best if you earn a little less, you get a government top up. So, I think it's-

Owen:
The co-contribution, right?

Bronwyn:
The co-contribution, yeah.

Owen:

That's it.

Bronwyn:
Thank you, Owen. I should know that.

Owen:
Yeah, no worries. I think it's around 37,000.

Bronwyn:
Yes, something like that. So, if you earn that, and then you put in, I think it's $1,000, the government will match 50 cents to-

Owen:
Yeah, up to a certain limit.

Bronwyn:
Yeah, up to a certain limit. And when I was looking at that encounter in my data, I've tagged it as reward. And apart from the verbal persuasion, the people who get the government co-contribution, that is a major influencers of them actually adding to their Super, because they're like, "Free money."

Owen:
Which it is.

Kate:
If you know about it.

Bronwyn:
If you know about it.

Owen:
Yeah.

Bronwyn:
Yeah.

Owen:
So, you can Google ATO co-contribution and it comes up. It's really simple to do.

Bronwyn:
Yeah.

Owen:

And it's best if you're, like you said, I think it's $37,000, around that mark. Basically, have a look at it if you're earning below, say 55,000. Just have a look at it. And anyone can contribute to Super, right?

Bronwyn:
It's 41,112, I think.

Owen:
41,112. Okay. So, that's all right.

Kate:
We probably shouldn't have recorded this on the first day of the new financial year because a few things have changed.

Bronwyn:
I did check. I promise I checked.

Owen:
Yeah, no. We'll put all the links in the show notes for anyone that is interested to go check that out, because it is super important, that's what we're talking about. And anyone can contribute, right? Like, you can contribute money to Super. We're just talking about the incentives or the schemes to do it and get the most bang for your buck, right?

Bronwyn:
That's right. Yeah.

Owen:
So, you said ... I think you said before tax. Basically, someone could get their money straight from their employer, like a salary sacrifice straight to the Super fund. So, you don't even see it land in your pocket.

Bronwyn:
Yes. Yeah.

Owen:
Or you could get it in your pocket and then put it in a Super fund.

Bronwyn:
That's right.

Owen:
Right, okay. And then you claim a tax deduction and all that sort of stuff.

Bronwyn:

That's right, yes.

Kate:
Yeah, I mean, that's what I do. I BPAY money to my super fund each month. And you can set up an automated payment and then fill in the form at the end of the financial year to claim it back.

Owen:
Yeah.

Bronwyn:
That's good if you can get a little something from the government for your efforts, I think that's great. I mean, either as a tax deduction or as a bonus amount of money into your Super. I think that's great. But you might not be in a position financially to contribute. So, that's why I mentioned the other two options, which are combine and have a look at what you're invested in.

Owen:
And that's the final one there, how do you look at what you're invested in?

Bronwyn:
So, just log into your Super fund, which hopefully you've combined so you only have one.

Owen:
Yeah, yep.

Bronwyn:
And they're pretty well-designed these days. They'll show you what you're invested in. There's lots of premixed options. Maybe it's half-

Owen:
Let's say half shares, Australian shares, half bonds.

Bronwyn:
Yeah. Although ... Yeah.

Owen:
I just say that's an example.

Bronwyn:
Or sometimes you can pick all shares or whatever.

Kate:
Yeah.

Bronwyn:

Yeah. And I mean, this is ... And a lot of these Super funds will have a risk projection calculator, which might show you what sort of amount of growth investments you should have, versus defensive assets you should have. Growth being shares and-

Owen:
Yeah, global shares. Those two different types of shares would do that. Even property, you might put in growth. Depends on your-

Bronwyn:
Depends where you sit on that.

Owen:
Depends on your Super fund too, like how they define it. And then you'll have things like, sometimes they talk about alternative assets being growth. But sometimes alternative assets-

Kate:
Private equity.

Bronwyn:
Private equity.

Owen:
Equity. Yeah. Infrastructure, they kind of sit in the middle. And then you've got cash and bonds. They're the non-growth, the conservative choices.

Bronwyn:
That's right.

Owen:
And I don't know. Have you ever heard the rule that you should have your age in bonds? Like, in conservative investments.

Kate:
I heard that in an investment conference once. And I'm like, "I don't want that much."

Bronwyn:
I've heard that too.

Owen:
Yeah, so if you were 20, you would have 20% of your money in fixed interest or bonds. If you were 50, you would have 50%. I still think that's too high for a lot of people.

Bronwyn:

So, the research shows that women especially, if we want to bridge the Superannuation gap, need to invest more aggressively up to the age of about ... Well, up to 40 is great. And then, slightly less up to 55. And once you hit that, you need to really come down to be more defensive because you'll be taking that money out in five. 10 years. Yeah, but I think there was modelling done where they were looking at like 90% aggressive investment for 40, 50 year old people.

Owen:
Yeah, right.

Bronwyn:
That's not financial advice. That's just what-

Owen:
No, no, that's just what you found in the research.

Bronwyn:
Yeah, that was what I found. So, because the Super gap, other research shows, this is from the Melbourne Institute, that by the time men and women are 40, men have twice the Super balance of women.

Kate:
And it's a bit hard to come back from that.

Bronwyn:
Yeah, it's really hard.

Owen:
The only way you can do it is, you can turn up the risk dial. But then they can go the other way, right? Like, other than adding ... If you don't have the capacity to add more, I'm saying. The only way you can get it back is take more risk, which can have unintended consequences.

Bronwyn:
And that's another thing I looked at a lot in the research is risk. I mean, people are very ... And you know, there's studies that say women are more risk averse than men. And sort of in the immediate sense to do with stock market stuff, yeah. But I like to say women are more risk aware. So, they'll take more time, they'll do more research before they go and buy a share. They're not going to be doing day trading and GameStop or whatever. And then, they don't trade as much. So, actually in the long run, they come out better off.

Bronwyn:
But one of the codes that I coded a lot in the last few weeks was that shares is gambling. Like, a lot of women see investing in shares, aggressive assets as gambling. So, it's really ... I mean, if you're going to go and change your investment options in Super, and here we are saying put it into lots of aggressive assets, it's scary. So, that's where I say, make the appointment, talk to the

Super advisor at your fund. It's no cost to you. It's an hour out of your day. Could mean a lot for your future.

Owen:
Sure. We're conscious of the time here. But Kate, I know there's a couple more questions on your list.

Kate:
Yeah. I think the main thing I wanted to ask to finish off the conversation is, a lot of people, including myself, I'm always weighing up the impact of putting more into my Super fund, which is going to be locked away for a long time. But I know there's tax benefits, I know it's good to put this money aside for my retirement, versus investing outside of Super for flexibility, especially as I want to be financially independent. How do you think people should approach investing inside and outside a Super? And what are the trade-offs there?

Bronwyn:
So, for a lot of the people that I've talked about in my research, they're not really thinking about investing outside of Super, outside of owning a family home. So, Super is the main vehicle for that retirement and their wellbeing in retirement. So, I mean, there are a few who are investing in shares and ETFs and stuff like that. I guess Super has the tax advantage, especially if you're in a high tax bracket, that's great. But it's locked away, that's the disadvantage.

Bronwyn:
There's also that lack of control. So, I guess if you want to invest and maybe you want to retire early, like Kate does, and you want to have that flexibility of having some other money that's outside of Super that's in your control that the government can't do anything with because it's not legislated, then investing outside of Super could be a great option. I don't know. I just think ... But the people that I talked about, it wasn't ... Talked with, you know? Because they're-

Kate:
That was their main retirement vehicle.

Bronwyn:
They're in their 30s, they're in the day to day. They're trying to get a house. They've got ... You know? Some of them are having kids, getting married. A few of them are investing, but mostly it's sort of what's happening now? What can I do now? And investing is even ... There's a time difference there as well.

Owen:
I've found a lot of people, not just women, but a lot of people at the 30 year old mark are in contemplation phase. They're kind of like, "If I don't have a house," they're contemplating investing. But then they're like, "Well, maybe I will get a house. So, I'll just keep thinking about it for now and see how I go." And they kind of never pull the trigger. And it's kind of like, you kind

of just have to start to get started. It's silly, but I find that a lot, anecdotal evidence, of course. Not like rigorous. Not a PhD thesis, let's be honest.

Bronwyn:
But it's true. When it comes to investing, and this is not so Super related. But you really do just have to do it. And that's another actually source of self-efficacy. So, that's mastery experience. So, apart from vicarious and verbal, there's mastery. And that's doing something, achieving it, and going, "Oh, I did that. And I achieved it. And now I can do it again, because I feel like I accomplished that first task."

Kate:
Yeah, and that's why it's just so important to have a go with investing and putting some money in Super and having a look. And I mean, it's a bit ... You can't go too wrong if you just sort of try contributing $50 to your super and then go, "What's that experience like? Have I set up all the payments details and everything?" And then you can feel more comfortable that you can contribute to your Super fund.

Bronwyn:
Correct. Yeah.

Kate:
And you could talk to your HR department at work and get them to increase your personal contribution for your salary and say, "Oh, can I live on the amount of money minus that amount? Okay, I can. Maybe I can increase it next year."

Bronwyn:
Yeah.

Kate:
Just taking small steps instead of thinking, "I have to go from cash to aggressive all at once, change all my 10 super funds into one. And just make too many drastic changes." Just small steps at a time.

Bronwyn:
Small steps, baby steps. Yeah. And that's what's going to have the longterm effect. It's just a small amount of engagement now can really, really pay off for you later in life. I can't stress it any more strongly.

Owen:
We didn't plan this question, but do you think it's going to get better for women? Like, easier, in terms of when I say better, easier. I mean, do you think if we cast our mind forward five years or 10 years from today, next time you're on the podcast, hopefully sooner than that. But will women, if you did a longitudinal study, would more women be confident and have the capability?

Bronwyn:
I would hope so. I really hope so. You know, there is this burgeoning area of women who are investing now, especially in the last few years, you know? With the growth of ... And this is something I'm looking at now, these personal finance online social networks, you know? They're really actually, they're getting into it. There's lots of these Fintech influencers who are sharing their experiences and people. And they are verbal persuaders. They are showing women how to do it. You know? I remember when I bought shares the first time. Holy crap, it was so ... I'm like, "What the hell is this platform? I don't know what that means." Press the button.

Kate:
Yeah, and if you've got no one to talk to about, it's very scary.

Bronwyn:
Yeah, it was really scary. So, in, yeah, four or five years, I really hope it will change. Hopefully with research that I'm doing, it hopefully ... The government is making legislative change. They're removed that 450 threshold. The new website, I think it goes live today, the new Your Super website that compares-

Kate:
Yeah, I think they were going to announce all the bad Super funds this week.

Bronwyn:
That's right.

Kate:
Yeah.

Bronwyn:
And then, the stapling of funds, which I think is happening November.

Kate:
Yes, your Super fund follows you around.

Bronwyn:
Yeah, so no more of these multiple funds.

Kate:
Yeah.

Bronwyn:
So, at a legislative level, yes there's changes. It's slow. Yes. But then, what I'm looking at is the behavioural changes that you can make yourself, or being someone who knows a little bit about Super, influence others as a verbal persuader or another.

Kate:
Yeah, I think that's a great thing to take away, that you don't actually need to know too much to actually influence your friends and family to take some positive steps in engaging with their super, even if it's just encouraging them to look at the website. You don't need to be the expert, but just giving them that little push they need to say, "Hey, I should look at this too."

Bronwyn:
Exactly. Yep.

Owen:
I think that's a great way to end it. There's just so much to take away from this episode. Bronwyn, thank you so much for coming on and sharing your wisdom. All of the work that you've been doing, the research. Like, it's so exciting. And one of the extra special reasons we wanted to chat to you today is because if women wanted to reach out to you, if anyone thinks that they've got something to share with you, could they do that?

Bronwyn:
They sure can. I'm actually recruiting for my next round of research participants.

Owen:
Cool.

Bronwyn:
So, it's again, women 25 to 40 who've got a Super account in Australia. Don't have to be working, but have worked in the last few years at least, who use these online social networks, Facebook groups.

Owen:
Yep.

Bronwyn:
So, if you go to my website, missmoneybox.com.au, got a link to a short survey. And for more information, you can find out there.

Kate:
And you've got some blog posts there.

Owen:
Yeah, the archives.

Bronwyn:
I do. I do. They are quite like archives now because ... Yeah. I do have some blog posts on my site. I've been blogging for a while. But taking a bit of a break because I'm doing all this research and it takes a lot of time.

Owen:
Yeah, so that's missmoneybox.com.au. Yep, so we'll put full links in the show notes. It's so easy for you to do to help Bronwyn and to contribute to the research. And it could be therapeutic, I imagine like cathartic is a word that comes to mind when you talk about your experience with money. So, I imagine some participants got a lot of value from it.

Bronwyn:
It's actually amazing the things that people will tell me.

Owen:
Yeah?

Bronwyn:
I feel so privileged.

Owen:
Cool.

Bronwyn:
And everyone's de-identified, by the way. Like, no one will even know it was you.

Owen:
Yeah, cool. All right. Kate, as always, thanks for joining me on the podcast.

Kate:
Yeah, absolutely. And thank you so much for coming on, Bronwyn, and sharing some of your research with us. And we can't wait to hear when it's all finished and put together and you've got your PhD.

Bronwyn:
Thank you so much.

Kate:
Thanks for tuning in to this episode of The Australian Finance Podcast, where our mission is to improve the financial futures of all Australians. If you'd like to learn more, create a free account at rask.com.au/account to download free episode workbooks, bonus resources, and take our amazing free personal finance courses.

Owen:
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