

Economic impact of retiree superannuation spending

Impact for 2026

4 September 2026



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Report to:

Super Members Council

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Goomup, by Jarni McGuire

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Executive summary

As Australia's superannuation system matures, a growing share of accumulated savings is being paid to retirees and spent across the economy. While previous research has focused on contributions, investment and capital accumulation, less is known about how superannuation benefits are spent and the economic activity associated with that spending.

Drawing on a comprehensive dedicated survey of retiree spending, this report examines superannuation incomes, how and where benefits are spent, and the resulting economic footprint it creates across Australia.

Our approach

The analysis draws on three connected steps. First, ACIL Allen engaged the Social Research Centre to survey around 2,000 Australians at or above retirement age, capturing their demographic characteristics, household composition, income sources and spending across major categories. Second, SMC supplemented the baseline survey by attributing household spending across superannuation and other funding sources, accounting for omitted and under-reported expense categories using ABS expenditure and consumption benchmarks, and scaling the estimates to the national and jurisdictional populations aged 60 and over¹. Third, ACIL Allen prepared those estimates for economic modelling by excluding spending occurring overseas and other expenditure that does not support Australian production, accounting for transfer components such as taxes and fees, and mapping the remaining expenditure to Australian industries.

The results of this analysis are reported as an economic footprint analysis. This includes direct effects which represent activity in the Australian industries supplying the goods and services that were purchased and indirect production effects capture activity through their domestic supply chains. These estimates show the production and employment footprint associated with the spending, not the amount by which GDP or gross state product would fall if it did not occur.

National superannuation spending

Superannuation is a major source of retiree spending across Australia. It funds both everyday essentials and discretionary purchases, with the mix shifting towards food, housing, health and aged care as households move through retirement.

- **Around \$140 billion in superannuation benefits was paid in 2025**, more than double what was paid in Age Pension benefits.
- **Retiree households are estimated to fund \$121.2 billion of spending from superannuation in 2026**, around 40 per cent of their total spending.
- **Most spending supports core household needs.** Food and drink is the largest category at \$22.7 billion, followed by transport at \$16.5 billion.
- **Spending is concentrated in the largest states.** New South Wales accounts for \$44.5 billion, Victoria \$28.5 billion and Queensland \$22.3 billion.
- **Superannuation income and spending priorities change through retirement.** Younger retiree households tend to allocate more to travel and leisure, while older households devote larger shares to food, housing, health and aged care subject to health and financial resources.

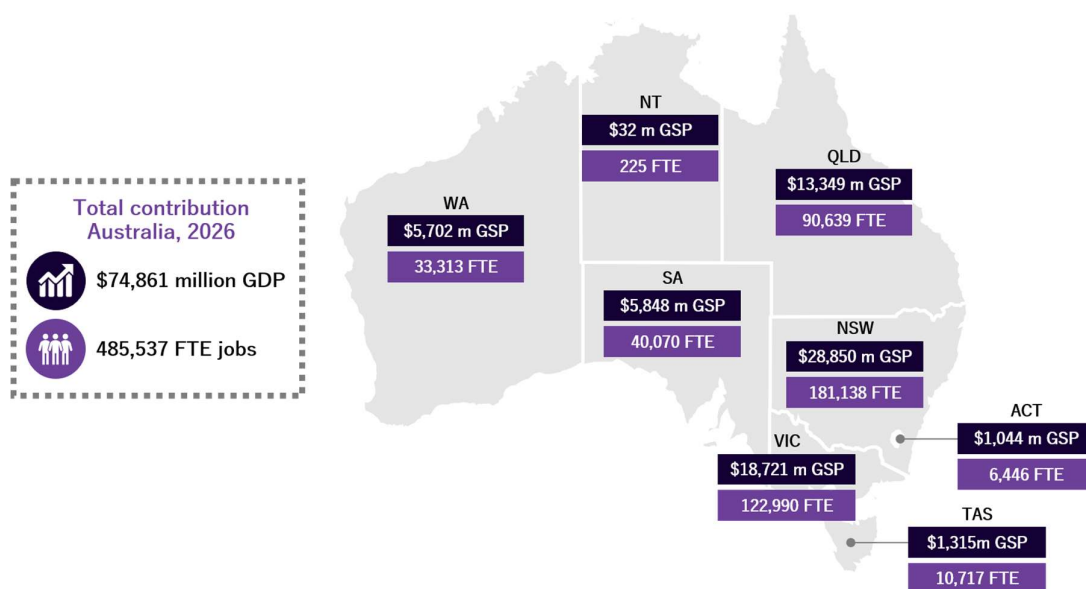
¹ See Appendix B for further detail

Economic impact of superannuation spending

Superannuation-funded spending supports substantial economic activity across Australia, both in the industries supplying retirees directly and through their domestic supply chains. The production-linked footprint extends across every state and territory and a broad range of consumer-facing and business-service industries.

- **Nationally, the spending supports \$74.9 billion in production-linked value added and around 485,500 FTE jobs.** This includes \$37.3 billion in direct value added and around 295,600 directly supported FTE jobs.
- **Domestic supply chains make a material contribution.** Indirect activity adds \$37.6 billion in value added and around 189,900 FTE jobs, almost doubling the direct value-added footprint.
- **The footprint extends across a broad mix of industries.** Jobs supported by superannuation spending are the highest in retail trade (75,288 FTE), accommodation and food Services (58,547 FTE), construction (52,436 FTE) and manufacturing (39,463 FTE).
- **Economic activity is supported across every state and territory.** New South Wales, Victoria and Queensland together account for significant value added and employment.

Figure ES 1 Economic impact of superannuation-funded spending by state and territory 2026



Note: Totals may not add due to rounding. NT was included in this analysis for completeness but had a low survey response of less than 10 respondents. These results represent an economic footprint, not the change in GDP or employment that would occur in the absence of superannuation.

Source: ACIL Allen

Main Report

1 Introduction

Although Australia's compulsory superannuation system is still several decades from maturity there are already trillions now accumulated and substantial benefits flowing to retirees alongside the Age Pension. This chapter provides background on the system's purpose, highlights its payouts in a maturing phase, introduces the report's focus on how retirees' superannuation spending impacts the economy, and provides an overview of the study's methodology.

1.1 Background to the Superannuation System

Superannuation is now the main mechanism through which Australians save for retirement. Together with the government-funded Age Pension and voluntary private savings, it forms one of the three pillars of the country's retirement income system. At its core, superannuation involves saving and investing a portion of earnings over a person's working life to provide income in retirement. This helps ease reliance on the public pension and supports greater financial security in retirement.

What makes the Australian system distinctive is that this saving is largely compulsory. Under the Superannuation Guarantee, employers must pay a set percentage on top of an employee's take-home wages into a super fund on their behalf. When it began in 1992, that rate was just 3 per cent; it has risen steadily over the decades and reached 12 per cent in July 2025. Three decades of compulsory contributions, paid for almost the entire workforce, have built one of the largest pools of retirement savings in the world. The system held almost \$4.8 trillion as at June 2026².

Legislation passed in late 2024 defined the objective of superannuation as preserving savings to deliver income for a dignified retirement, alongside government support, in an equitable and sustainable way. There are two key ideas within this objective: savings should be preserved and largely inaccessible until retirement so they can be invested to grow over time, and superannuation is intended to work alongside the Age Pension rather than replace it.

Superannuation is a national system, regulated by the Commonwealth rather than the states, so the rules are essentially the same across the country. Money paid into super generally cannot be accessed until a person reaches their preservation age, now 60 for everyone, and meets a condition for release, most commonly retiring or turning 65. At that point, savings can be taken:

- as a lump sum,
- drawn down gradually as an income stream, or
- a combination of the two.

There are also limited circumstances in which super can be accessed early, such as severe financial hardship or compassionate grounds, and a person's balance is paid out as a death benefit when they pass away.

After more than thirty years, the system is progressively reaching maturity. The first generations of workers covered by compulsory superannuation for most of their careers are moving into retirement, and the system is shifting from accumulating savings to paying them out. Those payouts are already substantial: in 2025, superannuation funds were estimated to have paid around \$140 billion in benefits, more than double government expenditure on the Age Pension that year.³ These outflows are expected to continue growing as more Australians retire.

² [APRA](#) Quarterly Superannuation Statistics June 2026

³ [APRA](#) Quarterly Superannuation Statistics June 2026 & Australian Federal Budget 2026-27

While previous research has examined the economic effects of superannuation contributions, capital accumulation and investment, much less is known about what happens when those savings are paid out and spent on health, housing, food, travel and everything else retirees buy.

Analysis of the spending side has been constrained by the limited availability of timely, detailed retiree expenditure data: sources such as banking transaction data, the ABS Household Expenditure Survey and HILDA each provide useful but incomplete perspectives for this purpose. To help fill this gap, this study draws on what, to our knowledge, is the most comprehensive dedicated survey of retiree spending undertaken in Australia, providing a detailed and contemporary picture of actual spending patterns. This evidence supports a more robust estimate of the economic footprint of superannuation-funded spending, including the value added and jobs associated with it.

This report sets out to examine the flow of superannuation benefits into the Australian economy and the economic footprint it creates. In particular, the report seeks to understand superannuation incomes, how and where superannuation spending occurs, and the economic impact of that spending.

1.2 Research objectives and methodology

This report aims to understand Australians' superannuation income, how that income is spent, and the economic footprint associated with that spending. The study draws on three interconnected analytical steps: a nationally representative survey, population-level estimation of superannuation-funded spending, and economic footprint modelling.

To understand how Australians access and spend their superannuation, ACIL Allen engaged the Social Research Centre to conduct a bespoke survey of around 2,000 Australians aged 60 or over. The survey collected information on respondents' demographic characteristics, household composition, income sources, (including superannuation income, lump-sum withdrawals, the Age Pension and other sources), and spending across major categories including housing, food, health care, transport and recreation. This primary data provides the foundation for the descriptive analysis in Chapter 2.

This baseline survey was supplemented by analysis provided by SMC which attributed household spending across superannuation and other funding sources, accounted for omitted and under-reported expense categories and scaled the estimates to the national and jurisdictional populations aged 60 and over. This produced estimates of total superannuation-funded spending and its distribution across major expenditure categories. Further detail on SMC's approach is provided in Appendix B.

These aggregate national superannuation-funded spending estimates were then used as inputs to an input-output (IO) model to estimate the economic footprint of superannuation spending. Input-output modelling is a well-established technique for estimating the economic impact of expenditure in an economy. It traces how expenditure in one sector flows through supply chains to generate activity in other sectors, producing estimates of total output, value added, and employment across industries. This makes it well suited to measuring the broad economic contribution of superannuation spending, including both the direct effects of retiree expenditure and the indirect and induced effects as that spending ripples through the economy.

The model estimates three layers of activity. The direct effect is the value added and employment in the industries that initially supply retirees' purchases. The indirect production effect adds the domestic supply-chain activity required to support that production. The consumption-induced effect adds the further activity supported when workers spend the labour income generated by the direct and supply-chain effects. The production-linked result comprises the direct and indirect production effects, while the broader consumption-inclusive result also includes the consumption-induced effect. These outputs show the production and employment footprint associated with the spending, not the amount by which GDP or gross state product would fall if it did not occur.

1.3 Report structure

The report is structured as follows:

- *Chapter 2: Superannuation Income and Spending:* This chapter draws on the survey of 2,000 Australians to examine how retiree households access their superannuation and how that income is spent across key categories and demographic groups. The chapter highlights broad spending patterns of retirees across categories including housing, food, healthcare, transport, and entertainment, examined by demographic and geographic characteristics.
- *Chapter 3: Economic Impact Analysis:* This chapter presents the national and jurisdictional estimates of superannuation-funded spending and uses them to estimate the associated economic footprint, measured in terms of gross value added and employment.

2 Superannuation income and spending

The following chapter draws on a nationally representative survey of around 2,000 Australian retirees to examine how retired households receive and spend their income. It sets out the composition of household income, before detailing spending patterns across major categories such as food, housing, health and transport.

2.1 Overview

This chapter draws on a nationally representative survey of approximately 2,000 Australians in retirement. The survey collected information on respondents' personal and household circumstances, including retirement status, household income and expenditure. The expenditure results presented in this report also incorporates supplementary analysis by the Super Members Council (SMC), which accounted for omitted or under-reported expenditure categories and improvements to data consistency. Further detail on SMC's methodology is provided in Appendix B. Broadly, the survey captured the following:

- **Respondents and demographics:** location (state, and capital city versus rest of state), gender, age, education, home-ownership status, and retirement status (for both the respondent and their spouse or partner) as well as broader household characteristics such as household composition and size.
- **Household income and wealth:** total household income from all sources (after tax), the portion of income received from superannuation, and the value of superannuation balances and other savings and investments.
- **Household expenditure:** annual spending across housing and utilities, food and drink, clothing and footwear, tobacco, household goods, personal care and services, health and aged care, transport, recreation and leisure, and education. The survey also separately records mortgage repayments, voluntary superannuation contributions and life insurance premiums, which are treated as capital or financial flows rather than recurrent consumption.

The remainder of this chapter is structured as follows:

- *Respondent and household characteristics:* a profile of who responded and the households they represent;
- *Household income:* income levels and composition by key characteristics; and
- *Household expenditure:* spending levels and patterns by key characteristics;

2.2 Respondent profile

The survey sample provides a broadly representative profile of Australian retiree households, with responses weighted to better align with the target population. Respondent characteristics provide important context for interpreting the income and expenditure results that follow, particularly because retirement outcomes and spending patterns vary by age, household composition, location and retirement status. Further detail is provided in Appendix C.

Respondents are almost evenly split by gender, with women comprising 52.3 per cent of the weighted sample, and are concentrated in the core retirement ages: 43.5 per cent are aged 65 to 74 and 32.3 per cent are aged 75 or over. Couples without children are the largest household group, accounting for 52.5 per cent

of the sample, followed by single-person households at 25.7 per cent. The geographic distribution broadly follows the Australian population, with 55.9 per cent of respondents living in capital cities, while 74.9 per cent are fully retired.

2.3 Income source

The income profile provides important context for interpreting the spending patterns reported in later sections. Retired households draw on a mix of income sources, including superannuation, government pensions, investment income, savings and, for some households, continued employment or other private income. Differences in income can influence both the level of household expenditure and the balance between essential and discretionary spending.

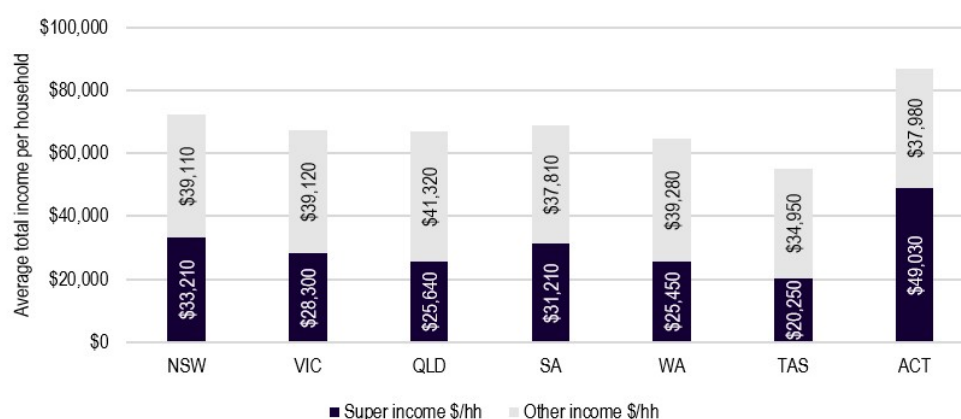
The results highlight that retiree households are not a uniform group. Income varies across the sample and is likely to reflect differences in age, household composition, accumulated retirement savings, home ownership and reliance on government income support. This variation should be kept in mind when interpreting average spending estimates, as higher-income households may have greater capacity for discretionary expenditure, while lower-income households may allocate a larger share of spending to essentials.

For the income and expenditure analysis that follows, the data has been filtered to include only households with one or more retired persons or who have accessed their super and survey weights have been applied so the estimates are population-representative.

Income composition

Breaking regular household income into its superannuation and other components shows differences across jurisdictions. Superannuation income per household is highest in the ACT at \$49,030, followed by New South Wales at around \$33,210 and South Australia at around \$31,210. The ACT, New South Wales and South Australia also record the highest total incomes, at \$87,010, \$72,320 and \$69,020 per household respectively, supported by both superannuation and other income.

Figure 2.1 Average income composition per household by state, superannuation vs other income

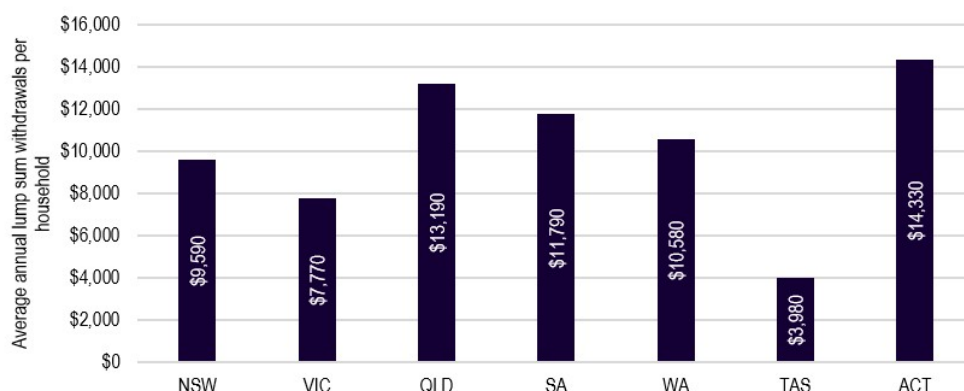


Note: This includes households of all retirement ages whether they have super or not. 26 per cent of lump sum withdrawals are included in income, in line with observed lump sum in-year expenditure. Northern Territory results are excluded from this figure because the survey sample comprised fewer than 10 respondents.

Source: SRC and SMC

Lump-sum superannuation withdrawals provide an additional source of funds beyond regular income. Averaged across all in-scope retiree households, including households with no withdrawal, they amount to \$10,090 per household nationally. State and territory averages range from \$3,980 in Tasmania to \$14,330 in the ACT, with Queensland at \$13,190. Because only around a quarter of households took a lump sum in the period, these averages are spread across everyone rather than reflecting the size of an individual withdrawal. 26 per cent of these lump sums are included within the regular super income already shown, in line with observed patterns of in-year super lump sum expenditure.

Figure 2.2 Lump sum superannuation withdrawals per household in the past 12 months



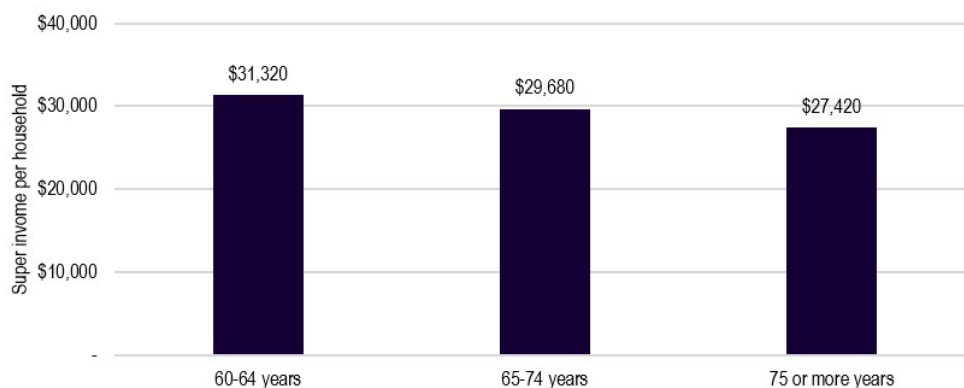
Note: Northern Territory results are excluded from this figure because the survey sample comprised fewer than 10 respondents.

Source: ACIL Allen

Superannuation income by age

Super income per household declines moderately with age. It averages \$31,320 for households aged 60 to 64, \$29,680 for those aged 65 to 74 and \$27,420 for those aged 75 or more, a fall of about 12 per cent from the youngest to the oldest group. Even so, the results show that superannuation remains a substantial source of income throughout retirement.

Figure 2.3 Average national super income per household by age

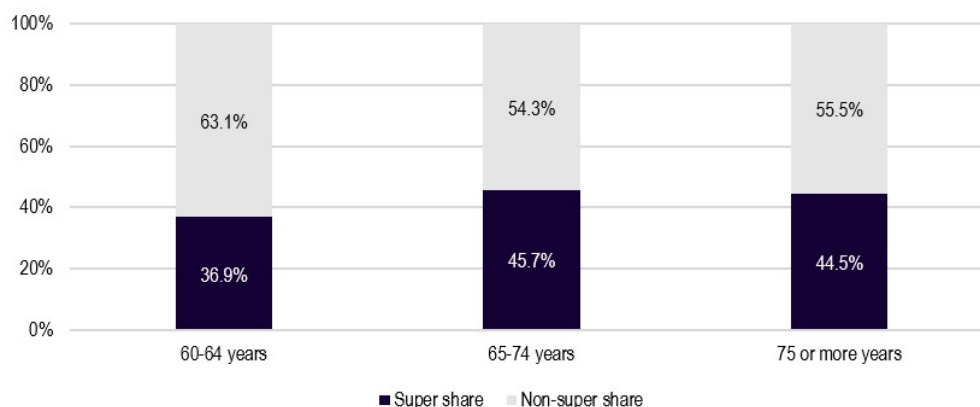


Source: SRC and SMC

Super accounts for around 37 per cent of income for the 60 to 64 group, rising to roughly 45 per cent for those aged 65 or more. This reflects other income sources, such as employment, fading in later retirement,

leaving households more reliant on their superannuation. Non-super income remains the larger component in every age group and includes the Age Pension.

Figure 2.4 Income composition by age, super vs non-super share

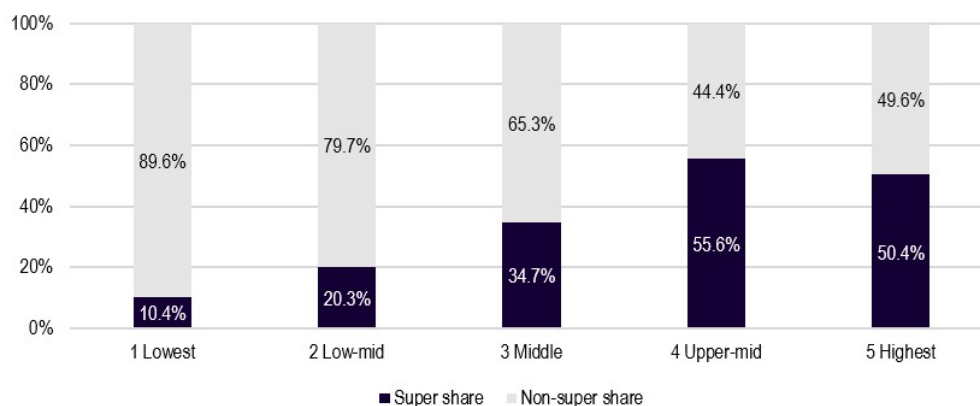


Source: SRC and SMC

Superannuation income shares by income groups

Income composition also shifts across income groups. The super share rises from 10.4 per cent in the lowest income group to 55.6 per cent in the fourth (upper-mid) income group, and is 50.4 per cent in the highest. This is consistent with lower-income retirees relying more on the Age Pension and the highest earners receiving more diversified income outside super.

Figure 2.5 Super income per household by income group (all ages)



Source: SRC and SMC

Superannuation income shares by super balance

The share of income derived from superannuation rises strongly with super balance. It increases from 18.0 per cent for balances below \$50,000 to 61.0 per cent for balances of \$750,000 to \$999,999 and 74.9 per cent for balances of \$1.5 million or more. This clear gradient confirms that accumulated balances translate directly into self-funded retirement income.

Figure 2.6 Income composition by super-balance band, super vs non-super share

Source: SRC and SMC

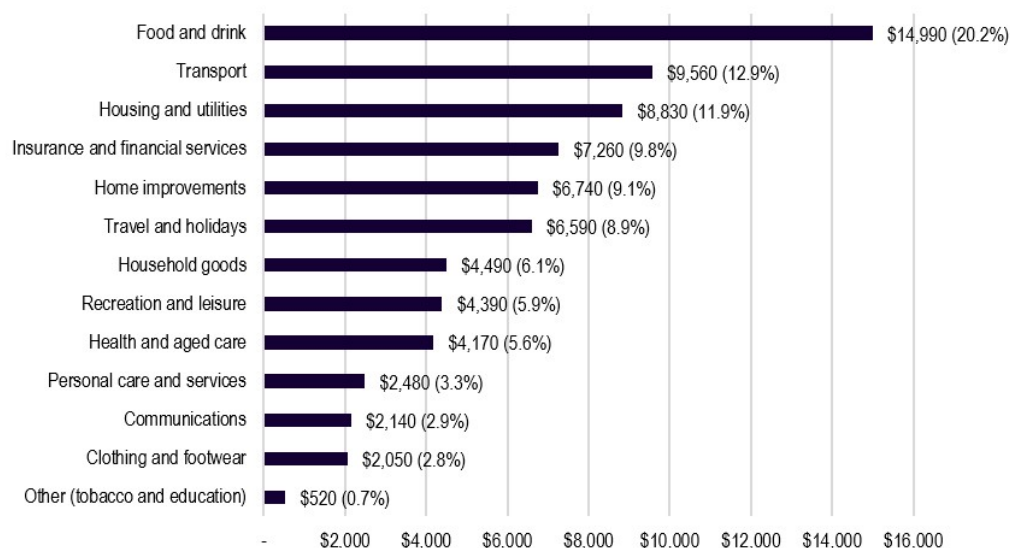
2.4 Spending patterns

The spending patterns of retired households provide the core basis for understanding the economic contribution associated with superannuation-funded consumption. Retiree expenditure spans essential categories such as housing, food, utilities, transport and health, as well as discretionary categories including recreation, hospitality, travel and personal services. These patterns reflect both the day-to-day needs of retired households and their broader participation in the economy.

As noted above, the data has been filtered to include only households with one or more retired persons or who have otherwise accessed their super and survey weights have been applied so the estimates are population-representative.

Total household expenditure

Household spending is dominated by a handful of large categories. Food and drink is the largest annual outlay at \$14,990 per household, followed by transport at \$9,560 and housing and utilities at \$8,830. Insurance and financial services (\$7,260), home improvements (\$6,740) and travel and holidays (\$6,590) are the next largest categories. Together, these six categories account for \$53,970 of the average \$74,210 in annual household consumption, while some everyday discretionary items such as clothing, and personal care each account for only small amounts. The pattern reflects a budget weighted heavily towards essentials and the cost of maintaining and building the home.

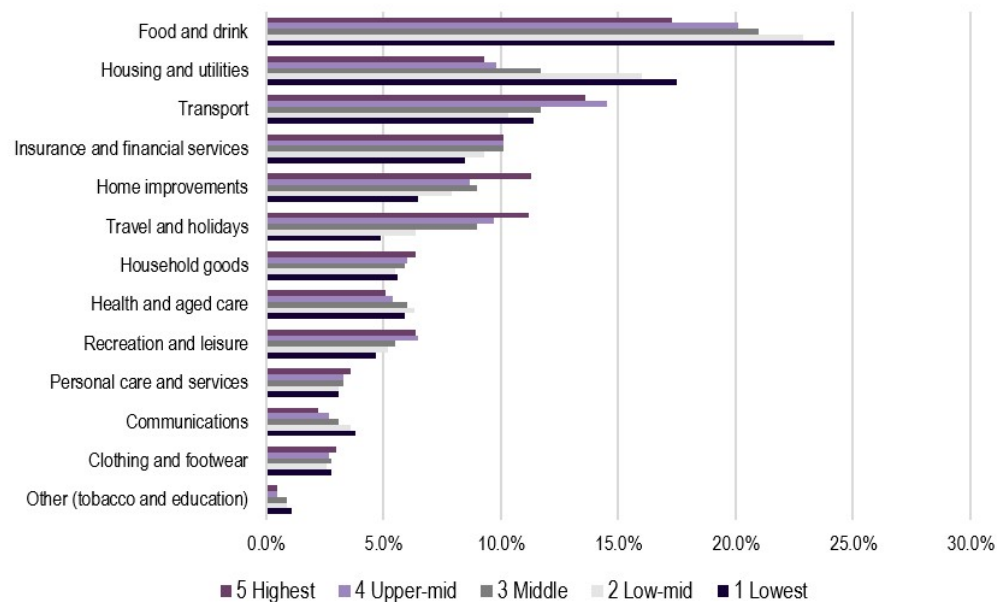
Figure 2.7 Total household spend by spend category

Source: SRC and SMC

Spending proportions by income groups

The spending mix changes with income group, with essentials taking a larger share of the budget at lower incomes and more discretionary spending at higher incomes.

Measured as a share of total spend, food and drink plus housing and utilities account for 41.7 per cent of spending in the lowest income group, compared with 26.6 per cent in the highest. Food alone falls from 24.2 per cent to 17.3 per cent across the income range, while housing falls from 17.5 per cent to 9.3 per cent. Discretionary categories move the other way: travel and holidays rises from 4.9 per cent to 11.2 per cent and home improvements from 6.5 per cent to 11.3 per cent, suggesting as retirement incomes continue to rise and persist longer into retirement so too will discretionary spending.

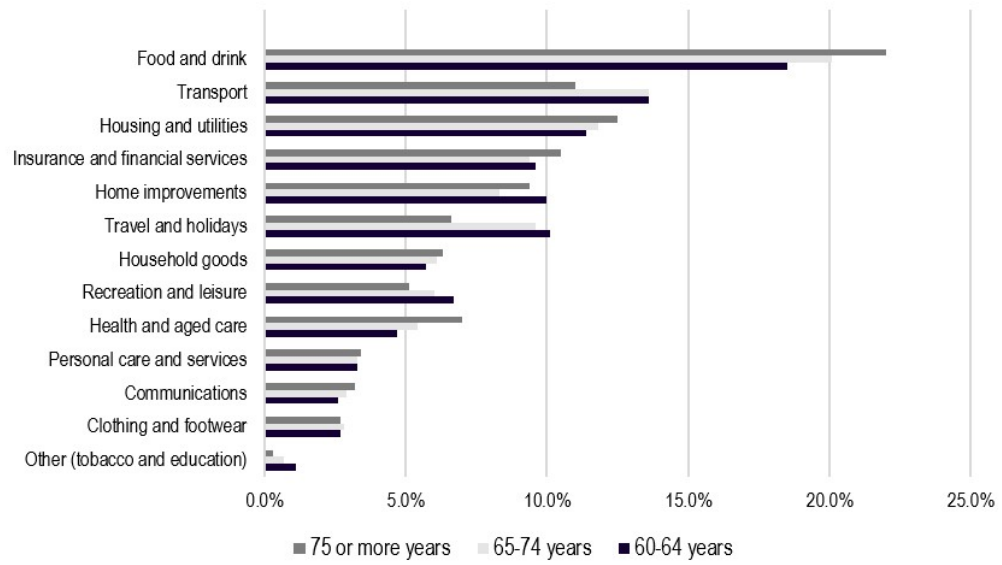
Figure 2.8 Spending mix by income group, share of total spend by category

Source: SRC and SMC

Spending proportions by age

Across all retiree households the spending mix becomes more focused on essentials as households age and their income declines – although this is not universal. Food and drink rises from 18.5 per cent of spending for households aged 60 to 64 to 22.0 per cent for those aged 75 or more; housing and utilities increases from 11.4 per cent to 12.5 per cent, and health and aged care from 4.7 per cent to 7.0 per cent. In contrast, travel and holidays falls from 10.1 per cent to 6.6 per cent, transport from 13.6 per cent to 11.0 per cent and recreation and leisure from 6.7 per cent to 5.1 per cent. The result reflects a change in the discretionary income of older retiree households as well as a gradual shift from travel and mobility towards food, housing and health in later retirement.

Figure 2.9 Spending mix by age, share of total spend by category



Source: SRC and SMC

3 Economic impact analysis

This chapter estimates the economic footprint of superannuation-funded spending in Australia. It builds on the survey and spending analysis in Chapter 2, first presenting the national and jurisdictional expenditure estimates and then applying an input-output modelling framework. The results show the gross value added and employment associated with the spending through direct, domestic supply-chain and consumption-induced channels.

3.1 Overview

Payouts to households from Australia's superannuation system support household consumption in retirement. This spending flows through the economy as retirees purchase goods and services such as housing, food, health care, transport, recreation, hospitality and personal services.

The purpose of this chapter is to estimate the economic footprint of that expenditure. The analysis uses the spending estimates developed in Chapter 2, scaled to the national retirees population, as inputs to economic modelling, allowing the report to identify the scale of economic activity supported by superannuation-funded consumption and how this activity is distributed across Australia.

3.2 Methodology

The analysis combines the retiree spending survey, SMC's adjustments and population scaling, and ACIL Allen's input-output modelling to estimate the economic footprint of superannuation-funded spending in Australia.

Estimating national superannuation spending

The national spending estimates used in this report were developed by SMC from the retiree household survey described in Chapter 2. SMC reviewed and adjusted the survey data to improve its consistency and coverage, including checks against external expenditure benchmarks and allowances for spending that may have been omitted or under-reported in the survey.

SMC then attributed household spending across superannuation, and other income sources, based broadly on the contribution of each source to household incomes for each respondent. Its approach also allowed for the portion of lump-sum superannuation withdrawals estimated to fund current consumption. The resulting household-level estimates therefore identify the share of retiree spending funded by superannuation, rather than total spending from all sources.

SMC scaled these adjusted estimates to the national population aged 60 and over, taking account of household composition to avoid double counting. ACIL Allen used the national and jurisdictional spending outputs provided by SMC as the starting expenditure estimates for the economic modelling in this report. Further detail on SMC's scaling methodology is provided in Appendix B.

Economic footprint analysis

For the economic footprint analysis, the spending categories were first adjusted to exclude expenditure occurring overseas, such as overseas travel, because it does not directly support production in Australia. The model inputs were also adjusted for transfer components such as taxes and fees, which redistribute income but are not themselves payments for current production. Where expenditure relates to imported

goods, the overseas production component is excluded, while domestic retail, wholesale, transport and other margins are retained where relevant.

The adjusted expenditure is mapped to the industries supplying the relevant goods and services and applied to an input-output modelling framework. The direct effect captures the value added and employment in the industries that initially receive the spending. The indirect production effect captures the additional domestic activity required through their supply chains. Together, these form the production-linked (Type I) result. The consumption-induced effect captures a further round of activity arising when households spend the labour income generated by the direct and supply-chain effects; adding this component gives the consumption-inclusive (Type II) result.

The results are reported using standard economic contribution measures, including:

- *output*, which measures the total value of goods and services produced to meet the expenditure;
- *wages and salaries*, which measures the domestic wages and salaries needed to meet the expenditure; and
- *employment*, which measures the number of jobs supported by the expenditure.

The results measure the economic footprint required to support the specified spending. They should not be interpreted as the amount by which GDP or gross state product would change if that spending were removed.

Limitations

The analysis is also not a counterfactual assessment of an economy without superannuation. In the absence of compulsory superannuation, households would still save, invest and spend through other channels, although the timing, amount and composition of that activity could differ. The results therefore provide insight into the scale and distribution of current spending funded from superannuation and the Australian economic activity associated with it; they do not estimate the net economic benefit of the superannuation system relative to an alternative retirement-income arrangement.

3.3 National superannuation spending

This section presents SMC's estimates of national and jurisdictional superannuation-funded spending. As described in Section 3.2, SMC developed these estimates by adjusting the survey results, attributing expenditure to funding sources and scaling the results to the population aged 60 and over. The estimates are presented by jurisdiction and major expenditure category and provide the starting point for the economic footprint modelling in Section 3.4.

Total superannuation spending by state

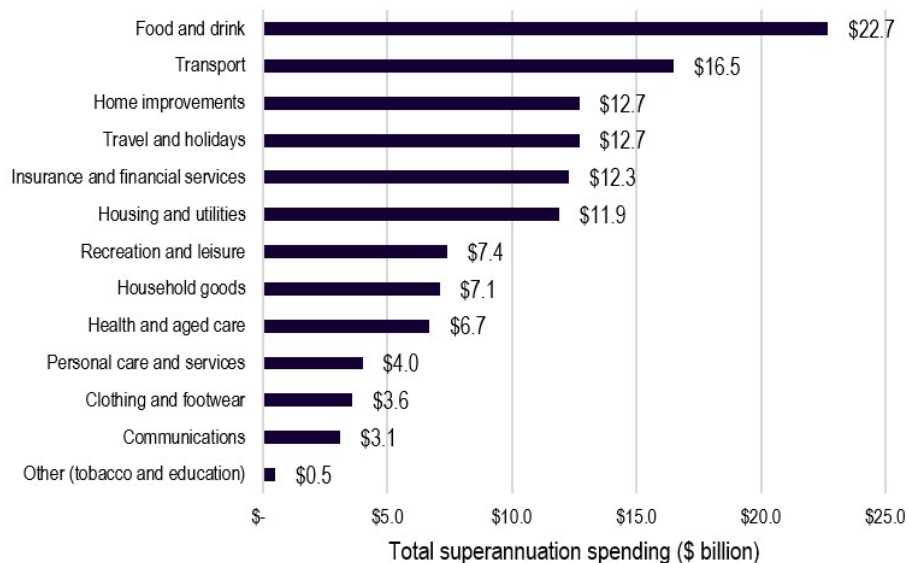
Scaled to the national population, retiree households are estimated to fund \$121.2 billion of annual spending from superannuation. New South Wales contributes the largest state total at \$44.5 billion, followed by Victoria at \$28.5 billion and Queensland at \$22.3 billion. New South Wales and Victoria together account for \$73.0 billion, or about 60 per cent of the national estimate.

Figure 3.1 Estimated national superannuation funded spending by jurisdiction

Source: SRC and SMC

Total superannuation spending by expense category

Looking at national spending by category, the same essentials story seen at the household level scales up across the country. At the national level, superannuation-funded spending is led by everyday essentials. Food and drink is the largest category at \$22.7 billion, followed by transport at \$16.5 billion. Travel and holidays and home improvements each contribute \$12.7 billion, insurance and financial services \$12.3 billion, and housing and utilities \$11.9 billion. Together these six categories account for \$88.8 billion, nearly three-quarters of the \$121.2 billion national total. Discretionary categories such as recreation and clothing contribute far smaller national totals, reinforcing how central everyday necessities are to retiree budgets.

Figure 3.2 Estimated national superannuation funded spending by category

Source: SRC and SMC

3.4 Economic impact results

This section presents the Australian economic activity associated with the superannuation-funded spending estimated in Section 3.3, after excluding overseas expenditure and overseas production and adjusting for transfer components such as taxes and fees. Results are reported for gross value added and full-time equivalent (FTE) employment across the direct, indirect production and consumption-induced channels.

The **direct effect** is the value added and employment in the industries initially supplying retirees' purchases. The **production-linked (Type I) impact** adds the indirect domestic supply-chain activity required to support that production. The **consumption-inclusive (Type II) impact** adds the consumption-induced activity supported when households spend labour income generated by the direct and supply-chain effects. These are measures with progressively broader scopes, rather than estimates of lower and upper bounds.

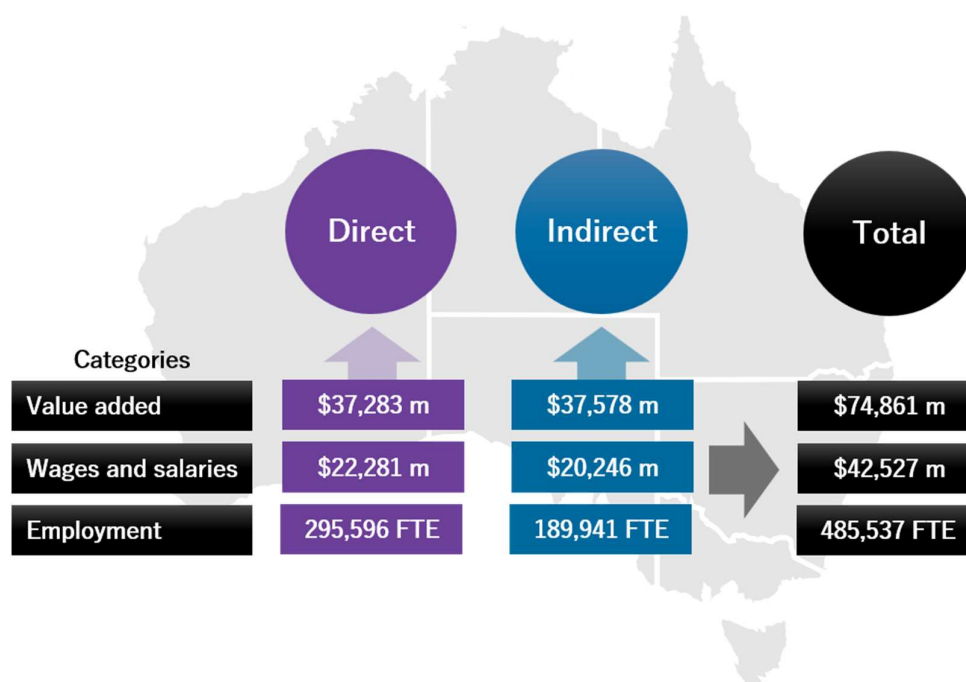
The results should be read as a footprint of the production and employment associated with this spending. They do not show how much GDP or gross state product would be lost without it, because the modelling does not account for crowding out, price and capacity responses, or resources being redeployed to other activities. Nor do they represent an economy without superannuation: households would still save, invest and spend through other channels. The estimates instead show the scale of spending currently funded from superannuation and the economic activity required to support it.

National results

At the national level, superannuation-funded spending generates \$37.3 billion in direct value added. When domestic supply-chain activity is included, the production-linked contribution rises to \$74.9 billion.

The employment footprint is also substantial. The initial expenditure directly supports around 295,600 FTE jobs nationally. This increases to approximately 485,500 FTE jobs under the production-linked measure and 708,700 FTE jobs under the broader consumption-inclusive measure.

Figure 3.3 National production-linked economic impact of superannuation-funded spending

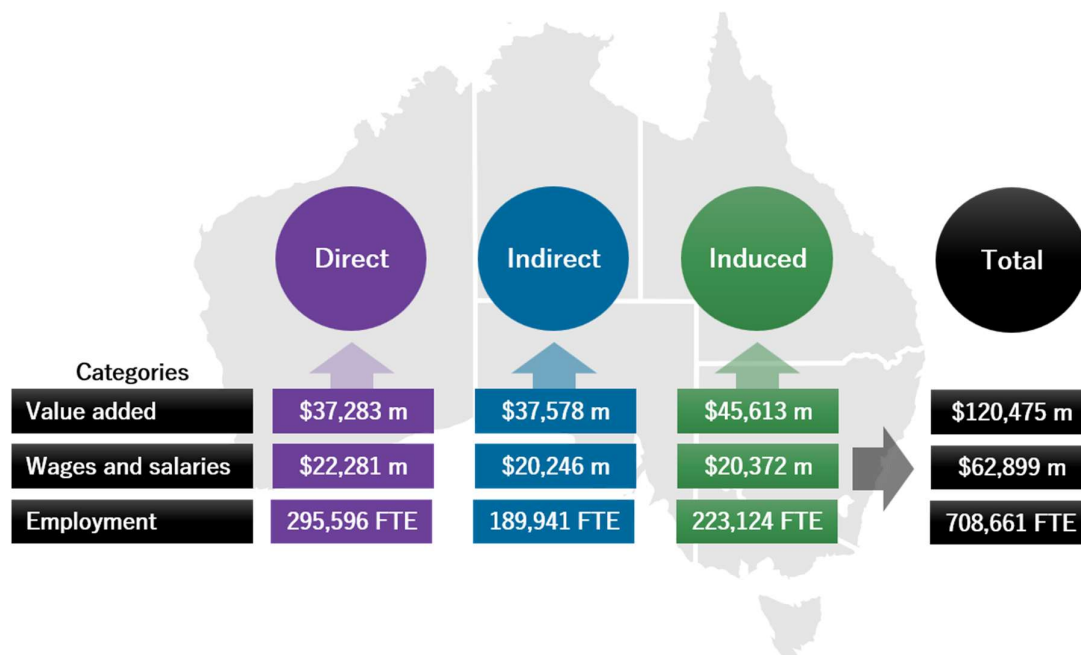


Source: ACIL Allen

Figure 3.3 presents the production-linked results, comprising the direct and domestic supply-chain effects. Figure 3.4 extends this view to include the consumption-linked effect arising from the subsequent spending of labour income. Presenting the two measures separately avoids combining effects with different analytical scopes.

The indirect production-linked results show that supply-chain effects are material: indirect production activity adds \$37.6 billion in value added to the \$37.3 billion generated directly. The consumption-inclusive results add a further \$45.6 billion in value added, illustrating the additional activity associated with households spending the labour income supported by the initial expenditure and its supply chain. Resulting in a total impact of \$120.5 billion comprising of direct, indirect and consumption induced impacts.

Figure 3.4 National consumption-inclusive economic impact of superannuation-funded spending



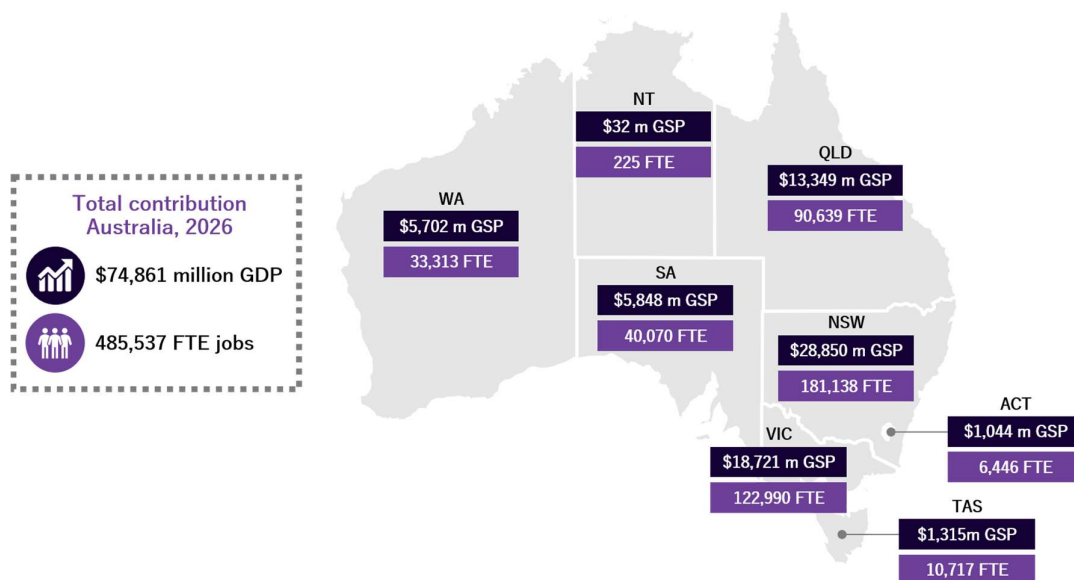
Source: ACIL Allen

Taken together, the results indicate that each stage of the expenditure flow makes an important contribution. Direct activity accounts for just under half of production-linked value added, while the consumption-induced component expands the broader value-added footprint further. A similar pattern is evident for employment, with indirect supply-chain activity adding around 189,900 FTE jobs and consumption-induced activity adding a further 223,100 FTE jobs.

State and territory results

The economic footprint extends across every state and territory, broadly reflecting the geographic pattern of superannuation-funded spending and the scale of each jurisdiction's economy. Figure 3.5 provides an overview of the distribution of value added and employment, while the two tables that follow provide the detailed jurisdictional results.

Figure 3.5 Economic impact of superannuation-funded spending by state and territory 2026



Note: Totals may not add due to rounding. NT was included in this analysis for completeness but had a low survey response of less than 10 respondents.

Source: ACIL Allen

The value-added results are concentrated in the three largest jurisdictions. New South Wales supports \$28.9 billion in production-linked value added, followed by Victoria at \$18.7 billion and Queensland at \$13.3 billion. Together, these jurisdictions account for around four-fifths of the national production-linked value-added footprint.

Table 3.1 Value-added impact of superannuation-funded spending, by state and territory 2026

State	Direct	Indirect - Production-linked	Total production linked impact
	\$m	\$m	\$m
NSW	\$13,794	\$15,056	\$28,850
VIC	\$8,858	\$9,864	\$18,721
QLD	\$6,924	\$6,425	\$13,349
SA	\$3,134	\$2,713	\$5,848
WA	\$3,121	\$2,581	\$5,702
TAS	\$744	\$571	\$1,315
NT*	\$23	\$10	\$32
ACT	\$686	\$358	\$1,044
Australia	\$37,283	\$37,578	\$74,861

Note: NT was included in this analysis for completeness but had a low survey response of less than 10 respondents. These figures do not include the consumption induced impacts.

Source: ACIL Allen

Employment follows a similar geographic distribution. New South Wales supports around 181,100 production-linked FTE jobs, followed by Victoria with approximately 123,000 FTE jobs and Queensland with around 90,600 FTE jobs. Together, these jurisdictions account for around four-fifths of the national production-linked employment footprint, with the remaining activity distributed across South Australia, Western Australia, Tasmania, the Australian Capital Territory and the Northern Territory.

Table 3.2 Employment impact of superannuation-funded spending, by state and territory 2026

State	Direct	Indirect - Production-linked	Total production linked impact
	FTE	FTE	FTE
NSW	108,648	72,490	181,138
VIC	71,037	51,953	122,990
QLD	56,625	34,013	90,639
SA	25,220	14,850	40,070
WA	22,049	11,264	33,313
TAS	7,023	3,694	10,717
NT*	171	54	225
ACT	4,824	1,622	6,446
Australia	295,596	189,941	485,537

Note: Totals may not add due to rounding. NT was included in this analysis for completeness but had a low survey response of less than 10 respondents. These figures do not include the consumption induced impacts.

Source: ACIL Allen

Industry level results

Table 3.3 shows that superannuation spending supports \$74.9 billion in production-linked value added and 485,537 FTE jobs nationally. Employment is concentrated in labour-intensive sectors, led by Retail Trade (75,288 FTE; 15.5%), Accommodation and Food Services (58,547 FTE; 12.1%), Construction (52,436 FTE; 10.8%) and Manufacturing (39,463 FTE 8.1%). Direct and indirect value-added effects are almost evenly split, while direct employment accounts for 60.9% of total employment supported. The prominence of Retail

Trade and Accommodation and Food Services reflects their labour-intensive role in meeting retirees' consumption demand. The relative magnitude of Manufacturing employment suggests retiree spending is supporting the transformation and value adding of goods here in Australia. Professional, Scientific and Technical Services also supports 38,892 FTE jobs, almost entirely through indirect supply-chain activity, demonstrating that the employment impact extends well beyond the industries where spending occurs directly.

Table 3.3 also shows the production-linked value-added footprint of superannuation-funded spending including direct and indirect value-added impacts. The direct impacts are largest in Retail Trade (\$7.0 billion), Accommodation and Food Services (\$4.5 billion) and Construction (\$3.9 billion). Taking into account indirect impacts, Financial and Insurance Services contributes the most (\$9.6 billion; 12.9% of the national total), followed by Retail Trade (\$8.0 billion; 10.7%) and Construction (\$6.7 billion; 9.0%). The composition differs across industries: Retail Trade is predominantly a direct impact, whereas Professional, Scientific and Technical Services, ranked fourth at \$6.0 billion, is driven almost entirely by indirect supply-chain activity. This highlights the breadth of the value-added footprint across consumer-facing, financial, construction and business-service industries.

Table 3.3 Industry Employment and Value-added impact of superannuation-funded spending 2026

	GVA			Employment		
	Direct	Indirect - Production- linked	Total production- linked impact	Direct	Indirect - Production- linked	Total production- linked impact
	\$m	\$m	\$m	FTE	FTE	FTE
Agriculture, Forestry and Fishing	\$284	\$2,335	\$2,619	1,109	10,036	11,144
Mining	\$0	\$960	\$960	0	1,399	1,399
Manufacturing	\$2,821	\$2,895	\$5,716	22,403	17,060	39,463
Electricity, Gas, Water and Waste Services	\$1,659	\$1,619	\$3,278	4,468	5,428	9,896
Construction	\$3,939	\$2,805	\$6,743	30,830	21,606	52,436
Wholesale Trade	\$2,531	\$2,101	\$4,632	8,542	7,014	15,556
Retail Trade	\$7,003	\$968	\$7,971	66,234	9,054	75,288
Accommodation and Food Services	\$4,514	\$543	\$5,057	52,412	6,135	58,547
Transport, Postal and Warehousing	\$1,162	\$2,834	\$3,996	8,233	16,681	24,914
Information Media and Telecommunications	\$1,261	\$1,619	\$2,880	4,213	5,173	9,386
Financial and Insurance Services	\$4,170	\$5,481	\$9,651	18,997	14,801	33,797
Rental, Hiring and Real Estate Services	\$970	\$2,437	\$3,408	151	7,085	7,236
Professional, Scientific and Technical Services	\$108	\$5,909	\$6,017	586	38,306	38,892
Administrative and Support Services	\$1,001	\$3,280	\$4,281	12,961	13,698	26,659
Public Administration and Safety	\$717	\$620	\$1,337	5,011	4,571	9,583
Education and Training	\$187	\$127	\$314	1,407	728	2,135
Health Care and Social Assistance	\$2,654	\$309	\$2,963	25,811	2,952	28,763
Arts and Recreation Services	\$722	\$205	\$927	7,552	2,356	9,909
Other Services	\$1,580	\$530	\$2,110	24,677	5,856	30,533
Total	\$37,283	\$37,578	\$74,861	295,596	189,941	485,537

Source: ACIL Allen

Appendices

A Economic modelling overview

Input-output (IO) modelling provides a consistent framework for estimating the economic activity associated with a specified pattern of expenditure. It traces purchases between industries to identify the production, gross value added and employment supported directly in the industries receiving the expenditure, through their domestic supply chains and, where included, through subsequent household spending from labour income.

A.1 Framework and interpretation

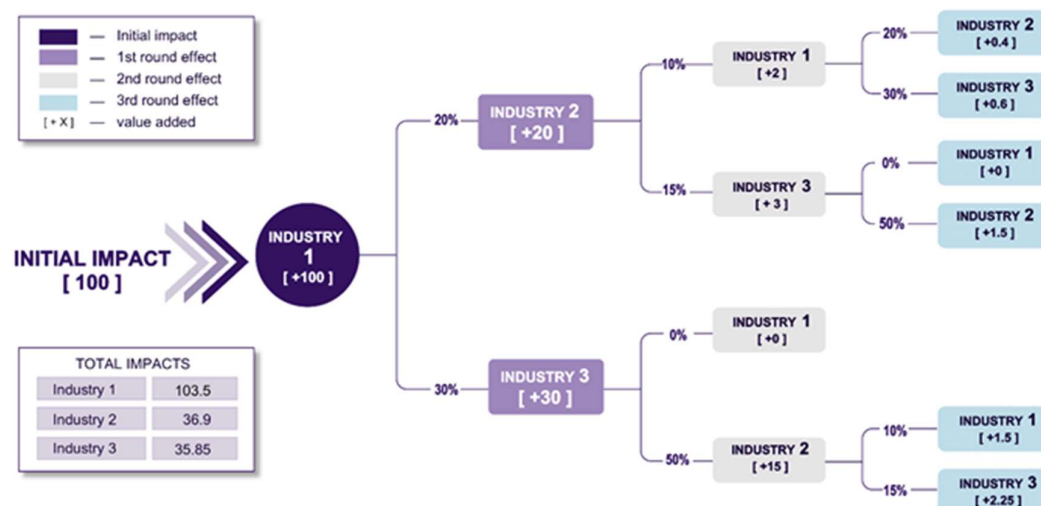
An IO table records the flows of goods and services between industries, final users and the rest of the economy over a specified period. It shows, for an average dollar of production in each industry, the intermediate inputs purchased from other industries and imports, together with the income generated through wages, returns to capital and taxes less subsidies on production. These relationships can be used to estimate the production required across the economy to support a given level and pattern of final demand.

Before expenditure is applied to the model, it is converted from what purchasers pay to the value of Australian production. Imports and expenditure occurring overseas are removed, as are transfer components that do not represent payment for current production. Domestic retail, wholesale, transport and other margins are retained where relevant. This ensures that the model traces only the Australian production required to supply the expenditure.

Figure A.1 illustrates how an initial increase in final demand flows through a simplified three-industry economy.

1. The initial expenditure increases output in the industry supplying the relevant good or service. To meet this demand, that industry purchases additional intermediate inputs from other industries.
2. Suppliers then increase their own production and purchases, generating further rounds of activity through the domestic supply chain. Each successive round is smaller, and the series converges to the total production-linked impact.

Figure A.1 Simple representation of an Input Output model flow



Source: ACIL Allen

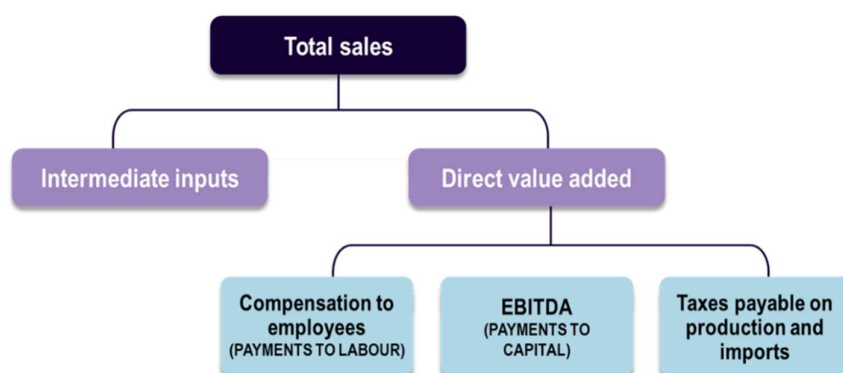
The model summarises these successive rounds using multipliers. Results can be reported for output, gross value added, labour income and employment. Output is the gross value of goods and services produced and includes intermediate transactions between industries, so it should not be added to gross value added. Gross value added measures the value created after intermediate inputs are deducted and is the measure most closely related to GDP or gross state product. Employment is reported as the full-time equivalent jobs associated with the modelled activity.

A.2 Direct economic contribution

The direct economic contribution is the activity in the industries that initially supply the goods and services purchased. It is not equal to the original dollar value of household spending: after imports, taxes, transfers and distribution margins are treated appropriately, the model estimates the domestic output required and the gross value added, labour income and employment generated within those supplying industries.

Gross value added measures the value of production after deducting intermediate inputs. It comprises returns to labour and capital together with taxes less subsidies on production, and is the appropriate measure for relating industry activity to gross domestic product or gross state product. Figure A.2 summarises these components.

Figure A.2 Calculation of direct value-added



Note: Gross operating surplus represents the return to capital and entrepreneurship within the national accounts framework.

Source: ACIL Allen

A.3 Indirect and consumption-induced effects

The model distinguishes between the following indirect effects and broader measures:

- **Indirect production effects** arise when the industries supplying the initial purchases buy inputs from domestic suppliers. Those suppliers, in turn, purchase additional inputs, creating successive rounds of production, gross value added and employment through the supply chain.
- **Consumption-induced effects** arise from additional household spending of the labour income supported by the direct and indirect production effects. This spending supports further activity in consumer-facing industries and their suppliers.
- **Production-linked (Type I) total impact** includes the direct effect in the industries receiving the expenditure and the indirect effect generated through their domestic supply chains. It excludes the further activity associated with households spending labour income generated by those effects.

- **Consumption-inclusive (Type II) total impact** includes the production-linked impact and adds the consumption-induced effect arising from the spending of labour income supported across the directly affected industries and their supply chains.

Only the domestic component of these purchases contributes to the modelled economic footprint. Imported goods and services are excluded from domestic value added, although margins and services provided locally in supplying imports may still be captured where relevant.

The main limitations of IO modelling arise from its simplifying assumptions:

- production relationships are fixed and industries are assumed to use inputs in average proportions;
- prices do not change and sufficient labour, capital and productive capacity are assumed to be available;
- the framework does not account for supply constraints, substitution between inputs, productivity responses, displacement of other activity, or changes in wages, prices and exchange rates; and
- the results reflect the structure of the economy in the IO tables' reference year rather than a forecast of future industry relationships.

For these reasons, the results measure an **economic footprint**: the production, gross value added and employment associated with supporting the specified expenditure under the model's assumptions. They do not estimate the amount by which GDP, gross state product or employment would change if the expenditure increased or disappeared. In practice, some of the labour and capital used to support this activity may otherwise be employed elsewhere, and changes in demand may crowd out other production or lead to price and wage responses.

The analysis is also not a counterfactual estimate of an economy without superannuation. If compulsory superannuation did not exist, households would still save, invest and spend through other channels, although the timing and composition of that activity could differ. The modelling therefore provides insight into the current spending funded from superannuation and the economic activity associated with it; it does not measure the net economic benefit of superannuation relative to an alternative retirement-income system.

Presenting the two measures separately makes the scope of each estimate explicit. The production-linked result answers how much domestic activity is associated with supplying the initial purchases and their inputs. The consumption-inclusive result answers the broader question after also allowing for household spending from the labour income supported. Neither is an upper or lower bound, and neither is a forecast of the change in the economy under an alternative scenario.

B Survey Methodology

B.1 Methodology overview

The Social Research Centre (SRC) survey was designed to provide a contemporary picture of the income and spending of Australian retiree households. It addresses an important evidence gap because the most recent comprehensive household expenditure dataset, the ABS Household Expenditure Survey (HES), relates to 2015–16. Spending patterns have changed since that time, and more recent cohorts of retirees have generally accumulated superannuation over a longer part of their working lives.

The survey balanced the level of expenditure detail sought with the time and effort required from respondents. It relied on respondents recalling their income and spending, supported by prompts to refer to relevant records, rather than the expenditure diaries used for the HES. SMC therefore undertook a series of checks and adjustments before using the results to have robust spending estimates across the retiree population.

SMC's adjustment and scaling process involved five main stages:

- **Defining and scaling the population:** the analysis was limited to community-dwelling Australians aged 60 and over. Households in which no person had retired and no superannuation had been accessed were excluded, and couple-household values were adjusted to avoid double counting when scaling the survey results.
- **Checking responses:** reported income, superannuation and other financial information were reviewed for internal consistency. Where necessary, records were adjusted using the information considered most credible for the household, while retaining as much of the original survey information as possible.
- **Attributing spending to funding sources:** household spending (including motor vehicle purchases and home improvements) was allocated across superannuation income, the Age Pension and other income sources in proportion to their contribution to total household income. The share of lump-sum withdrawals used for current consumption was estimated by comparing recent recipients with otherwise similar households, and included this share of lump sums in superannuation income. Households that reported no income, around 3 per cent of consumption, are not attributed to any source.
- **Benchmarking survey coverage:** reported expenditure was compared with the 2015–16 HES, updated to 2026 using category-level growth in Household Final Consumption Expenditure from the ABS National Accounts. This identified categories outside the questionnaire and spending likely to have been under-reported because it was infrequent or difficult to recall.⁴
- **Applying targeted adjustments:** expenditure outside the questionnaire was imputed using comparable HES households, matched on characteristics including income, age, tenure and household size. More limited adjustments were made for categories that were surveyed but consistently below the benchmark.

Following these checks, adjustments and population scaling, SMC estimated total annual spending by retiree households at approximately \$303.1 billion. Of this, \$121.2 billion, or around 40 per cent, was

⁴ Household Final Consumption Expenditure is a whole-population measure, and SMC is unable to differentiate between retiree and non-retiree expenditure. The benchmark therefore assumes retiree consumption grows at the same rate as non-retiree consumption. This is a known limitation in the publicly available expenditure data. SMC has taken a conservative approach to applying an uplift to under-reporting – the uplift was applied to 10 of 44 expenditure categories, and accounts for around 4 per cent of total expenditure.

attributed to superannuation, including regular superannuation income streams and the estimated current-consumption component of lump-sum withdrawals.

The benchmarking indicated that the survey directly captured around 78 per cent of estimated retiree household expenditure. The adjustments increased measured superannuation-funded spending by approximately \$7,200 per household a year, or \$29.3 billion nationally, comprising expenditure outside the questionnaire and allowances for under-reporting. Figures are rounded independently and may not sum exactly to the reported totals.

C Detailed results

The following appendix details selected results for additional context and detail

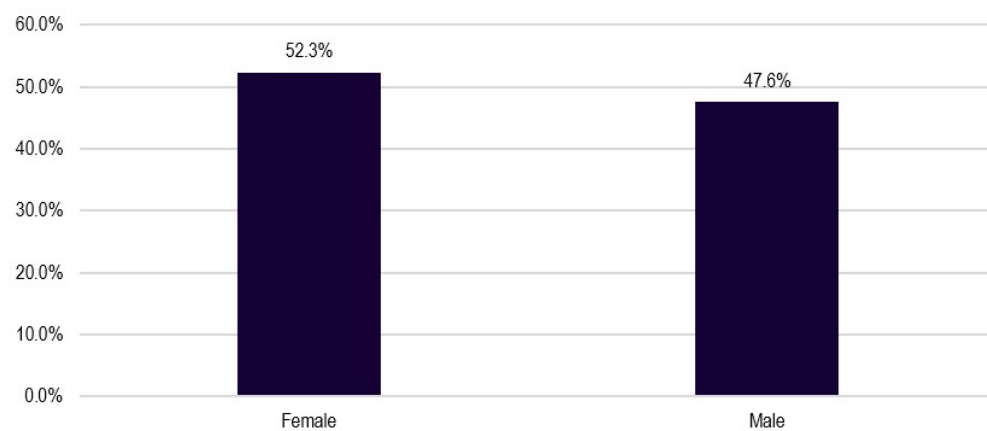
C.1 Respondent Profile

The survey sample provides a broadly representative profile of retired households, with respondents weighted to better align with the target population. The respondent profile is important context for interpreting the expenditure results that follow, particularly because spending patterns in retirement can vary by age, household composition and living arrangements.

Gender

The gender profile of respondents shows a slight skew towards female respondents, who account for around 52.3 per cent of the weighted sample, with males making up the balance.

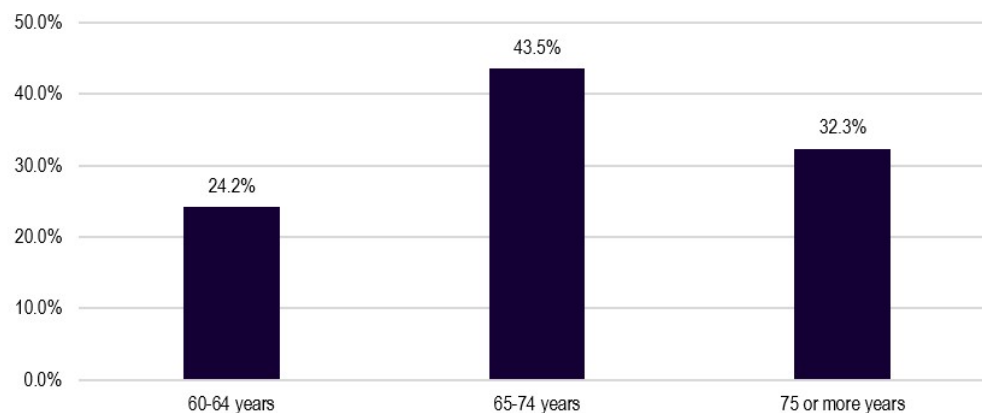
Figure C.1 Gender of respondent



Source: SRC and SMC

Age

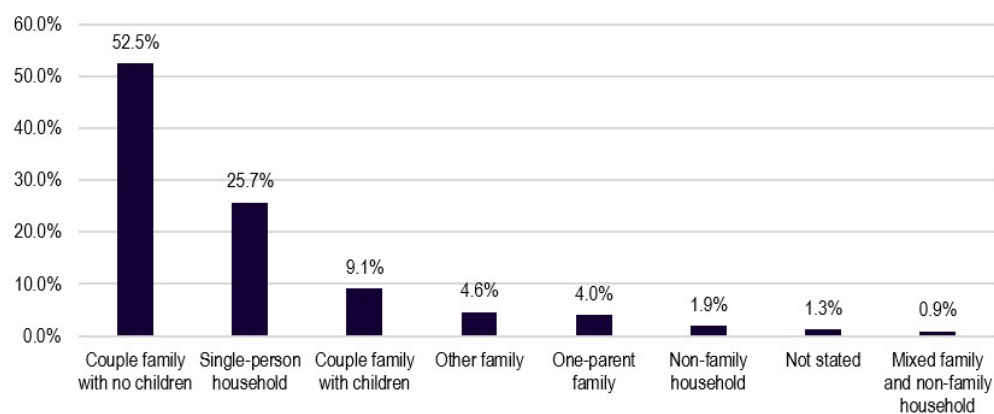
The age profile is concentrated in the core retirement years. Those aged 65 to 74 are the largest group at around 43.5 per cent of the weighted sample, followed by those aged 75 or more at 32.3 per cent and those aged 60 to 64 at 24.2 per cent.

Figure C.2 Age bands

Source: SRC and SMC

Household structure

The household structure of respondents is dominated by couples without children, who represent 52.5 per cent of the weighted sample. Single-person households are the next largest group at roughly 25.7 per cent, with couples with children, one-parent families and other family types each accounting for a small share.

Figure C.3 Household structure

Source: SRC and SMC

State

The geographic distribution of respondents broadly tracks the population. New South Wales (32.6 per cent) and Victoria (25.0 per cent) together account for more than half of the weighted sample, followed by Queensland at around 19.8 per cent. Western Australia, South Australia, Tasmania, the Australian Capital Territory and the Northern Territory account for the remainder.

Figure C.4 State

Source: SRC and SMC

Location

The split between capital cities and the rest of the state shows that most respondents are city-based, at around 55.9 per cent of the weighted sample versus 44.1 per cent for the rest of the state.

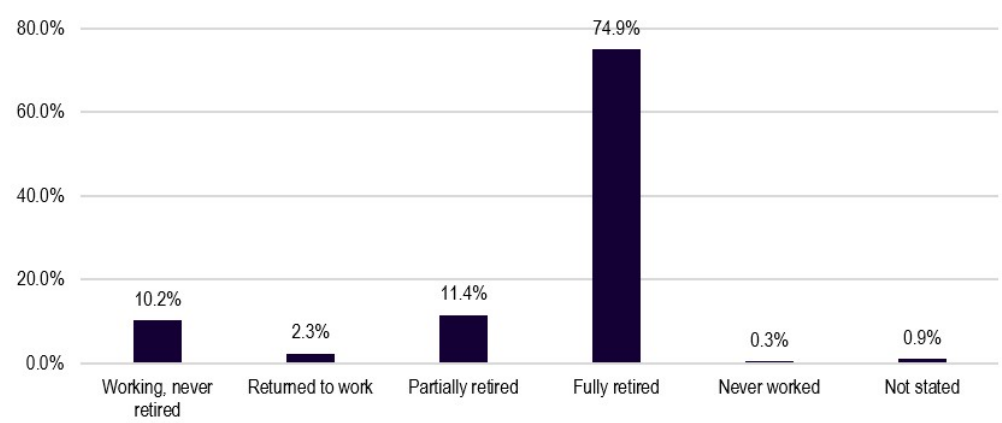
Figure C.5 Capital city vs rest of state

Source: ACIL Allen

Retirement status

The retirement status of respondents confirms the sample is overwhelmingly retiree-focused. Fully retired respondents make up 74.9 per cent of the weighted sample, with partially retired and returned-to-work respondents adding a further share. A minority are still working and never retired (but have drawn on their super) or have never had paid employment.

Figure C.6 Retirement status



Source: SRC and SMC

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