

Submission Reference: 2015/31

17 December 2015

Inquiry – Economic Security for Women in Retirement

On 17 August 2015, the Senate referred the economic security for women in retirement for inquiry and report by the first sitting day in March 2016.

The Senate noted that, although women's increasing workforce participation had contributed significantly to Australia's economic productivity and to women's financial independence, significant socio-economic disparity remains between men and women, illustrated by the gap in superannuation at retirement of 46.6 per cent.

ASFA identified a number of factors which contribute to women having consistently lower superannuation account balances than men. These include: -

- 1 **Broken working patterns.** While the phenomenon of experiencing time out of the workforce is not confined to women, caring for children, and on occasions for parents or other family members, is most often performed by women. This results in breaks from paid employment during periods of parental leave, which frequently are followed by significant periods of part time employment.
- 2 **The gender pay gap.** To the extent possible the design of the superannuation system needs to reflect the fact that, on average, women earn significantly less than men and as result have lower superannuation account balances.
- 3 **Increasing casualisation of the workforce.** While this is not unique to women this does have a tendency to affect roles which predominately employ women, such as the caring professions, hospitality and retail.
- 4 **Longevity risk.** A woman at retirement at age 65 can be expected to live 3 to 4 years longer than a man. This means that, all things being equal, a woman and woman with an equivalent amount of superannuation savings at retirement will see the woman either
 - receiving a lower income throughout her retirement; or
 - running out of her superannuation with a longer period left to live solely on the age pension
 when compared with the man.
- 5 **Structural issues in superannuation system.** These can adversely affect the superannuation savings of women.
- 6 **Adequacy of superannuation overall.** There is an argument that the current level of superannuation savings do not provide economic security in retirement for a proportion of the Australian population, so any measures which lifts superannuation savings overall will serve to increase economic security in retirement for women and men alike.