

Simple Steps to Make Super Fairer

Making money management as exciting as health and travel is key to improving financial literacy for women and alleviating the gap in super savings. And it's also time for the financial services industry to step up, Theo Marinis says.



By **Theo Marinis**

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Everybody knows there is a gender crisis in superannuation but nobody is really doing much about it, other than wringing their hands. According to figures released by [AustralianSuper in June 2022](#), women are currently retiring with 42 per cent less superannuation than their male counterparts. That's an average balance of around \$160,000 for women compared with an average balance of \$270,000 for men.

It is also well established that women generally outlive men and have pretty much always done so. Based on data available from the [Australian Institute of Health and Welfare](#) a male born in Australia in 2018–2020 can expect to live to the age of 81.2 years compared with a female life expectancy of 85.3 years. In the 1891 to 1900 period, men could expect to live 51.1 years compared with 54.8 years for females.

This just means we've ignored the problem for a long time. Gender pay imbalances, childbirth, and caring responsibilities (for aging parents as well as children) can be a triple whammy on the ability of many women to generate sufficient savings to achieve expenditure goals in retirement – a retirement which will last statistically longer than men.

Pragmatic Approach

The Bass Coast Shire Council in Victoria has taken the bold step of paying super contributions during maternity leave but I'm not aware of any other employers being similarly disposed. Indeed, both major Australian political parties rejected this initiative during the term of the previous government.

Whilst these are complex issues and resolving them beyond the scope of this article, a more pragmatic approach to the rules around superannuation can help if access to the benefits of successful retirement planning for women is to improve.

While financial literacy for all Australians should be a priority, it is my experience that women in particular are missing out. Financial education should start at school but there is also a need to increase the access, availability and attractiveness of financial publications, marketing campaigns and government messaging to make money management more compelling and as interesting as, say, health and travel. The responsibility to address this issue rests not just with journalists and governments but with society as a whole.

A Male Breadwinner

In many ways the financial services industry (banking, funds management and insurance companies) must share a significant part of the blame for their predominant focus on a male target market. Too often there is a bias towards directing financial responsibility to a male ‘breadwinner’. Given the increasing number of single person households in Australia, this orientation, as well as being sexist, ignores the facts.

With a few outstanding exceptions, it has been my experience that it is usually the male (or a male and female together as couple) who deal with family financial issues. This approach can become problematic when there is a break in the relationship, either through divorce or death. And I hate to say it, but this is where that age-old issue of ‘I don’t know what I don’t know’ raises its ugly head.

Many women who find themselves suddenly single feel out of their depth, which can lead to poor decision-making, or no decision-making at all.

For example, leaving large amounts of inherited money in the bank can result in a dramatic loss of earnings potential and or inadvertently create an additional tax burden, when a move to superannuation may mean being financially set up for life. (At least in the case of divorce, superannuation is classified as a ‘family asset’ requiring benefits to be split 50/50, rather than on the basis of how much was contributed by each party).

Suddenly Single

And while one of the significant causal factors leaving women to manage their retirement alone stems from a relationship breakdown, another arises, inevitably, from the death of a <https://www.eurekareport.com.au/investment-news/simple-steps-to-make-super-fairer/151779>

long-term partner. Deep-seated inertia where financial matters are concerned is very common sideeffect of grief. Left without sound and trustworthy guidance, the surviving partner will often do nothing to address their changed financial situation because they are barely processing their new life reality.

This can create financial vulnerability on many fronts, particularly when there is a larger than average estate, or where there is a self-managed super fund which has been established jointly (by a deceased spouse) leaving his surviving partner as sole trustee, or sole director of a corporate trustee. Here, the complexities to be faced can be enormous, particularly if the deceased partner was either not a good recordkeeper or had poor advisers around them. And the penalties for getting it wrong are considerable.

Resetting Estate Planning

There is also the issue of resetting the estate planning arrangements. Usually, a husband and wife have reciprocal benefits, with any leftovers going to their offspring. However, the survivor may want a different arrangement, considering who has cared for her, the needs of grandchildren or other surviving members of her family, a favourite charity or a Church – or in time – possibly a new partner or special friend.

At this point there may be the opportunity to restructure the benefit components in superannuation to remove the liability of a deceased estate to pay the 17 per cent Death Benefits Tax on an unused super balance. Like so many other financial opportunities, however, without financial advice many people are unlikely to be aware of them, let alone be able to benefit from such strategies.

So, what can be done to improve our current gender-based retirement savings inequality?

Simple Steps

I'd start by calling on the government to increase the current individual Concessional Super Contribution cap (currently \$27,500 pa) to create a \$55,000 'couple' Concessional Contribution cap, effectively incentivising the highest earner to contribute more to what would eventually become the shared retirement savings pool for both.

As the current superannuation rules already permit contribution splits between spouses, doubling the cap would allow one partner to contribute for both members of a couple,

where one is earning less or no income for a time. And in the event that a couple separate, there would still be a 50/50 benefit split of a much larger pool.

Next, I would welcome an increase to the number of female financial planners within the financial services industry. If I have any current or future clients who would feel more comfortable with a female adviser, I would also strongly encourage them to request or pursue this. Being comfortable in a relationship with any financial adviser is important to ensuring clients understand and act on financial advice.

I strongly believe that as a society, we must invest more in financial literacy; at a government level, work harder to find ways of increasing superannuation balances; in the financial services industry more must be done to enable women to have the confidence that they have made the right financial decisions to support all of their goals, so they can get on with their retirement in due time.

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