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Super reforms further disadvantage women

The widening gap in superannuation savings between Australian men and women retirees will become an even greater cause for concern under the federal government's proposed reforms, according to IOOF.

The May budget announcement that the government would move to reduce the concessional contributions cap to \$25,000 a year from 1 July 2017 as well as decrease the higher cap of \$35,000 for those aged 50 or more would exacerbate adequacy and income equality issues.

Speaking to financialobserver, IOOF senior technical services manager Pamela Roberts said that while the reasons for the gender gap in super are complex, the string of super tax reforms would particularly hamper the ability of women to fund their retirement.

"The gender gap in superannuation at retirement between men and women is appalling [and] the government is making it harder for women to fund their retirement," Roberts said.

"The budget super changes ... particularly affect women, who characteristically have broken work patterns and lower super contributions while raising families, and make catch-up contributions later in life.

"The government should be encouraging women to improve their superannuation outcomes when they can, [instead of] acting to discourage these savings."

Figures from the Household, Income and Labour Dynamics in Australia (HILDA) survey in June revealed that in 2001 mean super balances for women born between 1950 and 1953 stood at \$74,912, compared to \$154,769 for men in the same age bracket.

For the same group 13 years later, the report revealed the mean super balance had grown to \$187,327 for women, compared to \$284,312 for men.

Roberts told financialobserver that the government needed to look at shaping super policy from a gender perspective and to focus on greater educational awareness on the purpose of super, given the gender gap in super savings seemed to be widening.

"There is a real need for the government to look at the policy with a gender overlay [and] there is a need to target younger women, who should see super as an important part of their lives and take ownership of it," she said.

"No one appears to have noticed the elephant in the room and that she is wearing heels."