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## **Super changes to widen super gender gap: IOOF**

Changes to superannuation will deliver another setback to an adequate retirement for women, according to senior technical services manager at IOOF, Pam Roberts.

Following the May 2016 budget there have been countless objections to the changes such as the retrospective provisions of the \$500,000 lifetime cap and the \$1.6 million cap on pension assets, but Roberts notes no one has noticed the elephant in the room, and that elephant is wearing heels.

Reducing the annual concessional contributions cap to \$25,000 p.a from 1 July 2017 and removing the higher cap of \$35,000 for those aged 50 or more would particularly affect women, according to Roberts, who said women "characteristically have irregular employment patterns and lower super contributions while raising families, and make catch up contributions later in life when family financial responsibilities reduce."

"Australia's retirement income system .... structurally favours higher income earners who work full-time, without breaks, for the entirety of their working life," Roberts said. "The women (and men) who do not fit this pattern of work face a significant handicap when saving for their retirement."

The Association of Super Funds (ASFA) estimates that for a comfortable income in retirement a couple will need a super accumulation at age 65 of \$640,000 and a single person \$545,000.

These estimates are starkly different to reality argues Roberts who compares ASFA's estimates with the Household, Income and Labour Dynamics in Australia (HILDA) Survey. The HILDA survey revealed for the group aged around 51 years in 2001, the mean super balance for women was \$74,912 and for men was \$154,769. For the same group in 2014, now aged 62, the mean super balance had grown to \$187,327 for women (2.5 times) and \$284,312 for men (1.84 times).

Roberts notes that results such as those from the HILDA survey highlight the appalling gender gap in superannuation at retirement between men and women.

"On the 2014 survey, the mean account balance for females aged around age 62 is only 66% of that of males. Sadly the pre-retirement situation is worse: with mean account balances for females currently aged around 51 only 52% of their male counterparts.

"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," Roberts said.

"There is no doubt that the reasons for the gender gap in superannuation between men and women are wide and complex. Women are more likely to be paid less; have broken working patterns; and work part-time or casually. Therefore they do not have the same opportunity to accumulate adequate superannuation savings throughout their working career as men.

"Let's at least try to close the gender gap and deliver a standard of retirement that women rightly deserve, and have earned."