

The Super Split: The reality for Australian women and superannuation





ASFA has been operating since 1962 as the peak policy, research and advocacy body for Australia's superannuation industry. ASFA represents the APRA regulated superannuation industry with over 100 organisations as members from corporate, industry, retail and public sector funds, and service providers.

We develop policy positions, service standards and practice guidance through collaboration with our diverse membership base and use our deep technical expertise and research capabilities to assist in advancing superannuation and retirement outcomes for Australians.

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For many women, superannuation is not just a retirement fund - it's a safeguarded financial lifeline beyond the reach of abuse.

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Executive Summary

Older separated women face significantly greater risks of financial insecurity in retirement than the broader population, driven by lower lifetime earnings, disrupted work patterns, unequal superannuation splitting, and reduced access to home ownership. Superannuation remains one of the few financial assets largely protected from financial abuse, yet many women retire with insufficient balances to meet their needs.

Housing tenure is a critical factor. Divorced and separated women in their 50s and 60s are far more likely to rent than the general population, with around 40 per cent in rental accommodation – twice the national rate for their age group. For those with mortgages, outstanding debts can be substantial, particularly for single-income households. Renters generally have the lowest superannuation balances, limiting their capacity to secure housing later in life.

Superannuation balances for separated women lag well behind those of men, especially for mothers who have taken time out of paid work. Low rates of super splitting in divorce settlements, combined with historical exclusion of super from paid parental leave, have compounded these disparities. While some policy improvements, such as legislated SG on paid parental leave and the scheduled SG increase to 12 per cent, will help – existing gaps remain substantial.

The paper cautions against expanding early release of superannuation for housing purchases, given the risks of further eroding retirement savings and increasing vulnerability to financial abuse. Instead, it recommends targeted measures to boost retirement outcomes for older separated women, including:

- Expanding and enhancing the Low Income Superannuation Tax Offset (LISTO)
- Improving super splitting arrangements and transparency in divorce settlements
- Implementing Payday Super and strengthening SG compliance
- Including unpaid super in the Fair Entitlements Guarantee
- Changes to LISTO and implementation of Payday Super are already in train. Addressing these issues is essential to closing the super gap, improving women's economic independence, and ensuring all Australians particularly older separated women can retire with dignity and security.

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Background

Superannuation is one of the few forms of savings and financial assets which is largely protected from financial abuse or exploitation by a domestic partner. Preservation of superannuation until retirement means that for many women it is their only significant financial asset which is out of reach of an abusive partner.

Australian women experience economic abuse from a cohabitating partner at a similar rate to physical violence (16.3 per cent compared with 16.9 per cent in 2021-221). A survey by the Australia's National Research Organisation for Women's Safety (ANROWS) for its research paper 'Intimate partner violence during the COVID-19 pandemic' found that one in three respondents experienced financial abuse at the hands of their partner. Nearly half of those (43.2%) said this included pressure to access their superannuation.

A focus of recent public policy has been how it might be possible to redesign financial products to make it harder for financially abusive customers to inflict harm on others. Individual banks, the banking industry, superannuation funds, industry associations, regulators and consumer advocates have all been looking at how to disrupt abusers, in the same way as they tackle other financial harms.

The Parliamentary Joint Committee on Corporations and Financial Services' report into the financial services regulatory framework in relation to financial abuse released in December 2024 recommended that the Australian Government undertake a review of the COVID-19 early release scheme, focusing on members who may have been coerced to withdraw their superannuation savings, and consider a scheme to repay those whose withdrawals were the direct result of financial abuse. Some policy proposals recently have discussed allowing early access to superannuation in order to secure a house. While owning a house in retirement is important, doing so through the early release of superannuation creates significant risks – particularly for older separated women.

Older Australians who have not secured a home generally have lower incomes than the general population and early release in the great bulk of cases would only provide a small amount of additional funds and also could compromise the success of a loan application.

Meanwhile, the risks of early release are many. Early release of super has been linked to risks of financial abuse, as well as leaving the individual worse off in retirement.



Improving the superannuation savings of older persons, particularly women, is a much better way for ensuring financial security than allowing early release.

¹ Personal Safety, Australia, Australian Bureau of Statistics, March 2023

Policy measures to boost superannuation balance of older women who are divorced

The key changes the government could make, or which are already in train, to improve retirement outcomes for separated women above the age of 55 include:



Expanding and enhancing the Low Income Superannuation Tax Offset



Enhancement of super splitting arrangements so more women get an equitable share of superannuation after divorce.



Adoption of Payday Super



Better enforcement of Superannuation Guarantee obligations and inclusion of superannuation in payments covered by the Fair Entitlements Guarantee

A number of measures have recently come into effect and ASFA recommends that the Australian government take further steps to improve retirement outcomes for women and men.

The legislated introduction of payment of SG on paid parental leave will assist many divorcees in the future. The increase in compulsory superannuation to 12 per cent of wages from 1 July 2025 together with increases in the duration of paid parental leave to 26 weeks by July 2026 would lead to an increase in superannuation balance at retirement of around \$5,100 for a woman aged 30. For a woman who received paid parental leave at age 28 for a first child and at age 30 for a second child, the increase in superannuation balance would around \$10,700 in today's dollars.

The announced changes to LISTO mean that the ceiling for LISTO payments will be increased to correspond with the top of the second lowest tax bracket and that the maximum value of the LISTO payment will be increased correspondingly to \$810 in line with that tax threshold and with the increase in the SG since the LISTO was first introduced.

The increase in final superannuation balance flowing from the recent changes could make the difference between a single person renting privately in retirement being in poverty and having a modest lifestyle in retirement. ASFA has estimated that a single person needs \$340,000 in superannuation at age 67 to afford a modest lifestyle if they are renting privately.

For a person aged 35 and retiring at age 67 who is on a wage of \$44,000 a year, receiving a LISTO payment to their superannuation account of \$790 a year would lift their superannuation balance at retirement in today's dollars from around \$293,000 to \$342,000, a substantial increase.

The introduction of Payday Super, along with better enforcement of employer superannuation obligations, will also boost superannuation retirement balances. Payday super will have a tangible impact on retirement savings by ensuring workers don't miss out on the benefits of compounding investment returns through more frequent contributions. The earlier super is paid, the longer the money remains invested. In real terms, a 25-year-old median income earner receiving quarterly super payments will be \$6,000 better off in retirement just through receiving fortnightly payments.

Currently unpaid employer superannuation contributions are not included in the coverage of the Fair Entitlements Guarantee, which provides for payment to employees of wages and leave entitlements that were unpaid when an employer became insolvent. It is unfair that superannuation is not included within the coverage of employee entitlements.

Employer insolvencies are relatively common in retail and hospitality businesses, both of which have substantial numbers of women employees.

ASFA has recommended that the Fair Entitlements Guarantee be expanded to cover superannuation entitlements of employees.

The introduction of simpler and more available mechanisms for splitting superannuation as part of the financial settlement associated with divorce or separation would have the potential to substantially improve the retirement savings of many women.

Currently there are convoluted and slow processes which often require involvement of both lawyers and the Family Court (or its equivalent).

Visibility of a partner's superannuation is a necessary first step in obtaining a superannuation split. Partners can and have failed to disclose the extent of their superannuation. This can be compounded when superannuation interests are within a Self-Managed Superannuation Fund where one partner (often the male) has effective control of the fund.

From 1 April 2022, parties to family law property proceedings can apply to the Federal Circuit and Family Court of Australia or the Family Court of Western Australia to request their former partner's superannuation information, held by the Australian Taxation Office. However, this involves both significant cost and complexity.

The arrangements relating to the process for splitting superannuation are also quite complex and can involve considerable time and costs.

As a result, superannuation splitting as part of a financial settlement associated with divorce is not common. Reform of current arrangements has the potential to substantially increase the incidence of superannuation splitting, which in many cases will be to the benefit of the female partner in the relationship. As well, reform of information and control arrangements for SMSFs would also assist women who have divorced along with women more generally.

Housing tenure and superannuation balances of older Australians

There has been increasing attention to rates of home ownership in Australia. Along with attention to the housing tenure of those in their 30s or early 40s, a particular area of concern has been housing outcomes those in their 50s and 60s.

While some women and men in their 50s and 60s have substantial superannuation balances, many do not. The impact of parenthood has a major impact. Typically mothers are primary care givers, taking time off from paid work in their 20s, 30s and 40s and often resuming work on a part-time basis. Superannuation balances of women who have no children are substantially higher than those for women with at least one child. On the other hand, men with at least one child have higher balances on average than women with at least one child.

While currently the home ownership rate is over 80 per cent for all households with the household head aged 65 and over, rates of home ownership are substantially lower for younger age groups. They are even lower for individuals who have experienced the financial consequences of divorce or separation from their partner. Table 1 provides details on housing tenure by age group for all households.

Currently for those aged over 55 around 80 per cent of households involve home ownership (either with or without a mortgage) with around 14 per cent with a private landlord for the age group 55 to 64, with this latter figure even lower for older age groups.

Table 1: Household tenure by age of household reference person, 2019-20

Proportion of households with characteristic	15 to 24	25 to 34	35 to 44	45 to 54	55 to 64	65 to 74	65 to 74	All households
Owner without a mortgage	1.7	2.9	5.4	15.2	36.1	68.1	79.4	29.5
Owner with a mortgage	9.1	37.8	51.4	56.6	43.0	13.4	3.7	36.8
Total owners	10.4	40.7	56.7	72.0	79.1	81.7	83.0	66.2
Renter								
State or territory housing authority	1.5	1.2	1.7	2.9	4.3	3.8	3.8	2.9
Private landlord	80.3	51.4	37.2	21.3	13.9	9.5	6.0	26.2
Total renters	83.5	55.7	41.5	26.3	19.1	16.0	12.9	31.4
Total	100							

Source: <https://www.abs.gov.au/statistics/people/housing/housing-occupancy-and-costs/latest-release#data-downloads>

Divorced and separated persons

The experience of divorced and separated persons differs markedly from that overall population experience. A number of commentators have highlighted the financial and social gap many women in particular face after divorcing at a later stage in life and the challenges they face in accessing affordable housing.

Suggestions have been made that access to superannuation for individuals in their 50s might assist those individuals obtain home ownership. However, superannuation balances tend to be lower for those who are renting and only a minority would have sufficient superannuation to provide a meaningful deposit for the purchase of a home. Factors which have made home ownership difficult to achieve also can have an impact on the amount of superannuation that has been accumulated.

For those who are no longer home owners as a result of a financial settlement following divorce (or who never owned a home) it can be challenging to purchase a home, especially for one income households. Due to the responsible lending legal requirements and other related factors, lenders are generally unwilling to make a home loan to a person in their 50s or 60s on the basis there is no evidence of an ability to service the loan in, say, 15 or 20 years' time. Lenders need clear evidence of ability to service a loan throughout its entire term or to have a clear exit strategy when employment ceases². One exit strategy might be to use superannuation to pay off the home loan, but that can require a substantial superannuation balance to be in place.

Early release of superannuation might compromise assessment of a meaningful exit strategy from the loan when a person retires, thereby limiting the ability to obtain a mortgage loan.

Another fundamental problem is that for divorced women (and men) in their 50s and 60s who are renting it is not uncommon for superannuation balances to be relatively low. For many women time out of the paid labour force (with no SG on paid parental leave in the past) and low incidence of superannuation splitting as part of the financial settlement with a partner who has a higher superannuation balance contributors to this. While there have been reforms to how superannuation balances of a partner are disclosed for the purposes of a divorce financial settlement, there are still considerable challenges to obtaining a just split of superannuation.

² <https://www.money.com.au/how-to-get-a-mortgage-in-your-50s>

Divorce and separation are relatively common

In 2022 there were 49,241 divorces in Australia. The median age at separation was 42.6 for men with the median age at divorce 46.7. For women, the median age at separation was 39.8 and at divorce 43.7.

The great bulk of divorces and separations relate to opposite gender couples. In 2022 there were 558 divorces of same sex couples. Same sex marriage has only been legally possible in Australia since 2017 leading to relatively few same sex couples being divorced or separated in 2022.

Most divorced people in their 50s and 60s are still working. HILDA survey data indicate that in regard to labour force participation of divorced persons, in 2022 88 per cent of women aged 50 to 59 were in paid employment while 49 per cent of those aged 60 to 69 were employed. Labour force participation rates were higher for men, at 91 per cent for those aged 50 to 59 and 58 per cent for those aged 60 to 69.

Segmentation of the Australian labour force also means that many women in their 50s and 60s are in jobs that are paid at relatively modest levels.



Housing tenure of divorced or separated Australians in their 50 and 60s

ASFA has accessed detailed data on housing tenure and housing costs using unit record data from Household, Income and Labour Dynamics in Australia Survey (HILDA)³.

This paper employs HILDA 2022 data, focusing on households where the household head is both divorced (or separated) and aged in their 50s or 60s. Survey data are available for both women and men.

The HILDA survey has significantly more divorced or separated women than men in the age groups 50 to 59 and 60 to 69. The reason for this is that men have a greater propensity to remarry.

The HILDA data indicate that in the 2022 there were around 300,000 households headed by a divorced or separated woman aged 50 to 59, compared to around 180,000 headed by a divorced or separated man. For the age group 60 to 69 there were around 255,000 such households headed by a woman compared to 170,000 headed by a man. Divorced women in their 50s also may have children from their marriage living with them. Individuals who have remarried are not included in these figures.

As indicated by Tables 2 and 3, rates of home ownership are lower for divorced women and men in their 50 and 60s compared to the overall population (as shown in Table 1). The counterpart to that is that the proportion of such households in rental homes at around 40 per cent is around twice the level of the general population at similar ages.



³ The HILDA survey is commissioned by the Australian Government Department of Social Services (DSS). The findings and views reported in this paper, however, are those of the authors and should not be attributed to the Australian Government, DSS, or any of DSS' contractors or partners.

Table 2: Housing tenure of divorced women and men aged 50 to 59

Housing tenure	Women	Men
Own outright	21%	18%
Own with a mortgage	33%	40%
Rent	43%	37%
Live rent free	2%	5%

Table 3: Housing tenure of divorced women and men aged 60 to 69

Housing tenure	Women	Men
Own outright	44%	35%
Own with a mortgage	17%	19%
Rent	37%	42%
Live rent free	2%	54%

Around 80 per cent of those who are renting are in private rental.

The higher rates of owning outright for women and men in their 60s is likely to be the product of a number of factors. That age cohort may have experienced better home ownership affordability when they purchased a home. The use of superannuation to pay off a loan, or the loan coming to the end of its term, also may have contributed to this outcome.

As indicated by Table 4, for those with a mortgage the amount outstanding can be significant for what are single income earner households.

Table 4: Outstanding mortgage (distribution among targeted households with mortgage)(a)

	Mean (\$)	Median (\$)	Percentage with enough super to pay off mortgage(b)
Women 50 to 59	215,000	187,500	48%
Men 50 to 59	277,500	270,000	25%
Women 60 to 69	259,000	230,000	42%
Men 60 to 69	193,000	159,000	44%

(a) Mortgage amounts are for households where the household head not retired.

(b) Percentages relate to both those working and those who have retired.

The higher mortgage figures for women aged 60 to 69 are partly due to their being a greater proportion of women aged 60 to 69 who are retired. For those in that age group who are retired the median mortgage amount is \$60,000 with the mean \$163,000.

The HILDA data indicate that a substantial minority of divorced and separated women and men have enough superannuation to pay off their mortgage. However, for men aged 50 to 59 (who have higher mortgages on average) the figure is lower.

The substantial proportion of divorced persons with enough superannuation to pay off their mortgage means that such persons have some degree of financial security. Having a significant amount of superannuation also may have assisted many such households in obtaining a mortgage at a later stage in their life through indicating to lenders that there is an exit strategy for a mortgage loan.

The higher mean and median amounts for mortgages for men in their 50s might reflect a greater proportion of men needing to purchase a new residence after the matrimonial residence goes to their spouse in order to house the spouse and children.

Rental payments

Rental payments are considerably higher for households headed by a divorced person who are in private rental compared to public rental (Table 5).

Renters are often considered more financially vulnerable due to less housing security and higher costs, particularly those renting in the private market.

Public housing offers more secure and affordable housing, with rents typically capped as a percentage of household income.

Lower rents for the older women and men are likely to reflect living in smaller properties after children have left home.

Table 5: Monthly rentals by housing tenure and by age and gender, 2022

Superannuation balances of divorced men and women

	Mean Private rent (\$)	Median Private rent (\$)	Mean Public rent (\$)	Median Public rent (\$)
Women 50 to 59	1,890	1,738	733	847
Men 50 to 59	1,520	1,412	868	652
Women 60 to 69	1,373	1,390	797	543
Men 60 to 69	1,260	1,304	609	558

While some women and men in their 50s and 60s have substantial superannuation balances, many do not (Table 6). As well, after age 60 (when superannuation benefits are tax free and benefits can be accessed if an individual leaves a job) the figures suggest that a significant proportion of individuals draw down on their superannuation.

Table 6: Superannuation balances of divorced persons by age and gender (\$)

	Women 50 to 59	Men 50 to 59	Women 60 to 69	Men 60 to 69
10%	1,100	0	0	0
20%	10,000	40,000	0	0
30%	37,500	89,674	2,000	4,500
40%	80,000	150,000	53,000	55,000
50%	120,000	150,000	97,000	103,000
60%	160,000	166,500	140,500	140,000
70%	205,500	225,500	235,000	230,000
80%	280,000	350,000	380,000	343,000
90%	402,000	580,000	570,000	700,000

While there are a number of factors contributing to women often having lower superannuation balances than men, as noted earlier the impact of parenthood has a major impact. Typically mothers are primary care givers, taking time off from paid work and often resuming work on a part-time basis.

This is illustrated by the data in Table 7. Superannuation balances of women who have no children are substantially higher than those for women with at least one child. On the other hand, men with at least one child have higher balances on average than women with at least one child. While men generally have higher balances than women, men with at least one child have higher balances on average than men with no children. This may have something to do with the marriage prospects of men who are less financially well off.

The data in Table 7 reinforce the need for superannuation to be paid on paid parental leave (which has been legislated) and for an increase in both the upper income threshold and the maximum amount payable in regard to the Low Income Superannuation Tax Offset (which ASFA has recommended and which the Government has recently announced will be legislated).

Table 7: Superannuation balance for those aged 45 to 49 by gender and parental status

	% with superannuation	Average (\$)	Median (\$)
Women with no child	93.8%	190,161	134,800
Women with at least one child	89.7%	161,277	103,000
Men with no child	96.8%	203,869	152,000
Men with at least one child	95.7%	271,607	200,000



Use of superannuation to assist housing purchases by divorcees

Suggestions have been made that access to superannuation for individuals in their 50s might assist those individuals obtain home ownership.

As shown by Table 8, superannuation balances tend to be lower for those who are renting and only a minority would have sufficient superannuation to provide a meaningful deposit for the purchase of a home. Factors which have made home ownership difficult to achieve also can have an impact on the amount of superannuation that has been accumulated. As well, after age 60 superannuation can be accessed provided an individual ceases a job. At age 65 and above, superannuation can be accessed with no conditions attached. The figures suggest that it is relatively common for both women and men in their 60s who are renting to have run down their superannuation.

Table 8: Median superannuation balances of divorced persons by age and housing tenure

	Women 50 to 59	Men 50 to 59	Women 60 to 69	Men 60 to 69
Owner	157,650	86,000	172,000	230,000
Owner with loan	176,000	150,000	140,000	125,000
Renter	83,500	115,000	12,500	12,500
Rent free	30,980	150,000	120,000	70,000



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