

Thursday August 27, 2020

Gender super gap set to widen for women who applied for COVID early release

The gender super gap is set to get even bigger for female workers who accessed the Government's COVID early release super scheme, according to a joint analysis of profit-to-member fund data **released by The Australian Institute of Superannuation Trustees (AIST) and Women in Super (WIS)** at the annual **2020 Women's Super Summit**.

Speaking at today's Summit, **AIST Head of Advocacy Melissa Birks** said the COVID early release scheme had compounded the structural inequities in our super system for females who had accessed the scheme.

"Women who accessed their super through the scheme – often because they had no other place to turn for financial support - are now even further behind the eight ball when it comes to retirement savings," Ms Birks said.

"In normal times, the gender super gap starts to become more evident when many women take a career break to care for their first child in their 30s. Some of these women will now be saving for their retirement pretty much from scratch when they return to work."

Cate Wood, the National Chair of Women in Super, said the early release scheme, whilst providing financial relief for those facing genuine hardship during Covid-19, would exacerbate the existing challenges facing women.

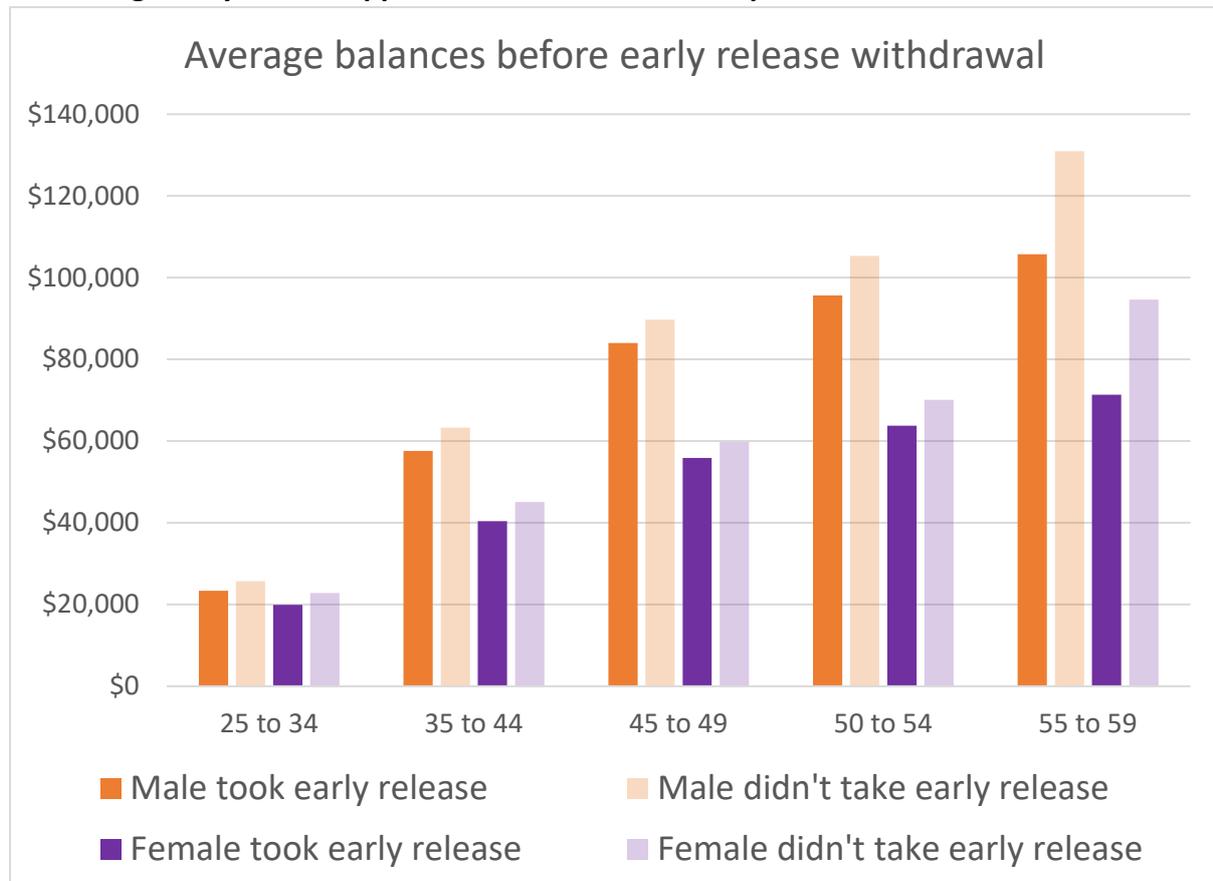
"We are seeing increasing numbers of older women facing poverty in retirement. We cannot stand by and watch more generations face the same plight. It is important that we act now to ensure that women are at the centre of any post-COVID super or other economic recovery policy measures."

The analysis of more than 750,000 super withdrawals during the first tranche of the COVID scheme shows young women have been most impacted by the scheme. Female applicants aged 25-34 had on average a starting balance before COVID of \$19,906, which is 21% less than the average male balance of \$25,200 across this age cohort. After withdrawing their super, this gap widened to 46%.

Gender gap increases for cohort taking early release

Age	Gender gap before early release	Gender gap after early release
25 to 34	-21%	-46%
35 to 44	-35%	-47%
45 to 49	-37%	-46%
50 to 54	-39%	-47%
55 to 59	-44%	-51%

On average early release applicants started with less superannuation



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The analysis also found that females who accessed their super through the scheme had lower balances to begin with, suggesting they were mostly low-income women.

And while more men than women made an early release application, women withdrew more as a portion of their already lower balance. Women aged 25-34 withdrew on average 35% of their balance, while men in the same age bracket withdrew 29% of their balance. In all age brackets, women withdrew a greater proportion of their account balance when compared to men in the same age cohort.

While accounts which were closed due to early release payments were not included in the analysis, it is estimated that approximately 15% of all applicants had their super fully wiped out.

AIST and WIS have called for the Government commit to a return to the pre-COVID super preservation rules from 1 January, 2021 and recommended a range of measures to improve retirement outcomes for low income women.

These include:

- Maintaining the legislated timetable for increases to SG to 12%
- Payment of SG on government Paid Parental Leave
- Removal of the \$450 monthly threshold before SG is payable

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About AIST: *AIST is the peak body for the \$700 billion profit-to-member superannuation sector which includes industry, corporate and public sector funds.*

About WIS: *Women in Super is a national advocacy and networking group for women employed in the superannuation and wider financial services industries.*