

***Research Paper No 2***

**Why women do not  
plan their retirement**

**Dr Jenny Onyx,  
with Alice Watkins  
University of Technology,  
Sydney  
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Federal Secretariat

Level 19  
Piccadilly Tower  
133 Castlereagh St  
Sydney NSW 2000

PO Box 1485  
Sydney NSW 1005  
Tel: (02) 9264 9300  
Fax: (02) 9264 8824

The Association of Superannuation Funds of Australia Limited ACN 002 786  
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ASFA Website: [www.superannuation.asn.au](http://www.superannuation.asn.au) i

## FOREWORD

This paper was commissioned as part of the NAFM/ASFA Superannuation Research Grant program. The program was established in 1992, with the final series of annual grants awarded in 1995. The Grants are administered by the ASFA Research Grants Committee, made up of senior representatives of funds, academia, business and government. Significant financial support and assistance in supervision of grants was provided by National Australia Financial Management (NAFM), which is the wholly owned financial services and fund subsidiary of National Australia Bank. NAFM provides an extensive range of investment, retirement and life insurance products through the National's branch network.

The aim of the grants was to encourage research which contributed to knowledge and understanding of superannuation in the industry, the government and the wider Australian community. This paper by Jenny Onyx and Alice Watkins certainly does that, providing both quantitative and qualitative information on why many women do not plan their retirement. The authors argue that attitudes of women, a lack of information and impediments to regular contributions to superannuation flowing from broken work patterns are all important. While the tone of the paper is not altogether optimistic, some potential solutions to these problems are canvassed.

With the establishment of the ASFA Research Centre, the NAFM/ASFA Research Grants program has been discontinued. However, projects will continue to be administered and resultant research reports will be published. For instance, another research project funded by ASFA that is due for completion early in 1997 is on the use of gender-related differences in mortality in the approach of Australian superannuation funds to the pricing and provision of death cover and annuities. This project will provide information on differences in death rates and their underlying causes, and discuss whether such differences can or should be used to treat men and women differently in the provision of some superannuation related financial products.

Making more generally available what in many cases is valuable research for the sector is a priority for ASFA, and future ASFA Research Papers are likely to include commissioned research papers. The Research Centre also will be compiling in the ASFA Library a full set of all commissioned reports, and will be making arrangements for full text versions of the papers to be made available in electronic form, including over the Internet.

Michaela Anderson  
**Director Policy and Research**

November 1996

# ASFA Research Centre

A recent initiative of the Policy and Research group of ASFA (headed by Dr Michaela Anderson) is the establishment of the ASFA Superannuation Research Centre. The aims of ASFA for the Research Centre are ambitious - what is wanted is research that informs policy and practice, is evaluative as well as descriptive, is comprehensive, is quality and value for money, identifies the significant and differentiates it from the merely interesting, is accessible, and is available when it is needed.

With limited resources, at least to start with, it will be important for the Centre to effectively draw on the knowledge of the superannuation sector if it is to achieve its aims. The Centre is aiming to provide research support for policy makers and policy making both within the sector and within government, to provide support and back-up for practitioners, and to provide information and assistance in a general sense for fund members.

Communication will be a key in developing a relevant work program and undertaking effective research. The Centre will need to be informed about what are the key issues for the sector and the economy and society more generally, and who is working on them. And when research is completed it will only be of use if it is well communicated.

The Centre is establishing a register and mailing list of individuals and organisations undertaking research on issues relevant to superannuation, or who are interested in accessing such research. It is intended that this register, first published in ASFA Research Centre Paper No 1, along with expanded access to the resources of the ASFA library will become a useful research tool in the superannuation sector. The ASFA Internet site will be used to assist this process.

We therefore ask readers of this volume who are undertaking superannuation research to provide information on projects that they or their colleagues are engaged in which are relevant to the superannuation sector, or to add names to the mailing list for the series. While early issues in the series will be distributed free of charge, it is intended to develop appropriate subscription arrangements for ASFA members and non-members.

Contact with the Research Centre can be made through its Principal Researcher, Ross Clare, on telephone **02 9264 9300**. The fax number for the Centre is **02 9264 2260**, the Internet address is **superpol@syd.asfa.asn.au**, and for those who still like to make use of non-electronic communication the postal address is **GPO Box 1485, Sydney, NSW, 1005**.

## EXECUTIVE SUMMARY

There has been a steep rise over the past 20 years in the proportion of women who enter the workforce, with a concomitant increase in the number of women who will be retiring in the next 20 years. In the past, the majority of women over 60 have either been supported by their husband's superannuation benefits, or have been dependent on a government pension. For various reasons, this situation is unlikely to continue. Governments are unlikely to be willing to continue the present levels of pension as demographic changes produce greatly increased numbers of older people. Relatively few women can depend on their spouse's superannuation, particularly in cases of death or divorce. It is becoming increasingly essential for women to make provision for their own post-retirement income. However, available evidence suggests that women are not effectively planning for their retirement, and are increasingly at risk of facing a life of poverty in their old age.

The purpose of the research project reported here, is to confirm that women are in fact less likely to plan their retirement than men, and to ascertain some of the reasons why this is so.

The project took the form of a questionnaire survey, administered to some 800 adults living in metropolitan Sydney. Three roughly equal samples were obtained of men employed full-time, women employed full-time, and women employed on a part-time or casual basis. All but 4% of respondents were aged over 30. While the sample cannot be said to represent the whole population, it probably accurately reflects the kind of middle class, urban Australian who is most likely to be concerned with retirement planning.

The results confirmed that women, even those employed full-time, were far less likely to have actively planned financially for their retirement, and to have actively planned a retirement lifestyle. Generally, 65% of men have actively planned financially for their retirement, compared with 52% of full-time employed women and 38% of casual or part-time employed women. Men were much more likely to belong to a superannuation fund, to join at an earlier age, to maximise their own contributions. Full-time employed women were equally likely to belong to a fund and to make contributions to it, but usually at a much lower rate, and over a shorter period.

The reasons for the apparent reluctance on the part of women to plan their retirement may be explored in terms of three dimensions : attitude , information, and external impediments.

The attitude dimension is pervasive and probably represents women's socialisation. While paid work was regarded as equally important by men and women in their 20s (approximately 65% of men and women regarded paid work as 'very important' at that age), it tended to become relatively less important later on as children were given a higher priority. However, for fully employed women and men, paid work was seen as being equally important during their 40s and 50s. Women who were employed on a part-time and casual basis were consistently more likely to place lower priority on paid work, and greater priority on children. If windfall money became available, they were significantly more likely than fully employed women to spend the money on their family and less likely to spend it on themselves.

The same discrepancy occurs with respect to expected future income. Women and particularly those employed on a part-time or casual basis, were less likely than men to expect to have continued employment after age 60, or to draw on their own superannuation. They were more

likely to depend on their partner's superannuation, or on a government pension. When asked specifically why they did not plan financially for their own retirement, women who were employed on a casual or part-time basis were more likely than the other groups to respond that their pay was too low with too many financial commitments, that they had no long term employment, and that planning for retirement was their spouse's responsibility (25% gave the latter reason).

The second dimension is information or knowledge. In all, 50% of part-time or casual employed women and 38% of full-time employed women compared with 26% of men, had received NO information concerning retirement. Those women who did contribute to superannuation were less likely to know how much they contributed or needed to contribute, or what their current entitlements were. Part-time and casual employed women in particular had little idea of what entitlements they may have to their partner's superannuation, and those who thought they knew had grossly overestimated the amount of that entitlement.

The third dimension concerns external impediments. The vast majority of women have had a discontinuous career, with an average of 6 years or more out of the workforce to raise children. Women were also more likely to experience a disruption in their own career in order to follow their partner. Those women who returned to the workforce on a casual or part-time basis were clearly enormously disadvantaged by lack of information, low salary, reduced access to superannuation, and competing demands for their funds. Fully employed women continued to receive disproportionately lower salary levels. In the study sample, there was no significant difference between men and women in terms of qualification. However there remained an enormous difference in salary even between fully employed men and women. Of the men, 48% received a salary of over \$55,000 while only 16% of full-time employed women and 1% of part-time employed women received a comparable level. Both full-time and part-time employed women were more likely than men to carry a continued heavy load of caring for others. Of full-time employed women, 39%, but only 11% of men spent at least 20 hours a week in the care of others.

The overall picture is a gloomy one for women. Women, even those currently employed full-time, are severely disadvantaged in terms of preparation for retirement. They are employed for fewer years, in discontinuous employment at dramatically lower salary levels, with heavy ongoing caring responsibilities, and few opportunities to save for their own future. These disadvantages are compounded by lack of accurate information and an increasingly tenuous expectation that they will have adequate access to their spouse's super or to a government pension. For this situation to change, women need to both become determined to plan for their own retirement, and have the conditions that make this possible.

While the solutions are not easy, some possibilities present themselves for further investigation. They include the need for opportunities for:

- more adequate information to be made available to all women, and especially those employed on a casual or part-time basis. They need to have information that is readily available and easy to understand. They need advice about how much they need to save/contribute to provide an acceptable standard of living during retirement.
- women to learn more about their entitlements (or lack of it) to their spouse's superannuation;

- provision for part of the spouse's superannuation contribution to be paid directly into her superfund, in those situations where her earning capacity is severely limited by caring responsibilities. Women need automatic entitlement to a proportion of their spouse's superannuation on a pro rata basis in case of death, divorce or separation;
- portability of superannuation. A central fund for those working a variety of casual or part-time positions, would enable employers to contribute in a cumulative way, while allowing employees to make periodic contributions as they are able; and
- the availability of appropriate part-time work for those over the age of 60.

## WHY WOMEN DO NOT PLAN THEIR RETIREMENT

### Introduction

There has been a steep rise over the past 20 years in the proportion of women who enter the workforce, with a concomitant increase in the number of women who will be retiring in the next 20 years (Clare and Tulpule, 1994). In the past, the majority of women over 60 have either been supported by their husbands superannuation benefits, or have been dependent on a government pension. For various reasons this situation is unlikely to continue. It is becoming increasingly essential for women to make provision for their own post-retirement income. However available evidence suggests that women are not effectively planning for their retirement, and are increasingly at risk of facing a life of poverty in their old age. This research project examines some of the factors that impact on women's capacity to effectively plan their retirement.

In a recently completed exploratory study of 50 high achieving professional women between the ages of 45 and 65 in Sydney (Onyx and Benton, 1995), it was found that few women had systematically planned for retirement, or were even prepared to discuss it. Half the sample expected to continue paid work after retirement age, while a third expected to be on a government pension. Only 40% had their own superannuation cover, and in almost all cases, the superannuation benefits would not provide adequate income. These kind of results are echoed in the American literature, where for example Feuerbach and Erdwins (1994) found that 91% of their women respondents had not planned for retirement, and Hayes and Parker (1993) say "It is unfortunate that the popular press continues to ignore the dramatic need to alert and inform women of their need to engage in early planning for the later years."

Some of the potential reasons for this pattern have been explored in a preliminary way. For example, a report prepared for the NSW Ministry for the Status and Advancement of women by Olsberg, Adams and Associates (1994) explored the impact of women's disrupted paid employment while raising children, their generally lower wages and higher incidence of part-time and casual employment. While some of the reasons are clearly tied to structural labour market conditions, other social factors are involved as well. One of my own informants expressed this clearly:

*I guess as a women you can get so caught up in raising a family and day to day living and then for me, going back to the workforce, doing some study, going from part-time to full-time work, continuing to be the carer and I suppose the main nurturer in the home, that you don't tend to take time out to stop and think about your future goals ... I'm relatively financially secure (now). My partner has superannuation ... I've never seen it as a priority. I tend to get too engrossed in what I'm doing at the time and put that on the back burner (Maggie, age 45).*

In an Australian study, Rosenman and Winocur (1990) conclude that the majority still expect that their husbands would do the planning and provide the resources to enable them to maintain their living standards into retirement."

Unfortunately, the growing evidence is that this expectation will not be met. Rosenmann and Winocur found that 88% of widowed women and 65% of divorced women were dependent on a government pension. The demographic 'timebomb' suggest that this is not a healthy option in

the future, either for the government of the day, or for the women themselves (Clare and Tulpule (1994). The numbers of older women are expected to increase dramatically in the next fifty years, both in absolute numbers, and as a proportion of the working population. Such a demographic shift is likely to put an unacceptable burden of support on the government old age pension system. It therefore becomes imperative that other options for the support of older women are found, options that increase the capacity of women themselves to make financial provision for their own retirement. Hence the focus on the present study to identify the barriers and constraints that prevent this from occurring

## **Methodology**

This study reports the findings of a questionnaire survey.

The instrument was a questionnaire containing 34 closed ended items. These items were developed from an earlier qualitative interview study. (Onyx and Benton, 1995, 1996). The items were further developed from an extensive search of the literature, and consultations with people within the superannuation industry. Where applicable, items were scaled from 1 (not important) to 4 (very important). Other items contained categorical data. The questionnaire is anonymous and confidential. The final questionnaire is included in Appendix A of this report.

Access to respondents was difficult. The study was interested primarily in three discrete comparison groups:

- women over 30 who are currently employed full-time
- women over 30 who are currently employed on a casual or part-time basis
- men over 30 who are employed full-time (this group provided a useful point of reference for the other two groups)..

An attempt was made, with the full co-operation of ASFA, to obtain samples of employees through major members' organisations. On each occasion when approached for assistance in distributing the questionnaires, permission was denied by senior managers.

An alternative strategy entailed an approach to one primary school and one secondary school in the North Shore region of Sydney. Both schools co-operated and a total of 400 and 800 questionnaires were distributed respectively to parents. The return rate of completed questionnaires was 44% and 11% respectively, or a total of 263 respondents.

A third strategy entailed a research methodology undergraduate class at University of Western Sydney. Approximately 100 students were required to obtain completed questionnaires from 5 adults each, following a set of detailed instructions, as part of a subject assignment. This led to a subsample of 482 returns, the data for which was collated separately for student analysis.

A further sample of 55 responses was obtained from post-graduate students attending courses in the Faculty of Business at UTS.

The final sample of 800 respondents thus draws on a wide spread of responses from men and women across metropolitan Sydney in a variety of employment contexts. While the sample as a whole cannot be claimed to be representative, it is likely to closely reflect the diversity of urban adults who are most likely to be concerned with retirement planning.



All data was analysed using the SPSSx package using chi square analysis of categorical data and one way analysis of variance of scaled and continuous data. For purposes of most analyses, the three comparison groups were used, while those not employed, or men who were not employed full-time, were excluded. This left a comparison sample of 654 respondents.

### The Sample

The total sample comprised 33% men and 67% women. Of the total sample, 123 women (23%) and 14 men (6%) were not currently in any form of employment. Of the remainder, the majority of men (93%) were employed full time, while roughly half the women were employed on a part-time or casual basis.

**Table 1:Composition of sample**

|           | Female |    | Male |    |
|-----------|--------|----|------|----|
|           | N      | %  | N    | %  |
| Full-time | 204    | 50 | 229  | 93 |
| Part-time | 122    | 30 | 10   | 4  |
| Casual    | 76     | 19 | 8    | 3  |
| NR        | 4      | 1  | -    |    |
|           | 406    |    | 247  |    |

Sample sizes fluctuate between items reflecting variable response rates to specific questions. Most analyses excluded the 18 males employed on a part-time or casual basis. In terms of demographic location, Table 2 identifies highest qualifications. Overall, 37% of the sample have tertiary qualifications, while 22% have less than HSC. Using this as an indicator of class, it would appear that the sample contains a spread, but over represents the professional managerial class. This is the group most likely to be concerned with superannuation. There is NO overall significant difference between men and women with respect of qualifications.

**Table 2:Qualifications**

|  | Percent |      |         |
|--|---------|------|---------|
|  | Female  | Male | Overall |
| Post-graduate                            | 14      | 19   | 15      |
| Graduate                                 | 21      | 24   | 22      |
| TAFE certificate/Diploma (or equivalent) | 26      | 23   | 25      |
| HSC (or equivalent)                      | 17      | 12   | 15      |
| Less than HSC                            | 22      | 23   | 22      |

There are, however, huge differences between men and women in terms of current salary, as indicated in Table 3. Of the men, 48% receive a salary of over \$55,000, while only 16% of full-time women and 1% of part-time women receive a comparable level.

**Table 3 : Salary Levels**

| \$                 | % response |            |          |
|--------------------|------------|------------|----------|
|                    | p/t female | f/t female | f/t male |
| 85,000 +           | .5         | 3          | 16       |
| 75,000 - 84,999    | -          | 1          | 6        |
| 65,000 - 74,999    | -          | 4          | 10       |
| 55,000 - 64,999    | .5         | 8          | 16       |
| 45,000 - 54,999    | 2          | 14         | 19       |
| 35,000 - 44,999    | 6          | 36         | 17       |
| 25,000 - 34,999    | 19         | 25         | 14       |
| 15,000 - 24,999    | 34         | 10         | 2        |
| less than 15,000   | 38         | 2          | .5       |
| F = 243.71, p<.000 |            |            |          |

In terms of ethnicity, 79% of women and 70% of men are English speaking, of Anglo descent. An additional 11% of women and 15% of men are of non-English speaking European background. The average age for women is 42 (SD of 8.3) and for men is 44 (SD of 8.0). The difference is significant ( $F = 3.54, p < .000$ ). All but 4% of men and women were 30 years or over. Men and women were equally likely to have financially dependent children (mean of 2.7). However the average age of the youngest child was two years older (at 13 years of age) for those women employed full-time.

### Planning for Retirement

Respondents were asked whether they had actively planned financially for their retirement and whether they had actively planned a retirement lifestyle.

**Table 4: Percent Actively Planning**

|             | Female p/t | Female f/t | Male f/t | P    |
|-------------|------------|------------|----------|------|
| Financially | 38         | 52         | 65       | .000 |
| Lifestyle   | 28         | 29         | 42       | .004 |

Men are much more likely than women to plan retirement both in terms of financial planning and in terms of lifestyle planning. Those women who are employed full-time are also more likely to plan financially than part-time/casual employed women, though they are equally unlikely to plan a retirement lifestyle. However, a further analysis identified that of those working full-time, the difference between men and women remained significant. That is, women are less likely than men to plan for their retirement even when employment status is the same.

Respondents were asked how important various sources of income were likely to be when over 60 years of age. The responses occurred on a scale of 1: not important to 4: very important. The proportions indicating "very important" are presented in table 5.

**Table 5 : Importance of Retirement Income Sources - % very important**

| Source                   | Female p/t % | Female f/t % | Male f/t % | P*   |
|--------------------------|--------------|--------------|------------|------|
| Continued employment     | 14           | 20           | 19         | .014 |
| Own superannuation       | 25           | 53           | 64         | .000 |
| Partner's superannuation | 52           | 41           | 25         | .000 |
| Own savings              | 44           | 50           | 51         | -    |
| Property                 | 51           | 57           | 59         | -    |
| Government pension       | 24           | 22           | 18         | .044 |
| Other                    | 4            | 3            | 2          | -    |

Note\* : based on F-Test of means scores.

As indicated in table 5, there are quite different expectations for income support by gender. Men are more likely than women to place greater importance on continued employment and on own superannuation. Women are more likely than men to place greater importance on partners superannuation and on government pension. Savings and property are equally important to both. It should be noted that the significant gender differences lie in the direction of greater expected independence by men but on dependence on others (spouse, government) by women. When comparing only full-time employed males and females two of the differences disappear (both are equally likely to depend on their own superannuation and government pension) but full-time employed females are still more likely to be dependent on spouse's super.

Respondents were asked if they are not personally planning financially for their retirement, what was the reason. Table 6 summarises the results

**Table 6: Reasons Given for Not Planning**

|                                   | Female p/t % | Female f/t % | Male f/t % | P*   |
|-----------------------------------|--------------|--------------|------------|------|
| Never had access                  | 4            | 2            | 1          | -    |
| No long term employment           | 12           | 0            | 1          | .000 |
| Rather spend on family            | 9            | 6            | 10         | -    |
| Juggling current commitments      | 22           | 27           | 20         | -    |
| Pay low/too many financial ..     | 38           | 16           | 7          | .000 |
| Dont want to think of getting old | 6            | 10           | 8          | -    |
| Spouses responsibility            | 25           | 5            | 2          | .000 |
| Dont understand super             | 1            | 3            |            | -    |

Note\* based on Chi square

The most likely reason men gave for not planning financially for retirement was that they were 'too busy juggling current commitments to plan ahead'(20%) or they would 'rather spend the money on their family'(10%). Women however and particularly part-time women were significantly more likely than men to give as a reason 'my pay is too low/there are too many other financial demands'(38%). 'No long term employment'(12%) and 'that is my spouses

## Information and Knowledge

Respondents were also asked about their sources of information in planning retirement. Table 7 summarises the main sources.

**Table 7 : Sources of Information**

|                        | % Response |            |          | P*   |
|------------------------|------------|------------|----------|------|
|                        | Female p/t | Female f/t | Male f/t |      |
| Retirement seminars    | 8          | 9          | 12       | .009 |
| Brochures/written info | 24         | 38         | 45       | .000 |
| Financial planner      | 20         | 23         | 30       | .042 |
| Counsellor             | 1          | 3          | 5        | -    |
| Friends/relatives      | 31         | 40         | 43       | .030 |
| No information         | 50         | 38         | 26       | .000 |

Note \* based on Chi square

Of the women, 50% of those employed on a part-time or casual basis, and 38 % of those employed full-time, have received no information concerning retirement, compared with 26% of men. For both men and women the most likely sources of information are friends and relatives or retirement brochures. In general men were more likely to receive information from all sources and particularly written sources and attend retirement seminars. Women working casual or part-time are significantly less likely to receive retirement information from any source.

No difference was found in the reaction to media advertising about financial planning for retirement, either by gender or by employment status. The majority of all groups (55%) did not find the available information to be useful or relevant. Overall, 19% could not relate to the message or the language.

Those who currently belong to a superannuation fund were asked a series of questions concerning their cover. Table 8 indicates the proportion who could not answer the questions.

**Table 8: Percent who did not know**

|   | Female p/t |       | Female f/t |       | Male f/t |       | P*   |
|---|------------|-------|------------|-------|----------|-------|------|
|   | %          | N     | %          | N     | %        | N     |      |
| Number of years of super expected by age 60 | 43         | (148) | 19         | (188) | 17       | (208) | .000 |
| Number of years super required              | 82         | (148) | 73         | (189) | 52       | (206) | .000 |
| Payment per month now                       | 51         | (149) | 34         | (195) | 23       | (208) | .000 |
| Contribution from employer per month now    | 69         | (131) | 58         | (178) | 37       | (189) | .000 |
| Expected lump sum benefits                  | 94         | (147) | 90         | (184) | 78       | (196) | .000 |
| Death/Disability cover                      | 28         | (143) | 28         | (162) | 18       | (166) | .000 |
| Entitlement to ) [whether any]              | 22         | (196) | 19         | (198) | 19       | (219) | .000 |
| partners super ) [how much] ‡               | 52         | (196) | 42         | (198) | 42       | (219) | .000 |

Note ‡: less than 10% of any category were able to quote an estimated entitlement

Note \*: based on Chi square

The responses provide a consistent picture. A large proportion of men and women indicated little knowledge of their own superannuation needs or entitlements. women, and particularly those employed on a part-time or casual basis were less likely to know than men. all comparisons were statistically significant. of the part-time employed women, 82% did not know how many years of contributions would be required for a livable retirement income, 69% had no idea of their employers current contribution, 94% had no idea of their expected lump sum benefits, and .74% did not know what, if any, entitlements they had to their partners' super.

**Current Superannuation Status**

Respondents were asked whether they currently belonged to a superannuation fund. Of those who were employed, 90% (men and women) did belong to a retirement fund. There was no difference between full-time employed men and women in terms of the type of retirement fund. However part-time and casually employed women showed a significantly different pattern as indicated in Table 8. Part-time and casually employed women were less likely to have any superannuation and less likely than fully employed men or women to contribute themselves to an employment fund. Men are likely to first join a super fund 3 years earlier than women (mean 28 years, F = 7.47, p<.001).

**Table 9 : Percent belonging to a Super Fund**

|   | Female p/t | Female f/t | Male f/t |
|---|------------|------------|----------|
| No fund                                     | 25%        | 4%         | 6%       |
| Private fund (own contributions only)       | 10%        | 8%         | 10%      |
| Employers fund (employer contrib. only)     | 46%        | 35%        | 28%      |
| Employers fund (employer plus own contrib.) | 16%        | 44%        | 48%      |
| Combination of above                        | .4         | 8          | 8        |
| $\chi^2 = 97.78, p<.000$                    |            |            |          |

Not only are men more likely to contribute to the employers fund, they are significantly more likely to pay a larger amount than required to maximise their contribution (26% do so).

While many respondents had little knowledge of their superannuation needs or entitlements (as indicated in Table 8), Table 10 provides estimated mean responses to the same issues for the subset of people able to respond (numbers responding are indicated in brackets)

**Table 10 : Mean Responses to Expected Cover**

|   | Female p/t |    | Female f/t |     | Male f/t |     | F     | P    |
|---|------------|----|------------|-----|----------|-----|-------|------|
|   |            | N  |            | N   |          | N   |       |      |
| Number of years of super expected by age 60 | 21.6       | 89 | 23.8       | 161 | 29.1     | 176 | 22.76 | .000 |
| Number of years required for livable income | 34.7       | 31 | 29.8       | 59  | 31.8     | 104 | .44   | -    |
| Payment per month now                       | \$ 56.6    | 74 | \$ 140.1   | 127 | \$ 227.2 | 157 | 14.95 | .000 |
| Contribution from employer per month now    | 108.4      | 58 | 137.1      | 86  | 293.6    | 137 | 12.00 | .000 |
| Expected lump sum benefits                  | 74,332     | 13 | 104,483    | 25  | 270,943  | 51  | 14.00 | .000 |
| Death/Disability cover                      | 129,010    | 31 | 2,360,032  | 56  | 231,337  | 86  | .98   | -    |
| Entitlement to partners super               | 406,733    | 15 | 107,500    | 11  | 97,737   | 19  | 3.99  | .026 |

Of those who were able to provide some estimation of time or amounts, the same discrepancies occurred. Men employed full time expect to have accumulated significantly more years of super by the time they have reached 60 years of age than do women. For all groups, including men, the number of years super acquired is expected to be less than the number needed, although the gap is far greater for women, especially those employed casually or part-time. Of those who did respond, all groups were equally realistic in estimating a required number of about 30 years accumulated super (more for casual women). Men paid on average more per month into their superfund, as did their employers. Relatively few respondents were able to estimate the expected amounts of their lump sum benefits; for those who could, the expected benefits were far greater for men than for all women, including those employed full-time. Very few respondents had a realistic notion of their current death and disability cover, and even fewer had any idea of what entitlement they may have to their partner's super. Interestingly, casual employed women respondents grossly over-estimated their entitlement to their spouses super (a mean of \$406,733 compared with estimated lump sum benefits by men of \$270,943)

In terms of portability, men were more likely to have portability of cover if they change jobs and more certain that this is so (see Table 11)

**Table 11: Portability of Super (% response)**

|                            | Female p/t | Female f/t | Male f/t |
|----------------------------|------------|------------|----------|
| Yes, portable              | 46         | 50         | 65       |
| Only within limited range  | 9          | 18         | 10       |
| Not sure                   | 35         | 25         | 18       |
| No, not portable           | 10         | 8          | 8        |
| N                          | 150        | 196        | 211      |
| $\chi^2 = 26.31, p < .002$ |            |            |          |

Very few men or women had ever been refused adequate access to a superannuation fund although women were more likely than men to have had this experience (6% women against 2% men,  $p < .03$ ). Most commonly, the reason given for being refused access, was that employment was temporary or short term.

### Other Factors that May Influence Retirement Planning

A number of potential constraints on retirement planning were explored.. One factor influencing capacity to plan may be the number of years spent outside the workforce altogether. The differences between men and women are summarised in Table 12. Women on average spent some 8 years out of the workforce, mainly to raise children. Men on average spent two years, mainly to study. While men were more likely than women to take time out for study, (hence increasing earning capacity), women were more likely than men to take time out to follow their partner or to raise children (hence decreasing earning capacity).

**Table 12: Years out of Workforce**

|                   | Mean   |      |       |      |
|-------------------|--------|------|-------|------|
|                   | Female | Male | T     | P    |
| To raise children | 6.10   | .17  | 22.34 | .000 |
| To follow partner | .29    | .04  | 3.29  | .001 |
| To study          | .59    | 1.36 | -3.15 | .002 |
| To travel         | .36    | .40  | -.37  | -    |
| Unemployed        | .66    | .48  | 1.21  | -    |
| Total             | 7.85   | 2.29 | 14.39 | .000 |

Not only are women more likely than men to take time out to care for children, they are also more likely to continue a heavy caring commitment when they are employed, as indicated in Table 13. The difference between full-time employed men and women remains significant ( $\chi^2 = 50.44$ ,  $p < .000$ )

**Table 14: Hours Spent Caring for Others**

|                                   | Percent Response |                |              |
|-----------------------------------|------------------|----------------|--------------|
|                                   | Female p/t (%)   | Female f/t (%) | Male f/t (%) |
| More than 40 hours/week           | 36               | 12             | 1            |
| 30-40 hours/week                  | 13               | 9              | 4            |
| 20-30 hours/week                  | 15               | 18             | 6            |
| 10-20 hours/week                  | 14               | 16             | 18           |
| Less than 10 hours/week           | 7                | 11             | 21           |
| None/not relevant                 | 14               | 32             | 47           |
| $\chi^2 = 166.52$ , $p = < .0000$ |                  |                |              |

## Attitudinal Variables

The research explored the possibility that various attitudinal variables may be related to retirement planning. As indicated in Tables 5 and 6 above, women were more likely to expect to depend on their spouses' superannuation after retirement, and to regard retirement planning as his responsibility. Further clues may be found in the relative importance attributed to paid work, family and other life interests.

Respondents were asked how important paid work has been at different times in their lives. The proportion of those responding 'very important' is listed in Table 14. Paid work was equally important for men and women during their 20s. From then on it decreased in importance for women, especially for part-time women, while it increased in importance for men in their 30s, before decreasing again. For all ages after 30, paid work on the whole was seen to be significantly more important by men. However for people aged in their 40s and 50s, the main difference occurred between part-time employed women and full time employed women. For full-time employed women, paid work was as important as it was for men. There was NO significant difference in mean importance of work for fully employed men and women in their 40s and 50s.

**Table 14 : Importance of Paid Work - % very important**

|        | Female p/t<br>% | Female f/t<br>% | Male f/t<br>% | P*   |
|--------|-----------------|-----------------|---------------|------|
| in 20s | 66              | 61              | 67            | -    |
| in 30s | 42              | 60              | 80            | .000 |
| in 40s | 27              | 57              | 66            | .000 |
| in 50s | 14              | 29              | 36            | .000 |

Note\*: based on F test of mean scores

Similarly, respondents were asked about their relative life priorities and time commitments now. The proportion of those responding 'very important' is listed in Table 15

**Table 15: Relative Priorities - % very important**

|                            | Female P/T | Female F/T | Male F/T | P*   |
|----------------------------|------------|------------|----------|------|
| Children                   | 81         | 69         | 69       | .03  |
| Community                  | 10         | 10         | 8        | -    |
| Personal Creative Activity | 18         | 28         | 26       | -    |
| Relationships/Friendships  | 50         | 56         | 47       | .03  |
| Leisure                    | 22         | 31         | 31       | -    |
| Paid work                  | 31         | 75         | 75       | .000 |

Note\*: based on F test of mean scores

Again, the only consistent difference was in the reduced commitment to paid work by part-time women. While this group also showed a greater time commitment to children, the difference between them and full-time workers was only marginally significant ( $F = 3.46$ ,  $P < .03$ ).



To gain an understanding of relative spending priorities, respondents were asked their most likely response to a scenario in which they received a sudden windfall of \$5,000. Their responses are provided in Table 16.

**Table 16: Response to Windfall  
% “high priority”**

|                             | Female P/T | Female F/T | Male F/T | P   |
|-----------------------------|------------|------------|----------|-----|
| Invest for childrens future | 39         | 31         | 29       | -   |
| Invest for own future       | 33         | 46         | 38       | -   |
| Clear old debts             | 43         | 52         | 45       | -   |
| Spend for family now        | 38         | 27         | 40       | .01 |
| Spend for own pleasure now  | 12         | 21         | 20       | .07 |

Note\*: based on F test of mean scores

While there were few overall differences in the patterns of responses, the part-time employed women were more likely to invest in their childrens future than full-time employed women ( $F = 2.67, p < .008$ ) more likely to spend for the family ( $F = 2.30, p < .022$ ) and less likely to spend for their own pleasure ( $F = -3.14, p < .002$ ).

Finally, respondents were asked what they were most likely to be doing in 5 years time. The responses are summarised in Table 18.

**Table 18: Most Likely Future (%)**

|   | Female P/T | Female F/T | Male F/T |
|---|------------|------------|----------|
| Dont know what to expect                | 14         | 6          | 10       |
| No paid employment                      | 5          | 2          | 2        |
| Casual employment                       | 17         | 2          | 2        |
| Regular part-time                       | 48         | 6          | 2        |
| Full-time employment with career change | 6          | 15         | 17       |
| Full time: same occupation              | 11         | 68         | 68       |
| $\chi^2 = 307.30, p < .000$             |            |            |          |

There is a significant difference in pattern of response between the three groups, but this difference is entirely accounted for by the female part-time employed group. There is NO difference between full-time employed men and women, two-thirds of whom expect to continue working as they are now. About two-thirds of the part-time or casual employed women also expect to continue working in that mode while 17% expect to be working full-time and 14% are uncertain.

## Discussion

The results shed some additional light on the research question Why dont women plan for their

To answer the research question, three subgroups were identified; men employed full-time, women employed part-time and women employed casual or part-time. all were drawn from an urban, predominantly well educated population and most were aged over 30.

The research question presupposes that women do not in fact plan their retirement. The results confirm that the majority of women do not plan their retirement, although those fully employed are more likely to plan financially. Men are much more likely than women to plan retirement both financially and in terms of lifestyle planning. However about one third of the men questioned had not done much planning either. Nonetheless, on the whole, men join a superannuation fund at an earlier age, contribute more to it, often maximising their contribution. Full-time employed women were equally likely to belong to a fund and to make contributions to it, but usually at a much lower rate, and over a shorter period.

The answer to the question 'Why don't women plan for their retirement?' may be seen in three dimensions concerning: first, attitude; second, information; and third, external impediments.

The attitudinal dimension is pervasive and probably represents women's socialisation. While paid work is equally important to men and women in their 20s, it tends to become relatively less important later on as children are given a higher priority. In the division of labour within the family, it is still the case that retirement planning is seen as the husband's responsibility. This is particularly the case among women who are employed on a casual or part-time basis, although full-time employed women also expect to be dependent on their spouse's super after retirement. This supports the findings of Rosenman and Winocur (1990), although in this sample only 25% of part time and casual women stated that it was their spouse's responsibility.

The information dimension compounds the effect of attitude. Women, and particularly casual or part-time employed women are less likely to receive any information about retirement. Those who do contribute to superannuation are less likely to know how much they contribute or need to contribute, or what their current entitlements are. Most have little idea of what entitlements they may have to their partner's super, and those who think they know have grossly overestimated the amount of the entitlements.

The third dimension concerns external impediments. The vast majority of women have a discontinuous career, with an average 6 years or more out of the workforce to raise children. Women who return to the workforce on a casual or part-time basis are clearly enormously disadvantaged by lack of information, low salary, reduced access to superannuation, and competing demands for their funds. Women are more likely to experience a disruption in their own career in order to follow their partner. Both full-time and part-time employed women are more likely than men to carry a continued heavy load of caring for others (39% of full-time employed women but only 11% of men spent at least 20 hours a week in this care).

The overall picture is a gloomy one. Women, even those employed full-time, are severely disadvantaged in terms of preparation for retirement. They are employed for fewer years, in discontinuous employment at dramatically lower salary levels, with heavy caring responsibilities, and few opportunities to save for their own future. These disadvantages are compounded by lack of accurate information and an increasingly tenuous expectation that they will have adequate access to their spouse's super or to a government pension. For this situation to change, women need to both become determined to plan for their own retirement, and have the conditions that make this possible.

## Some Potential Solutions

Solutions were not canvassed in this survey, only problems. Nonetheless some implications suggest themselves for further investigation. They include the need for opportunities:

- For more adequate information to be made available to all women, and especially those employed on a casual or part-time basis. This information needs to be readily available and easy to understand. It should advise women about how much they need to save/ contribute to provide an acceptable standard of living in their retirement years.
- For women to know more about their entitlements (or lack of it) to their spouses' super.
- For provision for part of the partner's superannuation contribution to be paid directly into her superfund, in those situations where her earning capacity is severely limited by caring responsibilities. Women should have automatic entitlement to a proportion of their spouse's superannuation on a pro rata basis in cases of divorce or separation, including death of spouse.
- For portability of superannuation. A central fund should be available for people working in a variety of casual or part-time positions, to which employers contribute as required and employees may make periodic contributions as they are able.
- For the availability of appropriate part-time work for those over the age of 60.

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## **WHAT IS ASFA?**

ASFA is a non-profit, non-political national organisation whose mission is to protect, promote and advance the interests of Australia's superannuation funds, their trustees and their members. ASFA is governed by a Federal Council composed of 17 members.

ASFA applies its energies and resources in: promoting the importance and value of superannuation for Australians in providing for their retirement; providing advice which is (and is recognised as being) of the highest quality to Government and others on superannuation and related areas; educating and informing its members and the public; and promoting best practice in the operation of superannuation funds.

For its members, ASFA provides the following services: Government and bureaucracy representation; high quality industry education through ASFA certificate and Diploma courses, training through Trustee Training Workshops and Investment Workshops; ongoing professional development through seminars; a three day annual conference; regular lunches addressed by politicians, industry regulators, observers and expert practitioners; special interest Study Groups; *Superfunds* monthly magazine; a regular Newsletter; books on superannuation, support of public education campaigns in conjunction with Government and others; and support of research.

Membership is available for public sector funds, industry funds, enterprise funds and service providers. There also is provision for organisations to have additional representatives, with the relevant subscription providing for both a *Superfunds* subscription and receipt of other material and notices.

Membership enquiries should be addressed to

ASFA Membership  
Level 10  
379 Collins Street  
Melbourne VIC 3000

Telephone: (03) 9629 4817  
Facsimile: (03) 9614 5004