

Tips + Resources: Planning for retirement



Money Power Freedom podcast Ep. 2 Super game plan

Everybody likes to think of their retired future self kicking back and enjoying the fruits of their labour. But that dream is quickly punctured by the fact that even now, Australian women retire with roughly 40% less superannuation than men and 1 in 3 women have little or no super!

In this episode, hosts Cal and Santi level up to decode the super system and find a better retirement game plan for women.

QUICK FACTS ABOUT GENDER + SUPER

Let's start at the beginning. What is superannuation?

Superannuation (also referred to as 'super') is a retirement savings mechanism introduced by the Australian Government in 1992. It was created to reduce the number of older Australians relying on the government pension.

Super works like this: throughout your life in the workforce, your employer is obligated to put a percentage of your earnings into your chosen superannuation fund. These funds then accumulate and earn interest, so that once you reach retirement you'll have access to an ongoing income stream (much like a pension) or a lump sum.

Employers are required by law to pay your superannuation quarterly. These contributions will be equivalent to 9.5% of your salary or wages.¹ If you own your own business, you also need to make regular contributions to your superannuation.

When can I access my super?

You can access your super once you reach 'preservation age'. This is the minimum age, set by law, that your super must be 'preserved' until. Your preservation age is currently between 55 and 60, depending on when you were born.²

Gender + Super

The gender pay gap not only affects women

throughout their working lives but has a kick on effect in retirement. To put it simply, the less you are paid for the work that you do, the less you will have in your super.

People who spend time outside of the paid workforce due to illness or disability, raising children, looking after elderly relatives, doing unpaid work in the home, or volunteering do not receive automatic contributions towards their superannuation.

Given that women spend twice as long as men in unpaid work (particularly domestic activities and childcare),³ and the full-time average weekly ordinary earnings for women are 14% less than for men,⁴ it follows that women retire with less superannuation than men – roughly 40% less.⁵

On top of that, women live longer than men (the average life expectancy of an Australian woman is 84.9 years compared to 80.7 years for an Australian man).⁶ This uneven retirement outcome places women in a highly vulnerable position with 40% of older single retired women living in poverty and likely to experience economic insecurity.⁷

There are steps that individuals can take to boost their retirement savings but significant action needs to be taken by the Australian government to address the shortcomings of the superannuation and welfare systems, so that everyone has equitable access to financial security in retirement.

KEY TIPS ABOUT YOUR SUPERANNUATION

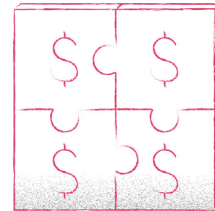


Confused about super? You're not alone.

As superannuation was designed for men and the vast majority of financial services companies are run by men, it's no wonder that women don't see a place for themselves in the superannuation system.⁸

Superannuation can be complex but if you learn about it now and start to make small changes, it can make an enormous impact on your financial future.

Get to know your super with ASICs Super calculator: moneysmart.gov.au



Consolidate your super

When was the last time you checked in on your super? If you have changed jobs or had stints out of the paid workforce, there's a chance you may have multiple superannuation funds set up.

Do a quick check to see what super you are holding. If you have multiple funds, consolidate into one fund, so you aren't paying unnecessary fees and missing out on compound interest.

Find out how to consolidate your super here: moneysmart.gov.au



Regularly check your super is being paid

Employers are required to pay your superannuation quarterly. Some employers in highly casualised industries, like hospitality, routinely fail to meet this obligation. Look after yourself and regularly check your super is being paid accordingly. If you are self employed, don't forget to contribute to your own super.

Calculate how much your employer should be contributing to your super fund:
moneysmart.gov.au



Make a retirement plan

It's never too late to start building up your finances and your super. Think about what kind of life you want to have when you retire and work out the steps required to make that happen.

Check out these calculators to help you plan for the future: moneysmart.gov.au



Make additional contributions to your super

Even if you are working for a wage, consider making adding extra contributions on top of your super. There are tax benefits available and it can make a positive impact on your retirement savings.

Find out more: moneysmart.gov.au

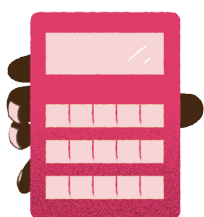


Parental Leave + Super

Thinking about having a baby? If you have a partner, consider who will be taking time out of the paid workforce to care for your child and the impact this will have on their super in the long term.

Parents who remain in the paid workforce can make superannuation contributions on behalf of the stay at home parent. Not only is this the right thing to do but you may also be able to claim a tax offset. Visit the Australian Taxation Office website to find out more.

You can also split your employer super contributions with your spouse but this can only be done after the end of a financial year. To find out how to start this process, contact your super fund.



Government Super Co-contributions

If you are earning less than \$37,687 a year, you can make contributions towards your super and the government will also chip in. For example, if you put in an extra \$100, the government will put in \$50. The maximum super co-contributions you can receive in a year is \$500. There's no need to apply; these contributions will be automatically placed into your super fund when you lodge your tax return.

Read up: ato.gov.au



Divorce + Super

In recognition of unpaid work (one of the few formal examples) ex-partners are entitled to superannuation funds as part of divorce settlements. This is your legal right, so pursue it.

Find out more on the Money Smart website: moneysmart.gov.au



Read Pauline Taylor's book **How to be a Super Smart Woman**

Pauline Taylor is a finance expert who would love nothing more than to have every woman know their rights and options when it comes to building their superannuation nest egg. Her book *How to be a Super Smart Woman* has super advice for all kinds of women – single women with or without children; women in their 20s, 30s or 40s and beyond; married women with or without children; and so on.

Do yourself a favour a pick up a copy today: booktopia.com.au

CONVERSATION STARTERS

1. When you think about your golden years, what image comes to mind? What kind of life do you want to have in retirement?
2. What do you think you need to do to make your vision of retirement attainable?
3. Have you consolidated all of your super?
4. Is your superannuation balance where you would like it to be?
5. What advice would you give to others about managing their super?



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