



Women & Super:
The Facts



Facts

The average superannuation account balance for women in 2009-10 was \$40,475, compared to \$71,645 for men¹. At retirement, the average superannuation payout in the same period was \$112,600 for women and \$198,000 for men².

Issues impacting on women's abilities to save

Before the introduction of the Superannuation Guarantee (SG), only a quarter of women in the workforce received employer-sponsored superannuation³. Until the introduction of the SG, superannuation did not exist in many industries where the majority of employees were women.

Women are more likely to work part-time or casually, and are less likely to hold senior or managerial positions – which historically resulted in their exclusion from superannuation schemes, but also results in lower salaries and therefore less superannuation savings.

Women have a longer life expectancy than men, and will more likely spend longer in retirement, so they need more savings to last longer. But they earn, on average, 17% less and spend less time in the workforce due to career breaks for raising children or caring for family members. The latest report from the Workplace Gender Equality Agency found that the gender pay gap between male and female graduates has doubled, standing at \$5,000 per annum⁴. Pay inequity is one of the most significant factors impacting women's abilities to save for retirement. This issue must be addressed now.

Research released in 2012 by the Australian Institute of Superannuation Trustees showed a 'flat-lining' of women's balances between the ages of 38-47 – a time when women typically take career breaks⁵. Superannuation arrangements typically do not take account of women's often broken work patterns, which means women often miss out on crucial years of saving for their retirement.

Early saving for women is therefore crucial – it's vital that younger women build their savings early on to take advantage of the benefits of compounding interest. Plus, a small top-up before maternity or parental leave could make a huge difference to a woman's balance at retirement. This could be through a



one-off payment, or through super being included in parental and maternity leave schemes.

Boosting savings

Co-contribution & low income tax rebate

The Government provides a co-contribution amount to eligible low-middle income earners. Recent changes to the co-contribution scheme include a reduction in the maximum co-contribution amount from \$1,000 to \$500. This reduction will impact women, who make up roughly 65% of the co-contribution recipients.

However, this reduction coincides with the introduction of the low-income super contribution, a government super payment of up to \$500 (per financial year) to assist low-income earners in saving for retirement⁶. This payment is available for those earning less than \$37,000 per annum – a large proportion of which are women.

Information on the current thresholds and contribution amounts can be found at www.ato.gov.au/super.

Maternity & parental leave

Women are more likely to take an extended break from their careers to raise and care for children and families. Paid parental leave currently does not contain a superannuation component, and women therefore often miss a crucial period in building their savings.

The average career break for women is six years. For a 30 year-old on an annual salary of \$50,000, a six year career break costs \$77,000 in lost super accumulation at retirement. For longer career breaks, say closer to 10 years, the cost is more likely to be in the vicinity of \$120,000.

Women need to contribute to their super at more than twice the rate of men to achieve the same levels of comfort and savings.

If paid parental leave were to include a superannuation component, the effect of the career break would be reduced.



Working life

Given women are more likely to work in casual and part-time roles, they are also more likely to fall below the required \$450 monthly earnings threshold to qualify for the Superannuation Guarantee. It is not uncommon for women to hold several casual or part-time positions, so that their total earnings across all employers for a month may exceed \$450, but they may not satisfy that amount for each single employer.

The Association of Superannuation Funds of Australia (ASFA) estimates there are around 250,000 individuals missing out on superannuation contributions due to not satisfying the \$450 monthly threshold. The cost of SG payments for these individuals would amount to around \$50 million a year, and the impact on the Commonwealth budget would be negligible – with the exception of an increase in expenditure on the low-income earners super contribution, which ASFA predicts would not exceed \$5 million per annum⁷.

Mature workforce participation

According to the Australian Bureau of Statistics, the number of women still working and aged in their early 60s has tripled from 90,000 to 268,000. Nearly one in five women aged 60-65 is working either full or part-time. While many of these women attribute their continued employment to the GFC and its impact on savings and super, there is also an attitudinal shift occurring – people are choosing to remain in the workforce longer.

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1. Association of Superannuation Funds of Australia, Developments in the level and distribution of retirement (2011).
 2. Association of Superannuation Funds of Australia, Developments in the level and distribution of retirement (2011).
 3. This is in contrast to roughly one in two men receiving employer-sponsored superannuation payments.
 4. Workplace Gender Equality Agency, Gradstats – starting salaries (January 2013).
 5. Australian Centre for Financial Studies, Superannuation over the past decade: Individual experiences, (2012) report prepared for the Australian Institute of Superannuation Trustees.
 6. www.ato.gov.au/super
 7. Ross Clare, Equity and superannuation – the real issues, (September 2012) Association of Superannuation Funds of Australia.