

The effects of starting-dates and the probability of unemployment on the accumulation of Superannuation

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This paper investigates the effect of the economic cycle on the accumulation of funds in individual superannuation accounts for Australian residents. The phase of the economic cycle affects both the earnings of the assets in the portfolio at the start of each period, as well as the probability of one or more periods of unemployment during an average working life. Both of these factors will affect the final value of the superannuation balance on the date of retirement. A Monte Carlo approach is used to synthesise the variance of returns that can be expected under historic stock market returns and unemployment data for the Australian economy.

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