



# Women and Financial Security

Economic participation and financial security are important factors that influence women's health and wellbeing. Enhancing both makes good public policy sense, not to mention good health sense.<sup>1</sup>

Women's experiences in paid and unpaid work have a direct bearing on their financial security. Over the life course, women are more likely than men to:

- work part time in paid employment;
- be paid less for work of comparable worth;
- do more hours of unpaid primary caregiving and household chores; and
- have fragmented paid work histories.<sup>2</sup>

These material circumstances and lived experiences – shaped by rigid gender norms – leave many women financially insecure throughout the life course, but especially in their later years given their longer life expectancies.<sup>2</sup>

The impacts of financial insecurity, socio-economic disadvantage, low social status, and poverty on women's health and wellbeing are profound. Women's increased risk of adverse mental health outcomes, for instance, are strongly correlated with discrimination, socio-economic disadvantage, low social status, violence, and poverty.<sup>3,4</sup> Women who experience violence are particularly at risk of financial insecurity and thereby more exposed to poorer health outcomes.<sup>5</sup>

Research into financial literacy indicates that Australian women are more likely than men to find dealing with money stressful and overwhelming, less likely than men to have a superannuation fund, and less likely than men to know the balance of their superannuation fund.<sup>6</sup> In Australia, significantly more employed women than men have no paid sick leave and holiday leave entitlements.<sup>7</sup>

Women make up 73% of all the recipients of the single rate of the Age Pension, and single elderly female households not only experience the highest incidence of poverty compared to others in their household types, but are also at the greatest risk of persistent poverty. The extent to which women do not enjoy financial security on an equal basis with men is most starkly demonstrated by the gender gap in retirement savings.<sup>4</sup>

## The gender pay gap and gender differences in workforce participation

Pay equity refers to the achievement of equal pay for men and women doing different but equivalent jobs.<sup>8</sup> The current average weekly earnings of Australian women who work full time is \$1,387.10 per week, \$251.20 per week less than men. The gender pay gap stands at 15.3%; and while this reflects a decrease of 0.9 percentage points over the previous 12 month period, the gender pay gap has stubbornly hovered between 15% and 19% for the last two decades.<sup>9,10</sup>

While Australian women are more likely to obtain a Bachelor degree than men, women with post-graduate qualifications have equivalent lifetime average earnings as men with a certificate level or Year 12 education.<sup>11</sup>

Employment sectors and occupations are highly gender segregated, with female-dominated industries typically undervalued. For example, the level of skill and training required to work as a hairdresser is comparable to that required to work as a mechanic; yet, there is a considerable difference in pay between these professions.<sup>11</sup>

In July 2016, almost 49% of working Australians were women, with 54% working full time and 46% part time.<sup>12</sup> In Victoria, 48% of employed females were engaged in part-time employment in comparison with 19% of employed males.<sup>12</sup> Women engaged in part-time employment are often providing primary care and assistance to children and older family members, and having to balance their time between unpaid and paid work. Raising children lowers women's lifetime wages, with the effect increasing the more children a woman has.<sup>13</sup>

Australian labour force participation rates for 2014–15 show that of those aged 20–74 years, 78.3% of males were in the paid labour force compared to 65.1% of females. The rates for males have remained steady since 2001, while the rates for females have increased by 5% over this time with most of the increase in the older age groups. Specifically, since 2001, the labour force participation rates for women aged 65–74 years have more than doubled from 6% to 14%, indicating that women in this age group are continuing to work later in life due to the significant difference in men and women’s superannuation savings.<sup>14</sup>

Women in leadership positions are under-represented in all sectors of the paid workforce. Data held by the Workplace Gender Equality Agency (WGEA) show that women currently hold 12.9% of chair positions, 24.7% of directorships, and represent 16.3% of CEOs. Over one-quarter (29.9%) of agencies reporting to WGEA have no key management personnel who are women. Real time data from the Australian Institute of Company Directors Statistics show that 25.3% of directors in the ASX 200 are women, and women account for 42% of new appointments to ASX 200 boards.<sup>10</sup>

## Women and unpaid work

Compared to men, women in the EMR are:

- almost 5 times more likely to do 30 hours or more of unpaid domestic work each week;
- almost 1½ times more likely to provide assistance to a person with a disability, long-term health condition or problems related to old age, over any given fortnight;
- around 1¼ times more likely to provide unpaid care to their own children or other children over any given fortnight.<sup>15</sup>

The gender disparity in Australian workplaces perpetuates existing stereotypes about the role of women at work and in wider society, and further exacerbates gender pay inequity.<sup>10</sup>

## Gender differences in financial security later in life

Women tend to live longer than men, making it even more essential that they have adequate savings to support them in their older years. As explained in the sections above, women face unique challenges to savings related to gender pay inequities; lower average wages compared to men; increased likelihood of part-time rather than full-time employment; periods out of the workforce to raise children or care for others; and doing more amounts of unpaid household work than men. Australia’s superannuation system disadvantages women as it is linked directly to earnings, resulting in women’s superannuation payouts being on average 40% of men’s. This gender gap in savings means that many women live their older years in poverty.<sup>16,17</sup>

Of Australians aged 65–69 years, 64% of women and 43% of men have no superannuation coverage, and these proportions increase to 87% for women and 69% for men in the 70 years and over age groups.<sup>18</sup> This may be attributed to the fact that the compulsory superannuation came into effect in Australia in 1992, therefore women in these particular age groups would have spent the majority of their working lives outside compulsory superannuation.

Women’s mean superannuation balances, as a proportion of men’s balances, decreases from 90% at 25–34 years to 53.3% at 55–64 years, demonstrating the widening gender gap in savings over a woman’s lifetime.<sup>14</sup>

Women in general spend less time in the paid workforce than men, earn less than men, are more likely than men to be in part-time and periodic work, and are more likely to have interrupted career patterns due to caring responsibilities. Women’s employment is also concentrated in lower paying industry sectors and occupations. These factors impact on women’s capacity to accumulate superannuation.<sup>19</sup>

# References

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