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Why can't a woman be more like a man – gender differences in retirement savings

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1. Introduction

One of my formative experiences as a social and economic researcher was to attend a conference where there was a prize awarded for the paper which most boldly and comprehensively stated "the bleeding obvious". Given that it was a conference largely populated by researchers on family issues, there were many strong contenders for the award. Insights such as "women tend to do more housework than men" can be generated by extensive research projects funded by government grants, but equally such conclusions can be reached by asking your mum.

There is a similar danger of addressing the bleeding obvious in stating that women generally end up with less superannuation than men, and are more prone to live in poverty or on a low income in retirement. You do not have to even ask your mum in order to establish that: just about any woman (or man) would be able to come up with that conclusion. Such conclusions can be safely drawn as well in just about any country you might choose. In the now vast comparative literature on income distribution, that women have lower average retirement savings and lower incomes in retirement is one of the constants across nations and over time.

The factors contributing to this are also remarkably common across countries. Gender income inequality in old age reflects the consequences of division of labour in the household, the effect of women's family responsibilities on their career paths and divisions of labour in the paid labour force. The costs of a disorderly paid work history can be high, as superannuation benefits are essentially linked to past earnings and employment history. As well, women are more likely to work in lower paid industries and sectors of the economy. While there have been some moves to greater equality in wages for women, there are still many occupations with a high representation of women where pay is low relative to the pay rates for occupations with arguably similar levels of skills but a high representation of men.

These basic facts are well known, so why then another paper examining the topic of women and superannuation?

In essence, knowing more about the topic can help address the plaintive question posed by Professor Higgins in the musical *My Fair Lady*:

> Why does everyone do what the others do?
> Can't a woman learn to use her head?
> Why do they do everything their mothers do?
> Why don't they grow up- well, like their father instead?
> Why can't a woman take after a man?

Knowing more about the extent and causes of the differences between men and women in retirement savings can be of great assistance in formulating possible measures to reduce the imbalance, and to target assistance to those most in need or deserving of assistance.

For instance, some age cohorts of women face particular challenges in achieving reasonable levels of retirement income because of past low rates of involvement in the paid labour force and/or lack of access to superannuation fund membership. Knowing more about such groups of women can assist governments in designing targeted assistance measures or in modifying superannuation and other legislative provisions which particularly disadvantage these groups.

Funds can also make use of material about the distribution of superannuation balances by age and gender to undertake marketing of their fund and options within their fund to both women and men. Default options built into the design of superannuation schemes can also have a large impact on the amount of voluntary savings undertaken and how this is invested. Effective marketing and appropriate default settings can assist both women and men to achieve better retirement outcomes.

This paper makes use of a range of data, much of it previously unpublished and/or not generally available. Until very recently only very limited data were available on the distribution of superannuation holdings, and much of that was derived from not altogether satisfactory sample surveys or was imputed from a variety of secondary sources. However, the recently released 2002 data collection from the Household, Income and Labour Dynamics in Australia (HILDA) Survey includes information on superannuation holdings reported by individuals in 7,245 households. While this information is self-reported and has not been cross-checked with the funds that those individuals belong to, the quality of the data appears to be quite high. Overall averages are consistent with other sources of information about superannuation holdings. As well, the pattern of superannuation account holdings that is indicated is unlikely to be affected to any significant degree by any respondent errors.

A further collection of information from the same households concerning asset holdings is due in 2006, and this will help in understanding how women and men both accumulate and draw down their retirement savings.

The paper also draws upon a variety of data provided by ASFA members in response to a questionnaire distributed by ASFA to a number of major industry, public sector, retail and corporate funds. Along with information about the distribution by gender of account balances amongst members in the funds concerned, data were also provided on a range of matters, including investment choices by age group and gender, and the incidence of payment of the contributions surcharge by members. ASFA is very grateful for the prompt and comprehensive replies it received from ASFA members.

The paper also provides previously unpublished data from the 2004 National Survey of the Australian population conducted for ASFA by ANOP. The data provide information about the attitudes of men and women to retirement, retirement savings, retirement income, working in retirement, adequacy of compulsory superannuation, the ageing population, bridging the gap between needs and likely outcomes, and priorities for government.

Finally, there is some information on the composition of trustee boards drawn from sectoral surveys conducted by ASFA.

2. The distribution of superannuation balances

2.1 Distribution of balances by age group and gender

Table 1 indicates that women are less likely to have superannuation than men across all age groups. On top of this for those with superannuation the average account balance is lower for women than men. These differences in average account balances primarily relate to differences between men and women in their involvement in the paid labour force.

As shown by the table, there is not much difference in the incidence of superannuation and the average superannuation balance prior to age 25. However, after that age there is an increase in the disparity between men and women in both the incidence of having superannuation and the average balance of accounts. By around age 60 there is a 15 percentage point difference between men and women in the incidence of having superannuation. **As well, for those women with superannuation the average account balance at the time of retirement is around half that of men.**

There are a couple of factors at work here. Younger age cohorts will have had the benefit of compulsory superannuation contributions for much of their working life, while older women may have had access to employment linked superannuation for only part of their working life. As well, the labour force and superannuation outcomes for many older women will have been affected by time out of the paid labour force in order to raise children or to undertake other family responsibilities. The labour force experience of younger women may well differ from that of their mothers, but women are still likely on average to have more time out of the paid labour force than men.

Table 1: Superannuation Balances by Age Group and Gender

	Men		*Women*	
Age Group	*% with Superannuation*	*Average balance for those with Superannuation ($)*	*% with Superannuation*	*Average balance for those with Superannuation ($)*
15 - 24	59.3	6,800	55.3	4,300
25 - 34	92.2	27,200	82.5	20,800
35 - 44	91.7	65,400	78.3	37,600
45 - 54	86.8	122,300	77.0	67,500
55 - 64	68.8	**183,600**	53.4	**94,700**
65+	26.6	184,900	12.6	124,300
Total	**73.6**	**78,700**	**61.8**	**43,300**

Source: Unit record file of the 2002 data collection of the Household, Income and Labour Dynamics in Australia (HILDA) Survey.

However, not all men have reasonable levels of superannuation. As shown by Table 2, average balances differ markedly between men. Those in full time employment have much higher balances than those in part-time work, followed by those who are unemployed. The average balance for men not in the labour force is boosted by those who have retired but still have money in the superannuation system.

Women are disadvantaged by having higher rates of both part-time work and not being in the labour force. However, even for full time workers the average superannuation account balance is lower for women than it is for men. This disparity begins to grow by about age 35. Career breaks prior to resuming full time employment and lower wages on average for women together with gender segmentation of the paid labour force are likely reasons for the disparity in average balances for those close to age 35. For older women a lack of access to superannuation prior to the introduction of compulsory superannuation also is likely to have contributed to the difference in average balances as well.

Table 2: Superannuation Balances by Age Group, Gender and Employment Status

		Average Superannuation Balance ($)			
	Age Group	*Employed Full Time*	*Employed Part Time*	*Unemployed*	*Not In The Labour Force*
Men	15 - 24	7,800	1,100	6,400	250
	25 - 34	28,600	14,800	5,100	6,300
	35 - 44	69,600	23,600	28,000	8,900
	45 - 54	122,200	66,700	44,800	43,300
	55 - 64	165,500	160,100	38,900	85,000
	65+	74,700	78,000	-	45,900
	Total	**72,000**	**39,000**	**16,700**	**42,300**
Women	15 - 24	7,200	1,000	300	450
	25 - 34	26,900	13,700	2,800	8,100
	35 - 44	53,800	23,500	3,600	13,200
	45 - 54	83,400	43,700	34,500	20,300
	55 - 64	76,800	57,800	30,900	41,800
	65+	86,300	79,400	-	13,000
	Total	**47,200**	**24,000**	**6,600**	**17,000**

Source: Unit record file of the 2002 data collection of the Household, Income and Labour Dynamics in Australia (HILDA) Survey.

Table 3 indicates that the disparities between men and women in superannuation account balances are smaller when people with similar current income levels are considered. Individuals on a low income tend to have relatively low superannuation balances regardless of whether they are a man or a woman. However, balances for women still tend to be a little lower than for men, even when their current income is not dissimilar. That said, the disparities are not as marked as for some of the other splits of survey data.

Table 3 confirms that women aged over 55 who have returned to relatively well paid jobs in the labour force have a lot of catching up to do in regard to superannuation relative to the average man on a similar income level. The table indicates that women in that situation have on average superannuation account balances around half that of men of similar age and income level. Even though more men than women pay the superannuation surcharge, **the table suggests that the surcharge is a particularly misogynistic tax for women aged over 55**. Current income is not a good proxy for the amount of tax assistance a person has received for superannuation contributions or for their eventual superannuation accumulation.

Table 3: Superannuation Balances by Age Group, Gender and Level of Income**

		Average Superannuation Balance ($)		
	Age Group	*Low Income*	*Medium Income*	*High Income*
Men	15 - 24	500	10,000	8,000
	25 - 34	9,000	20,100	39,400
	35 - 44	13,600	40,500	93,400
	45 - 54	34,500	70,700	164,700
	55 - 64	55,500	104,200	**252,000**
	65+	16,200	78,000	196,000
	Total	17,000	46,600	122,500
Women	15 - 24	600	6,200	6,600
	25 - 34	7,900	14,900	49,800
	35 - 44	10,400	26,800	82,300
	45 - 54	18,000	40,300	156,300
	55 - 64	22,900	74,800	**127,000**
	65+	6,500	39,200	77,600
	Total	9,400	29,700	100,000

** Low Income = Gross income of less than $15,000 in the last financial year
Medium Income = Gross income of $15,000 - $49,999 in the last financial year
High Income = Gross income of $50,000 + in the last financial year
Source: Unit record file of the 2002 data collection of the Household, Income and Labour Dynamics in Australia (HILDA) Survey.

The final table making use of the HILDA data sets out the distribution of superannuation balances by age and gender (Table 4). The data indicates that the disparity between men and women in their superannuation balances starts at about age 25 and progressively increases with age. While the absence of compulsory superannuation prior to 1992 is largely responsible for the relatively low superannuation balances of certain older women (or, to be more accurate, women in their prime) even relatively young age cohorts of women on average have lower superannuation balances than those of men of the same age cohort. For instance, while in 2002 one in six 35 to 44 year old men had achieved significant superannuation balances (more than $100,000), only one in twelve women had done so. For those aged 45 to 54 the ratios for more than $100,000 are one in three for men, and one in seven for women.

The pattern of balances for women aged 35 to 44 also suggests that it will be very difficult for women to catch up with the balances achieved by men and even more difficult to achieve a comfortable level of retirement income. Assistance over and above compulsory superannuation would be needed to achieve this, and options in this regard are discussed later in the paper.

The table also highlights that most women and men currently achieve only relatively modest superannuation savings, with only one in three men and one in six women in the 55 to 64 age group achieving balances greater than $100,000.

Table 4: Distribution of Superannuation Balances by Age and Gender

		Superannuation Balances								
		No Super	$1 - $1000	$1000 - $4999	$5000 - $9999	$10000 - $19999	$20000 - $49999	$50000 - $100000	> $100000	Total
Males	15 - 24	7.5%	3.7%	4.2%	1.8%	.8%	.3%	.1%	.1%	18.4%
	25 - 34	1.5%	.6%	2.8%	2.8%	4.9%	4.3%	1.5%	1.0%	19.3%
	35 - 44	1.6%	.4%	1.4%	1.6%	2.7%	5.6%	2.8%	3.1%	19.3%
	45 - 54	2.3%	.2%	.8%	.7%	1.5%	3.2%	2.6%	**6.1%**	**17.3%**
	55 - 64	3.9%	.2%	.4%	.2%	.7%	1.4%	1.4%	4.4%	12.6%
	65+	9.6%	.1%	.1%	.1%	.2%	.5%	.5%	1.9%	13.1%
	Total	26.4%	5.2%	9.7%	7.3%	10.7%	15.2%	8.8%	16.6%	100.0%
Females	15 - 24	7.8%	4.0%	3.3%	1.1%	.8%	.3%	.1%	.0%	17.4%
	25 - 34	3.4%	1.1%	3.7%	3.0%	4.0%	2.7%	1.1%	.4%	19.2%
	35 - 44	4.1%	.8%	2.9%	2.0%	3.1%	3.0%	1.5%	1.3%	18.7%
	45 - 54	4.0%	.4%	1.7%	1.4%	2.3%	3.2%	1.7%	**2.6%**	**17.2%**
	55 - 64	5.7%	.4%	.5%	.5%	.6%	1.3%	1.1%	2.1%	12.2%
	65+	13.4%	.1%	.1%	.1%	.2%	.4%	.3%	.8%	15.3%
	Total	38.2%	6.8%	12.2%	8.0%	11.0%	10.9%	5.7%	7.2%	100.0%

Source: Unit record file of the 2002 data collection of the Household, Income and Labour Dynamics in Australia (HILDA) Survey.

3. ASFA survey data from major superannuation funds

In September 2004 ASFA conducted a survey of 21 ASFA member funds. While this might appear to be a relatively small number of funds, they represented the range of funds operating in the market and accounted for an aggregate 7 million member accounts. The information they provided involved some very useful insights into women and superannuation.

3.1 Percentage of accounts held by women

Lower average retirement savings of women can in no way be attributed to a lack of superannuation accounts. Most of the funds surveyed had more accounts held by women than accounts held by men, with the split often running 60:40, and sometimes even higher. However, there were exceptions, particularly in funds principally catering for a workforce in which men are mostly employed, such as the police service and certain manufacturing companies. Retail funds also tended to have a majority of account holders who were men. The reasons for this are not entirely clear, but may have something to do with the composition of the self employed labour force, and with who makes discretionary retirement savings.

While there is no direct evidence that women have more superannuation accounts on average than men, these figures suggest that they do. The higher incidence amongst women of casual and intermittent work, combined with career breaks, makes it easy to accumulate a number of relatively low balance accounts. While mechanisms are increasingly being put in place by funds and by the ATO to assist men and women to consolidate accounts, there still is scope for improvements in this area.

3.2 Average account balances of men and women

There is considerable diversity across funds in the average level of account balance and in the difference between men and women in average account balances.

In a number of industry funds account balances were generally low, at $10,000 or less, with a number of funds with average balances around the $5,000 or $6,000 mark. In industry funds the average balance for women is often $1,000 or so less than that of men, but there are cases where the balances are very similar.

Average balances in public sector and corporate funds tend to be much higher. Average account balances around $40,000 for women and around the $80,000 mark for men are not uncommon in the funds surveyed, particularly in funds that have been running for some time.

3.3 Size distribution of account balances

One of the surprising features of the survey data was that the relatively low incidence of even quite modest levels of retirement savings. In most of the industry funds surveyed there was only 1 or 2 per cent of accounts held by women having a balance of over $50,000, with the percentages for men being only 2 or 3 per cent of accounts. In some funds these figures were even lower.

However, in some well established corporate and public sector funds 15 to 20 per cent of women have accounts with balances over $50,000, with 20 to 25 per cent of accounts the equivalent figures for men. In a few cases the percentages are even higher, but the pattern tends to be same in regard to the relative position of women and men.

3.4 Incidence of contributions surcharge payments and liabilities

In what is sort of good news for women, most persons paying the surcharge are men.

In industry funds around 2 to 3 per cent of members who are men pay the surcharge, with only 1 per cent or less of women generally paying. In more generous corporate schemes it is not uncommon for 15 to 20 per cent or even more of men to pay the surcharge, with around 5 to 10 per cent of women members paying the surcharge. Average annual surcharge payments of around $1,700 for women and $2,000 for men are not uncommon.

In some public sector defined benefit schemes the percentages of those paying the surcharge can also be higher, with 32 per cent of the male members of one public sector scheme having a surcharge debt compared to 18 per cent of women members. However, in a newer and less generous, but still defined benefit, scheme offered by the same employer the figures are 10 per cent and 3 per cent respectively.

3.5 Differences between men and women in investment choices

The survey data do not indicate much difference between men and women in regard to taking up different investment choices, in part due to only a relatively small proportion of men and women exercising investment choice. In some industry funds less than one per cent of members actively exercise investment choice, and when they do there is no clear pattern of differences between men and women in what they choose. Some men choose more aggressive investment strategies, while others choose more capital stable options, and this also applies to women. Changes to investment choices are even less common, and again there is no real discernable difference between men and women in regard to responses to declines (and increases) in investment returns from equities and other investment classes.

In those funds which offer a specific socially responsible or ethical option there is no real evidence of stronger support by either men or women for such an option, with relatively low take-up (less than 1 per cent of members) of such options by both genders.

3.6 The size and destination of death benefits

The bulk of death benefits go to spouses, with more women than men receiving such payments.

Average amounts vary markedly between categories of funds. In most industry funds average death benefit payments are usually in the $20,000 to $30,000 range. While higher payouts often apply when younger members die, the incidence of death is relatively low amongst younger members. In some more generously funded corporate and public sector schemes average death benefits tend to be in the $150,000 to $200,000 range. However, in some corporate and public sector schemes the average death benefit is $100,000 or less.

3.7 The takeup rate of spouse contributions and personal contributions qualifying for the co-contribution

Only a few of the funds reported on the incidence of spouse contributions. In industry funds the incidence of such contributions was very low. Of those made, the majority were contributions to the account of a women member.

Even more limited evidence on the impact of the co-contribution in its first year of operation when the very tight income test applied indicated more response by members. Some funds recorded a substantial increase in personal contributions in amounts up to $1,000 or so, albeit from a base of very few such contributions. New contributions tended to be made to the accounts of persons aged around 50 or older.

On the other hand, one public sector fund has reported that 80 per cent of its members currently employed in the public sector are below the current salary threshold for the co-contributions, with 62 per cent of this group currently making personal contributions. Scheme design and conditions of employment would appear to have a lot to do with this, rather than a savings culture specific to members of the fund. Given that women make up a larger proportion of lower paid employees, the co-contribution has the potential to assist women in this fund more than men.

3.8 Fund promotional activities developed for women members

A number of the funds surveyed indicated that they had education and promotional campaigns and material targeted at women either in place or planned. Other funds indicated that the fund was promoted equally to men and women and/or that members were targeted on the basis of life events such as retrenchment or approaching retirement.

A number of funds indicated that they were very conscious of the high proportion of women amongst their membership. Accordingly communications materials are likely to include pictures of women, families etc.

One fund indicated that in terms of the profile of the membership of the fund, the average member is a female, under age 28. She may be casual/part time. She may have taken a break to have children. She is likely to be a low income earner (that is, earning less than $28k a year). It is also likely she has a small account balance and doesn't take much interest in her superannuation as it's confusing for her or she can't touch it for a long time anyway. It is only when she gets older and starts thinking about retirement that she may take a further interest. Engaging her through education is likely to be difficult unless its personalised and tailored to her needs.

This profile would not be unusual across a number of industry, public sector and retail funds. However, there are some funds, such as closed relatively generous defined benefit schemes, where the profile of women members is quite different to that.

4. ANOP national survey of the Australian population

This 2004 national survey conducted by ANOP on behalf of ASFA consisted of a telephone survey of 755 Australians aged 30 to 69 years, conducted in late May/early June 2004. The survey provides an inter-generational analysis (Generation X vs Baby Boomers) and compares the views and expectations of those retired with the experiences of retirees in the 30 to 69 age band.

While the main findings of the research were published in August 2004, more detailed cross-tabulations were made available to ASFA. My thanks go to the (women) staff of ANOP who assisted with this. These data include responses by gender to each of the questions asked. This section of the paper highlights some of the key findings of the research.

4.1 Retirement age

Of those surveyed, men expected to retire later than women, with a mean expected retirement age of 60 for men and 59 for women. Just over 30 per cent of men expected tor retire at 65 or over, compared to 22 per cent of women.

Less than 10 per cent of both men and women expected to retire under age 55. However, of those surveyed who had retired, around 30 per cent of both men and women had retired under aged 55 with only 15 per cent of men and 9 per cent of women retiring at age 65 and over. The mean actual retirement age for those retired was 57 for men and 55 for women.

While future outcomes might differ from past outcomes, this suggests that many women and men will retire earlier than they anticipated. A significant proportion of both women and men will therefore not be able to rely on the employment income they were anticipating to receive after age 55 or 65 or whatever.

4.2 Attitudes to retirement

Around 30 per cent of men and 40 per cent of women were making single plans for retirement. There may be some potential for disappointment here, particularly on the part of women, as over 70 per cent of retiree households are made up of couples at the time of retirement, limiting the scope for single plans and single lifestyles.

Around 40 per cent of both men and women were looking forward to retirement, and around 10 per cent were not looking forward to retirement. Around 30 per cent of women and 25 per cent of men were looking forward to retirement on the basis that it would provide more free time for things such as travel, interests and family.

The survey indicated that amongst those that had retired, women were more likely to <u>not</u> have their retirement expectations met, with 32 per cent falling into this category compared to 24 per cent of men. The major reasons that the retirement expectations of women were not met was not enough money and not having planned for retirement.

This relatively common lack of financial planning for retirement was also acknowledged by those not yet retired. Around 40 per cent of women and 30 per cent of men considered that they had not prepared well for retirement.

4.3 Income required in retirement

The mean (average) minimum annual income considered to be required for the respondent and their partner was around $40,000 per year, with this figure not varying much regardless of whether the respondent was a man or a woman. However, a greater proportion of women (60 per cent) compared to men (54 per cent) reported that their current savings would provide less that what was required or that they were unsure whether they would be enough. Around 40 per cent of men considered that they would have at least a rough idea of how much income they would have in retirement, compared to only 30 per cent of women.

4.4 Work plans in retirement

Around 60 per cent of men who had not yet retired and around 50 per cent of women indicated that they expected to continue in some kind of paid work in retirement. On the other hand, more women (47 per cent) expected to continue in voluntary work compared to men (32 per cent). The actual experience of those respondents who had retired indicates there may be some disappointed expectations, with only 36 per cent of men and 21 per cent of women continuing in paid work, with 30 per cent of men and 35 per cent of women continuing in voluntary work.

While around 80 per cent of both men and women anticipate being involved in the same line of work in retirement, only 60 per cent of men and 70 per cent of women who have retired are doing so.

Over 40 per cent of women would like to work in some management or professional role in retirement, but amongst women actually retired only 7 per cent do so, with the bulk (50 per cent) employed in clerical, service or sales. On the other hand, most men in paid employment in retirement reported that they worked in a management or professional role. Both expectations and reality favoured casual work, followed by regular part-time work.

4.5 Adequacy of compulsory superannuation

Around 70 per cent of both men and women consider that more than the 9% compulsory employer superannuation contribution is needed. Around 60 per cent of women think that the primary responsibility for increasing superannuation contributions should be on the individual, compared to around 50 per cent of men. A substantial proportion of men and women also see the government having primary or secondary responsibility.

In regard to ways of bridging the gap, 56 per cent of women and 52 per cent of men indicated that contributing more into superannuation was one of the solutions. Amongst those who would not contribute more into superannuation, the reason "cannot afford to" was the most commonly given, with the incidence of this higher for women than for men.

4.6 Measures to improve adequacy of retirement income

Proposals to reduce the superannuation contributions tax and to match contributions of low income earners received strong support from both men and women. A larger proportion of men than women favoured reducing contributions tax, while the matching of contributions was more popular with women than with men. These outcomes are not really surprising given that women would tend to be the main beneficiaries from a co-contribution given that they tend to be on lower incomes than men.

5. Women and fund governance

Back in 1991 less than 10% of trustees were women. By 1995 the percentage had risen to around 14%. There were differences between various categories of funds, with industry funds having 18% of total trustees female, while the figure for corporate funds was only 13%.

By the year 2000 female representation on trustee boards had risen to 18%, with a very similar percentage applying to each of the categories of industry funds, public sector funds and corporate funds. In essence the corporate and public sector funds had caught up with the female representative rate of industry funds.

In June 2003 there was not much change shown in the percentage of women on trustee boards for the funds surveyed in annual sector surveys conducted for *Superfunds* magazine. The aggregate number of women trustees was 18% of the total number of trustees. In regard to the sectoral split, 16% of corporate fund trustees were women, 28% of public sector fund trustees were women, and 16% of industry fund trustees were women. The trustees of public offer retail funds were not surveyed, and information on their directors is not that easily accessed, but there equally is no evidence of many women being on the boards of such trustees.

A significant proportion of the trustee boards continued to have no female representation. In contrast, there were no all female boards, and only a small number of funds where women trustees were in the majority. A bottle of wine in the ASFA cupboard, a leftover from the prize pool for the first reported cases of kiddies super, is on offer for the first reported case of a superannuation fund (other than an SMSF) where all trustees are women.

However, the proportion of women on superannuation fund boards does compare well with the boards of the largest 200 companies in Australia, where only 8 per cent of directors are women. It also compares well with the around 10 per cent of executive managers in Australian companies who are women. That said, the selection criteria and appointment processes adopted by State governments and the Commonwealth Government for appointing trustees to public sector funds appear to be more successful in increasing the number of women trustees than the processes that apply to other types of funds.

6. Conclusions

The survey and other evidence in this paper clearly indicates the bleeding obvious: women on average have lower retirement savings than men. Unfortunately, no prize will be awarded for this less than stunning conclusion.

More usefully, the research in this paper indicates that:

- The current average superannuation balance of women at $43,300 is just over half the average balance of men at $78,700.
- The differences between men and women in the incidence of superannuation and average balance are less for younger age cohorts, but as these cohorts age and experience differences in paid labour force experience the differences will increase.
- Catching up and/or achieving a reasonable level of retirement savings will be difficult for many women. For instance, while one in six 35 to 44 year old men have achieved significant superannuation balances (more than $100,000), only one in twelve women have done so. There are not enough paid working years to reduce the gap, particularly as many people retire prior to age 60 and even age 55.
- The surcharge is a misogynistic tax, particularly for women aged over 55 without much super but who have eventually achieved a relatively high paying job.
- The problem of relatively low superannuation savings for women is compounded by many women having multiple superannuation accounts, leading to higher aggregate fees and costs.
- Death benefits and sharing of resources in retirement are unlikely to be satisfactory methods for women to achieve adequate retirement savings and income given the amounts that typically flow to women.
- The takeup rates for spouse contributions and voluntary contributions attracting the co-contribution are likely to be low for many categories of women.
- Not many funds have educational and marketing programs specifically directed to women.
- Women, and their partners, are likely to retire earlier than they expected, and the availability of paid work of the type preferred following retirement is likely to be less than expected.
- While many women are looking forward to retirement in order to have more time for family and their interests, many women are likely to not have their retirement expectations met due to a low level of retirement income.
- While the number of women represented on the boards of superannuation funds has increased in the case of some funds, the overall level of representation appears to have stalled at quite low levels relative to the proportion of account balances associated with women.

Solutions to the problems identified generally are not simple or easily implemented. However, there are a range of things that individuals, funds and governments can do. These might include:

- Reducing the surcharge. Reducing it for older persons with relatively low superannuation account balances would be a more targeted measure, but one which would add to complexity and would have some equity oddities associated with it.

- Undertaking more education and marketing campaigns aimed at increasing superannuation contributions made by or for women.
- Implementing fund benefit structures and employment remuneration arrangements which encourage or require personal contributions, thereby attracting the co-contribution for low income employed women.
- Putting in place further arrangements at the fund and ATO levels which encourage and support account consolidation.
- Supporting decisions of women and men to work until older ages or to return to the paid labour force on some basis after formal retirement.
- Considering the relative low number of women on trustee boards when selection of new trustees is being undertaken.