



Australia's super system well-placed to ride out market volatility

7 April 2025

Australia's super system is designed to grow Australians' retirement savings long-term, even as local and global investment markets experience increased volatility this week.

Many Australians will be naturally worried about the recent impact of US trade decisions on markets, and how those events might affect super balances.

But Australians can be confident super is designed to deliver strong returns over the long-term despite cyclical ups and downs in the markets, under the stewardship of highly skilled investment experts.

Super has historically performed strongly over the long term - with profit-to-member funds returning 7.5% a year on average over the last decade to February - despite experiencing share market falls like those this week.

Super is typically a highly diversified investment. Most Australians' super is invested in balanced options, with investments diversified across a diversity of assets and geographies - moderating the impact on members' super returns from changes in any one stock market.

For the millions of Australians with retirement savings in super, particularly in profit-to-member super, the system is designed to navigate short-term shocks to the Australian and other economies through investments in infrastructure, property, private equity, cash and bonds other assets typically not listed on global share markets.

Only one in five dollars of Australians' super is invested in the US - around \$4 in every \$5 is invested here and in other countries. Any short-run declines in US markets should be viewed in the context of strong investment performance in the US over the last 10 years, with returns of almost 14% per year.

One key risk can be when people switch their super savings to cash or other defensive assets after markets have fallen. That can potentially crystallise losses and mean people miss out on market rebounds.

Australians will also be concerned about recent cyber security incidents. Keeping members' retirement savings safe is paramount and immediate steps have been taken to safeguard members' accounts. If members have any concerns about suspicious activity, please contact your super fund straight away.

Matthew Linden, SMC's Executive General Manager, Strategy & Insights said:

"Super is a long-term investment. We expect this week's market falls will have little impact in 20 years - and beyond - when most of today's super fund members will be starting to think about retiring."

"For current retirees or pre-retirees heading towards retirement soon, money that remains in super for many years enables short-term losses to be recouped."

"It's natural for everyone to want to understand the impact of any market falls on their super balance, but it's also crucial to remember super is designed as a long-term investment."

"One risk can be when people move their money after a short-term market downturn - and then miss out on a recovery in value when markets cycle upwards again."

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