

Women's Financial Marathon to \$urvival – Women's income in later life

Lifelong Economic Wellbeing for Women in Australia research (2015) was undertaken by economic Security 4 Women as part of an informed dialogue to ascertain the perceptions of and issues of Australian women concerning their economic empowerment and wellbeing throughout every decade of their lives. It reveals the fiscal challenges and/or opportunities that impact women economically, including the cumulative effects of sometimes intersecting advantage and disadvantage on lifelong personal wellbeing and financial security.

A series of eS4W Discussion Papers address key areas that emerged through women's narrative in the survey including the implications and impacts of divorce, violence, and parenting on women in the workforce, and for women wishing to re-enter the workforce.

This discussion paper on women's income in later life and women's lifelong economic security is drawn from Stage 1 (e-Survey and consultations) and Stage 2 (Draft Discussion Papers and Roundtables) of the economic Security for Women Lifelong Economic Wellbeing for Women in Australia research (2015) results. This paper extends eS4W's area of knowledge of women's lifelong economic wellbeing, building on 2003-2004 research that included the voices of over 3000 women to identify the varying factors that enhance or hinder women's ability to seek or choose pathways to acquire economic sustainability, and a further key issues survey in 2006, when 1000+ women had their say regarding what they considered to be concerns for Australian women.

In understanding and identifying what lifelong economic security looks like to women in Australia, there are numerous matters that require consideration and discussion, including the cumulative effects of sometimes intersecting advantage and disadvantage on economic security. Outcomes of the study may reach beyond what we currently know and consider to be developing changes and emerging issues. The challenges of lifelong economic security for women continue.

Women's economic empowerment is the biggest social change of our times, however, it presents social consequences. There is a need to increase women's economic, political, social, and educational strength to enhance their opportunities to attain financial security that will affect the quality of their later life.

Background – Australia's commitment to women's economic security in later life

The Australian Government is strongly committed to being at the forefront of efforts to empower women and girls and promote gender equality, through departments such as the Office for Women (OFW) and the Department of Foreign Affairs (DFAT).

There are numerous international commitments made by the Australian governments that support women's economic enfranchisement. These commitments are elemental in the development of policies that support women securing a liveable and predictable income throughout their lifetime. The international commitments include CEDAW, the Beijing Declaration and Platform for Action (BPfA), International Labour Organisation (ILO) agreements on gender equality, as well as through the Sustainable Development Goals (SDGs), APEC WES and the G20 commitments.

CEDAW (Convention on the Elimination of All Forms of Discrimination against Women), broadly covers all aspects of women's lives. Several CEDAW Articles, in particular Part 111 and Part 1V, define the commitments required by government to guarantee the enjoyment of women's rights and their right to lifelong equality and security.

The Beijing Platform for Action (BPfA)¹ identifies key areas of concern to women and is considered the global framework for realising gender equality and the empowerment of women. Many of the 12 Critical Areas of Concern speak to the issues raised in this study that affect women across their lifespan; and further result in financial challenges faced by Australian women in later life. The BPfA outlines the national-level commitment

¹ <http://www.un.org/womenwatch/daw/beijing/platform/plat1.htm>

to progress these matters, which are monitored on an annual basis at the Commission on the Status of Women (CSW).

The Commission on the Status of Women (CSW), is considered by the Australian government as a powerful platform to advance global standards affecting women and to attain a higher level of gender equality. Among other things, CSW deals with the socio-economic gender ramifications as well as increasing women's workforce participation as an economic and social priority. The Australian government is proactive in this space. Issues contained in this eS4W study are common themes at CSW, including, but not confined to; access and participation of women and girls to education (2011), the promotion of women's equal access to full employment and decent work (2011), elimination of all forms of discrimination and violence against women and girls (2013), the equal sharing of responsibilities between women and men – including caregiving (2103) and the empowerment of women and strengthening gender equality (2010 & 2015). The theme for CSW61 (2016) *Women's economic empowerment in the changing world of work*. Agreed Conclusions, Resolutions and Reports, such as those of the UN Secretary General, contain an analysis of the priority theme and a set of concrete recommendations. These become a guideline and a resolve for governments, intergovernmental bodies and other institutions, civil society actors and other relevant stakeholders, to implement actions at the international, national, regional and local level.

Issues relevant to this report are key issues at CSW, including but not confined to access and participation of women and girls to education (2011); the promotion of women's equal access to full employment and decent work (2011); elimination of all forms of discrimination and violence against women and girls (2013); the equal sharing of responsibilities between women and men – including caregiving (2103); and the empowerment of women and strengthening gender equality (2010 & 2015). Thematic Issues, Agreed Conclusions, Resolutions and Reports, such as those of the UN Secretary General contain an analysis of the priority theme together with a set of concrete recommendations. These become a guideline and a resolve for governments, intergovernmental bodies and other institutions, civil society actors and other relevant stakeholders, to implement actions at the international, national, regional and local level.

The International Labour Organisation (ILO), defines Decent Work as the 'aspirations of people in their working lives that involves opportunities, as expressed by work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organise and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men'.

Decent work and the four pillars of the Decent Work Agenda; employment creation - rights at work - social protection - social dialogue, are now considered vital components of the 2030 Agenda for Sustainable Development Goal #8, in pursuing the advancement of sustained, inclusive and sustainable economic growth, full and productive employment and decent work. *The Australian Government – ILO Partnership Agreement (2010–2015)*,² is an historic agreement to combine strengths in the pursuit of the Decent Work Agenda and Millennium Development Goals at the Australian Government and the ILO Regional Office for Asia and Pacific Region. It is not yet known how this will translate into the 2030 Agenda and Sustainable Development Goals and how they will define outcomes for women's financial security across their lifespan.

The Asia-Pacific Economic Cooperation (APEC) forum's primary purpose is to facilitate economic growth and prosperity. The Women and the Economy Forum (WEF), is a significant platform for women representatives of 21 economies. WEF's purpose is to assess achievements, identify current barriers, as well as appropriate interventions; and support future aspirations for women in national economies, including; acknowledging the cross-cutting nature of women's participation in the economy (2013); facilitating women's access to education, employment opportunities (2014); promote gender integration, gender equality and women's economic empowerment and to levelling the playing field and changing workforce structures (2015); and costs of gender-based violence in the context of economic development (2016).

The Group of Twenty (G20) is the premier international forum for cooperation on global economic governance³. G20 leaders agree to substantial actions to lift global growth and job opportunities to make the global economy more resilient. Leaders' Communiqués outline decisions each year that include issues which affect the lifelong economic wellbeing for women. These issues include the need to address unemployment rates; raising participation and creating quality jobs; reducing the gap in participation rates between men and

² http://www.ilo.org/asia/WCMS_159330/lang--en/index.htm

³ <http://dfat.gov.au/international-relations/international-organisations/g20/pages/the-g20.aspx>

women by 25 per cent by 2025 to reduce poverty and inequality (2014); and the importance of focusing on economic growth and the empowerment of women and girls (2015).

The Gendered Implications of lack of income in later life

In the eS4W: *Lifelong Economic Wellbeing for Women in Australia* research (2015), it is reported from over 5000 comments received in the study findings, revealed women across all age groups held a strong fear of a growing poverty in later years. Women in the study had little confidence that they would have enough savings and other assets for a liveable income that will afford them a life of respect and dignity as they grow older.

Younger women (under 45 years of age) stated a lack of expectation that there would be any pension available to them at the time of retirement and yet identified that they would not have enough money to cope with their anticipated living expenses. They also held a strong belief that there would be a definite reduction in their living standards when they reached later life.

Women make up the majority of part-time and casual workers, many of whom do not qualify for Superannuation Guarantee (SG) payments due to earning less than \$450 per month. Furthermore, there are many workers in this sector of the workforce that work in multiple jobs, but do not earn \$450 per month in an individual job, and therefore also miss out on the SG payment⁴. For some women, casual jobs may be a lifestyle preference. This work preference was typified by the comment, "I only wanted to work casually for awhile" to fit with my family and other priorities.

For many women though, casual jobs are the only jobs they can find; these are neither a transitional choice, nor a lifestyle preference. There is a strong interface between casual work and unemployment, with precarious and unpredictable incomes and underemployment, low pay rates and poor work entitlements, all of which lead to negative consequences for later life income or savings. Women are disproportionately over-represented in part-time or casual roles, in lower-paid industries, and lower-paid jobs within those industries (for example clerical or administrative roles versus senior management roles).⁵

Major social and economic inhibitors have led to women not attaining gender equality in retirement income and 'later life' savings. These include ongoing and increased caring responsibilities (elderly as well as children); divorce or separation that leaves women with either no assets, or assets of significant worth; domestic and family violence; sexually transmitted debt; and financial challenges when the ex-spouse is errant with child maintenance. These inhibitors frequently lead to reduced employment options, and a lack of predictable income and decent work.

For women who remain out of the paid workforce, the human capital and earnings disadvantages seriously jeopardise their ability to recover earnings over the long term and has adverse implications for their ability to prepare for retirement⁶.

Older women are emerging as a new group experiencing homelessness. They are more likely to lack the resources to secure safe and affordable housing in their older years when they are at their most vulnerable⁷.

Women's (long-term) financial hardship and insecurity caused by financial abuse is a serious concern, particularly considering the increasing feminisation of poverty in Australia. Financial abuse in intimate relationships is widespread and common, (-) and is often hidden and unrecognised⁸.

Other workforce participation inhibitors that have proven to reduce a woman's savings and preparations for later life income include: geographical location, access to transport, lack of jobs in the rural sector, volunteering, age and putting partner priorities ahead of their own needs.

⁴ <http://www.womeninsuper.com.au/content/removal450/gjjbl5> Last accessed 29 February, 2016

⁵ <http://www.women.anz.com/content/dam/Women/Documents/pdf/ANZ-Womens-Report-July-2015.pdf> (Last accessed 29 February, 2016)

⁶ <http://www.women.anz.com/content/dam/Women/Documents/pdf/ANZ-Womens-Report-July-2015.pdf> Last accessed 29 February, 2016

⁷ <http://www.theherald.com.au/story/3431841/opinion-women-pushed-to-margins/> Last accessed 29 February, 2016

Superannuation – gender implications

Factors and challenges related to current savings, or to building savings and/or superannuation are multiple and intersecting. Women have significantly less money saved for their retirement compared to men and indicated an inability to retire with the confidence of a liveable income. They expected to remain in the workforce longer than their male counterparts. Currently, the average superannuation payout for women is a third of the payout for men - \$37,000 compared with \$110,000. In Australia, women working full-time today earn 16 percent less than men⁸.

Some of the shortfall can be explained by superannuation not being accessible to women in some sectors when, on marriage, they were required to resign and/or when a woman was excluded from superannuation funds until around 1975.

Compulsory superannuation was introduced in 1992. The compulsory 'superannuation guarantee' (SG) system was part of a major reform package addressing Australia's retirement income policies

Throughout the period from 1957 to 1984, inadequate family leave provisions and prevailing social expectations compelled many women to resign when they established a family⁹. Many women of this age bracket accepted primary responsibility for the care of the home and children on the understanding that their husband's superannuation would provide for the family retirement income. That retirement security was lost by the woman as a result of marital breakdown.

According to the Australian Government report *Financial Literacy, women understanding money*¹⁰ women are less confident than men when it comes to planning for their long-term financial future and ensuring enough money for retirement. They are however keenly interested in learning more about planning for their financial future, including in retirement.

There are some basic facts about women and money that are well recognised: lower average incomes, broken work patterns – usually for family reasons – lower participation rates when it comes to superannuation and in the end, less superannuation. Not only that, women's savings need to go further because they live longer. Women tend to be less confident in their ability to manage money, less comfortable with their financial situation and more conservative in their approaches to managing money¹¹.

Concerns / Recommendations

Fear of lack of income in later life was a very real and obvious concern for women in the eS4W: Lifelong Economic Wellbeing for Women in Australia research (2015).

Women of all ages are not confident that they will have sufficient funds to live with respect and dignity in later life. A number of respondents felt that they would have to defer retirement indefinitely. Such a decision however may not be within their control, when businesses and governments reduce employment numbers, often resulting in older workers made redundant.

Women tend to be less confident in their ability to manage money, less comfortable with their financial situation and more conservative in their approaches to managing money. There was a demonstrated lack of knowledge and/or availability about financial planning advice for what will happen in later life.

Research respondents identified a number of concerns regarding their lack of financial security in later life. These included increased social isolation due to reduced financial circumstances and often resulted in mental health issues such as depression. The loss of a social life, sharing experiences with friends, travel, reducing their purchases to daily necessities, second-hand clothing and goods, minimising heating and communications outlays compounds the social isolation for many women caused by their reduced financial position.

⁸ <https://www.humanrights.gov.au/publications/gender-gap-retirement-savings> (Last accessed 29 February, 2016)

⁹ http://www.retirevic.com.au/index_files/Page1516.htm

¹⁰ <http://www.financialliteracy.gov.au/media/209296/women-understanding-money.pdf> Last accessed 29 February, 2016

¹¹ <http://www.financialliteracy.gov.au/media/209296/women-understanding-money.pdf> Last accessed 29 February, 2016

Some respondents identified ways to cope with their poor financial circumstances, including growing their own food; sharing rental accommodation or renting out a room in their home. Other respondents sought to upskill to improve their job prospects. Those respondents still working sought professional advice on financial planning; increased their superannuation contributions; and investigated options for more secure housing.

Private health coverage was a key financial challenge for many women, particularly in light of the increases, almost annually, by health funds. For many respondents in later life, health issues can be significant and long-term. Respondents indicated that easier access to the Health Card would be beneficial not only to maintaining a level of good health, but would also assist them financially.

In Conclusion....

What is clear from this report is that for too many women, the challenge of making ends meet and caring for their families is a day-to-day struggle. Clearly the impacts of domestic and family violence, divorce and single parenthood have had a detrimental financial impact on the lives of many women. In 2016, the issues and challenges are not new; a commitment to real change by governments and business has been slow to respond. The development of better practice policy and legislation has also been slow.

Women too frequently continue to earn less than men, face penalties or stereotypes because of caregiving responsibilities, lack access to strong workplace policies that offer greater flexibility and paid leave options, and are shut out of leadership or advancement opportunities. Although there is acknowledgement that progress in some areas has occurred, the status of women overall has remained stagnant.

Caring duties for family members remains predominantly in the women's domain. This, combined with the fact that the value of women's time in the labour market is low, through interrupted careers, compared to that of men, will continue to have a severe impact on gender equality in Australia.

The findings in the research report are weighted towards women, 45 years and over, and clearly show how the impact of past social and economic leanings have contributed to many from this cohort facing lack of a liveable income, even poverty. This is despite the paid and unpaid contributions they have made to the Australian economy over many years of dedicated service.

What is also evident is the urgent need to educate and inform younger generations of women in financial literacy, planning and preparing for their financial security during their lifespan. To repeat the past, because of lack of action by governments and business, for these younger generations is irresponsible and foolhardy. Younger generations of women are well educated, seek careers, not just jobs, want to enjoy both a professional life and a personal life with partners and children, and want to experience and contribute to the growth of the nation.

There is a need to create the space for cross-generational dialogue between women from young and older generations. There is also an urgent need to target women of all ages to better inform and educate them on what they need to do to ensure their own financial security and economic wellbeing. There is significant information available through a wide range of sources, however the financial literacy program, material and 'Money Smart' produced by ASIC provides the essential education. eS4W's 2016-2017 Workplan will include an objective and key actions to partner with ASIC on a financial education program, nationwide. Additional research could include:

Older women, 45 years and over: identify solutions and supports in financial security, affordable housing, age discrimination in the workplace, and superannuation.

Young women: better understand their attitudes and behaviours to economic security and identify solutions and supports that facilitate improved financial management.

There is a need to undertake further study in the area of domestic violence and its impact at work. The study might also extend to issues of financial security, affordable housing, access to work and affordable care options.

The sustainability of work was brought to question through this study, with an emphasis on those occupations and industries where women dominate. There is growing evidence of the use of artificial

intelligence in many workplaces and this is anticipated to continue in the coming years. Workplace automation will obviously impact on the type of work available in the future and could seriously undermine efforts by some women to find suitable and meaningful employment. For example, sole parents and/or those women who have been out of the workforce for some time and who have been in receipt of a government pension. Government changes require that these groups of women to find employment; the question is what time of employment will be available; will it be in low-status, low-paid environments; and if routine work, will this be vulnerable to automation in the not too distant future?

Research in to artificial intelligence and the automation of the workplace: undertake a study to identify current occupations and industries that will become more automated in the future; and the impact of these changes on access to meaningful work and/or education and training that is intended to provide women with the skills to find sustainable work options.

It is time to seriously address the gender pay gap, which has increased over the last decade. Women across Australia, in every state and territory experience the gender pay gap. It affects women from all socio-economic backgrounds, at all ages, at all levels of educational achievement, and at all levels of career progression. There is significant evidence to suggest that the gender pay gap is not due solely to base pay levels, but includes bonuses, incentives and other benefits that are generally negotiated in private. There is significant evidence that men are the beneficiaries of negotiations around bonuses, incentives and other benefits. Another factor is the gender pay gap is the value extended to different roles within a company, for example Operational versus Human Services.

Challenging current economic reforms and social policy platforms that negatively impact on women, irrespective of their age, work status, gender barriers, etc must be seen as an imperative for change by government and business alike.

eS4W recommends that governments adopt a whole-of-government framework and approach when reviewing and/or developing policy that impacts women's lives. The purpose and aim of such policies should be designed to ensure that Australia aspires to create equality of opportunities and outcomes for women and men. Every effort should be made to identify and remove barriers identified by women that impede their access to financial security and economic wellbeing.

economic Security4Women

economic Security4Women (eS4W) is a national women's alliance, funded by the Australian Government through the Office for Women in the Commonwealth Department of Prime Minister and Cabinet. eS4W is one of five National Women's Alliances.

It is an alliance of women's organisations united in the belief that economic wellbeing and financial security are essential for women and will enable women of all ages to have an equal place in society.

A key function of eS4W's remit is to source the views, issues and concerns of Australian women on matters that affect their lifelong economic wellbeing and financial security.

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