



Fair Superannuation and Retirement Income Fact Sheet

Do you know how much money you'll have for retirement? Few women do, and many will not have enough retirement savings to maintain even a modest lifestyle without the age pension.

What is the problem?

Over their working life, women tend to earn less than men due to many taking time out of the workforce to care for children and family members. As a result, women retire with significantly less superannuation savings than men, and compounded by the fact that women live longer. As a result, more older women than men now live in poverty because, having little or no superannuation, they depend entirely or mostly on their pension payments. Even with compulsory superannuation, this difference will continue.

Key causes: why does it happen?

- A typical Australian woman will have 35% less than a man in their superannuation saving if they have children¹.
- A woman retiring at 67 must save an additional 13 percent more for retirement than a male in the same situation as she has longer life expectancy¹.
- One third of women aged 55-64 years had no superannuation coverage at all.

Women, whether married or single, still undertake most of the unpaid caring in families, resulting in broken work patterns and less money put into super over their working life. Compounding this is the fact that they also earn 15% less than men. Because superannuation is earnings-related, women end up with much lower superannuation and become reliant on an inadequate pension system to support them.

- In 2008 high income earners (over \$180,000pa) received tax concessions worth over \$8b
- Low income earners (mainly women) received very little tax benefit

Higher income earners receive an incentive to increase their superannuation by provision of a reduced tax rate for additional contributions. In 2008/09 these concessions resulted in \$24 billion foregone tax revenue. Other anomalies in the system are that the Age Pension is taxable and super pensions are tax free.

- If nothing is done to address this situation, more and more women will live in poverty, reliant on an inadequate pension system for support

¹ report prepared for IFSA by Rice Warner Actuaries.

What needs to be done

Raising earnings-related superannuation contributions to 12% may be beneficial. However unless superannuation guarantees are added to parental leave many women will still be left with inadequate retirement savings. If the additional 3% is funded by employers it also runs the risk that many low income earners will not receive increases in their in-hand salaries. Supplementary payments for those not in paid employment (such as women caring for families) should also be considered.

WEL believes that the total public subsidy (both pension payments and tax concessions (income foregone) should be more fairly distributed so those who will remain on full pension, in particular, are guaranteed enough to live on. There needs to be a supplementary payment that is not related to workforce participation and can compensate those who spend their time on unpaid work or those who could not work for other reasons.

WEL will be using our Feminist Policy Framework to lobby government for policies that increase fairness.

- *Ensure the costs and benefits are fairly distributed between women and men, as well as between different groups of women*
- *Value and reward fairly people's different skills, experiences and contributions*
- *Recognise the value of caring and supporting roles, whether paid or unpaid*
- *Recognise and rectify past and current inequalities and between men and women; and*
- *Enhance opportunities for both women and men to take on equal rights and responsibilities in all aspects of society: politics, community, employment and social life*

What you can do

Ask your local member about their policies for and attitudes to women's retirement income:

- *Do they support superannuation payments on parental leave?*
- *What do they think of the recommendations in the Henry Review to free up more money for better retirement provisions for women and other low income earners?*
- *What is their approach to reducing the gap between male and female retirement savings?*
- *Would they increase the government co-contribution payments already offered to low income earners, which were recently cut from \$1,500 to \$1,000?*

Make your voice count for fairness