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Women face brunt of lower concessional cap

The detrimental effect of the reduction of the annual concessional contribution cap to \$25,000 on women has flown under the radar compared to passionate opposition to other proposed superannuation changes like the retrospective nature of the \$500,000 lifetime cap and the \$1.6 million cap on pensions assets.

That is the argument from IOOF, which also said removing the higher cap of \$35,000 for those aged 50 or more would particularly hurt the ability of women to catch up on savings after irregular employment patterns and lower super contributions while looking after children.

IOOF senior technical services manager, Pam Roberts, said that while the reforms would permit up to four years of unused cap amounts to be brought forward for those with account balances under \$500,000, this would only come into effect on 1 July, 2017 and would affect those who would lose the higher concessional contribution rate.

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

The Household, Income and Labour Dynamics in Australia Survey from 2014 showed the average account balance for females aged around 62 is only 66 per cent of that of males, while the average account balances for females in the pre-retirement situation currently aged around 51 was only 52 per cent of males.

Roberts said that both men and women were trying to improve their retirement savings by contributing more in their 50s and 60s during the "empty nest" years.

"The trends indicate that women, in particular, are trying to improve their situation with a higher rate of increase in their account balances than men of the same age. The Government should be encouraging women to improve their superannuation outcomes when they can. Certainly not act to discourage these savings."

"Reducing the concessional contribution cap for those over age 49 from \$35,000 to \$25,000 does just that. Let's at least try to close the gender gap and deliver a standard of retirement that women rightly deserve, and have earned."