2006

Decision Making Clusters and Gender Issues in Retirement Savings

Craig Speelman  
*Edith Cowan University*

Marilyn Clark-Murphy  
*Edith Cowan University*

Paul Gerrans  
*Edith Cowan University*

Decision Making Clusters in Retirement Savings: Preliminary Findings

Craig P. Speelman
School of Psychology
Edith Cowan University
Telephone: (08) 6304 5724
Email: c.speelman@ecu.edu.au
Key Contact

Marilyn Clark-Murphy
School of Accounting, Finance and Economics
Edith Cowan University
Telephone: (08) 6304 5565
Email: m.clarkmurphy@ecu.edu.au
Conference Presenter

Paul Gerrans
School of Accounting, Finance and Economics
Edith Cowan University
Telephone: (08) 6304 5605
Email: p.gerrans@ecu.edu.au

Postal address for all authors: Edith Cowan University, 100 Joondalup Drive, Joondalup, Western Australia 6027

Keywords: Retirement savings, gender, investment choice, risk, clusters

The authors gratefully acknowledge the support of HESTA, GESB, UniSuper, and STA in the conduct of this research. We would also like to thank Jacqui Whale for her excellent work on complex databases.
Abstract

The aim of the present study was to explore whether identifiable member clusters exist in retirement savings decisions by considering the investment choice history of the members of four large not-for-profit Australian retirement savings funds. We used a two-step cluster analysis to examine whether well-defined sub-groups exist as identified by their investment choices and member demographics. Funds were tested individually and collectively using a range of variables. Distinct groups were found, varying along gender and age lines. There were also clear distinctions between the groups in terms of the risk of the investments they chose. Future work is discussed, including the refinement of variables selected.
1. Introduction

An ageing population and the resultant increasing demand on government to fund retirement incomes (Guest & McDonald, 2000) has made the accumulation of retirement savings by individuals a significant policy issue in the developed world. Australia’s response has included the introduction of a regime of compulsory employer-funded retirement savings which began in 1986 and became entrenched in its current form in 1992 with the introduction of the Superannuation Guarantee. This places Australia at the forefront of other similar countries in tackling the problem (Bateman, Kingston, & Piggott, 2001).

The assets controlled by retirement savings funds in Australia have grown rapidly, from $228.3 billion (38 percent of GDP) in June 1995 to $1.0 trillion (100 percent of GDP) in December 2006 (Australian Prudential Regulation Authority, 2007a). At the same time individual fund members are assuming greater responsibility in selecting the investment strategy applied to their funds with a shift from defined benefit to defined contribution plans (Clare & Connor, 1999) and an increase in the investment choices available (Gerrans, Clark-Murphy and Speelman, 2006).

Twenty-one years after the introduction of compulsory retirement savings, the way in which Australian employees make retirement savings decisions is beginning to be thoroughly investigated. The adequacy of these decisions is a primary determinant of the employee’s lifestyle in retirement and hence is important not only to the individual but also to government. If sub-optimal decisions are made, retirement incomes may be significantly reduced increasing the extent to which people will rely on government support during retirement (King, 2001).
The aim of the present study was to investigate whether demographic clusters exist in the investment choices made in four large not-for-profit superannuation funds with members covering a wide range of industries and income levels. Cluster analysis was used to examine the generality of previous findings in the literature, particularly with regard to gender, to see whether similar results existed in this sample. For example, the sub-group of young investors, identified by Clark-Murphy and Gerrans (2001b), who opted for safe and low-return investments, were members of a fund for the tertiary education sector. The present study allows testing the robustness of this result in a range of industries.

The remainder of this paper is organised as follows: the next section briefly outlines the Australian retirement income system. The third section examines the literature related to factors influencing investment choice in retirement savings. The fourth section presents details of data and methodology including the datasets and variables used in the present study. Section five sets out the results obtained. The final section discusses and summarises the work and identifies areas of future research.

2. Australian Retirement Incomes Framework

For much of the 20th century, Australia relied on two of the traditional three retirement income pillars: a non-contributory federal government age pension, and voluntary contributory savings schemes which were largely linked to white-collar occupations. With the introduction of the Superannuation Guarantee (SG) Act in 1992 Australia entrenched a third contributory, employment linked, forced savings pillar. The SG has its roots in agreements between the federal government and labour trade unions in 1986 which for the first time
entrenched retirement savings as part of the employment conditions for workers. The initial rate of contributions was 3 percent of wages and by 2002 employees 18 and over who earned at least $450 per month were entitled to have contributions from their employer of 9 percent of their ordinary earnings paid to a complying superannuation fund. Recent data indicates that 96 (78) percent of full-time (part-time) employees receive these contributions (Australian Bureau of Statistics, 2006).

Employees covered by the SG contributions generally have two choices. The first is to which retirement savings fund their employer contributions are directed. From July 2005 this choice became mandatory for an additional 5.2 million of a potential 9.5 million employees (Clare, 2006). Secondly, once in a fund the member generally is offered a range of investment strategy choices. The level of choice varies by the type of fund though the absolute level depends on whether we measure this by the number of funds or the assets under management of these funds. For example 49 percent of funds offer investment choice whereas 90 percent of assets under management are in funds that offer choice. Company established funds (Corporate funds) are least likely to offer investment choice (37 percent of funds or 88 percent of assets) whereas not-for-profit industry funds have the greatest level of investment choice (84 percent of funds or 99 percent of assets). Similarly the number of choices offered varies considerably with retail funds averaging 88 choices and corporate funds only 6 choices. The overall average is 35 (Australian Prudential Regulation Authority, 2007b). Funds can offer this investment choice to the member’s accumulated balance of savings and/or to their future contributions. Some funds allow different investment strategies to apply to each. This paper focuses solely on the investment choice decision relating to how future contributions are invested.

For a wider discussion of the motivations of the scheme see Coates and Vidler (2004) for an interview with the then Treasurer Paul Keating.
Despite all the choice available, the reality is that most members remain in default options, both in terms of the fund nominated to receive their contributions and the investment strategy for those contributions. Where investment choice is available 54 percent of assets are in the default investment strategy with the lowest proportion being for retail funds (33 percent) and the highest for industry funds (74 percent) (Australian Prudential Regulation Authority, 2007a). In the first six months after the introduction of mandatory fund choice only four percent of employees changed funds, and in most cases this was due to change of employment (Clare, 2006). An Australian study (Fry, Heaney & McKeown, 2006) has suggested that this reluctance to change funds indicates that fund members are loss averse. In a different context it has been suggested (McKenzie, Liersch & Finkelstein, 2006) that, where a default exists it will be seen as an implicit recommendation and hence is most likely to be adopted by individuals, though this has yet to be tested in the retirement savings context.

3. Previous Literature

Previous research in the area of retirement savings and retirement incomes has covered a wide range of issues. The focus of the present study was on decision-making and in particular on issues of demographic difference. Research to date suggests that an individual’s ability to make optimal, wealth-maximising choices may fail in a number of areas and that demographic differences are apparent. These issues are significant since the primary determinant of dispersion in wealth at retirement has been shown to be the propensity to save during working life rather than the availability of disposable income from which to save (Venti & Wise, 1998).

The literature examining individual choice in a retirement savings framework is now large. A
number of studies have examined the trend away from defined benefit funds (DBF) towards defined contribution funds (DCF) (Gustman and Steinmeier, 1992; Clare and Connor, 1999; Clark and Pitts, 1999; Dulebohn, Murray and Sun, 2000). It has also been argued (Bajtelsmit & VanDerhei, 1997; Goodfellow & Schieber, 1997) that, due to individual risk-aversion, funds in which employees can exercise investment choice may have lower long-term returns than employer controlled defined contribution funds. Clark-Murphy and Gerrans (2001a) and Gallery, Gallery and Brown (2000) provide an analysis of the DBF/DCF choice in the Australian higher education industry.

There has been consistent Australian evidence that employees report feeling ill-informed and ill-equipped for the decisions presented to them relating to their superannuation decisions (Clare, 2002; Clark-Murphy & Gerrans, 2001a; Plum Financial Services, 2001) although this situation may be improving (Tuck, 2006). It does appear that Australians now understand they must accept responsibility for funding their own retirement with a recent international study indicating Australia ranks equal first in this regard with Hong Kong (AXA, 2007).

Gender differences have been a significant focus of previous research with several studies finding differences in risk aversion in general and in retirement investments in particular. The majority have found women show greater risk aversion in the allocation of funds to pension assets (Bajtelsmit, Bernasek, & Jianakoplos, 1999; Bernasek & Shwiff, 2001; Hinz, McCarthy, & Turner, 1997; VanDerhei & Olsen, 2000) and this is supported by Australian evidence (Gerrans and Clark-Murphy, 2004; Speelman, Clark-Murphy & Gerrans, 2006; Quinlivan, 1997). However, contrary evidence can be found. Dwyer, Gilkeson and List (2002) suggest risk aversion falls with increased financial education while Clark, d’Ambrosio, McDermid and Sawant (2004) found that women are more likely than men to change their
retirement saving behaviour in response to education seminars. A Swedish study of retirement savings has found that women were more likely than men to move away from a default plan and make investment choice (Engstrom & Westerberg, 2003). More recently Brown, da Silva Rosa and McNaughton (2006), examining managed fund investment decisions, suggested men were more risk averse than women. In comparing the apparent contradiction in Australian evidence (Gerrans & Clark-Murphy, 2004 versus Brown et al, 2006) it should be noted that the latter study considered those who had voluntarily chosen to invest in managed funds and who might therefore be expected to be relatively well-informed investors. Gerrans and Clark-Murphy (2004) looked at members of an industry superannuation fund who received superannuation as part of their employment benefits and had not made any conscious decision to acquire a financial asset, hence they were likely to be less well-informed, overall, about financial risk.

Researchers have identified sub-groups who appear to make inappropriate choices which will reduce their retirement incomes. For example workers under 40 years of age who choose to place their funds in a very low-risk, low-return capital guaranteed investment (Clark-Murphy & Gerrans, 2004; Goodfellow & Schieber, 1997). Recent work by the authors looking at primarily female members of an industry fund for workers in the health sector (Speelman, Clark-Murphy & Gerrans, 2006) found apparently excessive risk aversion among young females but a more moderate attitude to risk among older women, nearer to retirement. This may support the findings of Clark et al (2004) that women are likely to change their allocations as knowledge increases.

Agnew, Balduzzi and Sunden (2003), in a study of 7,000 401(k) plans, found that men are more likely to make equity investments, that asset allocations tend to be extreme, with very
high or very low allocations to equities, and very limited movement in allocations. Chernev (2004) discussed evidence of extremeness aversion in choice and a tendency to go for the compromise option. This suggestion may in part explain the experience of most Australian retirement savings funds that the majority of fund members remain in the default investment option.

By contrast Benartzi and Thaler (2001) suggest employees, whether male or female, are likely to adopt a “naïve diversification” strategy in employer-sponsored retirement savings, dividing their funds equally between each of the investment strategies offered, although they also identify a tendency to choose a ‘middle’ option (Benartzi & Thaler, 2002). Evidence of naïve diversification has also been found in Sweden (Hedesstrom, Svedsater, & Garling, 2004) in a study which also supports extremeness aversion. Thus it has been suggested that plan design, the alternatives offered and the way funds can be divided, may all significantly influence the choices made (Chernev, 2004). However the relationship between naïve diversification and plan design has been questioned by Huberman & Jiang (2006) as in part an artifact of data aggregation.

Literature from other fields of consumption suggests that too many options may not facilitate good or satisfying choices and this is now being applied to retirement savings decisions (Sethi-Iyengar, Huberman, & Jiang, 2004). This is of particular importance when, as noted above, Australian retail funds now offer their members an average of 88 different investment choices (Australian Prudential Regulation Authority, 2007b). It has also been suggested (Papke, 2004) that the presence of investment choice increases the proportion of funds members hold in equity and the likelihood that members will make voluntary contributions.
Taken as a whole the existing literature suggests that a wide range of factors may influence individuals’ investment decision making. Many of these factors appear to be behavioural in nature and go beyond the inputs employed in modern portfolio theory as part of the rational decision making framework. There is reasonably clear evidence of differences in retirement savings decision making although the nature of and reason for these remains a matter of debate.

4. Data and Methodology

Overview of Funds and Data

Four superannuation funds have allowed access to their membership data to enable examination of member investment choices. The Health Employees Superannuation Trust Australia (HESTA), the Superannuation Trust of Australia (STA), the Government Employees Superannuation Board (GESB) and UniSuper have collectively $44 billion in assets and 1.6 million members. HESTA, STA and UniSuper are industry funds whereas GESB is a public-sector fund.

HESTA’s 508,665 members are predominantly from health and community services and was one of the first industry funds to offer choice to its members in 1995. STA started as the fund for the manufacturing sector though it now has members in a variety of industries including automotive, entertainment and transport and a total of 515,500 members. Choice was introduced to STA members in July 1997. The majority of GESB members receive automatic membership into the West State Super Scheme when they join the Western Australia public sector. West State Super has 232,677 members and first offered choice in April 2001. UniSuper is the industry fund for employees in the Australian tertiary education sector.

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2 STA 2005 Annual Report

*Speelman, Clark-Murphy, Gerrans*
UniSuper was formed from the merger of the Superannuation Scheme for Australian Universities (SSAU) and the Tertiary Education Superannuation Scheme (TESS) in 2000. SSAU was established as a defined benefit fund (DBF) whereas TESS was formed as a defined contribution fund (DCF). The TESS fund is now known as the Award Plus Plan (APP). A majority of tertiary sector employees were members of both SSAU and TESS. SSAU members were given the opportunity in 1998 to move from the DBF to a DCF. Therefore members would have either one DCF account, a DBF and DCF account, or two DCF accounts. The analysis in this paper focuses on the members who opted into the DCF and the members who also had the TESS DCF account. UniSuper subsequently simplified this system though this is outside the period of data sampled. UniSuper had 360,382 individual members with 447,946 accounts at June 2005, 174,204 members had one DCF account, 26,542 had two DCF accounts and 49,375 had a DCF and DBF account. UniSuper’s assets totalled $15 billion at 30 June 2005.³

Overview of Investment Choice Available

The level of investment choice varies between each of the four funds who have made their member database available. HESTA, STA, and GESB allow members the choice of a selection of readymade options, which have a specified investment strategy, or a do-it-yourself (DIY) option where members choose their own investment strategy. However, members in UniSuper can only choose from a selection of readymade options. The four funds’ current offerings are summarised in Table 1. Each fund’s options have evolved since first introduced.

³ UniSuper 2005/6 annual report
HESTA and STA members have the most extensive range of investment options which includes individual asset classes and the readymade options. Members are free to combine any mixture in a DIY option. GESB members can only construct a DIY investment strategy from a selection of asset classes or select one readymade option. During the period under analysis, UniSuper members had the most restricted investment choice. Members could choose one investment option and not spread their investment allocation across the investment options.

Fund Investment Choice Data
From the introduction of choice in July 1995 until December 2004, 44,393 HESTA members made 48,874 investment changes. This relates only to changes applied to future contributions as members were able to choose a different strategy for their accumulated balance, changes which will be considered in future work. In the period between July 1997, when STA introduced choice, and December 2004 22,969 members made 27,488 changes. Between July 1997 and December 2002 these changes applied to a member’s existing balance and future contributions. Since January 2002 the changes applied only to future contributions with members being able to apply a different strategy to their accumulated balance. A total of 17,609 GESB members made 19,688 changes between July 2001 and June 2004. These changes applied to both the existing balance and future contributions. Between July 1998 and June 2004, 22,170 UniSuper members who moved from the DCF to the DBF made 28,386 changes to their ICP. A total of 13,583 UniSuper members of the APP made 15,159 changes. The total of 43,545 changes applied to both the existing balance and future contributions.

Variables
As well as investment choice information the databases include limited member demographics. Variables considered in this study were Gender, Age at the last birthday, Years of membership up until the point of sampling, Employer Contributions (used as a proxy for income) in the previous 12 months, Account Balance, Number of options chosen, Choice Number (indicating the number of choices made to date) and Asset Mix Type. The latter variable indicates whether the member chose the ready-made investment options, constructed their own (DIY) asset mix or took a combination of the two. Two additional variables were constructed. The first, Performance Change, represented a percentage comparison between the performance in the previous 6 months of the option the member had chosen (New) relative to their existing (Old) choice. This variable can indicate whether a member may be chasing an option with better historical performance than the one(s) they have previously chosen.

The second constructed variable, Risk, measured the risk of the new option chosen. This variable was derived from information provided to investors by the funds relating to the investment options. This took the form of information booklets which included graphs and other data indicating the estimated relative risk of the various investment options, in relation to their estimated likely return. While this variable may not be a completely accurate depiction of the actual risk associated with each investment option, it nonetheless represents information members had available to use when making their decision about which option(s) to choose. The rationale for analysing this variable, then, was to determine whether the information provided to members regarding the relative risk of investment options appeared to impact upon members’ choices.
5. Results

A two-step cluster analysis was performed using SPSS (v.14) to determine whether there were well-defined sub-groups within the sample on the basis of the variables examined and if so, to generate a profile of these groups in terms of their investment choices.

A total of 136,465 transactions were available for analysis, however only 50,516 (37%) transaction records contained information on all of the variables mentioned above.

Four clusters were produced and their profiles are presented in Table 2. A MANOVA was conducted to test whether the clusters were significantly different to each other with respect to the range of dependent variables. An overall difference was detected (Pillai’s Trace: approx. $F(27, 151518) = 4669.191, p<.05$). Univariate ANOVAs were performed on each dependent variable. These tests indicated that the clusters differed significantly on each dependent variable (Age: $F(3, 50512) = 2660.89, p<.05$; Years: $F(3, 50512) = 4278.66, p<.05$; Employer Contributions: $F(3, 50512) = 3233.97, p<.05$; Number: $F(3, 50512) = 15027.84, p<.05$; Performance Change: $F(3, 50512) = 960.89, p<.05$; Risk: $F(3, 50512) = 385.41, p<.05$; Account Balance: $F(3, 50512) = 7304.34, p<.05$; Asset Mix Type: $F(3, 50152) = 124789.50, p<.05$; Choice Number: $F(3, 50512) = 3488.95, p<.05$). Tukey’s post hoc comparisons between each cluster on each dependent variable indicated that every cluster was significantly different to every other cluster on all variables, except for Clusters 1 and 2 (see below) on Number, and Clusters 1 and 4 on Asset Mix Type.

There are two large, single gender clusters (1 and 4) and two small, mixed gender clusters (2 and 3). Members of Clusters 2 and 3 are older and have made more changes to their investment options. They also have the greatest performance difference between their new
and old investment options with the new option performing better than the old option; this indicates return chasing. The two clusters differ, however, on account balance and risk with members of Cluster 3 having a much lower account balance and a much greater willingness to take risk. This is also the only group that chooses options outside the fund’s ready-made (Pooled) options. Members of Cluster 2 have the highest account balance and employer contributions by a considerable margin but chose the lowest risk options. It may be that this group feels they have adequate superannuation accumulating and therefore do not feel it is necessary or desirable to take more risk.

Cluster 1 members are all female, they are the youngest group with the lowest account balances and employer contributions. They chose the next lowest risk options after Cluster 2. By contrast the other small group, Cluster 4, is all male, slightly older, slightly wealthier (in terms of account balance and employer contributions) and slightly more willing to take risk.

6. Discussion and Conclusion

A number of findings previously reported in the literature were observed in this sample indicating the generality of these findings across different industries. However, some results not previously reported were also noted. In general, females were more risk-averse than males, although there were exceptions. In addition, there was a group of females that were the youngest of all of the groups, and who opted for investments with a relatively low level of risk. This supports previous findings for a single industry (Speelman, Clark-Murphy & Gerrans, 2006) and suggests the problem is a general one. A clear challenge for retirement savings funds, then, is to find ways to educate this group in the wisdom of focusing on the longer term and choosing higher risk investment options in order to maximise the chance of higher returns. The long-term importance of this is exaggerated by the fact that women
generally earn less than men over their working life and have a more disrupted work history, reducing their opportunity to build retirement savings (Jefferson, 2005; Jefferson & Preston, 2005; Orel, Ford & Brock, 2004; Preston & Austen, 2001; Yann Campbell Hoare Wheeler, 1999).

The behaviour of Cluster 2 is also noteworthy, and such a group has not been identified previously. This group, including both males and females, has selected a relatively low risk level but chosen options which have outperformed their existing option by the largest margin. It is interesting that these apparent return chasers are the oldest cluster. It is possible that these members are preparing for retirement by attempting to reduce risk but still want to chase high performance options in the shorter remaining period of their working life.

In future research this analysis will be focus on the individual funds in more detail to explore differences that may exist between industries. Variables will also be refined, or possibly excluded, to increase the number of records available for analysis.
References


Table 1 Fund Investment Offerings

<table>
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<tr>
<th>Asset Classes</th>
<th>GESB</th>
<th>HESTA</th>
<th>STA</th>
<th>UniSuper</th>
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<td>International Equity</td>
<td>International Shares</td>
<td>International Shares</td>
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<td>Capital Guaranteed Plan</td>
<td>Cash (Secure)</td>
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<td>Cash Plus</td>
<td>Low Risk Plan</td>
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<td>Growth (Trustee Selection – ICP default)</td>
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Table 2 - Cluster profiles All Funds

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<tr>
<th>Cluster</th>
<th>n</th>
<th>Gender</th>
<th>Age last birthday</th>
<th>Years of membership</th>
<th>Employer contributions</th>
<th>Number of options</th>
<th>New – Old Performance (%)</th>
<th>Risk</th>
<th>Account Balance</th>
<th>Asset Mix Type</th>
<th>Choice Number</th>
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<tr>
<td>1</td>
<td>18456</td>
<td>Female (100%)</td>
<td>38.72 (0.08)</td>
<td>2.52</td>
<td>2892 (27)</td>
<td>1.10</td>
<td>0.30 (0.003)</td>
<td>3.23</td>
<td>28444</td>
<td>Pooled</td>
<td>1.14</td>
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<tr>
<td></td>
<td></td>
<td>Male</td>
<td>52.38 (0.09)</td>
<td>9.61</td>
<td>13975 (223)</td>
<td>1.08</td>
<td>2.86 (0.004)</td>
<td>2.88</td>
<td>218151</td>
<td>Pooled</td>
<td>2.14</td>
</tr>
<tr>
<td>3</td>
<td>5392</td>
<td>Male (55%)</td>
<td>43.45 (0.15)</td>
<td>5.45</td>
<td>5567 (91)</td>
<td>3.23</td>
<td>1.68 (0.025)</td>
<td>3.63</td>
<td>43035</td>
<td>DIY (80%) Mixture (15%) Pooled (5%)</td>
<td>1.98 (0.023)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Female (45%)</td>
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<td></td>
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<tr>
<td>4</td>
<td>20799</td>
<td>Male (100%)</td>
<td>40.97 (0.08)</td>
<td>3.85</td>
<td>4933 (39)</td>
<td>1.12</td>
<td>0.93 (0.003)</td>
<td>3.52</td>
<td>52599</td>
<td>Pooled</td>
<td>1.24 (0.004)</td>
</tr>
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</table>

Note: Except for n and Gender, values are means. Unless otherwise indicated, values in parentheses are standard errors.
Decision Making Clusters in Retirement Savings: Preliminary Findings

Marilyn Clark-Murphy
Edith Cowan University
• Part of a longitudinal study of investment choice behaviour

• Four not-for-profit funds:
  – GESB
  – HESTA
  – STA (Australian Super)
  – UniSuper
Unanswered Questions

- How and why retirement savings decisions are made
- How particular groups may react and hence be advantaged or disadvantaged – gender, income etc.
- How to address areas of possible disadvantage
- How to encourage people to engage with superannuation
Literature on Investment Choice

• Somewhat mixed including evidence of:
  – Extreme asset allocations (Agnew et al, 2003)
  – Extremeness aversion (Chernev, 2004; Benartzi & Thaler, 2002)
  – Naïve diversification (Benartzi & Thaler, 2001; Hedesstrom et al, 2004)
  – Lack of naïve diversification (Huberman & Jiang, 2006)
Literature on Investment Choice

• Women more risk averse (Gerrans & Clark-Murphy, 2004) but more likely to respond to education (Dwyer, Gilkeson & List, 2002)
• More options may lead to less appropriate choices (Sethi-Iyengar et al, 2004)
• Australian evidence that individuals feel ill-equipped to choose (eg Clark-Murphy & Gerrans, 2001; Clare, 2002)
• But this is improving (AXA, 2007)
This Study

• Data from all four funds
• Cluster analysis to explore existence of groups
• Variables
  – Gender
  – Age
  – Years of membership
  – Employer contributions (proxy for income)
  – Number of options chosen
  – Performance change (new return relative to old)
  – Risk (based on information to members)
  – Account balance
  – Asset mix type (pooled vs DIY)
  – Choice number
Analysis & Results

• 50,516 transactions will all variables present
• Two-step cluster analysis and MANOVA gave 4 significantly different groups
• Two large, single gender clusters (1 & 4) & two smaller, mixed gender (2 & 3)
• All clusters significantly different on all variables except:
  – Cluster 1 & 2 on Number of options
  – Cluster 1 & 4 on Asset mix type
• Full Results in Table 2 of the paper
Group Profiles

• Cluster 1 – Females at Risk
  – All female
  – Youngest group
  – Lowest account balances & employer contributions
  – Relatively low risk options

• Need education on long-term risk/return?
Group Profiles

• Cluster 4 – Mid Career Males
  – All male
  – Slightly older than 1
  – Slightly higher balances & contributions
  – Slightly more willing to take risk
Group Profiles

• Clusters 2 – Approaching Retirement
  – Oldest
  – Highest account balances and employer contributions
  – Choose lowest risk options
  – Greatest performance difference between old and new

• Reducing risk pre-retirement but return chasing to increase accumulation?
• Cluster 3 – Most Adventurous
  – Older than 1 & 4, younger than 2
  – Same pattern for account balances, employer contributions & risk
  – Only group to use DIY options

• Recognising the need to take risk to accumulate?
Summary

• Previous findings supported:
  – In general females were more risk-averse
  – Large group of young women taking low risk options
  – Evidence of return chasing

• A new cohort:
  – Senior group apparently seeking moderate risk but high return – preparing for retirement?
Extending the Study

• Focus on individual funds to explore differences between industries
• Refine variables to increase number of records available
• Also extending previous work on return chasing work by looking at subsequent performance