

Follow the Rating?

How disclosure affects retirement
income product choices in a discrete
choice experiment

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Abstract

Consumers in most Defined Contribution superannuation and pension plans annuitize less of their savings than is considered appropriate. As a result, retirees self-insure by holding on to and even building up assets. In Australia, the setting for this study, the government has proposed a one-page, simplified and standardized Fact Sheet for retirement income products, with the aim of enhancing retiree decision making. We conducted online discrete choice experiments with 1,007 participants aged between 55 and 67 years. We tested four versions of the Fact Sheet, varying the amount of text, and inclusion of graphs and tables in a between-subjects design. We find that using the Fact Sheets participants were likely to choose the Annuity and Annuity/ABP hybrid most often: 33% and 34% of the time respectively. Contrary to the actual behaviour of Australian retirees (who predominantly choose ABPs), the ABP was least preferred (14%). Of the information items proposed for inclusion in the Fact Sheet, we find that Product Rating and Average Annual Income are the most important information items that drive decisions to choose retirement income products. Compared to the Text-only treatment, the Annuity and the Annuity/APB hybrid are more likely to be chosen in the versions with graphs and tables where the Product Rating is more salient. Our findings suggest that the Fact Sheet composition, especially the context and derivation of the prescribed Product Rating, drive decision-making so must be carefully designed.

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1. Introduction

Defined Contribution (DC) superannuation and pension plans, under which retirees have flexibility in the decumulation phase, are becoming increasingly widespread globally. In Australia, the setting for this study, employees have been obliged to belong to DC superannuation plans since 1992, following the introduction of the mandatory superannuation guarantee. As the system has matured, the balances at retirement in these accounts have grown and decisions around the decumulation of superannuation savings are becoming more crucial as retirees plan to ensure a comfortable life in retirement.

Australian retirees have considerable flexibility when it comes to the decumulation of their retirement savings. However, this flexibility may hurt retirees' well-being more than it helps them. In particular they can choose to take their superannuation accumulation as a lump sum, and/or an annuity and/or a so-called Account-Based Pension (ABP). Most retirees take an ABP. At retirement, the accrued account balance is transferred from an accumulation account to a decumulation account and (subject to tax preferred minimum drawdown requirements) retirees receive a regular income monthly, quarterly, half-yearly, or yearly until the account balance is fully withdrawn. However, while ABPs allow flexibility they do not cover retirees for longevity, investment or inflation risk. Asher et al. (2017) found that many retirees likely under-consume in retirement by withdrawing at the minimal drawdown rate, possibly because they are self-insuring for the retirement risks not covered by ABPs. The real-world preference for ABPs can be attributed to the fact that the market for retirement income products, particularly those providing longevity insurance such as annuities, is small and non-competitive, combined with demand side and behavioural issues and (until recently) regulatory factors (Bateman and Piggott, 2011; Chomik et al., 2018). The so-called annuitization puzzle is a well-known phenomenon globally, where the complexity of the annuity product as well as behavioral factors, such as framing, might explain parts of the puzzle (Brown et al., 2008, 2013a, 2013b).

Over the past few years the Australian Government has considered a range of policy options to increase take-up of a greater variety of retirement income products (Commonwealth of Australia, 2014). After considering a soft default (in the form of trustee recommendation of a so-called Comprehensive Income Product for Retirement - CIPR) (The Treasury, 2016), the current approach is founded in freedom of choice supported by regulated disclosure in the

form of a retirement income product Fact Sheet. In December 2018, the Australian Treasury published a Retirement Income Disclosure Consultation Paper, in which it proposes a one-page Fact Sheet for retirement income products with prescribed formats for information on average annual income, product risk displayed as a Product Rating, potential income shape over retirement, access to capital and death benefits (Treasury 2018a, b; AGA, 2018). The goal of the Fact Sheet is to improve comparability between products with the expectation that consumers will be able to select the retirement income product which is in their best interest with the help of standardised and simplified information.

Using discrete choice experiments we explore whether and how the prescribed information in the proposed Fact Sheet influences the retirement income product choice. Our use of an online experimental survey in which we embed our experimental task also allows us to analyse how consumer perceptions, financial skills and personal characteristics influence the retirement income product choices.

2. Background Literature

The impact of disclosure and alternative information formats in financial decision-making has been analysed in a number of related contexts. A good overview can be found in a report by the Australian Securities and Investments Commission (ASIC) and the Dutch Authorities for Financial Markets (2019). Bateman et al. (2015) consider the accumulation phase of retirement savings and investment decisions by testing consumer understanding and use of a short-form product disclosure statement. They found that despite a key motivation for the design of the investment choice information being to enhance understanding of return and risk, investment choices were driven by the prominent asset allocation pie chart. Furthermore, for more than 35% of participants none of the five information items prescribed to enhance investment option decisions – specifically product name, return, risk, expected time frame for holding the investment and strategic asset allocation - explained investment choices. In a related study Thorp et al. (2018) analyse the effect of a prescribed one-page product dashboard on the choice of MySuper product. The prescribed information includes returns, fees and risk. Under the prescribed dashboard, where fees are presented in dollar amounts (per \$50,000 invested) and returns are presented in multiple formats, participants transfer promptly low-fee funds. However, their reaction to changing returns information, presented in textual and graphical formats over

several time frames, is sluggish. In both studies consumers failed to use the disclosed information as intended by regulators.

Walther (2015) analyses investment decisions in an online experiment in the context of the Directive on Investment Disclosures by the European Union (2009). Participants were asked to make hypothetical investment decisions using the 'new' Key Investor Documents (KIDs) and the previous longer Prospectuses. A key feature of the KID is a measure of risk from 1 to 7.¹ Participants stated that they found the information in the KIDs more informative, comprehensible, and helpful, however many did not understand this information when tested. Results showed that participants were more likely to "stock pick" rather than use the 1/n diversification heuristic when using the KIDs which raises concerns about people overestimating their stock picking skills. Other studies have found similar results in the investment domain (Kozup, Howlett & Pagano, 2008; Diacon & Hasseldine, 2007). White, Sussman and Beckett (2019) in an examination of consumers' preferences for complex or simple disclosure for prepaid credit cards find that consumers prefer the complex, more detailed disclosure as it signals transparency. However, while consumers believed that they would not make computational mistakes, many did.

Finally, a study by Hiscox, Hobman, Daffey, and Reeson (2017) comes closest to ours. Hiscox et al. (2017) study choices between a hypothetical hybrid product and an Account-Based Pension. They test eight treatments for disclosure and find that simple information increases the stated take-up of the hybrid product. They also find that the simpler information disclosure treatments increase comprehension, perceived clarity, decision-making ease and confidence.

Several jurisdictions such as Canada, the European Union and the US are considering disclosure formats for retirement income products (OSFI 2016; EIOPA 2018; SEC 2018). However, there is little academic literature or real-world regulatory experience to guide the design and impact of prescribed information formats in this context.

We contribute to the literature and to policy development in three ways. First, we test the understanding the information items proposed for inclusion in a Fact Sheet for retirement income products developed by the Australian Treasury. Second, we analyse how stated

¹ https://europa.eu/youreurope/citizens/consumers/financial-products-and-services/investment-products/index_en.htm

choices between four different retirement income products is influenced by the proposed information items. Third, we test how consumers' characteristics such as financial competence, product and system knowledge, risk and time preferences, retirement planning, personality and demographics influence retirement income product choices.

3. Experimental Design

We conducted an online discrete choice experiment with 902 participants in September and October of 2019 using a commercial web panel provider. We targeted participants aged between 55 and 67 years old who had a superannuation account but had not yet started to decumulate. We specifically focused on those who were near retirement and would need to make a retirement income product decision in the near future. Participants were contacted by email by the web panel provider and were paid a fixed amount for participation. They could also receive a bonus payment based on their score in comprehension quiz which tested both product and information item knowledge.

In the experimental setup, participants were asked to make 12 pair-wise choices between four different retirement income products using a retirement income product Fact Sheet informed by the Retirement Income Disclosure Consultation Paper (Treasury, 2018b), and work by the Australian Government Actuary (AGA, 2018). The product menu included an inflation-indexed lifetime annuity (Annuity), an ABP, and two hybrid products. The first hybrid product (referred to as ABP/Deferred Annuity hybrid) comprised an ABP until the retiree is aged 75, and thereafter a deferred annuity. The second hybrid product (called an Annuity/ABP hybrid) has 80% of the purchase price invested in an ABP and 20% in an inflation-indexed lifetime annuity.

The proposed Fact Sheet includes five information items relevant to retirement income products:

- Average Annual Income (net of fees and taxes);
- Product Rating measuring the combined downside market, inflation, and longevity risks on a scale from 1 to 7 - calculated as per AGA (2018);
- Potential Income Shape of annual income throughout retirement;
- Access to Capital if a consumer decides to sell the product; and
- Death Benefit.

We predominantly kept the proposed wording and order of the information items as well as their presentation as displayed in Treasury (2018b). We qualitatively tested the Fact Sheet with two focus groups on 11 June 2019, one with people aged between 55 and 66 and not yet retired and another group with retirees aged 60 and over. The focus group discussion provided valuable insights into areas of potential understanding and misunderstanding by survey participants and we made minor edits to the draft survey accordingly. In particular, we added a footnote to the proposed Fact Sheet to explain that the calculation of the product rating, access to capital and death benefit follow government regulations.

The experimental design includes one within-subject treatment to test the effect of inclusion/ exclusion of the Potential Income Shape information item. As such, six product choices are made with and six without presentation of the Potential Income Shape. The order of the within-subject treatment was randomized.

We first test three variations of the Treasury-proposed Fact Sheets (three treatments) in a between-subjects design, with survey participants randomly assigned to a treatment. The three Fact Sheet treatments can be summarised as follows:

- A *Treasury-Graph* treatment which uses the five information items as proposed in Treasury (2018b) with two features - Access to Capital and Death Benefit - presented in a single graph.
- A *Treasury-Table* treatment which also uses the five information items as proposed in Treasury (2018), with Access to Capital and Death Benefit presented in a single table.
- A *Text-Only* treatment which uses the same design as the Treasury-Graph and -Table, but in text only. As such we replace the Product Rating graphic with a textual description and use text to describe the key features of the Potential Income Shape, Access to Capital, and Death Benefit in place of the graph and/or tables.

Examples of the tested Fact Sheets can be found at Appendix B.

After completion of the twelve product choices, participants are asked about their understanding of the information items and the retirement income products. For example, we asked whether “[t]he product rating is influenced by investment returns and the rate of inflation only”, whether it is true or false that “[t]he Death Benefit is always the same amount as the Access to Capital”, and whether it is true or false that “Average Annual

Income refers to the income paid in the first year that I buy the product". Product knowledge questions asked the participant which of the products provide a regular income, flexibility with accessing money along the way, a death benefit after age 85, inflation-indexed payments, payments that are influenced by changes in asset returns and having access to capital irrespective of age.

Finally they complete standard questions on financial literacy (Lusardi & Mitchell, 2011); numeracy (Lipkus et al., 2001); graph literacy (Galesic & Garcia-Retamero, 2011); trust in relation to superannuation funds, the financial services industry and government; risk preferences (Dohmen et al., 2011) and time preferences (Vischer et al., 2013); psychological traits; bequest motives and standard demographics including wealth, income, age, gender and marital status. Selected screen shots from the survey can be found in Appendix C.

We conducted a second experiment in November 2019 to introduce a fourth treatment. The experimental set-up is the same as in the experiment described above. This time, all 105 participants see the same version of the Fact Sheet, again with or without the Potential Income Shape information item. We call this the *Product Security* treatment.

- The *Product Security* treatment uses the same design as the Treasury- Graph, but instead the Product Rating information item is called *Product Security*. The Fact Sheet shows no numeric rating, but the same descriptive text about whether the product secures against longevity, inflation and investment risk is presented.

4. Summary statistics and preliminary results

Our sample is representative of the Australian population in our targeted age-group (age 50-67). 52% are male, and the average age is 60 years old. According to their wealth, 58 % would be eligible for the means-tested government pension. 19% eligible for a part government pension, while 23% would be self-funded (if they could access the Age Pension at their current age). However, of course all are below Age Pension eligibility age, and these proportions will change with additional years of contributions and investment earnings. 21% of our participants report that they use a financial adviser, while 42% of the participants currently without an adviser plan to use one in the future. A complete set of summary statistics can be found in Appendix A.

Retirement income product choices: We find that across all four Fact Sheet treatments, participants were most likely to choose the Annuity and the Annuity/ABP hybrid, which they did 33% and 34% of the time, respectively (see Figure 1). The ABP/Deferred Annuity hybrid was chosen 20% of the time. In contrast to the actual behaviour of Australian retirees (who predominantly choose ABPs) (Chomik et al., 2018), the ABP was least preferred (13%). However, currently neither of the hybrid products are generally available on super fund product menus, and real-world demand for lifetime annuities in Australia is low, in line with the international experience (Bateman and Piggott, 2011; Chomik et al., 2018).

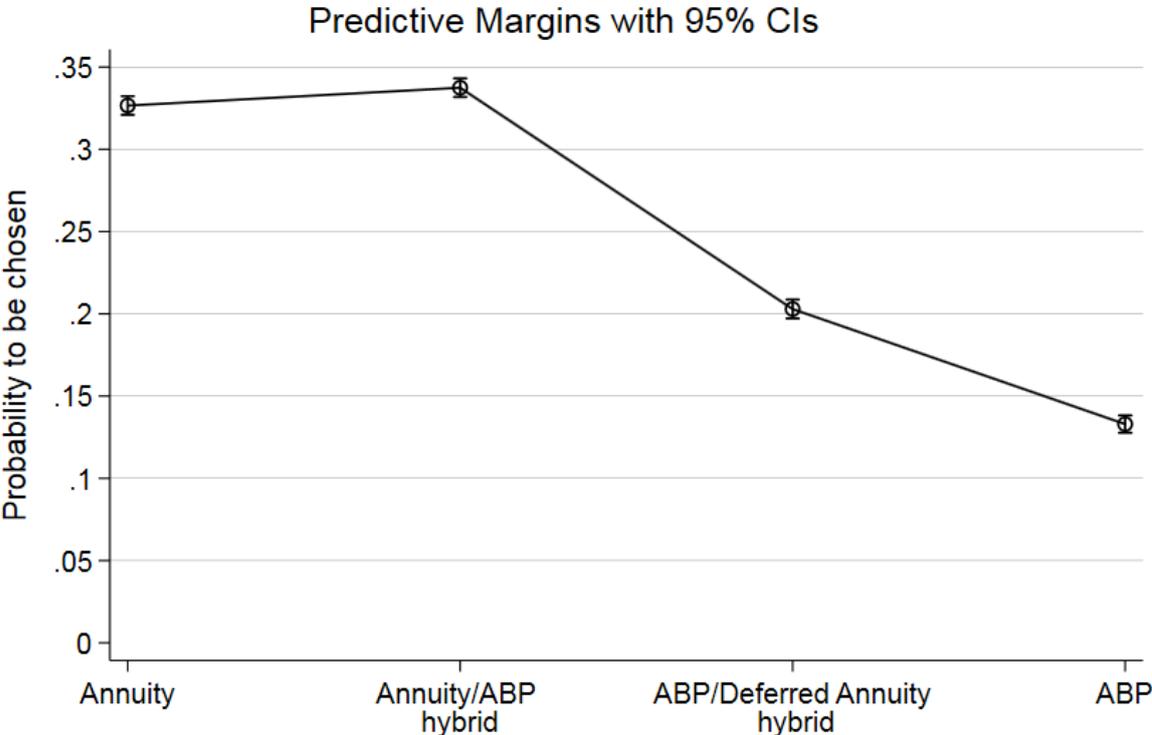


Figure 1. Choice probabilities between the four retirement income products.

Impact of Fact Sheet treatments (versions): Table 1 shows the preferences over retirement income products per treatment group. Columns 2 to 4 present the percentage a product is chosen in all choice settings. Columns 5 to 7 report how many times a retirement income product is chosen when it was available. The second and fifth column state the percentages when the Potential Income Shape is not shown, the third and sixth column the percentages when the Potential Income Shape is shown.

In the *Treasury-Table* and *Text-Only* treatment groups, the Annuity/ABP hybrid product is the most preferred. In the *Treasury-Graph* treatment, the Annuity is most preferred. In the

Product-Security treatment group, the Annuity is also most preferred overall as well as in the within-subject treatment with four information items. The ABP product is the least preferred in all treatments except the *Text-Only* treatment. In the Text-Only treatment, the ABP is chosen double to nearly triple the times than in the other three treatments. We also find that the ABP is less preferred when the Potential Income Shape information item is given, compared to the treatment when only four information items are given. The Annuity/ABP hybrid is more preferred when the Potential Income Shape is shown. These findings suggest that the ABP is preferred where the Product Rating is less salient and provided as text and the information on Death Benefits and Access to Capital is less detailed.

We do not find a difference between perceptions of transparency, trust, and feeling of control between the within-subject treatments².

² See Appendix A for summary statistics.

Table 1. Preferences over Retirement Income Products. Bold percentages indicate the most preferred product within participants in the specific treatment group.

	<u>Treasury Table Treatment</u>						<u>Treasury Graph Treatment</u>						
	% chosen in all choice settings			% chosen in choice settings where the product was available			% chosen in all choice settings			% chosen in choice settings where the product was available			
	4 Info. Items	5 Info. Items	Total	4 Info. Items	5 Info. Items	Total	4 Info. Items	5 Info. Items	Total	4 Info. Items	5 Info. Items	Total	
Annuity	33.89	34.39	34.14	67.78	68.78	68.28	Annuity	37.64	37.53	37.58	75.28	75.06	75.17
Annuity/ABP hybrid	34.23	36.23	35.23	68.45	72.46	70.46	Annuity/ABP hybrid	33.05	35.23	34.14	66.11	70.47	68.29
ABP/Deferred Annuity	18.06	18.23	18.14	36.12	36.45	36.29	ABP/Deferred Annuity	20.92	20.97	20.95	41.83	41.95	41.89
ABP	13.82	11.15	12.49	27.65	22.3	24.97	ABP	8.36	6.26	7.33	16.78	12.53	14.65
N	1,794	1,794	3,588	897	897	1,794	N	1,788	1,788	3,576	894	894	1,788
	<u>Text Only Treatment</u>						<u>Product Security Treatment</u>						
	% chosen in all choice settings			% chosen in choice settings where the product was available			% chosen in all choice settings			% chosen in choice settings where the product was available			
	4 Info. Items	5 Info. Items	Total	4 Info. Items	5 Info. Items	Total	4 Info. Items	5 Info. Items	Total	4 Info. Items	5 Info. Items	Total	
Annuity	25.63	26.83	26.23	51.26	53.66	52.46	Annuity	33.33	33.02	33.17	66.67	66.03	66.35
Annuity/ABP hybrid	32.51	33.11	32.81	65.03	66.23	65.63	Annuity/ABP hybrid	28.57	33.65	31.11	57.14	67.3	62.22
ABP/Deferred Annuity	18.58	20.66	19.62	37.16	41.31	39.23	ABP/Deferred Annuity	27.62	25.4	26.51	55.24	50.79	53.02
ABP	23.28	19.4	21.34	46.56	38.8	42.68	ABP	10.48	7.94	9.21	20.95	15.87	18.41
N	1,830	1,830	3,660	915	915	1,830	N	630	630	1,260	315	315	630

Understanding of information items: Responses to questions testing understanding of the information items was mixed. Two-thirds of participants understood that Average Annual Income does not refer to income in the first year of payment. 68% of participants (in the first experiment) and 58% respectively understood that the product rating is a measure of income security and that it measures three types of risks. However, this implies that 40% and 1/3 of participants respectively did NOT understand these characteristics of the Product Rating. There was less confusion with the characteristics of the Death Benefit and Access to Capital information.³

Of participants in the first experiment (Treasury-Table, Treasury-Graph and Text-Only treatment groups), 3.88% answered no questions correctly, 9.87% had one correct answer, 18.74% two, 28.16% three, 27.16% four, and 12.2% all five questions correctly. In the second experiment (Product Security treatment), participants answered one question less as we deleted the question about the meaning of the product rating (since in this experiment we deleted the Rating information and called the item Product Security). 5.71% of participants answered no question correctly. 10.48% answered one correctly, 28.57% two, 36.19% three, and 19.05% answered all four questions correctly. When we test for differences in information item knowledge between the first three treatments, there are no significant differences.⁴

We also tested the participants on their understanding of the four retirement income products, after they had read the Fact Sheets and made their product selections. The mean score was 15 correct answers out of a possible 24, with a minimum of six correct answers. We ran OLS regressions of the treatments on product-specific knowledge. The marginal effects are shown in Table 2. Compared to participants in the *Treasury-Table* treatment group, participants in the *Treasury-Graph* treatment group had fewer correct answers for questions about the Annuity (-0.385, significant at the 99% significance level), the ABP/Deferred Annuity (-0.243, significant at the 95% significance level), and the ABP (-0.289, significant at the 95% significance level). Participants in the *Text-Only* treatment group knew comparatively more about the Annuity (0.377, significant at the 99% significance level) and

³ For details see Appendix A.

⁴ As mentioned before, participants in the Product Security treatment group could only reach a score of 4 with their correctly-answered questions. We thus do not compare them here.

the ABP/Deferred Annuity (0.292, significant at the 99% significance level) than participants in the *Treasury-Table* treatment group.

Table 2. Marginal effects of the treatments on product-specific knowledge.

Standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Retirement Income Products	Treatments (compared to Treasury-Table)	Product Knowledge
Annuity	Treasury-Graph	-0.385***
	Text-Only	0.377***
	Product Security	-0.192
Annuity/ABP	Treasury-Graph	-0.114
	Text-Only	-0.004
	Product Security	-0.081
ABP/Deferred Annuity	Treasury-Graph	-0.243**
	Text-Only	0.292***
	Product Security	-0.189
ABP	Treasury-Graph	-0.289**
	Text-Only	0.077
	Product Security	-0.013

Perceptions about the products: We ask participants how risky they perceive each product, how they perceive their understanding of each product, and how much control they think they have with each product. The within-subject treatment has no impact on perceptions of the products⁵. Table 3 shows the marginal effects of OLS regressions of the treatments on the product perceptions.

⁵ See Appendix A for summary statistics.

Table 3. Marginal Effects of the Treatments on Product Perceptions.

Standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Retirement Income Products	Treatments (compared to Treasury Table)	Risk Perception	Perceived Understanding	Perceived Control
Annuity	Treasury Graph	-0.131	0.065	0.173
	Text Only	0.214*	-0.079	-0.190*
	Product Security	0.247	-0.098	0.202
Annuity/ABP	Treasury Graph	-0.170*	0.046	0.069
	Text Only	0.121	-0.068	-0.049
	Product Security	0.152	-0.106	0.040
ABP/Deferred Annuity	Treasury Graph	-0.197**	0.088	0.143
	Text Only	0.126	0.018	0.067
	Product Security	-0.159	-0.023	0.336**
ABP	Treasury Graph	-0.214**	0.078	0.109
	Text Only	-0.103	0.054	0.326***
	Product Security	-0.168	-0.074	0.120

Compared to the participants in the *Treasury-Table* treatment group, participants in the *Treasury-Graph* treatment group perceive the ABP/Deferred Annuity and the ABP as less risky. Participants in the *Text-Only* treatment perceive that they have more control with the ABP than participants in the *Treasury-Table* treatment group. The findings on perceptions indicate that perceived control and risk perception drive retirement income product choice.

Impact of information items, product perceptions and product knowledge on choice decisions: To analyse how the information items, product perceptions and product knowledge impact choice decisions in our experiments, we run logit regressions where we estimate the probability of choosing product_j over product_i. We cluster the standard errors at the participant-level. Table 4 shows the marginal effects of these logit regressions, panel A for the treatment groups *Treasury-Table* and *Treasury- Graph* and panel B for the treatment groups *Text-Only* and *Product Security*. Between models (1) and (4) we gradually add covariates. Model (1) uses covariates that refer to the Fact Sheets. Annual Income, Product Rating, and Access to Capital are differences between the respective product features of product_j and product_i. As the items Death Benefit and Access to Capital are quite similar due to government regulation (and the pairwise correlation between the differences is therefore 0.99), we use only Access to Capital as a covariate. Potential Income Shape enters the model

as a dummy variable, being 1 when the Fact Sheets presented included the Potential Income Shape and 0 otherwise. In model (2) we add perceptions of product understanding, product risk, and control with the product. Again, these are differences between product_j and product_i. In model (3), we add product knowledge (i.e. the difference between knowledge of product_j and product_i) and information item knowledge. In model (4), we add covariates for male, age, having long-term relationship/being married, having a bequest motive, financial risk preference, financial literacy, numeracy, being eligible for Full or Part Age Pension, and being a member of a DC pension plan.

We find that the marginal effects of the Fact Sheet information items are quite robust within the treatment group, no matter which covariates we add. If product_j promises \$100 more than product_i, the likelihood of product_j to be chosen increases by 1-3 percentage points. A difference in Product Rating of one leads to an increase in product choice by 3-7 percentage points.

The marginal effects in the *Treasury-Table* and *Treasury-Graph* treatment groups are similarly high, as are the effects in the *Text-Only* and *Product Security* treatment groups. Perceived control have an overall positive correlation with the product being chosen. Perceived understanding is positively correlated with the product being chosen in all treatment groups except the *Treasury-Table* group. The higher a product's perceived risk, the less its likelihood to be chosen. A negative product knowledge is only negatively correlated with choice in the *Treasury-Table* treatment group.

Table 4. Panel A. Marginal effects of logit regressions on the choice of product_j over product_i. Standard errors in parenthesis and clustered at the participant-level. *** p<0.01, ** p<0.05, * p<0.1

Pr(Choice _j =1)	Treasury Table				Treasury Graph			
	(1)	(2)	(3)	(4)	(1)	(2)	(3)	(4)
Annual Income	0.0002*** (0.0000)	0.0002*** (0.0000)	0.0002*** (0.0000)	0.0002*** (0.0000)	0.0001*** (0.0000)	0.0001*** (0.0000)	0.0001*** (0.0000)	0.0001*** (0.0000)
Product Rating	0.0665*** (0.0025)	0.0548*** (0.0032)	0.0563*** (0.0032)	0.0561*** (0.0032)	0.0581*** (0.0022)	0.0463*** (0.0031)	0.0464*** (0.0023)	0.0461*** (0.0032)
Access to Capital	0.0001*** (0.0000)	0.0001*** (0.0000)	0.0001*** (0.0000)	0.0001*** (0.0000)	-0.0000* (0.0000)	-0.0000 (0.0000)	-0.0000 (0.0000)	-0.0000 (0.0000)
With Income Shape	0.0195 (0.0143)	0.0141 (0.0144)	0.0146 (0.0142)	0.0145 (0.0142)	0.0326** (0.0142)	0.0323** (0.0138)	0.0323** (0.0138)	0.0323** (0.0138)
Perceived Underst.		0.0340 (0.0352)	0.0337 (0.0351)	0.0348 (0.0353)		0.1174*** (0.0277)	0.1182*** (0.0277)	0.1184*** (0.0278)
Perceived Risk		-0.0312*** (0.0097)	-0.0296*** (0.0097)	-0.0302*** (0.0096)		-0.0270** (0.0110)	-0.0272*** (0.0110)	-0.0274*** (0.0111)
Perceived Control		0.0521*** (0.0166)	0.0530*** (0.0166)	0.0517*** (0.0166)		0.0700*** (0.0169)	0.0699*** (0.0169)	0.0705*** (0.0171)
Product Knowledge			-0.0114* (0.0061)	-0.0115* (0.0061)			-0.0016 (0.0053)	-0.0016 (0.0036)
Info. Item Knowledge			0.0101 (0.0069)	0.0146* (0.0077)			-0.0049 (0.0054)	-0.0060 (0.0055)
Other covariates				YES				YES
Pseudo R-Squared	0.1822	0.2023	0.2044	0.2077	0.2820	0.3216	0.3218	0.3232
Observations	3,588	3,588	3,588	3,588	3,576	3,576	3,576	3,576

Table 4. Panel B. Marginal effects of logit regressions on the choice of product_j over product_i. Standard errors in parenthesis and clustered at the participant level. *** p<0.01, ** p<0.05, * p<0.1

Pr(Choice _i =1)	Text Only				Product Security			
	(1)	(2)	(3)	(4)	(1)	(2)	(3)	(4)
Annual Income	0.0003*** (0.0000)	0.0002*** (0.0000)	0.0003*** (0.0000)	0.0003*** (0.0000)	0.0001*** (0.0000)	0.0002*** (0.0001)	0.0002*** (0.0000)	0.0002*** (0.0000)
Product Rating	0.0452*** (0.0044)	0.0260*** (0.0044)	0.0255*** (0.0044)	0.0255*** (0.0045)	0.0314*** (0.0053)	0.0260*** (0.0054)	0.0268*** (0.0055)	0.0263*** (0.0054)
Access to Capital	0.0002*** (0.0000)	0.0002*** (0.0000)	0.0002*** (0.0000)	0.0002*** (0.0000)	-0.0001** (0.0000)	-0.0001 (0.0000)	-0.0000 (0.0000)	-0.0000 (0.0000)
With Income Shape	0.0027 (0.0163)	0.0080 (0.0155)	0.0080 (0.0154)	0.0081 (0.0154)	0.0086 (0.0267)	0.0100 (0.0262)	0.0096 (0.0263)	0.0094 (0.0263)
Perceived Underst.		0.0722*** (0.0253)	0.0720*** (0.0252)	0.0726*** (0.0252)		0.1075*** (0.0354)	0.1100*** (0.0357)	0.1083*** (0.0367)
Perceived Risk		-0.0826*** (0.0078)	-0.0827*** (0.0078)	-0.0830*** (0.0078)		-0.0145 (0.0259)	-0.0137 (0.0260)	-0.0142 (0.0251)
Perceived Control		0.0590*** (0.0142)	0.0585*** (0.0141)	0.0578*** (0.0141)		0.1085*** (0.0282)	0.1079*** (0.0280)	0.1099*** (0.0275)
Product Knowledge			0.0073 (0.0064)	0.0077 (0.0064)			-0.0056 (0.0089)	-0.0050 (0.0087)
Info. Item Knowledge			0.0008 (0.0072)	0.0010 (0.0078)			0.0175 (0.0146)	0.0028 (0.0140)
Other covariates				YES				YES
Pseudo R-Squared	0.0463	0.1333	0.1338	0.1366	0.1678	0.2166	0.2185	0.2273
Observations	3,660	3,660	3,660	3,660	1,260	1,260	1,260	1,260

5. Discussion and Conclusion

We designed and implemented a discrete choice experiment of retirement income product choices using variants of a retirement income product Fact Sheet under consideration by the Australian Treasury. Our key findings can be summarized as follows:

- We find that the Annuity/ABP hybrid is preferred 34% and the Annuity 33% of the times, while the ABP is only preferred 14% of the times. The ABP is least preferred in all treatment groups except the *Product Security* treatment group.
- The treatments impact product knowledge: participants in the *Treasury-Graph* know less about most products, while participants in the *Text-Only* treatment group know more about the annuity.
- We find a positive, statistically significant correlation between the likelihood to be chosen and the Product Rating as well as Annual Income.
- Perceived control also has a positive, statistically significant correlation with the likelihood to be chosen across all treatment groups.

Our finding of the positive correlation between the Product Rating and the likelihood to be chosen can partly explain the difference in choices between the *Text Only* treatment and the other three treatments. In the two *Treasury-* treatments, the Product Rating is a very prominent, salient feature. While the *Text-Only* treatment does include the Product Rating, the latter is less visually prominent. Interestingly, the marginal effect of the Product Rating in the *Product Security* treatment group is similar to the one in the *Text-Only* treatment. This is not surprising per se if we believe that the rating is buried in text in the *Text-Only* treatment and is not shown in the *Product Security* treatment. However, the choices in the *Product Security* treatment group are not that different from the choices in the two *Treasury-* treatments. In the *Product Security* Fact Sheet, the only text in the information column is the description of the *Product Security* (i.e. the risks that resulted in the product rating). It might be that people paid more attention to the only text in the column and thus understood the risks that were given to the other participants by the Product Rating.

The design of the retirement income product Fact Sheet as proposed by the Australian Treasury thus seems to have a significant influence on choices of retirement income products, with the most influential information item being the Product Rating. This Product

Rating, which is a measure of the combined downside risk attributed to longevity risk, investment risk and inflation risk is a 'new' metric developed by the Australian Government Actuary. It is likely that the design of this information item as a rating from 1-7 is salient relative to the other features. This suggests that the Product Rating must be very carefully designed to ensure that retiree decision makers are not swayed into choosing inappropriate retirement income products.

One might wonder why we find so much demand for annuity products when real world demand for annuity products is weak globally. We advance several reasons. First, once participants agree to take part in the experiment, they are "forced" to think about all four retirement income products and their key features. We incentivised financially participant's understanding of the information items included in the Fact Sheets and the key characteristics of the four retirement income products. In the real world, decision-making is influenced by financial advisers, regulations, and decisions and advice of family and friends who are unlikely to advise annuity products: the two hybrid retirement income products have only recently been endorsed by Australian regulators, and a standard annuity is little known. It is not unusual to find these effects in similar experiments. Second, in hypothetical decision making we assume away frictions in product distribution. Third, it is well known that a consumption frame increases the demand for annuities (Brown et al., 2008, 2013b). In this context the information items on the retirement income product Fact Sheets tend to emphasise the ability of a product to cover spending needs in retirement – average annual income and potential income shape, as well as the presentation of risks for the information for Product Rating and Product Security.

In future research we will investigate the effects of disaggregating the retirement income product risk information into separate metrics for longevity, investment and inflation risk. We should also test whether the effects found in this study also persist in the field.

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Appendix A

Summary Statistics: Characteristics of survey participants

VARIABLES	(1) N	(2) Mean	(3) St. Dev.	(4) Min.	(5) Max.
Age	1,007	59.650	3.256	55	66
Male	1,007	0.520	0.500	0	1
Household wealth, in \$1,000	1,007	992.3	6,739	-309	199,955
Confidence in Retirement Knowledge					
Tried to work out how much you need to save?	1,007	0.542	0.498	0	1
Very knowledgeable: Financial Planning	1,007	3.633	1.595	1	7
I know more than most people about retirement planning	1,007	3.476	1.608	1	7
I am very confident in my ability to do retirement planning	1,007	3.639	1.615	1	7
When I have a need for financial services, I know exactly where to obtain inform	1,007	4.439	1.710	1	7
I am knowledgeable about how Age Pension works	1,007	3.936	1.691	1	7
I am knowledgeable about how private investment plans work	1,007	3.370	1.639	1	7
Attitudes towards Retirement					
I follow the advice to save for a rainy day	1,007	5.016	1.639	1	7
I enjoy thinking about how I will live years from now in the future	1,007	4.206	1.711	1	7
The distant future is too uncertain to plan for	1,007	3.769	1.772	1	7
The future seems very vague and uncertain to me	1,007	3.861	1.737	1	7
I pretty much live on a day-to-day basis	1,007	3.735	1.933	1	7
I enjoy living for the moment and not knowing what tomorrow will bring	1,007	3.349	1.641	1	7
Subjective life expectancy	1,007	84.620	8.727	55	100
Risk & Time Preference					
Patience	1,007	6.486	2.330	0	10
General risk preference	1,007	4.137	2.517	0	10
Financial risk preference	1,007	3.700	2.636	0	10
Main type of fund					
Superannuation Fund	1,007	0.934	0.248	0	1
SMSF	1,007	0.093	0.291	0	1
Do not know	1,007	0.015	0.121	0	1
Contributions made					
Has ever made voluntary contributions	1,007	0.628	0.484	0	1
Which type of benefits can you take?					
Lifetime income	1,007	0.410	0.492	0	1
Account-based pension	1,007	0.355	0.479	0	1
Lump sum	1,007	0.516	0.500	0	1
Do not know	1,007	0.334	0.472	0	1
Attention Check	1,007	0.912	0.284	0	1
Bequest & Children					
Children	1,007	1.854	1.484	0	9
Bequest- Yes/No	1,007	0.835	0.371	0	1
Financial Adviser					
Financial Adviser	1,007	0.214	0.410	0	1

Plan to go to an Adviser		792	0.419	0.494	0	1
	Trust					
Trust in own superfund		1,007	5.209	1.509	1	7
Trust in own bank		1,007	4.256	1.772	1	7
Trust in financial adviser		1,007	3.836	1.790	1	7
Trust in government		1,007	3.339	1.740	1	7
	Age Pension Eligibility					
Full Age Pension		1,007	0.579	0.494	0	1
Part Age Pension		1,007	0.189	0.391	0	1
No Age Pension		1,007	0.232	0.423	0	1
	Treatment					
1A- Treasury-Table		1,007	0.297	0.457	0	1
1B- Treasury- Graph		1,007	0.296	0.457	0	1
1C -Text Only		1,007	0.303	0.460	0	1
2- Product Security		1,007	0.104	0.306	0	1
	Pension Plan Type					
DC		1,007	0.506	0.500	0	1
DB		1,007	0.161	0.368	0	1
Pension plan type: do not know		1,007	0.333	0.471	0	1
	Literacy, Knowledge, and Skills					
Information Item Knowledge- All Questions Added Up		1,007	2.963	1.289	0	5
Average Annual Income= Income of First Year		1,007	0.655	0.475	0	1
Product Rating- Secure Income?		902	0.681	0.466	0	1
Product Rating- Three Type of Risks		1,007	0.584	0.493	0	1
Withdrawing Money Without Selling?		1,007	0.325	0.469	0	1
Death Benefit= Access to Capital?		1,007	0.789	0.408	0	1
Product Knowledge-All Questions Added Up		1,007	15.660	4.233	6	24
Bonus Payment, in AUD		1,007	1.729	1.302	0	3
Financial Literacy Score		1,007	2.478	0.782	0	3
Numeracy Score		1,007	1.674	1.063	0	3
Graph Literacy		1,007	3.237	1.016	0	4
Superannuation Knowledge Score		1,007	3.554	1.069	0	6
	Cultural Background					
Australia		1,007	0.725	0.447	0	1
Europe		1,007	0.166	0.372	0	1
Asia		1,007	0.052	0.221	0	1
Africa		1,007	0.009	0.094	0	1
North America		1,007	0.016	0.125	0	1
Oceania (excl. Australia)		1,007	0.033	0.178	0	1
	Marital Status					
Never married/not living in a long-term relationship		1,007	0.118	0.323	0	1
Widowed		1,007	0.031	0.173	0	1
Divorced		1,007	0.182	0.386	0	1
Separated but not divorced		1,007	0.047	0.211	0	1
Married		1,007	0.548	0.498	0	1
Living in a long-term relationship		1,007	0.075	0.263	0	1

Summary Statistics: Perceptions

VARIABLES	(1) N	(2) Mean	(3) St. Dev.	(4) Min.	(5) Max.		(1) N	(2) Mean	(3) St. Dev.	(4) Min.	(5) Max.
Type 1:Transparency	1,007	5.017	1.264	1	7	Type 2:Transparency	1,007	4.925	1.295	1	7
Type 1: Trust	1,007	4.787	1.375	1	7	Type 2: Trust	1,007	4.698	1.392	1	7
Type 1: Feeling of Control	1,007	4.596	1.460	1	7	Type 2: Feeling of Control	1,007	4.445	1.504	1	7
Type 1:Rank: Average income	1,007	1.826	1.054	1	5	Type 2:Rank: Average income	1,007	1.643	0.836	1	4
Type 1:Rank: Product rating	1,007	3.071	1.448	1	5	Type 2:Rank: Product rating	1,007	2.461	1.117	1	4
Type 1:Rank: Potential income shape	1,007	2.903	1.160	1	5	NA	NA	NA	NA	NA	NA
Type 1:Rank: Access to Capital	1,007	2.951	1.126	1	5	Type 2:Rank: Access to Capital	1,007	2.479	0.849	1	4
Type 1:Rank: Death benefit	1,007	4.249	1.110	1	5	Type 2:Rank: Death benefit	1,007	3.417	0.872	1	4
Type 1: Understanding of Product A	1,007	4.868	1.337	1	7	Type 2: Understanding of Product A	1,007	4.785	1.355	1	7
Type 1: Understanding of Product B	1,007	4.829	1.323	1	7	Type 2: Understanding of Product B	1,007	4.737	1.328	1	7
Type 1: Understanding of Product C	1,007	4.729	1.327	1	7	Type 2: Understanding of Product C	1,007	4.680	1.334	1	7
Type 1: Understanding of Product D	1,007	4.696	1.375	1	7	Type 2: Understanding of Product D	1,007	4.678	1.386	1	7
Type 1: Riskiness of Product A	1,007	3.383	1.690	1	7	Type 2: Riskiness of Product A	1,007	3.502	1.680	1	7
Type 1: Riskiness of Product B	1,007	3.683	1.397	1	7	Type 2: Riskiness of Product B	1,007	3.722	1.403	1	7
Type 1: Riskiness of Product C	1,007	4.334	1.203	1	7	Type 2: Riskiness of Product C	1,007	4.235	1.266	1	7
Type 1: Riskiness of Product D	1,007	4.769	1.451	1	7	Type 2: Riskiness of Product D	1,007	4.525	1.462	1	7
Type 1: Control with Product A	1,007	3.992	1.541	1	7	Type 2: Control with Product A	1,007	3.967	1.510	1	7
Type 1: Control with Product B	1,007	4.055	1.382	1	7	Type 2: Control with Product B	1,007	3.961	1.380	1	7
Type 1: Control with Product C	1,007	3.779	1.347	1	7	Type 2: Control with Product C	1,007	3.765	1.340	1	7
Type 1: Control with Product D	1,007	3.690	1.472	1	7	Type 2: Control with Product D	1,007	3.748	1.465	1	7

Appendix B: Retirement income product Fact Sheets

Treasury-Graph treatment

Retirement Income Product Fact Sheet	
For a purchase price of \$100,000	
Product Name	Product A
Average Annual Income (net of fees and taxes)	\$5,200
Product Rating measures the extent to which your income is secure – that is, your income is not influenced by downturns in the share market, outliving your funds, and increases in inflation. The rating scale is from 1 (your income is not secure) to 7 (your income is secure).*	
Elements that contribute to this product's rating	<p>This product is rated 7 because:</p> <ul style="list-style-type: none"> It provides a consistent income level It provides income for life There is no impact of downturns in the share market on income Income is CPI-indexed, so payments will increase annually in line with inflation Payment is guaranteed if the fund becomes insolvent
Potential Income Shape shows how your income (in today's dollars) will vary over your retirement.	
Access to Capital is how much of the purchase price you would receive if you stopped using the product at any time in retirement (the solid line).*	
Death Benefit is the amount that would be paid to your estate if you die (the dashed line).*	
* The product rating calculation and the access to capital and death benefit amounts are determined by government regulation.	

Retirement Income Product Fact Sheet	
For a purchase price of \$100,000	
Product Name	Product B
Average Annual Income (net of fees and taxes)	\$5,430
Product Rating measures the extent to which your income is secure – that is, your income is not influenced by downturns in the share market, outliving your funds, and increases in inflation. The rating scale is from 1 (your income is not secure) to 7 (your income is secure).*	
Elements that contribute to this product's rating	<p>This product is rated 6 because:</p> <ul style="list-style-type: none"> It provides income for life It is designed to reduce the impact of downturns in the share market on income Income is not CPI-indexed, so payments will not increase annually in line with inflation Payment is guaranteed if the fund becomes insolvent
Potential Income Shape shows how your income (in today's dollars) will vary over your retirement.	
Access to Capital is how much of the purchase price you would receive if you stopped using the product at any time in retirement (the solid line).*	
Death Benefit is the amount that would be paid to your estate if you die (the dashed line).*	
* The product rating calculation and the access to capital and death benefit amounts are determined by government regulation.	

Retirement Income Product Fact Sheet	
For a purchase price of \$100,000	
Product Name	Product C
Average Annual Income (net of fees and taxes)	\$5,480
Product Rating measures the extent to which your income is secure – that is, your income is not influenced by downturns in the share market, outliving your funds, and increases in inflation. The rating scale is from 1 (your income is not secure) to 7 (your income is secure).*	
Elements that contribute to this product's rating	<p>This product is rated 3 because:</p> <ul style="list-style-type: none"> It provides income for life It is designed to reduce the impact of downturns in the share market on income (from age 85) Income is CPI-indexed from age 85, so payments will increase annually in line with inflation Payment is guaranteed if the fund becomes insolvent
Potential Income Shape shows how your income (in today's dollars) will vary over your retirement.	
Access to Capital is how much of the purchase price you would receive if you stopped using the product at any time in retirement (the solid line).*	
Death Benefit is the amount that would be paid to your estate if you die (the dashed line).*	
* The product rating calculation and the access to capital and death benefit amounts are determined by government regulation.	

Retirement Income Product Fact Sheet	
For a purchase price of \$100,000	
Product Name	Product D
Average Annual Income (net of fees and taxes)	\$4,700
Product Rating measures the extent to which your income is secure – that is, your income is not influenced by downturns in the share market, outliving your funds, and increases in inflation. The rating scale is from 1 (your income is not secure) to 7 (your income is secure).*	
Elements that contribute to this product's rating	<p>This product is rated 2 because:</p> <ul style="list-style-type: none"> It does not provide a consistent income level It seeks to provide income for life but may not It seeks to reduce the impact of downturns in the share market on income Income is not CPI-indexed, so payments will not increase annually in line with inflation Payment is guaranteed if the fund becomes insolvent
Potential Income Shape shows how your income (in today's dollars) will vary over your retirement.	
Access to Capital is how much of the purchase price you would receive if you stopped using the product at any time in retirement (the solid line).*	
Death Benefit is the amount that would be paid to your estate if you die (the dashed line).*	
* The product rating calculation and the access to capital and death benefit amounts are determined by government regulation.	

Treasury-Table treatment

Retirement Income Product Fact Sheet
For a purchase price of \$100,000

Product Name	Product A		
Average Annual Income (net of fees and taxes)	\$5,200		
Product Rating measures the extent to which your income is secure – that is, your income is not influenced by downturns in the share market, outliving your funds, and increases in inflation. The rating scale is from 1 (your income is not secure) to 7 (your income is secure).*	<div style="display: flex; justify-content: space-between; align-items: center;"> 1 2 3 4 5 6 7 </div> <div style="display: flex; justify-content: space-between; align-items: center; margin-top: 5px;"> ← Average income not secure → Average income secure </div>		
Elements that contribute to this product's rating	<p>This product is rated 7 because:</p> <ul style="list-style-type: none"> It provides a consistent income level It provides income for life There is no impact of downturns in the share market on income Income is CPI-indexed, so payments will increase annually in line with inflation Payment is guaranteed if the fund becomes insolvent 		
Potential Income Shape shows how your income (in today's dollars) will vary over your retirement.			
Access to Capital is how much of the purchase price you would receive if you stopped using the product at any time in retirement (columns 1 and 2).*	(1)	(2)	(3)
	Age	Amount of purchase price available for	% of purchase price that you can withdraw
	67	\$100,000	100%
	70	\$83,330	83%
	75	\$55,560	56%
	80	\$27,780	28%
Death Benefit is the amount that would be paid to your estate if you die (column 3).*	67	\$100,000	\$100,000
	70	\$83,330	\$100,000
	75	\$55,560	\$100,000
	80	\$27,780	\$27,780
	85	\$0	\$0
	90	\$0	\$0
	95	\$0	\$0

* The product rating calculation and the access to capital and death benefit amounts are determined by government regulation.

Retirement Income Product Fact Sheet
For a purchase price of \$100,000

Product Name	Product B		
Average Annual Income (net of fees and taxes)	\$5,430		
Product Rating measures the extent to which your income is secure – that is, your income is not influenced by downturns in the share market, outliving your funds, and increases in inflation. The rating scale is from 1 (your income is not secure) to 7 (your income is secure).*	<div style="display: flex; justify-content: space-between; align-items: center;"> 1 2 3 4 5 6 7 </div> <div style="display: flex; justify-content: space-between; align-items: center; margin-top: 5px;"> ← Average income not secure → Average income secure </div>		
Elements that contribute to this product's rating	<p>This product is rated 6 because:</p> <ul style="list-style-type: none"> It provides income for life It is designed to reduce the impact of downturns in the share market on income Income is not CPI-indexed, so payments will not increase annually in line with inflation Payment is guaranteed if the fund becomes insolvent 		
Potential Income Shape shows how your income (in today's dollars) will vary over your retirement.			
Access to Capital is how much of the purchase price you would receive if you stopped using the product at any time in retirement (columns 1 and 2).*	(1)	(2)	(3)
	Age	Amount of purchase price available for	% of purchase price that you can withdraw
	67	\$100,000	100%
	70	\$86,470	86%
	75	\$63,890	64%
	80	\$41,170	41%
Death Benefit is the amount that would be paid to your estate if you die (column 3).*	67	\$100,000	\$100,000
	70	\$86,470	\$99,800
	75	\$63,890	\$99,440
	80	\$41,170	\$41,170
	85	\$16,100	\$16,100
	90	\$14,750	\$14,750
	95	\$12,820	\$12,820

* The product rating calculation and the access to capital and death benefit amounts are determined by government regulation.

Retirement Income Product Fact Sheet
For a purchase price of \$100,000

Product Name	Product C		
Average Annual Income (net of fees and taxes)	\$5,480		
Product Rating measures the extent to which your income is secure – that is, your income is not influenced by downturns in the share market, outliving your funds, and increases in inflation. The rating scale is from 1 (your income is not secure) to 7 (your income is secure).*	<div style="display: flex; justify-content: space-between; align-items: center;"> 1 2 3 4 5 6 7 </div> <div style="display: flex; justify-content: space-between; align-items: center; margin-top: 5px;"> ← Average income not secure → Average income secure </div>		
Elements that contribute to this product's rating	<p>This product is rated 3 because:</p> <ul style="list-style-type: none"> It provides income for life It is designed to reduce the impact of downturns in the share market on income (from age 85) Income is CPI-indexed from age 85, so payments will increase in line with inflation Payment is guaranteed if the fund becomes insolvent 		
Potential Income Shape shows how your income (in today's dollars) will vary over your retirement.			
Access to Capital is how much of the purchase price you would receive if you stopped using the product at any time in retirement (columns 1 and 2).*	(1)	(2)	(3)
	Age	Amount of purchase price available for	% of purchase price that you can withdraw
	67	\$100,000	100%
	70	\$82,690	83%
	75	\$59,970	60%
	80	\$33,250	33%
Death Benefit is the amount that would be paid to your estate if you die (column 3).*	67	\$100,000	\$100,000
	70	\$82,690	\$86,520
	75	\$59,970	\$70,190
	80	\$33,250	\$33,250
	85	\$0	\$0
	90	\$0	\$0
	95	\$0	\$0

* The product rating calculation and the access to capital and death benefit amounts are determined by government regulation.

Retirement Income Product Fact Sheet
For a purchase price of \$100,000

Product Name	Product D		
Average Annual Income (net of fees and taxes)	\$4,700		
Product Rating measures the extent to which your income is secure – that is, your income is not influenced by downturns in the share market, outliving your funds, and increases in inflation. The rating scale is from 1 (your income is not secure) to 7 (your income is secure).*	<div style="display: flex; justify-content: space-between; align-items: center;"> 1 2 3 4 5 6 7 </div> <div style="display: flex; justify-content: space-between; align-items: center; margin-top: 5px;"> ← Average income not secure → Average income secure </div>		
Elements that contribute to this product's rating	<p>This product is rated 2 because:</p> <ul style="list-style-type: none"> It does not provide a consistent income level It seeks to provide income for life but may not It seeks to reduce the impact of downturns in the share market on income Income is not CPI-indexed, so payments will not increase annually in line with inflation Payment is guaranteed if the fund becomes insolvent 		
Potential Income Shape shows how your income (in today's dollars) will vary over your retirement.			
Access to Capital is how much of the purchase price you would receive if you stopped using the product at any time in retirement (columns 1 and 2).*	(1)	(2)	(3)
	Age	Amount of purchase price available for	% of purchase price that you can withdraw
	67	\$100,000	100%
	70	\$94,990	95%
	75	\$87,630	88%
	80	\$78,210	78%
Death Benefit is the amount that would be paid to your estate if you die (column 3).*	67	\$100,000	\$100,000
	70	\$94,990	\$94,990
	75	\$87,630	\$87,630
	80	\$78,210	\$78,210
	85	\$66,000	\$66,000
	90	\$54,780	\$54,780
	95	\$37,000	\$37,000

* The product rating calculation and the access to capital and death benefit amounts are determined by government regulation.

Text Only treatment

Retirement Income Product Fact Sheet	
For a purchase price of \$100,000	
Product Name	Product A
Average Annual Income (net of fees and taxes)	\$5,200
Product Rating measures the extent to which your income is secure – that is, your income is not influenced by downturns in the share market, outliving your funds, and increases in inflation.*	This product is rated 7 on a risk measure from 1 to 7 <i>(where 1 means that the average income from the product is not secure and 7 means that the average income is secure)</i>
Potential Income Shape	<ul style="list-style-type: none"> Regular income payments for the rest of your life Income is CPI-indexed, so payments will increase annually in line with inflation Income does not vary with changes in asset returns such as shares You cannot withdraw additional money
Access to Capital is how much of the purchase price you would receive if you stopped using the product at any time in retirement.*	If you stop using your product before age 85: <ul style="list-style-type: none"> You will get back some part of the purchase price The amount paid depends on your age and is determined by government regulation If you stop using your product at or after age 85: <ul style="list-style-type: none"> You will get nothing back
Death Benefit is the amount that would be paid to your estate if you die.*	If you die before age 76: <ul style="list-style-type: none"> The income payments stop, and the purchase price will be paid to your estate If you die between age 76 and age 85: <ul style="list-style-type: none"> The income payments stop, and some money will be paid to your estate. The amount paid depends on your age and is determined by government regulation If you die at or after age 85: <ul style="list-style-type: none"> The income payments stop, and no money will be paid to your estate
* The product rating calculation and the access to capital and death benefit amounts are determined by government regulation.	

Retirement Income Product Fact Sheet	
For a purchase price of \$100,000	
Product Name	Product B
Average Annual Income (net of fees and taxes)	\$5,430
Product Rating measures the extent to which your income is secure – that is, your income is not influenced by downturns in the share market, outliving your funds, and increases in inflation.*	This product is rated 6 on a risk measure from 1 to 7 <i>(where 1 means that the average income from the product is not secure and 7 means that the average income is secure)</i>
Potential Income Shape	<ul style="list-style-type: none"> Regular income payments for the rest of your life Income is not CPI-indexed, so payments will not increase annually in line with inflation Income may vary with changes in asset returns such as shares You can withdraw additional money as and when needed, but this can decrease your regular income
Access to Capital is how much of the purchase price you would receive if you stopped using the product at any time in retirement.*	If you stop using this product at any time in retirement: <ul style="list-style-type: none"> You will get back some part of the purchase price The amount paid depends on your age and is determined by government regulation
Death Benefit is the amount that would be paid to your estate if you die.*	If you die, the income payments stop, and some money will be paid to your estate. The amount paid depends on your age and is determined by government regulation.
* The product rating calculation and the access to capital and death benefit amounts are determined by government regulation.	

Retirement Income Product Fact Sheet	
For a purchase price of \$100,000	
Product Name	Product C
Average Annual Income (net of fees and taxes)	\$5,480
Product Rating measures the extent to which your income is secure – that is, your income is not influenced by downturns in the share market, outliving your funds, and increases in inflation.*	This product is rated 3 on a risk measure from 1 to 7 <i>(where 1 means that the average income from the product is not secure and 7 means that the average income is secure)</i>
Potential Income Shape	<ul style="list-style-type: none"> Regular income payments for the rest of your life Up to age 85: <ul style="list-style-type: none"> Income is not CPI-indexed, so payments will not increase annually in line with inflation Income may vary with changes in asset returns such as shares You can withdraw additional money as and when needed, but this can decrease your regular income From age 85: <ul style="list-style-type: none"> Income is CPI-indexed, so payments will increase annually in line with inflation Income does not vary with changes in asset returns You cannot withdraw additional money
Access to Capital is how much of the purchase price you would receive if you stopped using the product at any time in retirement.*	If you stop using this product before age 85: <ul style="list-style-type: none"> You will get back some part of the purchase price The amount paid depends on your age and is determined by government regulation If you stop using this product at or after age 85: <ul style="list-style-type: none"> You will get nothing back
Death Benefit is the amount that would be paid to your estate if you die.*	If you die before age 85: <ul style="list-style-type: none"> The income payments stop, and some money will be paid to your estate. The amount paid depends on your age and is determined by government regulation If you die at or after age 85: <ul style="list-style-type: none"> The income payments stop, and no money will be paid to your estate
* The product rating calculation and the access to capital and death benefit amounts are determined by government regulation.	

Retirement Income Product Fact Sheet	
For a purchase price of \$100,000	
Product Name	Product D
Average Annual Income (net of fees and taxes)	\$4,700
Product Rating measures the extent to which your income is secure – that is, your income is not influenced by downturns in the share market, outliving your funds, and increases in inflation.*	This product is rated 2 on a risk measure from 1 to 7 <i>(where 1 means that the average income from the product is not secure and 7 means that the average income is secure)</i>
Potential Income Shape	<ul style="list-style-type: none"> Regular income payments for the rest of your life are not guaranteed Income is not CPI-indexed, so payments will not increase annually in line with inflation Income is withdrawn at the minimum withdrawal rate set by the government The income you withdraw may vary with changes in asset returns such as shares You can withdraw additional money as and when needed How long you receive income payments will depend on how much you withdraw each year and the investment returns you receive
Access to Capital is how much of the purchase price you would receive if you stopped using the product at any time in retirement.*	If you stop using this product at any time in retirement: <ul style="list-style-type: none"> You will get back any balance in the investment account
Death Benefit is the amount that would be paid to your estate if you die.*	If you die, any balance in the investment account will be paid to your estate
* The product rating calculation and the access to capital and death benefit amounts are determined by government regulation.	

Product Security treatment

Retirement Income Product Fact Sheet	
For a purchase price of \$100,000	
Product Name	Product A
Average Annual Income (net of fees and taxes)	\$5,200
Product Security describes the extent to which your income is secure - that is, your income is not influenced by downturns in the share market, outliving your funds, and increases in inflation.	<p>This product:</p> <ul style="list-style-type: none"> provides a consistent income level provides income for life is designed so that there is no impact of downturns in the share market on income provides CPI-indexed income, so payments will increase annually in line with inflation <p>Payment is guaranteed if the fund becomes insolvent.</p>
Potential Income Shape shows how your income (in today's dollars) will vary over your retirement.	
Access to Capital is how much of the purchase price you would receive if you stopped using the product at any time in retirement (the solid line).*	
Death Benefit is the amount that would be paid to your estate if you die (the dashed line).*	
* The access to capital and death benefit amounts are determined by government regulation.	

Retirement Income Product Fact Sheet	
For a purchase price of \$100,000	
Product Name	Product B
Average Annual Income (net of fees and taxes)	\$5,430
Product Security describes the extent to which your income is secure - that is, your income is not influenced by downturns in the share market, outliving your funds, and increases in inflation.	<p>This product:</p> <ul style="list-style-type: none"> provides income for life is designed to reduce the impact of downturns in the share market on income does not provide CPI-indexed income, so payments will not increase annually in line with inflation <p>Payment is guaranteed if the fund becomes insolvent.</p>
Potential Income Shape shows how your income (in today's dollars) will vary over your retirement.	
Access to Capital is how much of the purchase price you would receive if you stopped using the product at any time in retirement (the solid line).*	
Death Benefit is the amount that would be paid to your estate if you die (the dashed line).*	
* The access to capital and death benefit amounts are determined by government regulation.	

Retirement Income Product Fact Sheet	
For a purchase price of \$100,000	
Product Name	Product C
Average Annual Income (net of fees and taxes)	\$5,480
Product Security describes the extent to which your income is secure - that is, your income is not influenced by downturns in the share market, outliving your funds, and increases in inflation.	<p>This product:</p> <ul style="list-style-type: none"> provides income for life is designed to reduce the impact of downturns in the share market on income (from age 85) provides CPI-indexed income from age 85, so payments will increase annually in line with inflation <p>Payment is guaranteed if the fund becomes insolvent.</p>
Potential Income Shape shows how your income (in today's dollars) will vary over your retirement.	
Access to Capital is how much of the purchase price you would receive if you stopped using the product at any time in retirement (the solid line).*	
Death Benefit is the amount that would be paid to your estate if you die (the dashed line).*	
* The access to capital and death benefit amounts are determined by government regulation.	

Retirement Income Product Fact Sheet	
For a purchase price of \$100,000	
Product Name	Product D
Average Annual Income (net of fees and taxes)	\$4,700
Product Security describes the extent to which your income is secure - that is, your income is not influenced by downturns in the share market, outliving your funds, and increases in inflation.	<p>This product:</p> <ul style="list-style-type: none"> does not provide a consistent income level seeks to provide an income for life but may not seeks to reduce the impact of downturns in the share market on income does not provide CPI-indexed income, so payments will not increase annually in line with inflation <p>Payment is guaranteed if the fund becomes insolvent.</p>
Potential Income Shape shows how your income (in today's dollars) will vary over your retirement.	
Access to Capital is how much of the purchase price you would receive if you stopped using the product at any time in retirement (the solid line).*	
Death Benefit is the amount that would be paid to your estate if you die (the dashed line).*	
* The access to capital and death benefit amounts are determined by government regulation.	

Appendix C- Online Survey⁶



Welcome

The purpose of this survey is to learn more about how you make decisions about buying retirement income products with your superannuation savings once you stop working.

Please note that due to the nature of this survey you will be asked questions about your personal information such as your income and marital status. To participate in this survey, you MUST answer these questions as we need your answers to be able to ask you only relevant questions. Your answers to these questions are confidential, and cannot be used to identify you personally.

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About you

What is your age?

What is your gender?

Male

Female

Which of the following best describes your current work status?

Employed full time

Employed part time

Unemployed

Not in the labour force - Stay-at-home parent or caregiver

Not in the labour force - Retired

Not in the labour force - Other

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Do you have a superannuation account (Are you a member of any superannuation funds)?

Yes

No

Are you currently withdrawing or receiving money from any superannuation account?

Yes

No

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⁶ This survey is shown for someone with assets qualifying for a full age pension.

Household assets

Your wealth is what you own (your assets) less what you owe (your debts). We are interested in household wealth. We are going to ask you about your household wealth in two parts. First we will ask you about the assets you (and your spouse or partner) own. We will then ask you about the debts that you (and your spouse or partner) owe.

Think about what you (and your spouse or partner) own. These are your household assets. Some examples of what you could own (your assets) include:

Please select all that apply.

- (Cash)** bank accounts, currency, CD's, notes
- (Fixed interest)** bonds, debentures, term deposits
- (Equities)** shares, units in trusts, mutual funds, warrants, convertibles, derivatives
- (Property - own home)**
- (Other property)** listed and unlisted property trusts, investment properties
- (Superannuation)** in defined benefit funds, accumulation schemes, large superannuation funds, self-managed superannuation funds
- (Private businesses)** farms, family businesses, etc
- (Other)** such as collectibles, home contents, vehicles

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You have nominated types of assets that you (and your spouse or partner) own. For each of these assets, please enter their approximate value. You should report the current value of these assets, without deducting any debts.

Please enter a whole number in each box with no \$ sign, decimal or commas.

Cash \$

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Now think about what you (and your spouse or partner) owe. These are your debts. Some examples of what you could owe (your debts) include:

Please select all that apply.

- Outstanding credit card or store card balances
- Car loans, hire purchase agreements or other personal loans
- Home loan on own home (mortgages)
- Loans to purchase investment properties or other investment loans (such as loans to buy financial assets or shares)
- Overdrafts or business loans
- Other loans (such as, amounts you borrowed from family or friends but excluding HECS/HELP)
- I don't have any debts

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You have nominated the types of debts you (and your spouse or partner) have. For each of these debts, please report the approximate amount outstanding.

Outstanding credit card or store card balances \$

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Survey information

The rest of this survey consists of 4 sections:

- **Section 1:** Choice task
- **Section 2:** Planning and personality traits
- **Section 3:** Superannuation arrangements and financial competence
- **Section 4:** Demographics and personal characteristics

You will receive a **basic reward** for completing this survey. In addition, you can also receive a **bonus reward** of up to \$3.00 in panel points. Your bonus reward will depend on your understanding of retirement income product Fact Sheets and the answers you give in a product knowledge review quiz which follows the choice task in Section 1 of this survey. The questions are based on the product descriptions and the Fact Sheets which are presented to you before the quiz; they are not testing general knowledge.

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Section 1: Choice task

On leaving the workforce, people can cover their spending using income from:

- A retirement income product purchased with superannuation savings;
- Other financial assets such as shares or term deposits; and, if eligible,
- The Age Pension

In this part of the survey you are going to make a series of choices about four different retirement income products. Each of the four products assists you in drawing down your superannuation savings to cover your spending in retirement.

The products differ in a number of ways, including:

- The amount of the regular income payments and how long they will be paid;
- The way they manage different risks you may face in retirement;
- How the regular income payments vary over your retirement;
- The amount of the purchase price refunded if you stop using the product;
- The amount left to your estate if you pass away.

Some of the products we ask you to think about are similar to products currently available. When completing these questions, you must focus on the hypothetical products we describe to you only.

Please read the retirement income product descriptions carefully because your understanding may affect the bonus reward that you earn from this survey.

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Retirement income products

The general features of the four retirement income products are as described below. For the choice task, you will be given product Fact Sheets.

- **Product A**

Product A provides regular income payments for the rest of your life. The income is CPI-indexed, so payments will increase annually in line with inflation. The income does not vary with changes in asset returns such as shares. You cannot withdraw additional money. If you die, the income payments stop. However, if you die before the age of 85, some money will be paid to your estate. The amount paid depends on your age and is determined by government regulation.

- **Product B**

Product B provides regular income payments for the rest of your life. The income is not CPI-indexed, so payments will not increase annually in line with inflation. The income may vary with changes in asset returns such as shares. You can withdraw additional money as and when needed, but this can decrease your regular income. If you die, the income payments stop and some money will be paid to your estate. The amount paid depends on your age and is determined by government regulation.

- **Product C**

Product C provides regular income payments for the rest of your life. Up to age 85 the income may vary with changes in asset returns such as shares. You can withdraw additional money as and when needed, but this can decrease your regular income. From age 85 the income is CPI-indexed, so payments are increased annually in line with inflation and do not vary with changes in asset returns. If you die, the income payments stop. However, if you die before age 85, some money will be paid to your estate. The amount paid depends on your age and is determined by government regulation.

- **Product D**

Product D is an investment account which provides regular income payments. The income is not CPI-indexed, so payments will not increase annually in line with inflation. The income is withdraw at the minimum withdrawal rate set by government. The income may vary with changes in asset returns such as shares. You can withdraw additional money as and when needed, but this can decrease your regular income. How long you receive income payments will depend on how much you withdraw each year and the investment returns you receive. If you die, any balance in the investment account will be paid to your estate.

For all four products:

- The income you receive would be on top of an Age Pension of around \$20,000 a year.
- No tax is payable on the income from the retirement income product.
- The issuer of the product will never default so payments are guaranteed.

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Which retirement income product do you prefer?

In the following screens you will be presented with two sets of six choice tasks where you will be asked to choose which retirement income product you prefer between pairs of the four retirement income products.

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Set 1 - Summary of choice tasks

In Set 1 you will be presented with six choice tasks where you will be asked to choose between pairs of the four retirement income products. For each retirement income product you will be shown Fact Sheets which include information about:

- Average annual income (net of fees and taxes) from each \$100,000 of the product you buy. You can use as much money as you want to buy the products. However, to make the products more comparable, the Fact Sheets show information for a common purchase price of \$100,000.
- A product rating, which measures the extent to which the income from the product is not influenced by downturns of the share market, outliving your funds, and increases in inflation. The calculation follows government regulations.
- Access to capital if you stop using the product. The calculation follows government regulations.
- Death benefits paid to your estate. The calculation follows government regulations.

You should use this information to decide which of the two retirement income products presented you would prefer to purchase with your superannuation savings when you retire. Keep in mind that the choice you make is for products that provide an income stream, not to invest or to provide substantial emergency funds.

Following the choice tasks we will ask you to answer questions to test your comprehension of the information presented for the four retirement income products. You will also be asked to answer a quiz testing your understanding of the product features of the four retirement income products.

You may click ">>" to continue in 15 seconds

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Instructions for completing the choice tasks

In each of the choice tasks you will be presented with two of the four retirement income products and asked to choose which of the two products you would prefer to purchase with your superannuation savings.

You will be shown a table like the one below. The table presents the product Fact Sheets for each of the retirement income products. If you hover over the product name (for example, Product A), you can read the short description presented to you earlier. By clicking on the button below each product Fact Sheet, you choose your preferred product (for example, Product A below).

EXAMPLE

Retirement Income Product Fact Sheet		Retirement Income Product Fact Sheet	
For a purchase price of \$100,000		For a purchase price of \$100,000	
Product Name	Product D	Product Name	Product A
Average Annual Income (net of fees and taxes)	\$4,700	Average Annual Income (net of fees and taxes)	\$5,200
Product Rating measures the extent to which your income is secure – that is, your income is not influenced by downturns in the share market, outliving	This product is rated 2 on a risk measure from 1 to 7 <i>(where 1 means that the average income from the product is not secure and 7 means that the average income is secure)</i>	Product Rating measures the extent to which your income is secure – that is, your income is not influenced by downturns in the share market, outliving	This product is rated 7 on a risk measure from 1 to 7 <i>(where 1 means that the average income from the product is not secure and 7 means that the average income is secure)</i>

[Choice Set 1 (first six pairs)]



Perception of the Retirement Income Product Fact Sheet

How transparent would you judge the product provider who provides this level of detail in a Fact Sheet?

Please select one answer on the scale where 1 means 'not transparent at all' and 7 means 'very transparent'.

1	2	3	4	5	6	7
<input type="radio"/>						

How much would you trust a product provider who provides this level of detail in a Fact Sheet?

Please select one answer on the scale where 1 means 'would not trust at all' and 7 means 'would trust a lot'.

1	2	3	4	5	6	7
<input type="radio"/>						

How much would you feel like you have control over the product when you see the product features displayed in this level of detail?

Please select one answer on the scale where 1 means 'no control at all' and 7 means 'a lot of control'.

1	2	3	4	5	6	7
<input type="radio"/>						

Please rank the pieces of information on their usefulness.

Click on each item to allocate a rank from 1 to 4, where rank 1 is the most useful and rank 4 is the least useful.

- Death benefit
- Average annual income
- The product rating
- Access to capital

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Perception and Understanding of Retirement Income Products

How well do you think you understand each product?

Please select one answer on the scale where 1 means 'Don't understand at all' and 7 means 'Understand very well'.

Hover your cursor over the yellow text to view the Fact Sheet.

	1	2	3	4	5	6	7
Think about Product A . How well do you think you understand the features of Product A ?	<input type="radio"/>						
Think about Product B . How well do you think you understand the features of Product B ?	<input type="radio"/>						
Think about Product C . How well do you think you understand the features of Product C ?	<input type="radio"/>						
Think about Product D . How well do you think you understand the features of Product D ?	<input type="radio"/>						

How risky do you think each product is?

Please select one answer on the scale where 1 means 'Not risky at all' and 7 means 'Very risky'.

Hover your cursor over the yellow text to view the Fact Sheet.

	Not risky at all						Very risky
	1	2	3	4	5	6	7
Think about Product A . How risky do you think Product A is?	<input type="radio"/>						
Think about Product B . How risky do you think Product B is?	<input type="radio"/>						
Think about Product C . How risky do you think Product C is?	<input type="radio"/>						
Think about Product D . How risky do you think Product D is?	<input type="radio"/>						

How much control do you think you have with each product?

Please select one answer on the scale where 1 means 'No control at all' and 7 means 'Complete control'.

Hover your cursor over the yellow text to view the Fact Sheet.

	No control at all						Complete control
	1	2	3	4	5	6	7
Think about Product A . How much control do you think you have with Product A ?	<input type="radio"/>						
Think about Product B . How much control do you think you have with Product B ?	<input type="radio"/>						
Think about Product C . How much control do you think you have with Product C ?	<input type="radio"/>						
Think about Product D . How much control do you think you have with Product D ?	<input type="radio"/>						

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Set 2 - Summary of choice tasks

In Set 2 you will be presented with six choice tasks where you will be asked to choose between pairs of the four retirement income products. For each retirement income product you will be shown Fact Sheets which include information about:

- Average annual income (net of fees and taxes) from each \$100,000 of the product you buy. You can use as much money as you want to buy the products. However, to make the products more comparable, the Fact Sheets show information for a common purchase price of \$100,000.
- A product rating, which measures the extent to which the income from the product is not influenced by downturns of the share market, outliving your funds, and increases in inflation. The calculation follows government regulations.
- The potential income shape over your retirement.
- Access to capital if you stop using the product. The calculation follows government regulations.
- Death benefits paid to your estate. The calculation follows government regulations.

You should use this information to decide which of the two retirement income products presented you would prefer to purchase with your superannuation savings when you retire. Keep in mind that the choice you make is for products that provide an income stream, not to invest or to provide substantial emergency funds.

Following the choice tasks we will ask you to answer questions to test your comprehension of the information presented for the four retirement income products. You will also be asked to answer a quiz testing your understanding of the product features of the four retirement income products.

You may click ">>" to continue in 12 seconds

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Instructions for completing the choice tasks

In each of the choice tasks you will be presented with two of the four retirement income products and asked to choose which of the two products you would prefer to purchase with your superannuation savings.

You will be shown a table like the one below. The table presents the product Fact Sheets for each of the retirement income products. If you hover over the product name (for example, Product B), you can read the short description presented to you earlier. By clicking on the button below each product Fact Sheet, you choose your preferred product (for example, Product B below).

EXAMPLE

Retirement Income Product Fact Sheet		Retirement Income Product Fact Sheet	
For a purchase price of \$100,000		For a purchase price of \$100,000	
Product Name	Product B	Product Name	Product C
Average Annual Income (net of fees and taxes)	\$5,430	Average Annual Income (net of fees and taxes)	\$5,480
Product Rating measures the extent to which your income is secure – that is, your income is not influenced by downturns in the share market, outliving	This product is rated 6 on a risk measure from 1 to 7 (where 1 means that the average income from the product is not secure and 7 means that the average income is secure)	Product Rating measures the extent to which your income is secure – that is, your income is not influenced by downturns in the share market, outliving	This product is rated 3 on a risk measure from 1 to 7 (where 1 means that the average income from the product is not secure and 7 means that the average income is secure)

[Choice Set 2 (second six pairs)]

Perception of the Retirement Income Product Fact Sheet

How transparent would you judge the product provider who provides this level of detail in a Fact Sheet?

Please select one answer on the scale where 1 means 'not transparent at all' and 7 means 'very transparent'.

1 2 3 4 5 6 7

How much would you trust a product provider who provides this level of detail in a Fact Sheet?

Please select one answer on the scale where 1 means 'would not trust at all' and 7 means 'would trust a lot'.

1 2 3 4 5 6 7

How much would you feel like you have control over the product when you see the product features displayed in this level of detail?

Please select one answer on the scale where 1 means 'no control at all' and 7 means 'a lot of control'.

1 2 3 4 5 6 7

How much would you feel like you have control over the product when you see the product features displayed in this level of detail?

Please select one answer on the scale where 1 means 'no control at all' and 7 means 'a lot of control'.

1 2 3 4 5 6 7

Please rank the pieces of information on their usefulness.

Click on each item to allocate a rank from 1 to 5, where rank 1 is the most useful and rank 5 is the least useful.

- Access to capital
- Potential income shape
- Death benefit
- Average annual income
- The product rating

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Perception and Understanding of Retirement Income Products

How well do you think you understand each product?

Please select one answer on the scale where 1 means 'Don't understand at all' and 7 means 'Understand very well'.

Hover your cursor over the yellow text to view the Fact Sheet.

	Don't understand at all	1	2	3	4	5	6	Understand very well
Think about Product A . How well do you think you understand the features of Product A ?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Think about Product B . How well do you think you understand the features of Product B ?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Think about Product C . How well do you think you understand the features of Product C ?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Think about Product D . How well do you think you understand the features of Product D ?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

How risky do you think each product is?

Please select one answer on the scale where 1 means 'Not risky at all' and 7 means 'Very risky'.

Hover your cursor over the yellow text to view the Fact Sheet.

	Not risky at all	1	2	3	4	5	6	Very risky
Think about Product A . How risky do you think Product A is?	<input type="radio"/>							
Think about Product B . How risky do you think Product B is?	<input type="radio"/>							
Think about Product C . How risky do you think Product C is?	<input type="radio"/>							
Think about Product D . How risky do you think Product D is?	<input type="radio"/>							

How much control do you think you have with each product?

Please select one answer on the scale where 1 means 'No control at all' and 7 means 'Complete control'.

Hover your cursor over the yellow text to view the Fact Sheet.

	No control at all	1	2	3	4	5	6	Complete control
Think about Product A . How much control do you think you have with Product A ?	<input type="radio"/>							
Think about Product B . How much control do you think you have with Product B ?	<input type="radio"/>							
Think about Product C . How much control do you think you have with Product C ?	<input type="radio"/>							
Think about Product D . How much control do you think you have with Product D ?	<input type="radio"/>							

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Review of your knowledge of the product features

Now we would like you to review your knowledge of the product features used in the retirement income product Fact Sheets. There are five questions in this quiz. You will receive 60 cents in bonus panel points if you answer at least 3 correct questions (out of 5).

1. Is the following statement true or false? "Average Annual Income refers to the income paid in the first year that I buy the product."

- True
- False
- I do not know

2. Is the following statement true or false? "A higher product rating means that the retirement income product provides less risky income."

- True
- False
- I do not know

3. The product rating is influenced by investment returns and the rate of inflation only.

- True
- False
- I do not know

4. Imagine you bought one of the products B, C or D. You want to withdraw an additional amount to buy a new car, and want to find out how that influences your future income. Can you find this information on the Retirement Income Product Fact Sheet?

- Yes, the potential income shape gives me this information
- Yes, the 'Access to Capital' section gives me this information
- No, I would need to contact the superannuation fund
- I do not know

5. Is the following statement true or false? "The Death Benefit is always the same amount as the Access to Capital."

- True
- False
- I do not know

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Feedback

You answered 1 out of 5 correctly. You will not receive any bonus panel points for this quiz.

Question	Your answer	Correct answer
1. Is the following statement true or false? "Income refers to the income paid in the first year that I buy the product."	True	False
2. Is the following statement true or false? "A higher product rating means that the retirement income product provides less risky income."	False	True
3. The product rating is influenced by investment returns and the rate of inflation only.	I do not know	False
4. Imagine you bought one of the products B, C or D. You want to withdraw an additional amount to buy a new car, and want to find out how that influences your future income. Can you find this information on the Retirement Income Product Fact Sheet?	No, I would need to contact the superannuation fund	No, I would need to contact the superannuation fund
5. Is the following statement true or false? "The Death Benefit is always the same amount as the Access to Capital."	I do not know	False

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Product Knowledge Quiz

Now we would like you to review your knowledge of the retirement income products. You will receive \$2.40 in bonus panel points if you answer at least 15 correct questions (out of 24).

Which of the following statements apply to each of the products – Product A, Product B, Product C and Product D? Please check the tick box under the product name whenever the statement applies to it.

Hover your cursor over the yellow text to view the Fact Sheet.

	Product A	Product B	Product C	Product D
I receive regular income for as long as I am alive	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I can always withdraw additional money as and when needed, provided the account balance is positive	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If I die at or after age 85, the remaining value of the product will be paid to my estate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The regular payments always increase in line with inflation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The regular payments may vary with changes in asset returns such as shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I always have access to capital if I stop using the product, irrespective of my age	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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These are the answers to the Product Knowledge Quiz. You answered 9 out of 24 correctly and will not receive any bonus panel points for this quiz.

	Product A	Product B	Product C	Product D
I receive regular income for as long as I am alive	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
I can always withdraw additional money as and when needed, provided the account balance is positive	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
If I die at or after age 85, the remaining value of the product will be paid to my estate	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
The regular payments always increase in line with inflation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The regular payments may vary with changes in asset returns such as shares	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
I always have access to capital if I stop using the product, irrespective of my age	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

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Section 2: Planning and personality traits

In this part of the survey we are going to ask you some questions about planning and your personality traits.

Planning horizon

People use different time horizons when they decide how much of their income to spend, and how much to save. Which of the time horizons mentioned below is in your household MOST important with regard to planning expenditures and savings?

- The next fortnight/month
- The next couple of months
- The next year
- The next one to 5 years
- The next 5 to 10 years
- More than 10 years from now

Retirement planning

Have you ever tried to work out how much you need to save for retirement?

- Yes
- No

Think about your knowledge of financial planning for retirement. Please indicate the extent with which you agree with the statements below using a scale from 1 to 7, where 1 means "strongly disagree" and 7 means "strongly agree". You can also use the values in-between to indicate where you fall on the scale.

	Strongly disagree	1	2	3	4	5	6	7	Strongly agree
I am very knowledgeable about financial planning for retirement	<input type="radio"/>								
I know more than most people about retirement planning	<input type="radio"/>								
I am very confident in my ability to do retirement planning	<input type="radio"/>								
When I have a need for financial services, I know exactly where to obtain information on what to do	<input type="radio"/>								
I am knowledgeable about how Age Pension works	<input type="radio"/>								
I am knowledgeable about how private investment plans work	<input type="radio"/>								

On a scale from 1 (in the near future) to 7 (in the distant future), retirement will occur for me...

	In the near future	1	2	3	4	5	6	7	In the distant future
Retirement will occur for me		<input type="radio"/>							

Which of the following statements best describes your thoughts on how you will spend your time in retirement?

- I've just started to think about how I will spend my time in retirement but haven't made any decisions yet
- I plan to spend a lot of my time travelling
- I plan to take up more sport
- I plan to take up a hobby
- I plan to spend time taking care of other family members (ageing parents, grand kids)
- I plan to spend most of my time doing voluntary work in the community
- Other (Please specify:)

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Future time perspective

Read the following statements and indicate the extent to which you agree using a scale from 1 to 7, where 1 means 'strongly disagree' and 7 means 'strongly agree'. You can also use the values in-between to indicate where you fall on the scale.

	Strongly disagree	1	2	3	4	5	6	7	Strongly agree
I follow the advice to save for a rainy day		<input type="radio"/>							
I enjoy thinking about how I will live years from now in the future		<input type="radio"/>							
The distance future is too uncertain to plan for		<input type="radio"/>							
The future seems very vague and uncertain to me		<input type="radio"/>							
I pretty much live on a day-to-day basis		<input type="radio"/>							
I enjoy living for the moment and not knowing what tomorrow will bring		<input type="radio"/>							

Subjective life expectancy

According to Australian Bureau of Statistics, Australian females at your age on average are expected to live to age 87, to what age do you think you will live?

Time preference

How do you see yourself: Are you generally an impatient person or someone who always shows great patience?

Please select a response on the scale where 0 means 'very impatient' and 10 means 'very patient'.

Very impatient	0	1	2	3	4	5	6	7	8	9	Very patient
<input type="radio"/>											

Risk attitude

How do you see yourself: Are you generally a person who is fully prepared to take risks or do you try to avoid taking risks?

Please select a response on the scale where 0 means 'not prepared to take risks' and 10 means 'fully prepared to take risks'.

Not prepared to take risks	0	1	2	3	4	5	6	7	8	9	Fully prepared to take risks
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

How do you see yourself: Are you generally a person who is fully prepared to take risks in financial matters or do you try to avoid taking risks in financial matters?

Please select a response on the scale where 0 means 'not prepared to take risks in financial matters' and 10 means 'fully prepared to take risks in financial matters'.

Not prepared to take risks in financial matters	0	1	2	3	4	5	6	7	8	9	Fully prepared to take risks in financial matters
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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Religion

What is your religion?

- Roman Catholic
- Protestant
- Christian -other
- Islam
- Buddhist
- Other (Please specify:)
- No religion

Personality traits

In these questions we ask you to describe your own personality traits and habits.

Please indicate how well each of the following describes you.

	A lot	Somewhat	A little	Not at all
Organised	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Responsible	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Hardworking	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Careless	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Thorough	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please tell us how often you do each of the following:

	Very often	Often	Sometimes	Rarely	Never	Don't know
Spend too much money	<input type="radio"/>					
Buy things on impulse	<input type="radio"/>					
Buy things you hadn't planned to buy	<input type="radio"/>					
Buy things you don't really need	<input type="radio"/>					



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Section 3: Superannuation arrangements and financial competence

In this part of the survey we will ask you questions about your superannuation arrangements and your financial knowledge.

Superannuation arrangements

Which type of superannuation account do you have?

Select all that apply.

- A superannuation fund
- A self-managed superannuation fund
- Do not know

How would you describe your superannuation account? (If you have more than one account, think about your MAIN superannuation account)

- Accumulation (also known as Defined Contribution)
- Defined Benefit
- Do not know

Is your MAIN superannuation account in:

- A superannuation fund
- A self-managed superannuation fund
- Do not know

How would you describe your superannuation account? (If you have more than one account, think about your MAIN superannuation account)

- Accumulation (also known as Defined Contribution)
- Defined Benefit
- Do not know

Which type of contributions are CURRENTLY made to your superannuation account?

Select all that apply.

- Employer contributions
- Compulsory employee (member) contributions
- Voluntary employee (member) contributions
- Do not know

Have you EVER made voluntary employee (member) contributions to your superannuation account?

- Yes
- No

Which type of benefits can you take with your superannuation savings when you retire?

Select all that apply.

- Lifetime income (pension, annuity)
- Account-based pension
- Lump sum
- Do not know

Will you eventually retire (completely) from the paid workforce?

- Yes
- No, I do not expect to ever retire
- Do not know

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Financial literacy

On a scale of 1 to 7, where 1 means 'very low' and 7 means 'very high', how would you assess your understanding of finance?

	Very low			About average			Very high
	1	2	3	4	5	6	7
Your understanding of finance	<input type="radio"/>						

Suppose you had \$100 in a savings account and the interest rate was 2% per year. After 5 years, how much do you think you would have in the account if you left the money to grow?

- More than \$102
- Exactly \$102
- Less than \$102
- Do not know

Imagine that the interest rate on your savings account was 1% per year and inflation was 2% per year. After 1 year, how much would you be able to buy with the money in this account?

- More than today
- Exactly the same
- Less than today
- Do not know

Please evaluate whether this statement is true or false. 'Buying shares in a single company usually provides a safer return than buying units in a managed share fund'.

- True
- False
- Do not know

Numeracy

Imagine that we rolled a fair, six-sided die 1,000 times. Out of 1,000 rolls, how many times do you think the die would come up even?

times

In a lottery, the chance of winning a \$500 prize is 1%. What is your best guess of how many people would win the prize if 1,000 people each buy a single ticket in the lottery?

people

In a raffle, the chance of winning a car is 1 in 1,000. What per cent of tickets in the raffle win a car?

%

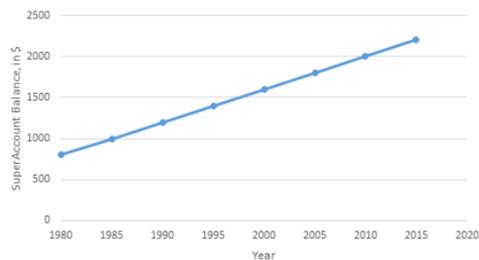
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Graph literacy

Here is some information about a hypothetical superannuation account balance.



Approximately how much money was in the superannuation account in the year 2010?

\$

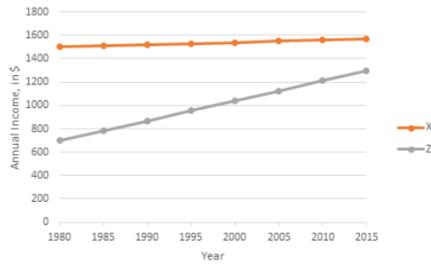
Over which period was the increase in the superannuation account balance higher?

- From 1985 to 1990
- From 2010 to 2015
- Increase was the same in both intervals
- Don't know

According to your best guess, what will the superannuation account balance be in the year 2020?

\$

Here is some information about the income shape of two imaginary retirement income products, X and Z.



Between 1990 and 2000, which retirement income product had a higher increase in annual income paid?

- X
- Z
- The increase was equal
- Cannot say

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Superannuation knowledge questions

This set of questions measures your baseline knowledge of the Australian superannuation system.

Is the following statement true or false?

'For most people, superannuation is taxed at a higher rate than a similar investment outside superannuation.'

- True
- False
- Do not know

Can people make voluntary contributions to their superannuation accounts?

- Yes
- No
- Do not know

Are there any limits to the amount of these voluntary contributions?

- No. There are no limits.
- No. There are no limits to the amount but contributions in excess of the contribution caps are taxed at higher rates.
- Yes. Individuals cannot contribute in excess of the contribution caps.
- Do not know

You are allowed to borrow from your superannuation account.

- True
- False
- Do not know

If you have any superannuation, you will not qualify for the Age Pension.

- True
- False
- Do not know

What is the minimum age at which you can spend the money in your superannuation account?

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Which of the following statements best describes your thoughts on how you will spend your time in retirement?

- I've just started to think about how I will spend my time in retirement but haven't made any decisions yet
- I plan to take up more sport
- I plan to take up a hobby
- I plan to spend time taking care of other family members (ageing parents, grand kids)
- I plan to spend most of my time doing voluntary work in the community

Have you seen the above question before?

- Yes
- No

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Section 4: Demographics and personal characteristics

We will now ask you questions about demographics and your personal characteristics.

Cultural background

In which country or continent were you born?

- Australia
- Europe
- Asia
- Africa
- North America
- South America
- Oceania (excluding Australia)

In what year did you first arrive in Australia?

Marital status

What is your marital status?

- Never married and not living in a long term (de facto) relationship
- Widowed
- Divorced
- Separated but not divorced
- Married
- Living in a long-term relationship

Income

Which of the following categories best describes your weekly (annual) gross personal income (before tax)?

Which of the following categories best describes your weekly (annual) gross household income (before tax)?

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Education

What is the highest level of school you have completed?

- Year 12 or equivalent
- Year 11 or equivalent
- Year 10 or equivalent
- Year 9 or equivalent
- Year 8 or equivalent
- Year 7 or equivalent
- Year 6 or below
- Did not go to school

What is the highest post school qualification you have?

- PhD
- Master Degree or equivalent
- Graduate Diploma or Graduate Certificate from university or equivalent
- Bachelor Degree or equivalent
- Advanced Diploma and Diploma from university/TAFE or equivalent
- Certificate or equivalent from TAFE or equivalent
- None of the above

Work type

Which of the following best describes how you work?

- I have always worked only for an employer
- I am currently working for an employer, but have previously worked as self-employed
- I am currently working only as self-employed
- I am currently working for both an employer and as self-employed

Financial decisions and support

Who is most responsible for the everyday financial decisions in your household?

- I am
- Someone else
- Someone else and I are equally responsible

Who is most responsible for the major financial decisions in your household?

- I am
- Someone else
- Someone else and I are equally responsible

How many people in your household do you fully or partially support financially?

- 1 (myself)
- 2
- 3
- 4 or more

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Children

How many children do you have that are still alive?

Please count all natural children, fostered, adopted and stepchildren.

Housing

Think about your housing. Do you:

- Live in the home you own, with a mortgage
- Live in the home you own, mortgage free
- Live in a rented home
- Live with someone else

Bequests

To whom do you plan to leave an inheritance?

Please select all that apply.

- Partner/Spouse
- Children
- Friends
- Charity
- Other
- I do not plan to leave any inheritance

How much inheritance you are planning to leave, including property and other valuables as well as money that you might own:

Children	\$	<input type="text"/>
Other	\$	<input type="text"/>

Income vs expenses

Thinking about the past year, how does your income compare with your expenses?

- My expenses were far greater than my income
- My expenses were slightly greater than my income
- My expenses and my income were about equal
- My income was slightly greater than my expenses
- My income was far greater than my expenses

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Financial adviser

Do you use a financial adviser?

Yes
 No

Do you plan to go to a financial adviser when you retire?

Yes
 No

Financial adviser

Do you use a financial adviser?

Yes
 No

How would you describe the financial adviser you use?

Associated with a bank
 Associated with a superannuation fund
 Belongs to a large financial planning chain
 Belongs to a small financial planning company
 Do not know

Trust

On a scale from 1 to 7, where 1 means 'don't trust at all' and 7 means 'fully trust'...

	1	2	3	4	5	6	7
How much trust do you have in your superannuation fund?	<input type="radio"/>						
How much trust do you have in your bank?	<input type="radio"/>						
How much trust do you have in financial advisers?	<input type="radio"/>						
How much trust do you have in the government?	<input type="radio"/>						

Clarity of the survey

How clear do you think the questions in this survey are?

- Completely clear
- Mostly clear
- Sometimes clear
- Sometimes confusing
- Mostly confusing
- Completely confusing

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Questionnaire feedback and submission

Before you submit the survey, if you have any opinions regarding this survey, please type in the box below. This will help us to improve our future surveys. Thank you very much for participating.

You have did not earn any bonus panel points. All incentives will be provided within a month's time, upon completing the survey.

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Submit Responses

