

Women's Savings in Retirement

Gendered disadvantages over the lifecycle



Women's Information

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**WIRE Women's Information
and The University of Melbourne
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INTRODUCTION

The World Bank has, in its report *Averting the Old Age Crisis* (1994), endorsed Australia's three pillar system as the best approach for the Aging Population Crisis that is currently occurring on an international scale. It offers the best prospect of 'simultaneously being fiscally sustainable in an environment where the population is aging, of improving national savings, ensuring intergenerational equity and providing higher incomes in retirement' (The Treasury 1998, 65-66). All Australians, however, do not experience these advantages equally. In Australia, increasingly, women are encountering poverty and homelessness in older ages. More than half of retired women in Australia are in households with an annual income of less than \$30 000 (Women's Health in the North [WHIN] & Women's Health Goulburn North East [WHGNE] 2013, 45). Single, divorced or widowed women are among the worst off (WHIN & WHGNE 2013, 45). Between 2006 and 2011, the number of older people living in private rental housing increased by 44 per cent, and, in Victoria, more females than males were homeless in 2011 (WHIN & WHGNE 2013, 49).

The Australian retirement system is comprised of three elements:

1. The age pension;
2. Mandatory private superannuation saving
3. Voluntary saving (including voluntary superannuation saving).

The major challenge for women is their ability to accrue savings over their lifetime through mandatory and voluntary superannuation savings. The age pension is dependent on an individual's means and on their age, and therefore creates relatively equal outcomes for both men and women during retirement. Compulsory superannuation, however, is dependent on a person's participation in paid work throughout the lifecycle. Currently, women are more likely than men to retire with no superannuation savings (Council of Australian Governments [COAG] Reform Council 2013). If a woman does have superannuation savings, they are substantially lower than men's, with the average woman retiring with a superannuation balance of \$112, 000, compared to \$198,000 for men (WHIN & WHGNE 2013, 45).

Any work outside of the paid workforce is usually not recognised by the superannuation system. This means that women are essentially missing out because the typical woman's lifecycle often requires them to temporarily, or permanently, leave work to care for children, and to sometimes re-enter the workforce at older ages. Although there have been adaptations to include women, the system clearly favours the male work trajectory, one that is not intermittent or broken (Owen 1984; Olsburg 2003; WHIN & WHGNE 2013), and one that progresses, with increased earnings over time (WHIN & WHGNE 2013, 45). Women are therefore in the position where they are extremely reliant on the age pension during retirement.

With the retirement age increasing, there has transpired an extremely vulnerable group of women whom are at risk of poverty and homelessness. These women are often caught in a position where they are too young for the age pension and too old to work with little superannuation saved. This report will act as a scoping document for WIRE Women's Information, exploring the various factors that result in this situation for many women. Its purpose is to briefly raise key issues that prevent women from attaining economic security at older ages and to recommend areas of further research and advocacy by WIRE. The report will focus on women's intermittent work patterns and discrimination in the paid workforce throughout the lifecycle, and will answer the following research questions:

- How does women's responsibility for care impact upon their work patterns?
- What barriers do women face within the paid workforce?
- How do these factors affect women's retirement savings?

Part I of the report will focus on women's responsibility for care, and how this can impact on the amount of time they spend outside of the workforce. Part II will explore women's experiences of discrimination in the workplace, both direct and indirectly based on their gender and age. Part III will reveal how the factors raised in Parts I and II impact on women's retirement savings, and illustrate this with an example trajectory of an average woman's retirement savings in comparison with that of a man's. Lastly, Part IV will draw on the limitations of the report and recommend areas for further research in the various issues raised throughout this report.

METHODS

Economic and social challenges for older women, and the Ageing Crisis, are currently recognised on a global level. This paper, however, will look at the issue from solely an Australian perspective. The research consists of primarily Australian government reports, submissions made to government departments, and Inquiries. This was deliberate, as it is important that the report covers past, current and emerging legislation, policy proposals, and recommendations from government associations to provide WIRE Women's Information with the Australian government's position on the issue, so that they may then frame their own position in relation to this. It is also recognised that, by using reports primarily created by government agencies, there may be some bias in the information incorporated in this report. Therefore other material, such as academic sources and non-government organisations, were incorporated to complement this research.

Limitations

It is acknowledged that the factors affecting women's lifetime savings in retirement are extensive. Due to the prescribed length of the report, and time allocated to its completion, there are several areas that cannot be discussed. In particular, housing affordability and its impact on women has been raised in much of the literature examined during the research process but the parameters of the report did not allow for this issue to be fully discussed. Further research into this, and other factors, will be mentioned in the recommendations section of the report.

PART I: Responsibility for care

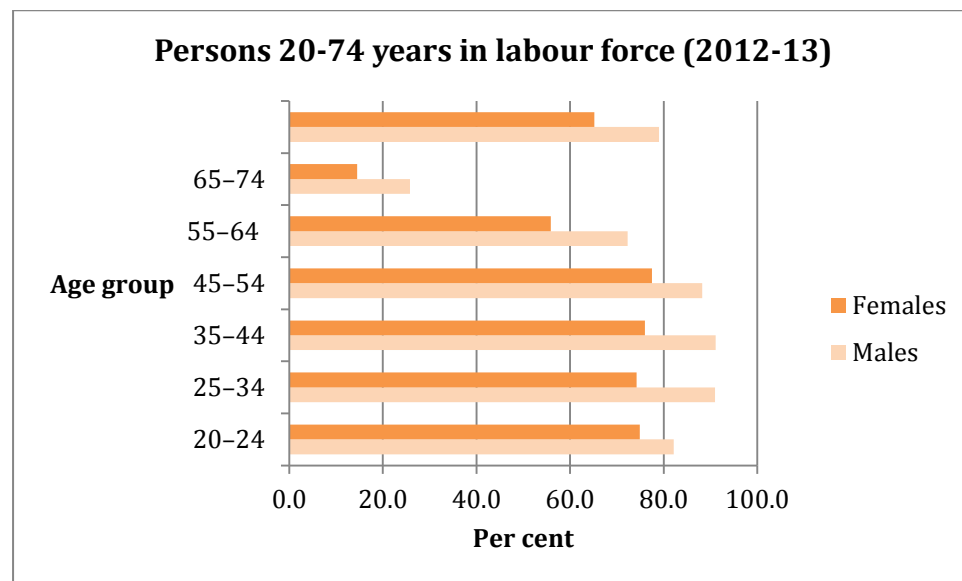
Women's time outside of the workforce

The literature explores how women's patterns of work affect their overall lifetime savings (Olsberg 2003; AHRC 2009; Taylor 2012; WHIN & WHGNE 2013). This is because, on average, women spend less time in the paid workforce and have a disproportionate responsibility for unpaid work (AHRC 2009). Therefore women are spending the same amount of time on 'total work' than men but aren't financially rewarded for their work. This unpaid work consists mainly of caring for children, but can also entail caring for disabled or elderly spouses and other members of their family.

A result of childcare responsibilities

Women's average pattern of work is often dependent on childcare responsibilities (Bowman & Kimberley 2011, ix; COAG Reform Council 2012-2013, 29; Tannous & Smith 2013). Women aged between 25 and 34 years have been found to be the most likely age group to be out of the labour force compared with women in the surrounding age brackets, which is due to this being the peak childbearing age (COAG Reform Council 2012-13). Figure 1 shows that, in the period between 2012 and 2013, 74.2 per cent of women aged between 25 and 34 were employed, while 74.9 and 76 per cent of women aged between 20 and 24 and 35 and 44 respectively were in the labour force (COAG Reform Council 2012-13).

Figure 1



Source: ABS 2014a

This pattern of permanent or temporary break from paid work is much more prevalent for mothers than fathers. Analysis from the Longitudinal Study of Australian Children ([LSAC] 2006 cited in Department of Families, Community Services and Aboriginal Affairs [DFCSAA] 2007) reveals that the employment rate for mothers with a youngest child aged 4–5 years was 60.3 per cent, while the employment rate for fathers was 92 per cent. Similarly, of the women not participating in paid work in 2012-13, 42.8 per cent had dependent children between 0 and 5 years (COAG Reform Council 2013). Only 6 per cent of men not participating in the labour force had children between those ages. Further, single mothers are less likely to be employed than couple mothers (DFCAA 2007, ix), emphasising this link between dependent children and employment rates. A number of factors, however, have been pointed to that make single mothers less employable, such as age and number of children, and educational attainment (DFCAA 2007).

Legislation aimed at supporting women while in caring relationships

The Australian Government *National Carer Strategy* (2011) aimed to build on what the Australian Government already provide for carers. This means improving systems that provide aged care, disability, mental health, primary health care, hospital and community care. This document, and its companion document, the *National*

Carer Strategy Action Plan (2011 - 2014), are the key policy papers in Australia identifying ‘recognition and respect’ for carers as a priority. The Australian Government has funded a national awareness campaign to ‘raise awareness of carers and encourage them to seek assistance and support’, and has committed to work with a range of professionals, public sector and service providers to assist them to recognise and support carers (AHRC 2013, 48). There is also the Family Tax Benefit A, and Family Tax Benefit B, the Child Care Benefit and the Child Care Rebate (introduced in July 2000), which are all means tested and directed at families with dependent children.

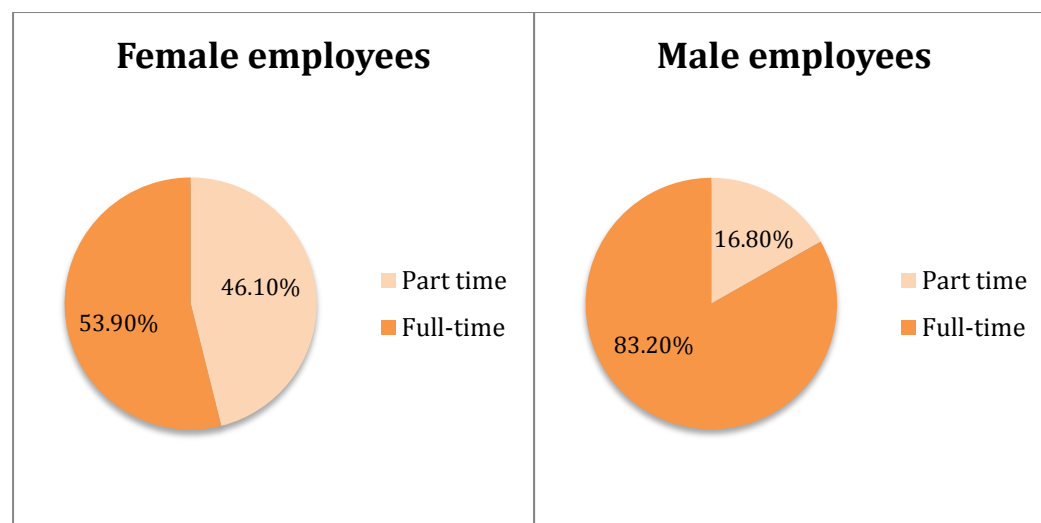
A strong framework aimed at supporting unpaid carers in Australia, however, is lacking in comparison with other OECD countries. This is revealed in the AHRC’s *Accumulating Poverty: Women’s Experiences of Inequality over the Lifecycle* (2009), and, later study, *Investing in Care: Recognising and Valuing those who Care* (2013). These papers point to the fact that workplaces have developed around an ‘ideal worker’ norm, where there exists a male breadwinner and female primary carer whose caring responsibilities remain economically unrecognised (AHRC 2009, 17). The Australian government takes a narrow view of the carers that need to be recognised and excludes all of those whom are involved in unpaid work, mainly women with dependent children. Many countries (Sweden, Canada, Finland and the UK) link ‘carer credits’¹ to periods of paid (or unpaid) parental leave (AHRC 2013, 44). New parents who are outside of work or who are not entitled to parental leave may also be entitled to carer credits (AHRC 2013, 44). The UK has even extended carer credits to some grandparents caring for grandchildren under 12 years old (AHRC 2013, 44). Therefore in other OECD countries there is a much stronger focus on ensuring that all carers are recognised for their unpaid work, and are provided with more support in later years.

¹ ‘Carer credits’ are a method of explicitly recognising in a country’s pension system years spent providing unpaid care for a child or a family member with a disability, long term illness or frailty due to old age.

Women as part-time workers

Women's participation in the labour force has grown over the last three decades (COAG Reform Council 2013). This, however, is mostly owing to an increase in part-time employment. Women are more likely than men to be in part-time or casual work rather than full-time work. In 2013, 46.1% of women in the labour force were employed part-time (ABS 2014b). Of those men in the labour force, only 16.8% represented those in part-time work (ABS 2014).

Figure 2



Source: ABS 2014b

There is a clear link found in a number of studies looking at the relationship between part-time employment patterns and domestic care responsibilities (Abhayaratna et al. 2008; Tannous & Smith 2013). One study found that among women aged 25-44 years, 60 per cent of women identified care for children as the main reason for working part-time (Abhayaratna et al. 2008).

Legislation aimed at keeping women in the workforce

The Australian government has adopted many legislative tools for supporting families in making key social transitions while continuing to participate economically. In 1979, the initial maternity leave policy was introduced that allowed women 12 months continuous employment with the right to 52 weeks unpaid maternity leave

and provided them with the right to return to their current position (Tannous & Smith 2013, 240). This has been extended since to include adopting mothers (1985), fathers (1990) and casual employees (2001) (Australian Council of Trade Unions [ACTU] 2014). The *Paid Parental Leave Act 2010* provides each eligible member of an employee couple² to 18 weeks' paid parental leave at the rate of the Federal Minimum Wage. Under the *National Employment Standard 2010*, each member of an employee couple may take a separate period of up to 12 months unpaid parental leave (Fair Work Ombudsman [FWO] 2013). The NES also includes entitlements for mothers and fathers returning to work and entitlements for flexible hours (FWO 2013). The Return to Work Guarantee stipulates that an employee is guaranteed to return to work immediately following a period of unpaid parental leave, entitling them to their pre-parental leave position, or, if that position no longer exists, 'an available position for which they are qualified and suited, which is nearest in status and pay to their pre-parental leave position' (FWO 2013).

Effectiveness of policy framework

Even after the implementation of these policies, women are still remaining outside of paid work to care for children. ABS statistics show that just half of women whom were employed while they were pregnant returned to work after the birth of their child³ (ABS 2012). Of the women who permanently left their job, almost half (49%) claimed they left in order 'to care for [their] child' (ABS 2012). Women, or their workplaces, are often not aware of their rights and may have these rights violated. Discrimination toward pregnant women and women returning to work after taking parental leave will be discussed in the following section. Secondly, work-life balance is particularly problematic for women due to their responsibilities as primary carers. Although men report having worse work-life interference, this is largely explained by their longer hours (Pockock 2009, p. 18). When controlled for this, women have worse work-life interference, and experience feelings of being rushed and pressed for time whether employed full-time or part-time (Pockock 2009, p. 18).

² An 'employee couple' is where two employees (not necessarily of the same employer) are in a spousal or de facto relationship.

³ Comprises mothers of a child under two years of age.

PART II: Discrimination in the paid workforce over a woman's lifecycle

Pregnancy discrimination

It is clear that pregnancy discrimination remains a prevalent obstacle in Australian society. It has been highlighted in the literature that during and in the period immediately after pregnancy, women are particularly vulnerable to discrimination in the workplace (AHRC 2014). In 2011, one in five women reported having experienced some kind of discrimination in their workplace during their pregnancy (COAG Reform Council 2012-13).

Implementation of policy framework

There is legislation in place to protect women with dependent children, such as those stipulated in the NES. This was mentioned earlier in this paper. These policies protecting women are often not implemented correctly or effectively by employers or employees. The AHRC (2014) conducted a survey under the Supporting Working Parents: Pregnancy and Return to Work National Review. Of the women undertaking the survey, some women (15 per cent) took no action in response to discrimination, and, of the 75% who reported that they did take action in response to discrimination, claimed they experienced discrimination on at least one occasion (AHRC 2014). One in ten contacted or made a complaint to a government agency and only 8 per cent made a formal complaint within their organisation (AHRC 2014).

Lost opportunities for career development and increases in wages

Of those whom had experienced discrimination, 34 per cent reported having missed out on opportunities for promotion, and 32 per cent claimed they had missed out on training or development opportunities (ACTU 2014, 12). This was particularly emphasised in a submission made by Victorian Women Lawyers (VWL) to the AHRC, where 29 per cent of women in the study claimed they had experienced loss of opportunities for promotion and/or career advancement (VWL 2014, 5). In the submission it was noted by VWL that the legal profession is an example where, even though the number of women entering the sector at junior levels is increasing, the

number of women in senior positions is not (VWL 2014, 2). It is claimed that this directly relates to work interruptions such as pregnancy where male counterparts, who do not take parental leave, gain promotions earlier. One woman in the study describes this experience where she was told she was *‘fully capable of filling the position however anticipating [her] maternity leave it would be best that somebody else fill the role and [she] will get promoted upon [her] return from maternity leave’* (VWL 2014, 5). Further, statistics show that a woman returning to work from one year of parental leave experience a reduction of nearly 5% in her hourly wage, and a reduction of nearly 10% after a 3 year break (ACTU 2014, 3).

Age discrimination

Older women often have few choices regarding paid employment. A potential barrier that is being discussed widely, both in Australia and internationally, is age discrimination⁴ in the workplace and when seeking employment (National Seniors Productivity Ageing Centre [NSPAC] 2013, 2). In the paper produced by NSPAC (2013) on *Age Discrimination in the Labour Market*, 67% of those surveyed who have worked in the past 5 years agree or strongly agree that age discrimination is an issue in the workplace. As expressed by Hon. Susan Ryan (2011), women are more likely to be impacted. Women often suffer from age discrimination at a younger age than men, and are often hit with the double-edged sword of age discrimination and sexism, referred to as ‘gendered ageism’ (AHRC 2009, 7). Further, those on lower incomes are much more likely to report age discrimination, and, as women generally comprise the lower income group, women are substantially disadvantaged in paid employment later in life (AHRC 2013b, 32).

Older workers⁵ face two issues. Firstly, they may have trouble maintaining employment. Secondly, they may also face discrimination in re-entering the workforce.

⁴ Age discrimination is defined by the Australian Human Rights Commission (2013) as ‘when a person is treated less favourably than another person in a similar situation, because of their age’.

⁵ Australian Bureau of Statistics uses the age group of 45 years or over for its classification of ‘older jobseekers,’ and statistics on complaints lodged under the *ADA* show that the peak age grouping for complainants is 45 years or over.

1. Within employment

As noted by the AHRC (2010), consequences of age discrimination in the workplace result in:

- Loss of opportunities for training and promotion.
- Insecure or uncertain employment arrangements.
- Practices of redundancy and restructuring to demote or force out older workers.
- Lack of flexible workplace arrangements.
- Age-based bullying and harassment.

Older women often talk about missing out on opportunities for training and promotion (AHRC 2009, 8). Research published by AHRC, investigating employment decisions made by managers across different age and gender employee categories, shows that, on the question of promotion, men aged between 30 and 45 years received the highest percentage of positive decisions, while, across all decisions made on selection, training and promotion, older women received the lowest percentage decision from managers (AHRC 2009, 34). Interestingly, even older female managers would not hire, train or promote other women over 45 years (AHRC 2009, 34).

2. Re-entering the workforce

Age discrimination often prevents older workers from finding secure employment. They are discriminated against during the job search process, sometimes by employment agencies or by potential employers. Of those surveyed for the NSPAC paper, 83 per cent who have sought employment in the past 5 years agree or strongly agree that age discrimination is a barrier during the job search process. Women speak of attempting to re-enter the workforce at ages around 46 to 65, when children have grown and they no longer have similar caring responsibilities. Women's break from the workforce, however, often means they did not have access to training that is offered to ongoing employees, particularly noted in enterprises with computer systems (WHIN & WHGNE 2013).

Protecting older workers against age discrimination

In recent years ageism has become an increasingly recognised issue. A number of studies have been conducted since 2010, predominantly by the AHRC (2010; 2013a; 2013b), Productivity Commission (2011) and NSPAC (2013), showcasing how age discrimination is affecting all older Australians. Similarly the introduction of an Age Discrimination Commissioner, Susan Ryan, reflects the importance age related issues pose.

The Age Discrimination Act 2004 protects the rights of people of any age to be free of discrimination based on age, and is implemented by the complaints process through the AHRC (Ryan 2012). Between 2011 and 2012, the commission saw a 44% increase in age-related complaints (Ryan 2012). Secondly, protections are also provided through the state and territory equal opportunity commissions' complaints processes and through the Fair Work Act 2009.

PART III: Discussion – Women’s accumulated retirement savings

The factors mentioned previously that act as barriers to women’s participation and progression in the workforce over the lifecycle prevent women from accumulating retirement savings equal to that of men. Women’s disadvantaged position in retirement has been emphasised in studies conducted as early as the 1980’s (Owen 1984) up until more recently (AHRC 2009a; AHRC 2009b; Sharam 2010; Taylor 2012; WHIN and WHGNE 2013; Sheen 2014).

Pay Gap

A fundamental way women are disadvantaged is by the clear pay gap present. This is attributed to many of the factors mentioned in this paper. On average, full-time working women earn 17.1% less per week than full-time working men (Workplace Gender Equality Agency [WGEA] 2014). This difference equates to \$262.50 per week in earnings (WGEA 2014). This gap has remained consistent in the range of 15 and 18 per cent over the last decade and presents a significant obstacle in women accumulating lifetime earnings equal to those of men. In particular, women aged 25-34 (key child rearing years) suffer the greatest gender pay gap of all other age groups, earning just 62% of men’s average incomes (ACTU 2014, p. 18). The WGEA (2014) has drawn attention to certain contributing factors to the persistent pay gap.

These include:

- Wages being lower for historically female-dominated industries and jobs than male-dominated industries and jobs.
- Women’s difficulty in progressing to senior positions in their careers, due to discriminatory practices and a lack of part-time or flexible senior roles.
- Differences in education, work experience and seniority

The pay gap means that women overall will accrue less savings as they will be earning less over their lifetime. This will be made more obvious in the following trajectory.

Example trajectory

A trajectory of a woman's lifetime savings compared with a man's savings over the lifetime was provided in a submission to the *Inquiry into Planning for Retirement for the Select Committee on Superannuation* and reveals how women's various disadvantages over the lifecycle ultimately affect them financially later in life. This trajectory is simplistic and based on a number of assumptions that the superannuation system and retirement policy will remain the same over the coming years⁶. The aim is to compare the average expected superannuation benefits for males and females⁷.

Model:

- A man (M) and woman (W) both enter the workforce at age 20
- Both plan to retire at age 60
- Projected savings based on:
 - Average workforce participation rates
 - Part-time employment
 - Average pay rates

Based on projections, M will have a lump sum benefit of about \$244,000, which will provide an indexed lifetime annuity of almost \$13,900 per annum.

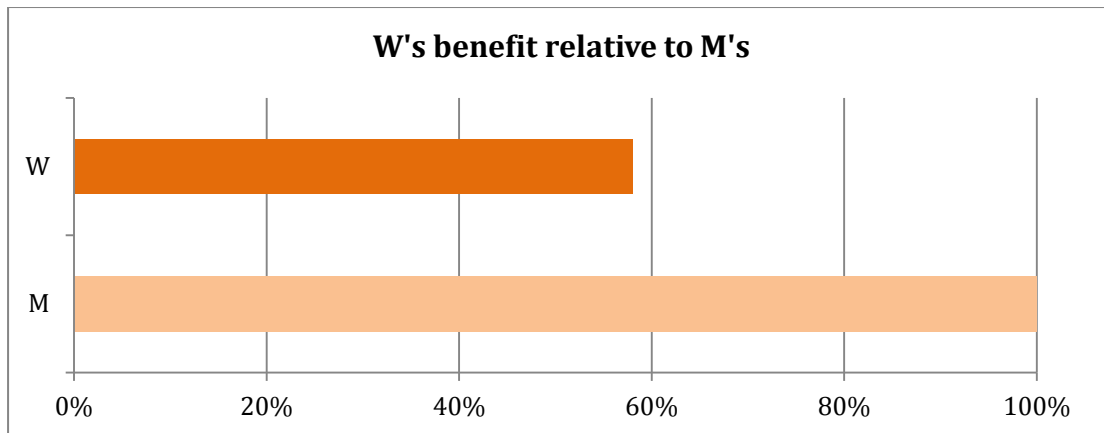
This calculation is amended in this trajectory so that it is more relevant to W's experience.

1. Employment rates

W will have lower workforce participation, this may include periods outside of the workforce or more part-time work. The benefit drops by just over 42 per cent as a result of this.

⁶ Refer to Appendix B for more explanation of assumptions

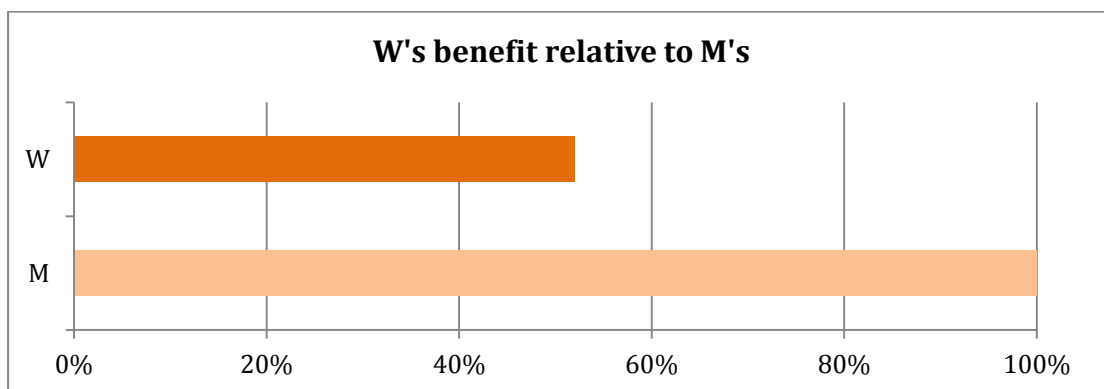
⁷ It is important to note that the group of baby boomers retiring now are in a unique position where they have particularly limited accumulated superannuation savings due to historical legislative barriers (AHRC 2009, 10). This will be further discussed in the recommendations section.



2. Difference in pay rates.

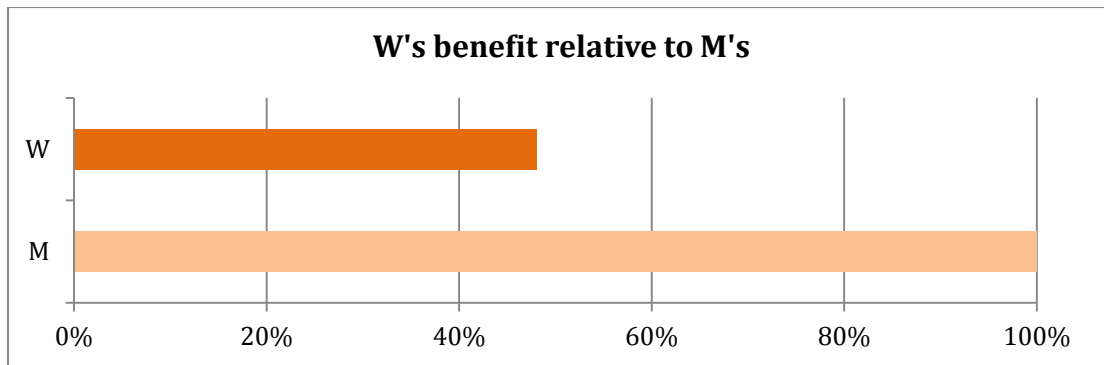
Women earn hourly pay rates, which are about 89% of male pay rates. This results in a corresponding fall in the accumulated superannuation benefits.

W's benefit is now about 52% of M's.



3. Problems associated with part time and casual work

Some part-timers will be ineligible for SG benefits (because they are below the \$450 per month threshold). It is suspected that part-timers and casuals are also more likely to suffer higher administration fees (because they are likely to have multiple accounts). Therefore assuming that women receive only 95% of their entitlements, and they pay an extra \$50 in costs each year, W's benefits would fall to about 48% of M's benefits.

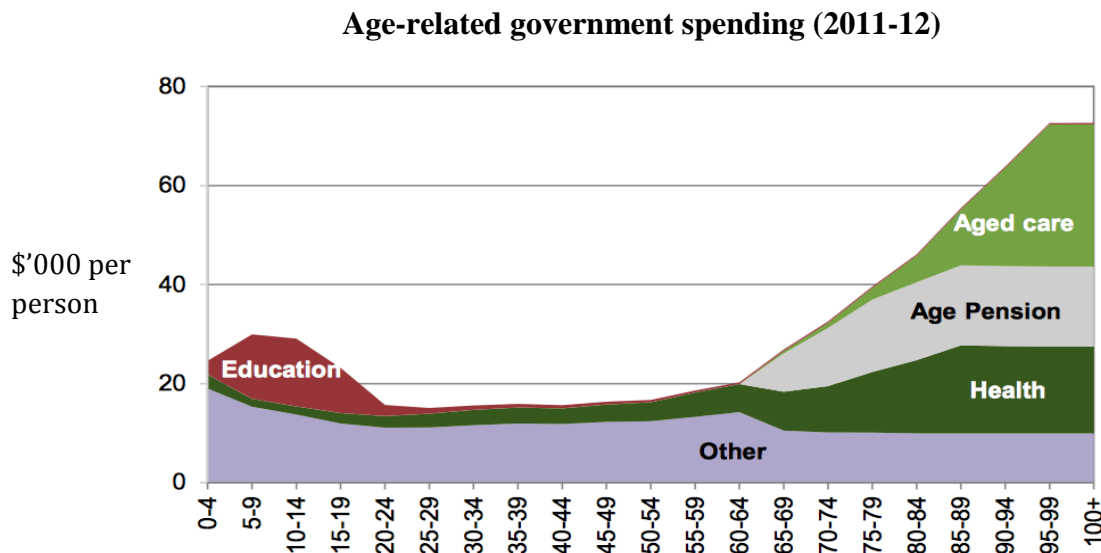


Overall, W's superannuation savings will be \$117,120 compared with M's \$244, 000.

Increase in the Age Pension

The aged population, those aged 65 years and over, in Australia, is projected to increase from about 14% in 2012 to over 20% in 2042 and 25% in 2062 (NSPAC 2013, iv). Further, it has been shown that growth in the population of those of traditional workforce age is expected to slow to almost zero over the next forty years (The Treasury 2004).

Figure 3



Source: Productivity Commission 2013

Currently, Australia spends a large amount of government spending on aged care. This is shown in figure 3. This spending will rise together with the rise in the aging population. The Intergenerational Report 2010 estimated that Australian Government spending on aged care would increase from 0.8 per cent of GDP in 2010

to 1.8 per cent of GDP by 2050 (Productivity Commission 2013, p. xxvi) The government is tackling this issue by amending their retirement policy. An increased pension age will mean more tax-payers and less people on the tax-disbursal side (McDonald & Utoma 2011, 25). It is claimed that gradually increasing the retirement age from 67 to 70 could increase the participation rates for older workers by around 3-10 per cent (Productivity commission 2013, 15). Similarly it is thought that if people work longer, they will be able to build up their superannuation entitlements before retiring and there will be more emphasis on accumulating superannuation over time (McDonald & Utoma 2011, 25). There exists a tension between this theoretical recommendation and the actual impact it may have on older women, whom are so reliant on the age pension and may be out of the workforce as early as their forties.

Women caught in the middle: too young to retire and too old to work

Some women are ‘caught’ in a position where they may be experiencing age discrimination in re-entering or maintaining employment, may not have enough superannuation to retire, and may be too young to receive the age pension.

Veronica Sheen, research associate at Monash University, has conducted work on midlife women in insecure jobs, and has raised two main trajectories for women comprising the middle aged (40-55 years) category (Sheen 2014). These correlate strongly with the factors raised in Part I and Part II of this paper.

Trajectory 1: losing a long-term job after the age of 40.

Women report losing long-term employment as a result of their organisations conducting strategies of downsizing, work intensification, casualization, credentialism and off-shoring.

Trajectory 2: leaving a permanent job in the late 20s or early 30s to raise and care for children.

- Dependence on a husband’s income from a ‘good job’
- Women sometimes continue in part-time, casual employment to supplement household income

- Husband's income may have been eroded by business failure or retrenchment, or by disability

Both trajectories result in what Sheen (2014) describes as an 'exit from the middle-class'. Women often find it difficult to re-enter the workforce, as pathways back are not available to them because of reasons such as age discrimination or caring responsibilities. Many women are not in a position where they have accrued the lifetime savings necessary to comfortably retire, often forcing middle-aged women into precarious employment to 'make ends meet' (Sheen 2014). For some women, the exit from the middle-class may result in poverty and homelessness in older ages.

Examples

This situation is seen more obviously when looking at examples of older women facing these challenges. The WHIN and WGNE *Living Longer on Less* (2013) study revealed the stories of a number of women facing varying degrees of financial challenges in older ages.

Example A

Adelle (62 years old) took significant time away from paid employment and later experienced much hardship after receiving no superannuation from her husband after they divorced. She is now unable to work as a result of health problems and currently resides in public housing.

Example B

Helena (57 years old), is a clear example of what Sheen (2014) describes in trajectory 2. Helena married at 18 and acted as primary carer for her two children and relied on her husbands 'thriving business'. At 35 she was living comfortably with her husband and two children in their new house, until her husband's business collapsed as a result of his gambling addiction. She eventually divorced him, but did not push for any of his superannuation. She managed to regain full employment for some time, but needed to reduce her hours and take time off to care for her mother and grandchild. She would like to retire but cannot afford it as she has no savings.

Further, this situation has been recognised for a number of years but there still remains relatively little support for these women. A study conducted in 1995 by the NSW Committee on Ageing (CA), interviews a number of women facing similar situations.

One woman in the study, given the name 'NE', observed that her husband was earning enough to support them, and felt it was important to stay home with the children. Her husband became ill and died in 1984, leaving her with two young children to support. In 1987, she obtained a well paid job in the laboratory of the Colgate-Palmolive company, but in 1994, Colgate-Palmolive moved their operations to Queensland and NE was unable to move with them. Since then she has had no regular employment up to the time of the study. She had been offered a job with a major food manufacturer but was extremely hesitant about it because it entailed highly skilled work at a very low salary. She was convinced that this 'degrading' offer was due to her age and had not made up her mind to accept it. She expresses:

“she was too young for a pension, too old for a job, and without enough superannuation to retire” (NSW CA 1995, 34).

It has also been recognised, in the literature, how an increase in the eligibility age of the pension will impact substantially on women in particular (Olsberg 2003; WHIN & WHGNE 2013). WHIN and WHGNE (2013) recommends that the federal government ‘revise the aged pension age for women back to 60 until financial analyses indicate that women’s superannuation balances have achieved parity with that of men’.

PART IV: Recommendations for further research

This paper has only provided the foundation for further research into women's position in retirement. Factors were mentioned briefly and further research could expand on each factor in more depth. There are several issues raised in the report, however, that are significantly important for further investigation and advocacy by WIRE.

1. Advocate for more affordable housing

This paper has primarily focused on the aspect of women's lifecycle in understanding women's position in retirement. Another important factor that has been raised in the literature is the unaffordability of housing and how this specifically impacts on older women (Australian Housing and Urban Institute [AHURI] 2010; Sharman 2010; WHIN & WHGNE 2013). There have been three inquiries into affordable housing over the last 10 years, these have included the Productivity Commission's *First Home Ownership* report (2004), the Senate Select Committee on Housing Affordability in Australia's *A Good House is hard to find* report (2008) and, most recently, the Senate Standing Committees on Economics *Affordable Housing* inquiry (2013). There exists a vast amount of literature regarding the effects of decreased social housing, negative gearing and the impact of the first home-owners scheme, yet this is still not being taken seriously in recent government policy. WIRE could use these reports, and other relevant literature, to advocate for changes in the housing sector.

2. Investigate specific approaches to increasing the older female workforce.

It is evident in the literature that there has been a large amount of research undertaken by a number of government bodies (AHRC; PC; NSA) on the factors preventing older people from participating in the workforce and ways of increasing participation of the aging workforce generally, but little on specific ways women's participation is limited and approaches to increase the female older workforce. Information about gender trends in the aging workforce is also lacking.

3. Investigate how single mothers are particularly disadvantaged in the workplace

It is important to recognise that women with dependent children have particular issues with work-life interference. WIRE should look further into specific data revealing single mother participation in the workforce, government support for single mothers, cost for childcare and legislation surrounding workplace flexibility⁸.

4. Investigate Pregnancy Discrimination

Recognition surrounding pregnancy discrimination and mother, and fathers, returning to work after having a child is increasing. For example, this year the AHRC has conducted a national survey revealing the predominance of pregnancy discrimination in the workplace and has conducted an Inquiry into the subject. This is a major factor relating to women's participation in the workplace and progression in careers, and therefore deserves more attention than has been offered in this report. In particular, the literature has indicated a necessity to educate women and their employers about their rights in this area.

5. Investigate baby boomer's specific disadvantage in retirement

Currently the baby boomers are in a unique position where, historically, legislation has not been in place for them to accumulate superannuation for retirement savings. Women of this generation also had more pressure to act in traditional roles as wives and primary carers for children (Bowman & Kimberley 2011, 13). Linking with this is housing affordability. Bowman and Kimberley (2011) show how baby boomer's, in particular, are financially effected in later life as a result of divorce or losing a partner, and how home ownership acts as the 'key buffer' against poverty for these women. It is important that the needs of this group, who are currently in positions of poverty and homelessness, are recognised and advocated for by organisations like WIRE.

6. Widowed, divorced and single women

It was made clear in the literature, particularly when looking at specific examples of women in challenging positions at older ages, that widowed, divorced and single

⁸ Studies undertaken by Barbara Pocock in this area.

women are in a particularly vulnerable position as well. These women often have to raise children and care for grandchildren, while they attempt to work. Andrea Sharman (2010) reveals women's dependence on a male counterpart for housing security, drawing attention to how women may stay in unstable or abusive relationships to avoid homelessness. It is important to also recognise how women are impacted if they are not financially independent and pay their superannuation into their partner's account, or rely solely on their partner's superannuation for retirement. This was particularly revealed by the women interviewed in WHIN's report *Living Longer on Less*. Research into these specific situations could be valuable, perhaps through a process of interviewing or focus groups undertaken by WIRE to understand each unique position.

7. Superannuation

It should be investigated how superannuation policy specifically disadvantages women, in terms of incentives to save and how those earning less than \$450 per month are affected by their ineligibility for SG benefits.

CONCLUSION

The current retirement system disadvantages women, as factors in their lifecycle do not allow them to accumulate as much retirement savings as men. The literature recognises that women act as primary carers of children and, consequently, women spend a substantial portion of time outside of the workforce and are more likely to be in casual or part-time employment. There are further disadvantages for women within the workplace. They are often discriminated against and, as a result, often cannot progress as easily in their careers and may be more susceptible to redundancy and demotion during certain periods in their life. From just these factors alone, women are substantially disadvantaged in accumulating superannuation savings. The trajectory shows that the average woman will earn around half of the benefits accrued by men. This may leave them in a position where they cannot retire comfortably and may mean that they are forced into precarious or degrading employment to ‘make ends meet’, or even into positions of poverty and homelessness. Specifically, the research has raised a situation where women are often too young to retire and too old to work, which calls into question how women will be impacted by an increase in the age pension.

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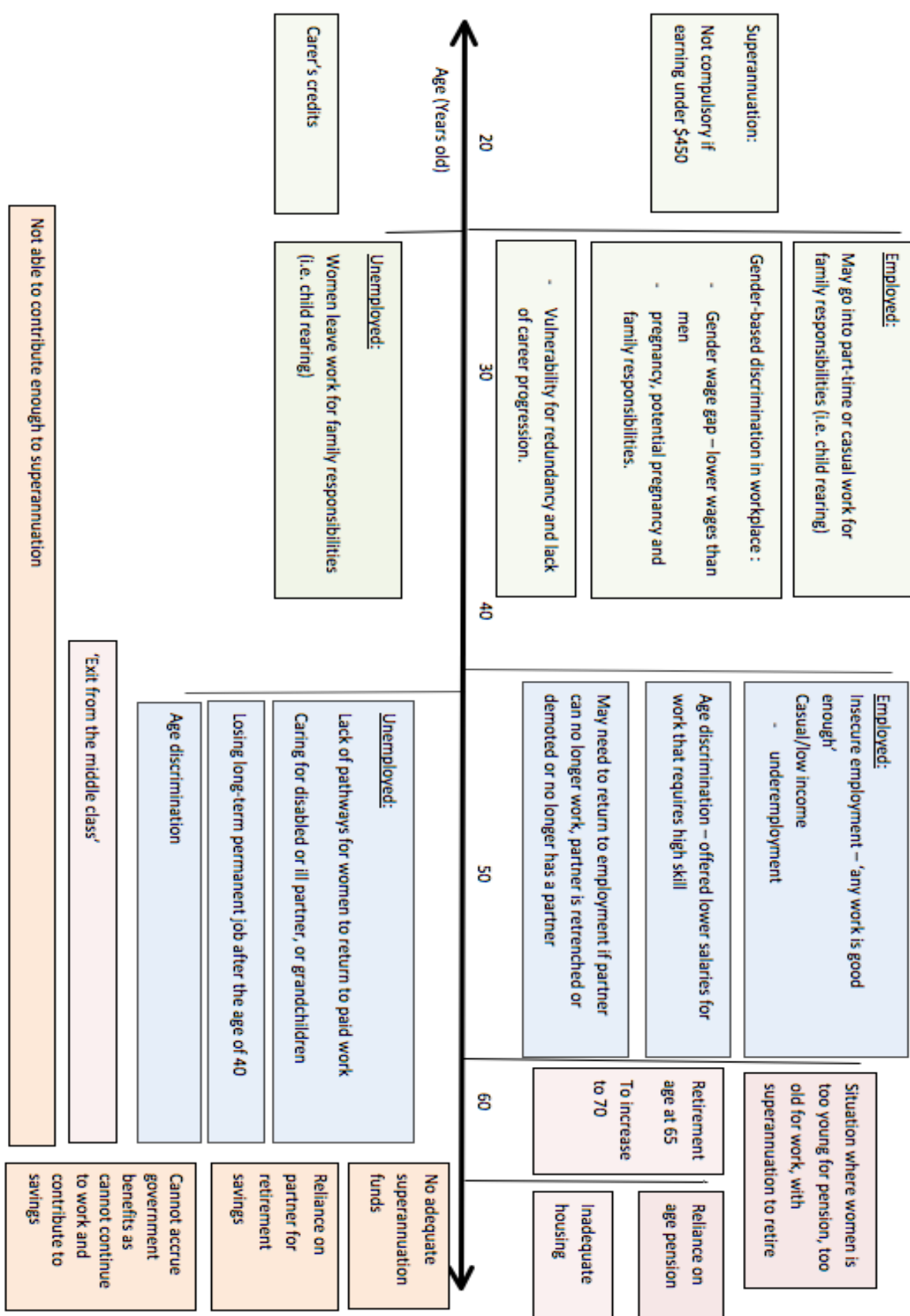
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APPENDICES

Appendix A: Summary of women's participation in paid employment



Sources: AHRC 2009; Sheen 2014; WHIN & WHGNE 2013

Appendix B: Assumptions of trajectory

Information for this trajectory was derived from a case study proposed in a 2003 submission to the Inquiry into Planning for Retirement for the Select Committee on Superannuation, prepared by Dr Diana Olsberg, Director of University of New South Wales Research Centre on Ageing & Retirement (RCAR).

*Note that data is relatively outdated (2003) and serves simply as an illustration in revealing women's disadvantages as a result of the design of the superannuation system.

Administration Fees and Insurance Costs

These will vary widely from one fund to the next, depending on the size of the fund and the amount of insurance provided under fund rules. We will assume about \$1 per annum for administration fees and \$2 per week for insurance, approximately \$150 per year overall. To allow for the fact that women are more likely to be working in multiple jobs and to change jobs more frequently (possibly leading to multiple accounts), we increase the total charge to \$200 per annum.

Inflation

Theoretically, pay rates should be increased in line with salary inflation, and the lump sum benefits should be discounted back to reflect price inflation. Historically, over the long term, salary inflation generally exceeds price inflation (i.e. leading to real wage increases): however there is a great deal of variability from year to year. We have assumed that salary inflation is 1% p.a. above price inflation.

Taxation

We have allowed for contributions tax equal to 15% of the contributions, net of administration charges and insurance costs. We have not allowed for any surcharge.

Source: Olsberg, D 2003, 'Women, Ageing & Retirement Challenges & Long Term Strategies', *Submission to the Inquiry into Planning for Retirement*, University of New South Wales Research Centre on Ageing & Retirement, viewed 7 April 2014, http://www.aph.gov.au/parliamentary_business/committees/house_of_representatives/_committees?url=ageing/strategies/subs/sub84.pdf.