

Gender pay gap yawns as retirement approaches

By Ros McLennan, General Secretary, Queensland Council of Unions

When women have to extend their working year by 70 days* just to reach the average annual male wage, it becomes an even harder and more daunting task to accumulate a decent superannuation nest egg.

While interest groups and politicians bicker over the scope of already outrageously generous tax concessions, women continue to largely retire poor with too little super.

This superannuation gender gap is the real crisis facing our quickly ageing society.

The union movement and industry super funds have warned about this gap for many years, and it's encouraging to now see retail super funds echoing these concerns.

In 2015, the average super balance at retirement for women was \$138,150 but was \$292,500 on average for men. Based on modelling from Industry Super Australia, that current \$154,000 gap will increase to \$170,000 by 2030.

There are clear reasons for this: women on average earn less than men, women tend to take time out of the workforce to raise children, often return to work on a part time basis, and regularly take on other caring responsibilities for elderly parents and/or grandchildren.

Divorce and separation can also negatively impact their retirement income.

Women are living longer than men, with an average life expectancy of 84 years compared with 80 years for men, and as such need their retirement income to stretch over a longer period of time. However, figures from the Association of Superannuation Funds of Australia (ASFA) show that women are retiring on average with 53% less super than men. Even women who contribute to their maximum ability can face a retirement shortfall.

But this doesn't give governments and employers an excuse to simply ignore this issue.

Despite decades of legislative, industrial and social advancement, women are still so far behind at a vulnerable time in their lives.

During the 2016 federal election campaign, the LNP showed itself a rudderless ship on super.

They cut the Low Income Superannuation Contribution for low income workers in 2014 – women are the majority of this group – and then scrambled to replace that with their own version, the Low Income Superannuation Tax Offset.

But the LNP is yet to sort out its own internal mess about where its MPs actually stand on giving super tax breaks to the most wealthy and advantaged in our society.

To make an immediate positive impact, the federal LNP government can kick start measures to at least move towards some equity in superannuation.

It can immediately increase compulsory employer contributions from 9.5 to 12 per cent, which Tony Abbott halted in 2014.

It can boost women's superannuation balances and address the effects of longevity on annual retirement incomes by increasing compulsory employer contributions for women at a level that is two per cent higher than the mandatory rate for men.

It can amend sex discrimination legislation to make these extra payments possible for women.

It can introduce progressive taxation of superannuation, based on marginal rates minus a rebate, that will address the inequitable nature of current tax settings to improve women's retirement incomes, particularly for those on lower incomes.

It can remove the current exemption for employer superannuation payments to employees earning less than \$450 per month, as these employees are mostly female.

These proposals deserve far more airtime than the current debate on super tax concessions for the already super rich.

Our federal government must put politics aside and make sensible policy decisions to support women who work hard all their lives but still retire into poverty.

ENDS

*In 2016, Equal Pay Day falls on 8 September which marks how much extra work women must do to earn the same as men.

Sources

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