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Equal Pay Day: Gender pay gap leads to gaping hole at retirement

Ahead of Equal Pay Day this Sunday, September 2nd, The **Australian Institute of Superannuation Trustees (AIST)** – the peak body for the \$500 billion not-for-profit super sector – has called on the Government to prioritise policies that will close the growing gap in women's retirement savings.

AIST CEO Fiona Reynolds said ongoing pay inequity, combined with women's lower participation rates in the workforce and the fact that women live longer than men, means that many Australian women would continue to struggle in retirement, with less than half the retirement savings of men.

"Closing the gender pay gap and introducing measures that compensate women for time out of the paid workforce to raise children and act as carers are critical steps to improving women's retirement outcomes," Ms Reynolds said.

Ms Reynolds noted Australia's superannuation system was designed for those who work 40 years in full time paid work, and yet this was not the working experience for most women.

"It's great that we are finally moving to 12 per cent superannuation, but without specific policies in place that recognise the different working patterns for women we will never close the retirement saving gap."

Joint research by AIST and the Australian Centre for Financial Studies (ACFS) released in March this year showed that the super gender gap was still as large today as it was in 2002. Moreover, pay inequity has remained the same, with women earning on average 18% less than men.

"Over a working lifetime, this pay gap translates to a gaping hole at retirement," Ms Reynolds said.

The research analysed the latest data from the Household, Income, Labour and Dynamics in Australia (HILDA) Survey, which is a longitudinal survey of around 20,000 Australians, and found women were still spending five to six years out of paid work to raise children. The study indicated that the average super balances (2010) for men in the workforce between the ages of 58 and 62 years was approx. \$210,000 for men, compared to \$95,000 for women.

Whilst acknowledging that the recently introduced low income super rebate would assist some women, Ms Reynolds said more needed to be done.

AIST has asked the Government to introduce superannuation on paid on parental leave and to remove the \$450 monthly income threshold for compulsory superannuation payments which can make it difficult for women in part-time and casual work to build their retirement savings. It is also advocating for a 'return-to-work' superannuation payment or superannuation credits for women who have been out of the workforce raising children.

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AIST is the peak industry body for the \$500 billion not-for-profit super sector which includes industry, corporate and public sector funds covering the super interests of nearly two-thirds of the Australian workforce.