

Research paper

Impact of Menopause on Retirement Outcomes

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Issues Relating to Menopause and Perimenopause

Context

A core goal of superannuation policy should be to improve equity of access to the benefits of the superannuation system – including between men and women – and, by extension, to improve equity in superannuation balances and retirement incomes received.

Under Australia's compulsory superannuation system, employers make contributions to their employees' superannuation accounts as a proportion of wages or salaries. The contribution rate increased from 10.5% to 11% (of wages/salaries) on 1 July 2023, and is scheduled to rise by a further 0.5% each year until it reaches 12% (on 1 July 2025).

Over time, Australian workers will increasingly benefit from the compulsory superannuation system. A person who enters the workforce today will receive superannuation contributions at higher rates, and for longer periods of time, compared with previous generations of workers. All else being equal, this means higher superannuation balances at retirement.

However, not all people are able to yield the full benefits of the compulsory system. For example, many Australians spend prolonged periods of time out of paid employment, or work reduced hours. Since the accumulation of superannuation depends on contributions, affected people will tend to receive lower contributions over their lifetime (than otherwise would be the case), which will adversely impact their retirement outcomes.

Women are disproportionately affected. Women are more likely than men to take time out of the workforce and/or work reduced hours to have and raise children, and to care for family members more generally.

For a significant proportion of women, managing Menopause can mean extended periods of time on reduced hours, extended breaks from the workforce, and even early retirement from the workforce. For affected women, this can have a significant, detrimental impact on retirement outcomes.

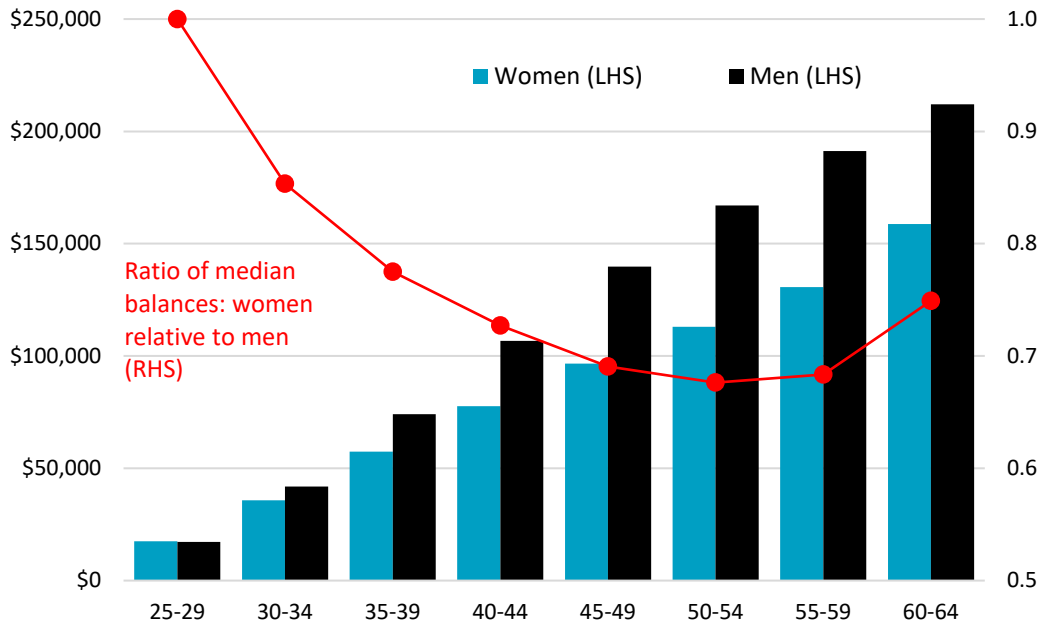
The superannuation gender gap

In general, women have lower superannuation balances than men. Chart 1 shows median balances, for women and men across separate age cohorts.

For each age cohort (except 25 to 29), the median balance for women (blue) is lower than the median balance for men (black).

The red line in Chart 1 is an alternative presentation of the same data: the ratio of median balances (women relative to men). A figure less than one indicates that the median balance for women is lower than the median balance for men (for a given age cohort). While median balances are around parity for the 25-29 age cohort, there is a substantial gender gap for older cohorts (proportionate terms).

Chart 1: Median super balances, by age cohort (2020-21)

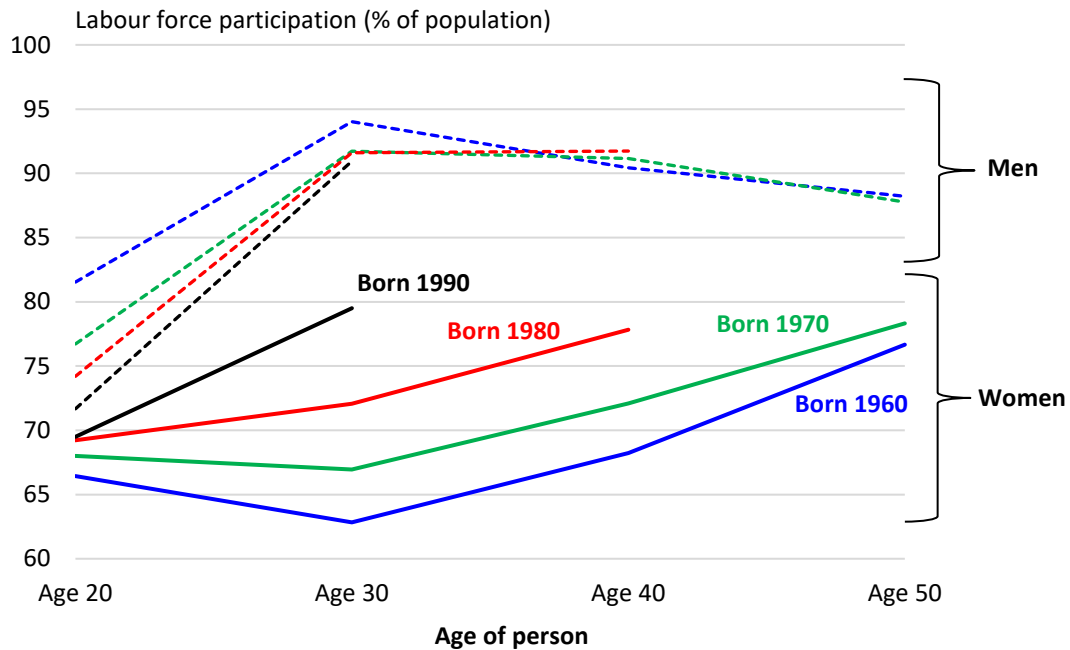


Source: ABS and ASFA calculations.

The reasons for the gender gap in superannuation balances are myriad.

Over successive generations, less women than men have been working in paid employment. Chart 2 shows that for a given generation (denoted by a specific colour), the proportion of women employed (solid line) is lower than the proportion of men employed (dotted line).

Chart 2: Percentage of the population that is employed



Source: ABS and ASFA calculations.

While the gap has narrowed from earlier to later generations, the fact that women remain more likely than men to take time out of the workforce means that an employment gap will persist.

Another key cause of the superannuation gender gap is that, on average, women are more likely to work in part-time or casual positions. Further, any time taken out of the workforce can delay or limit career progression and thus impact remuneration from work.

With respect to the former point (the type of employment), Table 1 shows that currently:

- 52 per cent of female employees are employed on a permanent full-time basis, compared with 73 per cent of male employees.
- 20 per cent of female employees are employed on a casual part-time basis, compared with 12 per cent of male employees

Note, that the ABS uses ‘employees without paid leave entitlements’ as a proxy for casual employment. This group comprises casual employees who work full-time equivalent hours, and casual employees who work fewer than full-time equivalent hours (that is, ‘part-time’ hours).

Table 1: Employees – percentages by type of employment

		Employed - with paid leave entitlements (proxy for permanent employment)	Employed - without paid leave entitlements (proxy for casual employment)
Women	Full-time	52%	4%
	Part-time	24%	20%
Men	Full-time	73%	9%
	Part-time	6%	12%

Source: ABS and ASFA calculations.

Menopause transition: impacts on work and career

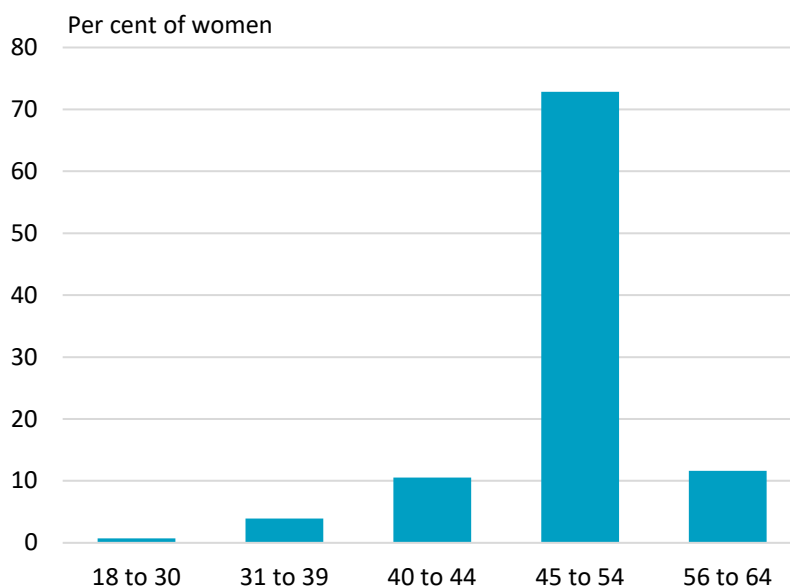
Only limited research has been undertaken on the impacts of menopause transition on work and careers. It is also the case that within this group of studies (which are largely survey based), the reported effects differ markedly. For the analysis in this paper, the estimated effects on work are based on the most recent, robust survey-based studies undertaken in Australia and the UK.¹

Currently in Australia around 160,000 women enter menopause each year. Over coming decades, this annual figure will only increase as Australia’s population grows and our demographics shift (to a higher proportion of older Australians).

¹ For Australia: *The Impact of Symptoms Attributed to Menopause by Australian Women* – a report from the 2023 National Women’s Health Survey (conducted by Jean Hailes for Women’s Health with funding from the Australian Government Department of Health and Aged Care). For the UK: *Menopause and the Workplace (2022)* – The Fawcett Society.

Across the population of Australian women, menopausal symptoms will vary widely in terms of age of onset and duration, and the form and severity. In terms of age, a recent survey of Australian women shows a wide age range for menopause onset (Chart 3), with the majority of women within the 45 to 54 age cohort and a median age of 51 (note: this data does not account for onset of perimenopause).

Chart 3: Self-reported age of menopause onset²



Source: 2023 National Women’s Health Survey

The complex heterogeneity of menopause transition within the population of Australian women is reflected in the varied impacts of those symptoms on work and career. The notion of an ‘average’ impact is not applicable – some women will experience relatively mild symptoms that have only a minor impact on their work, while others will experience severe, debilitating symptoms that require extended breaks from the workforce.

The potential, direct impacts on work are myriad:

- Taking time off from a current job, such as sick leave.
- Reducing hours at work, including shifting from full-time to part-time work.
- Taking periods of extended leave from work, including quitting a job and then returning to the workforce in a new job.
- Taking early retirement.

Other, more indirect, effects on work include delays to, or limits on, career progression – including as a result of reduced participation in work (as listed above), and reduced productivity and personal confidence at work.

With respect to the impacts of menopause transition on superannuation, the most relevant of the above effects for the purposes of this paper relate to extended periods of work on reduced hours, extended periods of time out of the workforce, and early retirement.

² The figures in the chart exclude responses for “don’t know” and “prefer not to say”.

In terms of the proportions of women affected, a recent UK study provides the most useful estimates. The UK study reports that menopausal symptoms will lead to: around 15 per cent of women switching from full-time to part-time work; around 7 per cent of women leaving the workforce (to return later); and around 3 per cent of women retiring early.³ The similarities between Australia and the UK in terms of socio-economic conditions and cultural attitudes suggest that, while the UK results might not be directly applicable to the Australian context, they at least provide a basis for indicative analysis.

In terms of numbers of Australian women affected, the above figures suggest (after accounting for differences in general labour market participation), that for a cohort of Australian women who start menopause each year, around 20,000 will at some point switch from full-time to part-time work; around 10,000 will leave the workforce (to return later); and around 4,000 will retire early.

The above estimates for the number of affected women are not necessarily independent and so should not be aggregated – for example, some women (who experience severe, debilitating symptoms) might take extended periods of leave from the workforce *and* retire early.

Menopause transition: impacts on superannuation

The key impact on a woman's superannuation is a lower balance at retirement than otherwise would be the case. Within the literature, there is little data on the duration of reduced work hours due to menopausal symptoms (switching from full-time to part-time work), the duration of time out of the workforce, or the age of early retirement. As such, the scenarios presented below are illustrative.

A woman who is 51 (on average wages for age), and who shifts from full-time to part-time work (3 days per week) for a period of four years, would have around \$25,000 less superannuation at retirement (assumed retirement age of 67).

A woman who is 51 (on average wages for age), and who leaves the workforce for a period of two years, would have around \$30,000 less superannuation at retirement (assumed retirement age of 67).

Early retirement can have a very large impact on a woman's retirement outcomes. The extent of the impact depends on both the age of retirement, and the age at which retirement would have otherwise occurred. Aside from a shortened career, another key impact of early retirement is accessing and drawing-down super earlier (than otherwise would have occurred). Only accounting for the former effect, premature retirement of around 5 years (for a woman on average wages for age) would mean lower superannuation at retirement in the order of \$60,000.

As noted above, for some women, multiple effects could apply – for example, periods of leave from the workforce *and* early retirement.

Better data is required

Across the population of Australian women, the impacts of menopause transition on work and career vary markedly, as do the impacts on retirement outcomes. Appropriate government policy responses need to account for the complex heterogeneity of outcomes for Australian women.

Better domestic data is required in order to assess and estimate the impacts of menopause transition for Australian women.

³ The Fawcett Society, 2022, *Menopause and the Workplace*.

In this regard, ASFA recommends a comprehensive survey of Australian women regarding the impacts of menopause transition on work and career, including early retirement.

In terms of survey design, ASFA considers that the survey should reflect – in broad terms – the recent UK survey undertaken by the Fawcett Society, though the survey questions should be more detailed regarding the impacts of menopause transition on work.

- The survey population should comprise a representative sample of women over a relatively wide age range – say between 40 and 60 – who are currently or have previously experienced perimenopause/menopause.

Specific questions should seek to determine the impacts of menopause transition through:

- Time-off taken from a current job, such as sick leave
- Periods of reduced hours at work, including shifting from full-time to part-time work.
- Periods of extended leave from work, including quitting a job and then returning to the workforce in a new job.
- Early retirement.

In each case, survey questions should seek to determine the number of women affected, and the duration of the effects. In the case of early retirement, it would be useful to gauge (hypothetical) retirement intentions in order to estimate the duration of premature retirement.