

---

## Security for Women: Superannuation Roundtable

Thursday 15 April 2004  
2.00 - 4.00 pm

### Summary of discussion

---

<b>Attendees:</b>	Judith Van Unen President, BPW Australia	(Chair)	Simon Kelly Principal Research Fellow, National Centre for Economic & Social Modelling
	Dr Michaela Anderson Director, Policy and Research, Association of Superannuation Funds of Australia		Lisa Pititto YBPW Australia
	Kath Bowler (by teleconference) CPA Australia		Soo-Lin Quek Assistant Director, Office of Women's Policy, Department of Victorian Communities
	Pru Goward Federal Sex Discrimination Commissioner, Human Rights and Equal Opportunity Commission		Peter Tratt Director, Nest Financial Services
	Joan Heard President, Association of Independent Retirees		Natalie Van Unen Novell
	Leonie Henry (by teleconference) Henry & Co		Catherine Wolthuizen Senior Policy Officer, Financial Services, Australian Consumers' Association
	Noelle Kelleher CPA National Director, Superannuation Consulting and Taxation, Ernst & Young		Alex Haynes Project officer, Security for Women
	Judy Hartcher CPA Australia		Pia Di Mattina S4W Liaison, CPA Australia

Judith Van Unen identified that the S4W consortium is looking to identify gaps in information and research, and to increase the knowledge base to inform and educate women of all ages.

The group identified the following as aims for this exercise:

- Moving the adequacy debate forward
- Much inequity and discrimination has been observed which needs to be addressed
- Vic Office of Women's Policy - Looking to establish partnerships via which information can be distributed to women who need it
- Identification of further research that might need to be done, particularly using access to info from super funds
- Identifying whether women are disadvantaged in the advice they get from financial planners

A fledgling project in the NSW Dept for Women was noted by Michaela Anderson, which is looking at getting women to focus on super at particular major points in their lives. They are looking to develop partnerships via which education and awareness programs could be delivered.

## Structural Impact of the Super System

Current legislation, while not directly discriminatory, doesn't take into account the discriminatory effects that are taking place in the environment.

- Women are more likely to be earning less than \$450 per month, and therefore disproportionately miss out on the SG employer contributions.
- Adequacy of 9% contribution is predicated on 40 years of full time work - this is based on a man's working life, rather than a woman's
- Noted that the employment nexus in the legislation must be removed (but problem noted that if someone isn't earning, they can't save)
- Discrimination operates against single people in the 55 - 65 age bracket, and there are more women in that group than men
- Pay equity continues to be part of the problem - women earn less over their lifetime

Women are more likely to:

- Work less
- Earn less
- Rely on someone else (ie partner)
- Not plan for super
- Not set super as a high priority
- Have more breaks in paid working patterns

Super becomes a critical gender issue when women hit age 30, and start to move in and out of the workforce. Understandably, there are more pressing financial priorities for women in their 20's, than super.

Reality is that 9% SG isn't going to be enough for someone who is a full time worker, let alone those who spend period in and out of the paid workforce, and may have significant periods of part-time work, rather than full-time.

## Some suggested solutions

- Need to create an awareness of the need to start contributing to super early
- Need to increase the workforce participation beyond age 55
- Legislative change is needed to increase the SG rate
- Education campaign from school age, emphasising the importance of saving and creating a savings culture
- Where welfare benefits amount to less than \$450 p/m, the government could contribute the 9% on top

(ASIC Financial Literacy Program noted)

Pru Goward suggested we essentially have two choices:

1. Take the approach adopted by continental Europe, and encourage women to increase their workforce participation rate; or
2. The community should accept that it needs to subsidise the gap somehow

Some discussion of introducing an eligibility approach based on a 'family unit', but the problems and dangers of this approach were noted (including definitions of 'family unit'; the fact that a very high percentage of women are single (divorced, widowed, never married) by age 60; 1 in 3 marriages end in divorce, 1 in 4 women never marry).

Query raised: does the European approach generate sufficient savings?

Pru Goward noted that in Europe, women aren't out of the workforce for very long at all, and while this set up isn't perfect, it's better than ours. Proposal then could be to increase women's participation rate, and probably also to encourage men to spend more time out of the workforce instead. This involves looking at how people can better provide for themselves.

It was agreed there were a range of solutions that need to be viewed in tandem, and that they could all flow into an education program. It was agreed that while it's critical for women to have the information, if they're not earning enough, they have a major stumbling block.

It was noted that as women come to understand the real opportunity cost of having children, they are increasingly choosing not to have them, or certainly to limit the number.

Noted that education needs to focus on those who need it most, eg: factory workers, casual workers.

Appreciation of the ease of consolidating various super accounts was raised as an issue, but it was also noted that in these various accounts tend to only be pitiful amounts that often get quickly diluted by admin fees, and that this is the real issue.

The situation was highlighted of casual workers who have more than one employer, but who earn less than the \$450 p/m SG threshold from each employer - and who therefore miss out on the SG. They are not likely to want to tell their employers that they have other work, if there was some policy suggestion allowing them to somehow pool their earnings so that they became eligible for the SG from each employer - it was agreed that this would be likely to result in lost positions that had become unnecessarily expensive for small business employers. It was noted that this problem is widespread, and more likely to affect women (who are more likely to have more than one casual position.)

## **Research**

Potent facts and figures:

Retirement age for women is very young, relative to men.

In age group 50 - 54, 32% of women are no longer in the paid workforce.

In age group 55 - 59, 53% of women are no longer in the paid workforce.

In age group 60 - 64, 75% of women are no longer in the paid workforce.

Accordingly, these groups tend to draw down on their super before it compounds in those last years.

It was noted that the government is in the process of changing the preservation age for women to 60.

Noted the high proportion of women in this older age groups who stop paid work to become carers for family members - either their own parents, their retired husbands, or even, increasingly, grandchildren.

## **Financial planning issues**

It was queried whether there was any capacity or benefit in looking at reducing the \$450 p/m threshold? The consensus was that this would be a very hard sell to policy makers.

It was queried whether there is any evidence concerning the quality of advice that women get from financial planners, and whether there is any discrimination vis a vis male clients? It was noted that this has emerged from the research, but that the more critical issue is women's access to financial planning advice. Financial planners tend not to be providing advice to people on lower incomes - why is this?

The issue of capacity to make spousal contributions was highlighted as a problem, although it was noted that the government has announced it will change this.

Problem: that you can only contribute to super if you've been working in the past 2 years (legislative change due to be implemented by 1/7/04.)

Noted that we need to view super as a tax advantageous form of saving, no matter who you are (ie age, marital status, in paid employment or not, etc)

Major issues were identified as follows:

- Need for additional savings
- Need for education and understanding of implications

It was noted that there is a need for a range of solutions, and range of options. We need a more flexible system, to give people more choices.

Pru Goward asked what difference it would make if women were encouraged to stay in the workforce later, ie: beyond age 50. Query then whether it is worth encouraging women to stay in the workforce for longer after they turn 50 - even up to 65.

It was suggested that maybe the super funds should encourage women to stay in the workforce longer.

It was agreed that the crux is how to empower women to look after themselves, throughout their life cycle.

It was agreed that education is therefore a big need - throughout women's life cycle.

However it was also noted that it's not just about education, because that won't be a very useful strategy for many who really need it. Lack of \$ to contribute is the real issue.

It was suggested that the approach could be to look at how it could be approached in different ways for different groups.

It was suggested to do some research on which women are particularly at risk and why, and therefore, how can these risks be minimized, including looking at incentives to change behaviour. It was noted however that research shows that incentives generally don't work - ie: voluntary contributions are not going to guarantee any fundamental change.

It was agreed that education tools need to be focused on those who really need the info.

It was noted that the ABS did a survey in 2001 re the adequacy of super cover for casuals and women, etc, but that it yielded very little useful info.

It was noted however that the Hilder Survey (??) done by Melbourne University is getting some useful data, and should be tracked.

It was noted that research done by the super funds shows what the 9% contribution provides, so it's not hard to say what happens if you work backwards from that figure, and with different (lesser) contribution periods.

### **Next Steps**

It was agreed that the consortium would:

- Look at the potential for any research funds (specifically through OSW)
- Identify what research needs to be pursued
- Identify educative processes that could be pursued

It was agreed that the roundtable participants would stay in touch regarding on-going ideas and information.