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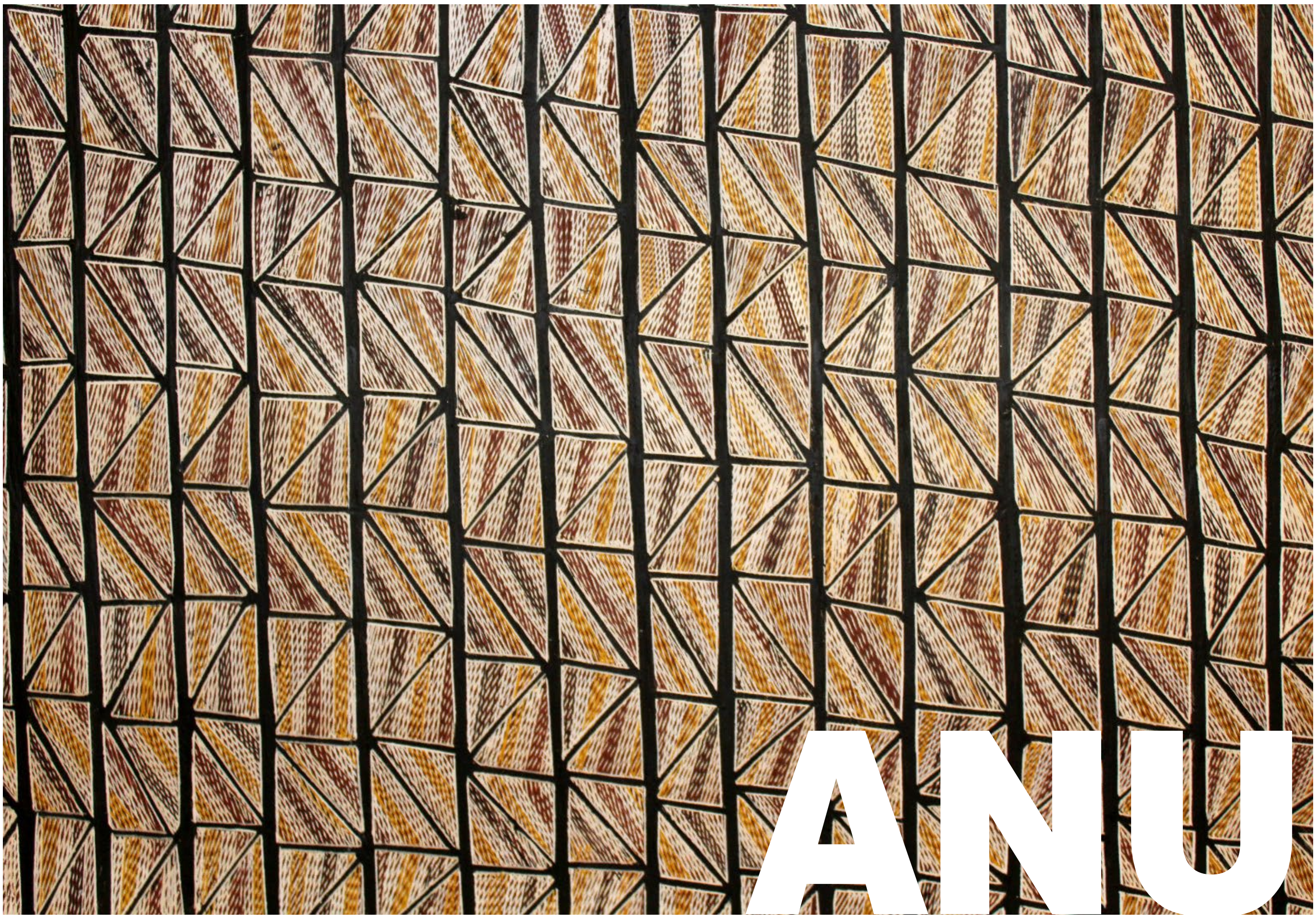

High Balance Superannuation Holders: A Statistical Overview

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High Balance Superannuation Holders

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This paper considers high balance superannuation holders in Australia and provides a statistical summary of their income and wealth position. There is a debate in Australia around the taxation of superannuation, in particular the government's plans to increase income taxation for persons with superannuation balances greater than $3 million. There are concerns that higher rates of taxation, particularly the application of unrealised capital gains will be challenging to some account holders and lead to unintended consequences around investment decisions. This paper pays attention to these households to better understand the financial position of these households to inform the debate. We find that high balance superannuation households have substantial wealth not only in superannuation but also other asset classes. Some fairly rudimentary stress testing suggests most of these households faced with an increased taxation burden as proposed by the Australian government would have ample funds to cover most reasonable scenarios.

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1. Introduction

Superannuation in Australia is a mandatory retirement savings system designed to ensure financial security in retirement. The primary purpose is to provide income for Australians when they retire, lowering reliance on the government-funded age pension. The current system ensures that employers contribute 11.5 per cent of an employee's earnings to superannuation (increasing to 12 per cent in July 2025). Individuals can also make voluntary contributions to increase savings. The account is generally not accessible until at least 60 years of age so as to encourage long-term savings. The system is concessionally taxed relative to most other investments. The total balance of Australia's superannuation system is now over $4 billion or around $400,000 per household.

Tax concessions for superannuation have increased substantially in recent years as the size of the superannuation system has grown. The latest estimate from Treasury suggests that superannuation concessions (relative to a personal income tax benchmark) are around $51 billion[1]. This implies that had superannuation contributions and income been treated in the same manner as personal income tax government revenue would be $51 billion higher in 2024-25. Such estimates are likely to be an upper estimate, however, superannuation remains a tax advantaged investment. With such large amounts of money (approaching the total expenditure of the age pension system) foregone from government revenue there is considerable policy discussion today of how to make the system more sustainable (Coates 2025)[2]. The extent of superannuation concessions is contested with some researchers preferring a zero tax baseline or an expenditure based benchmark rather than the much higher benchmark provided by the personal income tax system (Pincus 2022)[3].

Regardless of the benchmark chosen for calculating superannuation concessions the current government has proposed changes to the way very large superannuation balance incomes are taxed with a proposal to increase the rate of tax on earnings from 15 per cent to 30 per cent on that portion of balances in excess of $3 million. Of particular concern is the proposal to tax unrealized capital gains on that additional 15 percentage points of taxation.

This paper does not focus on the merits or otherwise of the new policy, rather provides a description of the financial position of households with persons immediately impacted by this policy should the legislation pass this year. This paper seeks to better understand the ability of such persons and households to pay the additional tax impost. A concern raised by some relates mostly to the shift from taxation of realized capital gains to unrealized capital gains. The standard way in Australia to tax capital gains is taxing capital gains at the point of sale rather than taxing the estimated returns on an annual basis regardless of whether assets were sold or not. A concern would be that some households may not be in a financial position to pay such a tax impost. The most likely households/persons adversely impacted would be those who have large superannuation balances (greater than $3 million) where the assets are illiquid and also have limited income or other assets to cover the new tax liability. A typical example of such an illiquid asset could be a superannuation account heavily

[1] Commonwealth *2024-25 Tax Expenditures and Insights.*
[2] Coates, Maloney, Suckling (2025) *Simpler Super: Taking the Stress out of Retirement*
[3] Pincus (2022) Superannuation tax concessions are overestimated, Tax and Transfer Policy Institute - working paper

invested in a family farm. This sort of arrangement would be more likely in a SMSF (Self-Managed Superannuation Fund).

To understand households with super balances over $3 million and estimate their vulnerability to large tax liabilities they may find difficult to pay we consider the types of assets and total value of assets along with disposable income of such household. For comparison purposes we compare these households with households who don't have a $3 million superannuation balance.

2. Methodology

Treasury estimates that there are 80,000 superannuation accounts out of 15 million (0.5 per cent) accounts. For a household analysis typical surveys in Australia such as the ABS Survey of Income and Housing have sample sizes with around 30,000 adults. In our judgement a single sample wont be adequate for basic analysis of this relatively rare population. To overcome the sample size issue we combine the latest three ABS Survey of Income and Housing files (2015-16, 2017-18 and 2019-20). The combined sample is around 90,000 adults (age 15 plus population). To ensure the sample is relevant for 2025-26 financial year, incomes, wealth, and superannuation balances have been indexed in line with historic ABS data. To account for population change we've reweighted the surveys to ensure age specific populations match up with the latest populations for Australia.

The updated and combined data set provides a weighted population for July 1 2025 (originally intended start date of the new superannuation tax) of around 10.8 million households, $4.05 trillion in superannuation balances and around $17.5 trillion in total wealth. These estimates match closely to the latest available estimates from the ABS. The combined survey data's estimate for 2025-26 is that around 87,000 persons have a superannuation balance of at least $3 million based on a sample size of 391 records. This equates to a share of the adult population of 0.4 per cent. These statistics suggest that the combined survey file should be a reasonable basis from which to better understand the both the overall population but also the much smaller group of adults with very large superannuation balances.

Much of the analysis conducted here is at the household level. Our interest is not just the wealth of the individual but that of the entire household. It is common for households to share resources, expenses and income. Of course, there will be exceptions to this but our interest in this report will cover the likely possibility that large superannuation account holders will share resources and expenses. Tax liabilities can be covered not just by the one superannuation account but across a range of assets and income sources held by the account holder and other members of the household, in particular, a spouse.

The ABS survey covers a wide range of income and wealth sources at both the person and household level. Superannuation balances are recorded for each adult in the household while household wealth is recorded at the household level for most asset items such as owner occupier housing, investment housing, shares, trusts, businesses, bank accounts and physical assets such as cars. On the income side the ABS survey has very detailed income records from most possible income sources such as wages and salaries, business income, interest, dividends, rental returns, and shares. The ABS calculates tax paid to estimate disposable income (gross income – personal income tax). The surveys don't record capital gains in or out of superannuation and there is limited detail beyond the total value of superannuation for each adult. Ideally, information would be available on the types of superannuation accounts such as whether an account is an SMSF and what sorts of investments are contained therein. No such detail is available. Such information would be valuable in better understanding the likely liquidity within a superannuation account should the holder be subject to a capital gains event (realized or unrealized).

The data available here provides a good overview of the general wealth and income position and most importantly the value of superannuation accounts within a household. This provides a good basis for understanding the financial position of persons within a household and the household in total. Regarding the concerns around taxing unrealized capital gains the households most likely to find such liabilities challenging are those households with large superannuation accounts that are largely illiquid and limited other wealth or income. Households with both large superannuation balances and large financial assets elsewhere (not including the value of the family home) are less likely to face challenges with higher taxation on that share of their superannuation balance above $3 million. The analysis below does not inform on the appropriateness of the proposed tax but it should be helpful in considering how concerned we should be regarding serious financial pressures/challenges that could face such households.

3. Results

The base results in this paper align very closely with those released by Treasury. Our initial estimate is that the 30 per cent tax on superannuation income would impact around 87,000 persons (Treasury 80,000). The total revenue is expected to be around $1.95 billion per year from July 1 2025 (Treasury $2.3 billion from 2027-28 for the first full year impact). Both estimates assume no behavior change. The Treasury estimates are based on administration tax data and should be considered more reliable than our ABS survey based estimates. However, there is little statistical difference between the two estimates. The contribution of this paper is to break down these impacts into a distributional analysis and to better understand the household financial position of impacted households.

To better understand the financial positions of high superannuation balance persons and their households we answer a number of questions?

1) What is the distribution of superannuation and wealth for Australian households with and without large superannuation balances?
2) Where do large superannuation balance individuals live and are they employed and in what occupation and industry?
3) Do they operate businesses?
4) What is their general socioeconomic profile? Gender, tenure type and age?
5) What income levels do households with large superannuation balances have?
6) Were a 15 per cent tax applied to unrealized capital gains (in addition to the current 15 per cent applied to realized capital gains) within large super accounts how many households would potentially find that challenging?

Distribution of superannuation and wealth

Like wealth, superannuation is very unevenly distributed. Superannuation accrues during a person's working like with work related and potentially other voluntary contributions. The combination of unequal incomes and superannuation accumulating through the working years means that superannuation is highly unequal. Given the nature of superannuation accumulating as one ages this outcome is to be expected.

Table 1 below shows that for 2025 across all households in Australia the vast majority have only relatively small balances. 43.4 per cent have less than $100,000 in superannuation and some of these households (nearly 2 million or 19 per cent of all households) have no superannuation at all. Around 90 per cent of households have a total superannuation balance of less than $1 million. The median balance is just $143,000 while the average is $387,000. Only around 3.1 per cent of households have very high total balances of over $2 million. Around 1.4 per cent or 142,000 households have more than $3 million in superannuation. Our specific interest in this paper is individuals who have more than $3 million in superannuation. We found only 87,000 individuals with more than $3 million balances. Households with more than one adult most commonly have more than one individual with a superannuation balance hence the difference between person and household superannuation statistics.

Table 1 Household Superannuation Balances, 2025

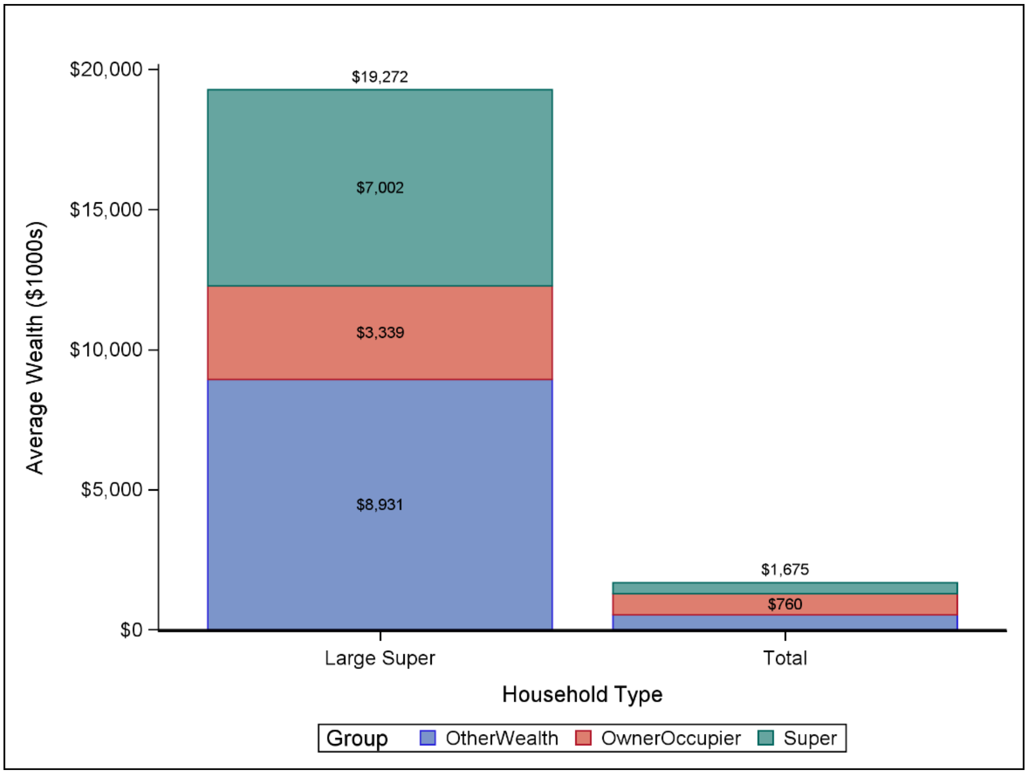
Superannuation Balance (Household)	%
<$100,000	43.4
$100,000-$200,000	19.4
$200,000-$500,000	16.1
$500,000-$1m	11.6
$1m-$2m	6.4
$2m-$3m	1.7
$3m+	1.4

Source: ABS Survey of Income and Housing 2015-16,2017-18,2019-20 (adjusted to 2025)

Figure 1 compares the total wealth and asset allocations of households with and without large superannuation balances (at least one individual with a superannuation balance greater than $3 million). The difference is stark with households with large super balances having an average wealth level of $19.3 million compared to $1.68 million for all households. The larger wealth is driven not just by much larger superannuation balances but also greater wealth in owner occupier housing and other wealth.

The average superannuation balance of 'large super' households is $7 million compared to the average of all households of $390,000. Owner occupier housing wealth is also much more substantial for large super households with an average value of $3.34 million compared to a national average of $760,000 (not all households own a house). All other wealth (any wealth outside of superannuation and owner occupier housing) is substantially larger for 'large super' households at $8.93 million compared to the all household average of $530,000. Table 2 provides more detail including median statistics in addition to averages. A similar pattern emerges with large super households not just having much larger superannuation wealth but also much more wealth in owner occupier dwellings and other wealth. Other wealth could include rental properties, farms, businesses, shares, cash, trusts, cars and other areas of wealth. Table 2 shows that large super households typically have about 12 to 13 times more wealth than non-large super households.

Figure 1 Total Wealth and Asset Allocation by Household Type



Source: ABS Survey of Income and Housing 2015-16,2017-18,2019-20 (adjusted to 2025)

Table 2 Total Wealth and Asset Allocation by Household Type

Wealth Type	Household Type	Average ($)	Median ($)
Super	Large Super	$7.00	$5.91
	Other Households	$0.34	$0.14
	Total Households	$0.39	$0.14
Owner Occupier	Large Super	$3.34	$2.44
	Other Households	$0.74	$0.62
	Total Households	$0.76	$0.62
Other Wealth	Large Super	$8.93	$3.20
	Other Households	$0.47	$0.17
	Total Households	$0.53	$0.18
Total Wealth	Large Super	$19.27	$11.54
	Other Households	$1.56	$0.93
	Total Households	$1.68	$0.94

Source: ABS Survey of Income and Housing 2015-16,2017-18,2019-20 (adjusted to 2025)

Table 3 shows demographic statistics for households with and without large superannuation balances. Again, 'large balance' here refers to a household with at least one person with a large balance (greater than $3 million). The large balance households tend to be substantially older with a large superannuation household twice as likely to be over the age of 65 than the general population. They are somewhat more likely to reside in a capital city with nearly 76 per cent living in a capital city compared to 63 per cent for the general (total) population. Large super households are more likely to have business income (17.2 per cent compared to 12.5 per cent and they are much more likely to own a house outright (78.5 per cent compared to 30.6 per cent). Large super households have substantially larger disposable income with an average of around $357,000 per year compared to the national average of $116,000.

Table 3 Large Superannuation and all household demographics

Demographic	Classification	Large Balance (%)	Total Households (%)
Age of household head	<50	4.7%	46.1%
	50-64	37.6%	28.3%
	65+	57.7%	25.6%
Region	Capital City	75.7%	63.4%
	Regional	24.3%	36.6%
Business	Yes	17.2%	12.5%
	No	82.8%	87.5%
Tenure	Own	78.5%	30.6%
	Purchasing	18.9%	36.5%
	Renter	2.2%	30.7%
	Other	0.4%	2.1%
Disposable Income	Mean	$357,000	$116,000
	Median	$246,500	$94,500

Source: ABS Survey of Income and Housing 2015-16,2017-18,2019-20 (adjusted to 2025)

Table 4 shows additional demographic statistics for large super balances and the total population except this time the focus is on the individual rather than the household. The large super individual is more likely to be male rather than female with around 65 per cent being male compared to 49 per cent of the total adult population. The occupation statistics are reported for a selection of occupations and those most likely occupations to have a large superannuation balance are health professionals, business professionals, specialist managers, farmers and design, engineering and science occupations and CEOs/General Managers. Beyond those occupations are a wide-range of other occupations but they are individually very small in number.

A similar, and related story can be said for industry of occupation where the largest industry groupings with large super balance workers include health, professional, scientific and technology, agriculture and rental real estate and hiring. There has been some concern that - farmers may be affected by the possibility of unrealized capital gains liabilities. This analysis suggests there are around 2,368 farmers (2.7 per cent of large superannuation balance holders). The number of persons stating they work in agriculture is larger at 3,607 or 4.1 per cent of large super holders. Around 54 per cent are not in the labour force (not employed) compared to 38 per cent of the age 15 plus population.

Table 4 Large Superannuation and all household demographics

Demographic	Classification	*Large Balance*	*All Persons*	*Large Balance*	*All Persons*
		%	*%*	*Adults*	*Adults*
Sex	Male	65.1%	49.0%	56,744	10,620,579
	Female	34.9%	51.0%	30,448	11,058,895
Occupation	Business Professional	6.7%	3.6%	5,813	789,701
	CEO, GM, Legislator	2.0%	0.6%	1,786	131,300
	Design, Engineering, Science	3.1%	2.0%	2,730	439,165
	Farmer	2.7%	0.7%	2,368	162,425
	Health Professional	7.1%	2.9%	6,207	635,719
	Specialist Manager	4.8%	4.0%	4,146	868,781
	Other Occupation	19.4%	48.0%	16,943	10,404,617
	Not employed	54.1%	38.0%	47,197	8,247,767
Industry	Agriculture	4.1%	1.2%	3,607	269,449
	Medical	6.2%	2.5%	5,379	544,646
	Professional, Scientific, Tech	8.7%	4.1%	7,619	887,389
	Rental, Real Estate, Hiring	3.3%	1.1%	2,906	244,564
	Other Industry	23.5%	53.1%	20,484	11,512,290
	Not employed	54.1%	37.9%	47,197	8,221,136

Source: ABS Survey of Income and Housing 2015-16,2017-18,2019-20 (adjusted to 2025)

These statistics show a few major points about ‘large super’ individuals:

1) They tend to live in very high wealth households;
2) Mostly live in capital cities
3) Most are over the age of 65
4) A small majority don’t work (54 per cent)
5) Of those who do work most work in professional occupations
6) Most own a house outright
7) The average and median wealth levels are 12 to 13 times that of the general population.
8) Average and median disposable income levels are much higher (around 3 times) the national household average.

A concern expressed is the presence of households who have large superannuation balances but have a lack of other assets, particularly liquid assets, and the assets contained in their superannuation is also largely non-liquid. For these households there are likely to be difficulties in paying capital gains tax liabilities where capital gains are taxed as ‘unrealised’ gains.

The survey data provides us with some capability to better understand how substantial an issue this may be. Based on individual super balances (for those over $3 million) we can calculate potential capital gains tax liabilities. As an example, if a $4 million superannuation balance increased in value to $4.4 million (10 per cent) over a financial year period a 15 per cent tax rate would be applied to the gain related to the share of the superannuation account in excess of $3 million. The tax liability would be 0.15 X ((4.4m – 3m) / 4.4m) X $400,000 = $19,091. Ideally, this $19,091 liability would be funded within a superannuation account with a substantial share of liquid assets (such as shares or cash). Where the superannuation account was substantially invested in a non-liquid asset such as a farm or property the household/person may need to fund the liability from outside superannuation. Other options could include a partner’s superannuation, or other wealth outside of superannuation that is liquid.

The ABS survey of income and housing has detailed income and wealth statistics but does not have information on the types of assets a person’s superannuation is invested in. As such, we are limited in our understanding of how many of the ‘large super’ holders may be liquidity constrained within their superannuation account.

A simple, but crude test, is to compare a hypothetical capital gain and apply the new tax (additional 15 per cent to that part of the superannuation balance above $3 million to estimate the number of persons for whom such a liability may be challenging. Assuming the liability can be paid out of one of either ‘other wealth’, disposable income, or another superannuation account within the household (usually the spouse’) we propose the following stress test:

$$Stress_i = \begin{cases} 1 & if\ T > 0.1 * DY\ and\ T > 0.1 * Other\ Wealth\ and\ T > 0.1 * Other\ Superannuation \\ 0 & otherwise \end{cases}$$

In short, if the tax liability, T, is greater than 10 per cent of disposable income and other wealth (non-superannuation/owner occupier wealth) and any other superannuation balances in the households then the household fails the stress test. This test is arbitrary and it may be the case that for some households this test will understate stress but for many, where they have suitable liquidity in their own superannuation (likely the majority) this test overstates stress.

Based on this simple test only around 500 or 0.6 per cent of households with at least one 'large super' individual fail the stress test. Tightening the test to include a 20 per cent capital gain (highly unlikely that all large super households would receive such a strong capital gain) increases the number to 750 households or 0.9 per cent. Randomising returns between 0 and 20 per cent yields 500 households in stress or 0.6 per cent of the pool of large super households. A lighter stress test where the 10 per cent threshold in the equation above is lowered to 5 per cent increases the 'stress' rate with a 20 per cent capital gain for all impacted accounts raises the number of households in 'stress' to 3,400.

The lack of 'stress' as measured by the equation above indicates that while in theory unrealized capital gains taxation may cause some households challenges in reality these households tend to have large wealth and income and even when we completely exclude the impacted superannuation account (the large super account) from being a funding source there are usually other sources of funding that would likely cover realistic capital gains tax liabilities like those proposed by the current government.

2. Conclusion

This analysis combines three ABS surveys and updates those surveys to 2025. This provides a total sample size of around 90,000 adults and can be considered a reasonable basis for a high-level analysis of household superannuation, wealth and income analysis for both all households and those households with at least one 'large super' superannuation balance of greater than $3 million.

The analysis finds that large super households typically have substantial wealth and wealth that covers a range of assets, not just those in superannuation. These households typically have wealth in the order of 12 to 13 times that of the general population and incomes that are around 3 times that of the general population. The average wealth of a household with at least one superannuation balance exceeding $3 million is over $19 million.

The analysis cannot be definitive on the types of assets held within large superannuation accounts. It would be expected that like most superannuation accounts large superannuation accounts would be well managed with a reasonable spread of different asset types and enough liquidity to ensure liabilities can be met where required. With that said, it is likely that some superannuation accounts may not meet such an expectation (particularly in SMSFs) and it is possible that tax liabilities may pose some challenges to account holders either meaning they need to find funds outside of their superannuation accounts or may need to take the more extreme step of selling non-liquid assets.

On the crude stress test applied in this research it would seem that even when excluding the 'large super' account as a potential funding source almost all of these households would have substantial funds elsewhere to cover potential tax liabilities incurred through ‘unrealised capital gains’ in the large super account. The reality is that in almost all cases a household with one large super account has other substantial sources of income and or wealth. The research undertaken focusses on a simple statistical summary of the financial position of households, particularly for households with superannuation balances over $3 million. The research does not attempt to critique the pros and cons of the proposed policy, however, it does provide evidence that the impact of the extra tax would likely be relatively easily absorbed by the vast majority of impacted households.