



Women, Saving and Superannuation

S4W Survey findings and summary
July 2005

This paper “Women, Saving and Superannuation” was prepared by Security 4 Women (S4W). S4W focuses on issues that can either advance or impede women’s economic security during the various stages of their lives. S4W aims to engage with Australian women to identify and evaluate the current issues they face and establish those of primary importance. S4W research contributes to national policy reform and can enhance and improve results for all Australian women.

Women, Saving and Superannuation

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Women, Saving and Superannuation

1. Background

S4W identified superannuation as a significant issue for women in early 2004.

S4W organised a series of activities and consultations to determine what the issues were and how they might be tackled;

- S4W held a Superannuation Roundtable in Melbourne in May 2004 (Summary paper attached as Appendix B)
- S4W held a series of fora in QLD, VIC, SA to establish primary issues for women, including their understanding and management of superannuation
- S4W contributed to the development of questions for the ASFA survey of superannuation funds that was reported in Ross Clare's paper "Why can't a woman be more like a man - Gender differences in retirement savings" (S4W questions attached as Appendix C)
- S4W presented a paper at the ASFA conference in Adelaide in November 2004

S4W considered the next step in this investigative process was to conduct and a national survey to seek the views and experiences of Australian women in relation to their knowledge, understanding and management of their own superannuation.

2. Aim

The aim of this survey was to develop an understanding of what women know and think about superannuation in order to establish where the gaps are and what can be done to ensure women have the confidence and information to make informed choices.

The objective was to collect information about;

- Whether women understand superannuation concepts, terms, tax implications, their entitlements and the available options
- Whether women felt they knew enough about superannuation, whether they were interested in knowing more, whether they were seeking financial advice and if so who were they asking
- What women's attitudes to superannuation were, what women found the most difficult in relation to superannuation
- How many accounts they had, what they invested in, whether they made voluntary contributions and why

3. Methodology

The primary tool for this stage of the research was a survey that was designed to establish women's understanding of superannuation terms and concepts (Survey Questions attached as Appendix A).

The survey was designed by Nicole Garland, as part of her Masters of Financial Planning degree at RMIT and feedback was sought from various industry experts and government representatives.

The survey was piloted in October 2004 with S4W members and women attending the Business and Professional Women (BPWA) conference.

The survey was available online at S4W's website for two weeks from 22 April to 6 May 2005. Invitations to complete the survey, with a brief description of the project, were emailed to;

- all representatives from the S4W member organizations; including APESMA, AFUW, AWE, WAVE, VIEW Clubs, BPWA, NAWIC, WIMBN, NFAW
- the S4W database which includes 320 Chatpage subscribers
- the other National Women's secretariats; namely Womenspeak, Australian Women's Coalition and the National Rural Women's Coalition
- Williamson Community Leadership Program participants
- NAWIC members
- Range of other women's email lists, newsletters and networks

While the offer of hard and soft copies accompanied all invitations to complete the survey no-one requested either of these formats. All responses to the survey were completed online.

4. Survey Findings

684 complete responses were received in the two weeks the survey was open.

87% of respondents answered all the questions. Where specific questions were not answered the result has been recorded as a % of the overall number of survey respondents, not the number of respondents who answered the specific question.

Note - Women who had already retired found it difficult and frustrating to answer the survey questions as many were not relevant to their situation. The second part of Question A12 about returning to work did not provide enough alternatives for women to respond in a manner they were happy with so the results from that question are not included.

Summary - Demographic data

Respondents represented all age brackets;

14.5% respondents identified as Aboriginal or Torres Strait Islanders

10.5% respondents identified as having a disability

3.0% respondents were not born in Australia

86.0% respondents were in full time employment

Respondents came from all states and territories of Australia;

68.0% respondents were resident in a capital city with 16.0% living in rural town, a remote community or property.

In terms of average net weekly income;

- 4.2% earned less than \$200,
- 13.0% earned between \$200-499,
- 38.8% earned between \$500-999,
- 25.5% earned between \$1000-1499,
- 9.8% earned between \$1500-1999 and
- 6.7% earned more than \$2000
- 2.0% did not respond to this question

6% were <25
23.5% were 26-34
26.5% were 35-44
27% were 45-54
13% were 55-64
4% were >65

5% ACT
21% NSW
27% VIC
17% SA
13% WA
4% TAS
6% NT
7% QLD

Summary - "Your understanding of Superannuation"

While 60% had heard something of the new Choice legislation more than half those did not know how the new legislation would affect them.

51% of women do not know what they are currently entitled to in SGC contributions

62% do not know how superannuation is taxed

76% do not know it is possible to split the superannuation benefit of their spouse at the time of divorce

80% do not know it is possible to voluntarily split employer contributions with their spouse

Some of the most difficult things about understanding superannuation were listed as;

- *tax implications,*
- *keeping track of it,*
- *the changing rules,*
- *knowing how much is needed,*
- *knowing how much will be available on retirement*
- *the options available when work is stopped*

The survey was conducted in April 2005 prior to the Government's Choice of fund TV advertising.

Options - what are they?

"why cant I just get it now"

"I don't try to understand it"

Summary - "Your Superannuation"

55% of respondents had 2 or more superannuation accounts

22% of respondents had 3 or more superannuation accounts

7% of respondents had 4 or more superannuation accounts and another 5% were not sure how many accounts they had

71.5% of women do not think of superannuation in the same way as other income and their comments included;

- *It's purely a bonus*
- *Yes and no. Up until recently I have not paid much attention to my super needs (even though I have a financial services background!)*
- *It's money not to be touched until retirement except in case of emergency*
- *find it difficult to understand so although I worry about not having my super worked out, I tend to avoid dealing with or doing anything about it - I find experts in the field rude, patronising and generally unhelpful, they just want you to do what they say rather than provide you with clear information so you can make choices*
- *I don't think about it at all really. It's just this extra money that I'll worry about when I'm older*
- *It's pretty minimal and set aside - it will make very little impact on how I live in the future*
- *I must admit as a low income earner I find it hard to think so far in advance when struggling to make ends meet day to day*
- *Don't really think of it as useable funds, until retirement*
- *I can't think of it that way as I don't control it in the same way. Also as a PAYE I have had to close my own (DIY) superfund as it is double and triple taxed if I am PAYE and still contribute to it, If I don't I still have to have it audited every year, and as a single woman, I was forced to find a second trustee a few years ago. All intrusions on my right to save for my retirement.*
- *I don't think much about it at all, because I'm so far off retirement and I don't have any disposable income to make extra payments*
- *I figure it will be an enigma for the next 50 years*
- *It is much longer term and an invisible investment - for instance when you apply for a credit card you don't ever put down how much super you have*
- *No - don't see it. Don't see details of balance regularly, or know how much is being contributed by employer as a dollar amt each pay*
- *Salary is my only other income. Super is my only investment. Despite this, super is "out of sight out of mind" most of the time. I feel guilty and worried about this routinely. Thinking about my financial future worries generally so that's probably why I avoid thinking about it!*
- *I generally think of it as an enforced savings scheme, that I don't have a lot of control over*
- *It seems too far away that I will be acquiring it*
- *Not really- tools to do so are not great to show what it equates to in future dollar terms*
- *at this stage it is something I have no control over and I do not believe I can count on it as a form of investment for the future*
- *It's money that you can't see or use so why worry about it.*
- *think about it as an asset to be managed rather than as income*
- *don't think about it at all other than I should have started along time ago*
- *I am not relying on super on retirement as I don't believe there will be enough there*
- *I have no idea about the positives of superannuation at all*

Of the 24.5% of women who did think of superannuation in the same way as their other income their comments included;

- *I think of this money as mine for the future. Just one form of saving*
- *I'm planning retirement and my husband and I have thought through what we need for both of us to manage comfortably*
- *I am planning for a future salary. I worry that my same sex partner will have difficulty accessing my super if I become an invalid or die, despite our 20 years together and future planning.*

Are multiple accounts common?

Do women think of superannuation in the same way as other income?

- *I think it is as important as my salary, but do not have the capacity or knowledge to deal or manage it in the same way*
- *Consider super as part of my overall salary package, in that it is a 'savings' account*
- *It is my main source of income now. This survey is really not appropriate for those already retired and who are beneficiaries!!*

43% of respondents have never made a voluntary contribution to their superannuation

What would, or does, prompt them to make a voluntary contribution?

- *making it a real alternative investment to managed funds, investment accounts, shares etc*
- *cause I'm in the low-income bracket and the govt will match it*
- *if I had more control over it - but also had more understanding of the implication, be it tax or otherwise*
- *My employer matches my voluntary payments to a certain level*
- *if I was made aware that my superannuation will not likely be enough to support me in retirement*
- *if I was closer to retirement or had spare cash*
- *spare \$ to do it with, or a compelling argument regarding the insufficiency of my current contributions*
- *panicking that I will be very poor when I retire*
- *no better options for long-term investing and the ability to access any extra contributions. This non-accessibility well and truly stops me from making extra contributions at this stage - it is inflexible*
- *winning tatts/lotto*
- *sufficient income to spare, and some reason to put it into superannuation rather than share portfolio*
- *having a better of understanding of how this worked and it's requirement based on my projected future needs*
- *if my super fund performed better than other investments*
- *if I was sure I would get a good return (ie that was a no risk investment)*
- *media reminders that I might be left hungry when I'm older*

25% of respondents did not know which fund manager or industry fund their employer contributions are paid into

Only 55% know what type of assets their superannuation is invested in yet 85% said it was important to them to know. Many of the comments about the importance of knowing what it is invested in related to ethical investments;

- *I'd like it to be ethical investment, and relatively low risk*
- *I wouldn't want to invest in anything unethical or environmentally damaging*
- *When I am able to choose where my super is I would like to put it with Australian Ethical Investments so I know it is morally well invested*
- *I think the system is unethical so have avoided using it, so I have a clear conscience*
- *I would prefer it to be invested in socially aware/contributing areas but as these provide generally low returns major super funds don't look at them*
- *It is important but hard to understand the choices*
- *I suppose I would prefer if it were "ethical" investments - but haven't taken the trouble to find out*
- *Really don't have the time/energy to think about things like this. I know it is important and wish I could be more interested in it, but there are just so many things in life that I need to deal with, least of all something that I won't need for at least thirty years, and who knows if I'll still be alive then!*

When they left their last job 15% of respondents rolled over their superannuation into another fund but 46% have done nothing and a further 19% are unsure about how to locate it

70% of respondents said they would put more into superannuation if they knew they were saving on tax

Overwhelming 87% of women who completed the survey would like to manage their superannuation better

Voluntary contributions - do women make them?

What would prompt them to make a voluntary contribution?

What is superannuation invested in?

Summary - "Superannuation and retirement"

9% of respondents are not aware of the benefits of beginning to save for retirement sooner rather than later and wish to seek advice and 31% are aware of the benefits and wish to seek advice - a total of 40% of women wish to seek advice

17% don't think superannuation is a valuable savings vehicle for retirement

Overall 68% of all respondents do not know how much superannuation they will need to retire comfortably. Importantly 44% of women in the 45-54 age group and 36% of women in the 55-64 age group did not know how much they needed even though they were at, or close to, retirement age.

Summary - "Information about Superannuation"

31% of all respondents had never discussed their superannuation with a family member, friend or person from work. Younger women were far more likely to have discussed superannuation with a family member or friend.

Generally when a representative of the employer's fund visited the work site the respondents thought their explanations were informative.

61% of all respondents had never sought professional advice about their savings and superannuation. Of the 39% who had sought professional advice the majority had seen a financial planner and just under half of these women nominated a preference for the professional advisor to be a woman.

23% of all respondents had not discussed their superannuation with a family member, friend or person from work, had not had a representative from a fund at their workplace and had not sought professional advice.

Overall just over 30% of the respondents nominated a preference for the professional advisor to be a woman but this changed dramatically between age groups. There was no preference in the <25 age group steadily increasing to almost 50% in the 35-44 age group and 90% in the 65+ age group. The older the women were the stronger their preference for the advisor to be a woman. Most commented about a woman advisors ability to understand their situation better and having greater levels of trust.

The women who had a preference commented that;

- *They explain much better than men*
- *I trust other women to know what women need in the future*
- *Would feel more comfortable to talk with a woman because she would have a better understanding from a woman's perspective*
- *Women are less condescending about lack of knowledge*
- *Because a woman is far more likely to tell the truth, get to the point. Generally I find women more trustworthy*
- *I think women understand the way women relate to money and woman can explain things in a simpler term, plus I feel more comfortable talking to a woman. I think it comes back to history of men controlling money, and what's in the best interest for women. Besides, it's my money, and I want to be able to talk to someone who can understand and relate to me*
- *Might understand my lack of knowledge*
- *Women generally can empathise better and understand the variety of life stages and priorities in women's lives*
- *The little trust I have for any service provider, it is at its highest level for women*
- *My hope would be that she may understand my lack of confidence and take the time to communicate with me in a supportive way that encourages my participation and ensures I am understanding what is going on*
- *I have had both and the men do not seem to take my need for separate advice from that given to my husband, seriously*

"it is dead money to me"

Do women know how much they need?

Do women seek professional advice?

Do women prefer women advisors?

- *Because the women of my generation are in a vastly different position from men of my generation in relation to this matter and women are realistic about what we could have achieved rather than judgmental and unrealistic about what we could have achieved or can achieve*
- *I think a woman would understand more accurately the needs of female investors and what motivates them*
- *Common ground, she at some point would have started with the same knowledge base as myself*
- *Women have been late starters and have experienced the burden of split families, poor work hours and being carers. I believe they grasp it the home situation better than men*
- *I feel they might have more of an understanding of a woman's approach - or they might explain it more clearly*
- *I know it is sexist but men tend to be patronising in a particular way - although women are getting pretty good at being patronising too!*

More than 80% are interested in learning more about superannuation and of these women 75% would prefer online resource, 52% public seminar, 63% written material. While the clear preference across all age groups was for online resources it should be noted the survey was completed online.

The most difficult things about managing superannuation were listed as the;

- *jargon*
- *complexity of the documentation*
- *constant changes to the rules*
- *understanding the tax implications*
- *difficulty of balancing the risks and benefits*
- *balance between living now and saving for later*

There were also many comments about feeling disempowered and "not knowing what I am doing"

Among the suggestions about what the government could do to assist women with their superannuation were;

- *match my contribution \$1 for every \$10*
- *provide easy to follow ABC instructions*
- *allow you to redraw extra contributions*
- *provide clear and concise information*
- *let you use your superannuation balance to secure your primary residence*
- *provide an independent advisory service*
- *get rid of tax on superannuation altogether*
- *lower the age at which indigenous people can access their superannuation so it is relative to their life expectancy*
- *allow earlier access to funds for other investments*
- *allow DIY funds to be a single trustee*
- *acknowledge social changes and expectations of the generation retiring now who are stranded*
- *pay a superannuation contribution as part of government allowances and pensions*

Most women want to know more about superannuation

What is difficult about managing superannuation?

What can the government do to assist?

5. Discussion

What is consistent throughout the survey findings is the lack of knowledge that the women who responded have about;

- superannuation itself - the structure and concepts of the system
- their entitlements
- their own funds - where they are, what they are invested in, how to manage them
- their retirement needs
- how they can increase their benefits through their own measures through voluntary contributions, salary sacrifice contributions, spouse contributions or co-contributions

The number of women who had multiple accounts and/or who had not done anything about their superannuation when they had left their last job, despite wanting to, may indicate the difficulty women perceive in managing funds. There is also a strong possibility they do not understand the fee implications of having multiple accounts.

Overall women were not inclined to seek advice from family, friends or professionals despite 80% of them indicating they wanted more information on superannuation. Access to reliable and trustworthy sources of information seems to be critical to improving women's knowledge and confidence in this area. Overall the perceived complexity of the issue and the jargon used seemed to leave women feeling disempowered.

Despite a significant number of women not knowing what their superannuation was invested in 85% said it was important to them. They did not want to support organizations that exploited people, environments or communities and they indicated a strong preference for ethical investments that supported organizations that "did good work".

There was no clear links between the income or employment status of women and their understanding of superannuation in this survey.

Most comments made in relation to the difficulties related to;

- balancing risks and benefits
- struggling to understand the jargon and concepts
- keeping track of the constant changes
- balancing short, medium and long term priorities
- not trusting the system or the information
- not seeing any incentives to sacrifice now for later

In terms of making voluntary contributions many comments simply stated "there was no money for that". Many older women suggested it was all too late, those in midlife cited their more immediate needs of housing, childcare, caring and lack of time as reasons for not paying more attention or making contributions and younger women were more inclined to be education or career focused or saving for a deposit.

The survey findings indicate there is a serious lack of awareness and understanding about superannuation among those who responded and a feeling of it being outside their control.

6. Next Steps

1

While it is important to focus on superannuation and address the gaps, many of the issues identified like confidence, trust, seeking advice, understanding investments and tax are part of a larger picture. The focus for future work needs to address the broader issue of financial literacy.

2

More detailed analysis of the way women think and talk about money needs to be done to ensure any educational material developed is relevant, accessible and relates well to women and the way they think about money.

3

The government needs to increase the awareness of the schemes/options that are currently available, like the spouse contribution, splitting superannuation benefits at divorce, co-contribution and advice services that may benefit women (like the National Information Centre for Retirement Investments).

4

Significant education and awareness needs to be undertaken and targeted at specific groups of women defined by age, socioeconomic background, family status, employment status and cultural background.

5

Special attention needs to be paid to indigenous women's needs in this area. Areas of disadvantage like limited life assurance cover need to be addressed. Greater use of their existing networks and organizations could be made to enhance community awareness, not only about superannuation but also the importance of financial management issues like having a will.

If yes, then indicate all relevant categories
Medical condition, Hearing /deaf, Vision, Intellectual, Mental Illness, Acquired brain impairment, Physical, Other please specify

- A8. What is your current employment status?
(a) not employed (b) full-time (b) part-time (c) casual (d) self-employed (e) retired
- A9. What is your current average weekly net income?
(a) <\$200 (b) \$200-499 (c) \$500-999 (d) \$1000-1499 (e) \$1500-1999 (f) \$2000+
- A10. Is this income primarily from,
(a) salary (b) investment income (c) pension (d) other please specify
- A11. Which best describes your current situation?
(a) never married (b) living with partner (c) married (d) divorced/separated/widow
- A12. Do you have any children?
(a) Yes (b) No
- If Yes,
Did you return to work after having children?
(a) No (b) Returned to same position (c) returned to same position but fewer hours
- A13. What affected your decision in relation to the amount of time that you took out of the work force?

PART B - Your understanding of Superannuation

- B1. What do you understand by the term 'superannuation?'
- B2. What is the most difficult thing for you about understanding superannuation?
- B3. Do you know if it is possible to split the superannuation benefit of your spouse at the time of divorce or separation?
(a) Yes (b) No
- B4. Do you know if it is possible to voluntarily split employer contributions between you and your spouse?
(a) Yes (b) No
- B5. Do you know how superannuation is taxed?
(a) Yes (b) No
- B6. Can you describe your understanding of the term 'asset allocation?'
- B7. What do you understand by the term 'Superannuation Guarantee Contributions (SGC)?'
- B8. Do you know how much you are currently entitled to receive in SGC benefits?
(a) Yes (b) No
- B9. Have you heard about the new legislation concerning 'Choice' of superannuation fund?
(a) Yes (b) No (c) Have heard something of it
- B10. Do you know how it will affect you?
(a) Yes (b) No

PART C - Your Superannuation

- C1. Do you have any superannuation accounts?
(a) Yes (b) No If Yes, how many?
- C2. Do you have any other savings or investments that will assist you in retirement?
(a) Yes (b) No
- If Yes, are they;
(a) Property (b) Shares (c) Bonds (d) Combination (e) Other (please specify)

- C3. Do you think about your superannuation in the same way as your other income (salary, dividends etc)?
 (a) Yes (b) No (c) Comment: _____
- C4. Have you ever made a voluntary contribution to your superannuation?
 (a) Yes (b) No
- C5. What would prompt you to make a voluntary contribution?
- C6. Is there anything that limits the amount you contribute to superannuation?
- C7. Do you know which fund manager or industry fund your employer superannuation funds are invested in?
 (a) Yes (b) No
 Which type of fund do you contribute to? _____
- C8. Do you know what type of assets your superannuation is invested in?
 (a) Yes (b) No
- C9. Is it important to you to know what your superannuation or other savings is invested in?
 (a) Yes (b) No (c) Comment: _____
- C10. Do you know what happened to your superannuation when you left your last job?
 1 Yes, rolled it over to another fund
 2 Yes, have done nothing with it
 3 Not concerned
 4 Unsure about how to locate it
 5 Would be interested in locating it
- C11. Do you know how to track down lost superannuation benefits?
 (a) Yes (b) No
- C12. Would you put more of your salary/income into superannuation if you knew you were saving on tax?
 (a) Yes (b) No
- C13. Would you like to manage your superannuation better?
 (a) Yes (b) No
- C14. If you fully understood superannuation would you take more active interest in the investment of your funds?
 (a) Yes (b) No

PART D - Superannuation and Retirement

- D1. Are you aware of the benefits of beginning to start to save for retirement sooner rather than later?
 1 Not aware of benefits and do not wish to seek advice
 2 Not aware of benefits and wish to seek advice
 3 Aware of benefits but not concerned
 4 Aware of benefits and wish to seek advice
 5 Highly aware of benefits but do not wish to seek advice
- D2. Do you consider superannuation a valuable savings vehicle to save for retirement?
 (a) Yes (b) No
- D3. How important is superannuation to your planning for retirement?
 1 Not important
 2 Somewhat important
 3 Very important
 4 Highly important
- D4. Do you know how much superannuation you will need to retire comfortably?
 (a) Yes (b) No

- D5. Are you likely to be able to live on a superannuation pension?
(a) Yes (b) No (c) Not sure (d) Not applicable

PART E - Information about Superannuation

- E1. Have you ever discussed your superannuation with a member of your family, friend or person from work?
(a) Yes (b) No
- E2. Has a Financial Planner or Business Consultant from your employer's superannuation fund visited your work site to explain the fund details to you?
(a) Yes (b) No (c) Not applicable
- E3. If yes, how did you feel about their explanation?
1 Poor
2 Reasonably informative
3 Informative
4 Very informative
5 Highly informative
- E4. Have you ever sought or received professional advice about your superannuation?
(a) Yes (b) No
- If yes, what kind of adviser did you have contact with?
(a) Financial Planner (b) Accountant (c) Bank Staff
(d) Real Estate Agent (e) Other: _____
- E5. Would you, or do you, go back to them for further advice?
(a) Yes (b) No
- E6. Do you have a preference for the professional adviser to be a woman?
(a) Yes (b) No
- If yes, please explain why? _____
- E7. Are you interested in learning more about superannuation?
(a) Yes (b) No
- If Yes, how would you like the information delivered?
(a) Public seminar (b) Seminar at work (c) Written material
(d) Online resource (e) Other, please specify _____
- If No, is there a specific reason?
(a) Yes (b) No (c) Reason: _____
- E8. What is the most difficult thing for you about managing your superannuation?
- E9. If the government could do one thing to assist you with your superannuation what would it be?

If you are interested in being contacted by S4W about the results of this project please add your contacts details below.

Name
Email address
Business hours contact number

Thank you very much for participating.