



Women and Financial Security

The impacts of financial insecurity on women's health and wellbeing are profound. Women's increased risk of adverse mental health outcomes, are strongly correlated with discrimination, socio-economic disadvantage, low social status, violence, and poverty. Women who experience violence are particularly at risk of financial insecurity and thereby more exposed to poorer health outcomes. ^{20 21 22}

Women's financial security is influenced by a range of interconnected, gendered factors. 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 accrue less retirement savings and superannuation.¹

These material circumstances and lived experiences – shaped by rigid gender norms – can leave many women financially insecure throughout the life course, but especially in their later years.¹ Women experience several structural impediments that impact their financial security. These are the differences in amounts paid in the workforce, barriers in workforce participation and unequal superannuation balances between men and women.

Women are paid less than men

Due to a range of factors explored below, women are paid less than men. This is known as the gender pay gap, which measures the difference between the average earnings of women and men in the workforce. ³ According to the 2020 World Economic Forum's Global Gender Gap Index, Australia's overall rank in gender equality declined from 15th position in 2006 to 44th position. The gender pay gap component of the score contributes significantly to this poor ranking, with Australia ranked 70th in the world for 'wage equality for similar work'. ²

The most significant component contributing to the gender pay gap in Australia continues to be gender discrimination, accounting for 39 per cent in 2017 (up from 29 per cent in 2014) ¹⁹

The average weekly earnings of Australian women who work full time is \$1,508 per week, compared to men at \$1,751 per week.³ This disparity translates to women receiving 87% of the average adult hourly male wage for non-managerial roles, and 69% of the average adult male weekly earnings.⁴ The gender pay gap stands at 13.9% in Feb 2020; and while this reflects a slight decrease of 0.3 percentage points over the previous 12 month period, the gender pay gap has hovered between 14% and 19% for the last two decades.³ When total remuneration packages are considered (including bonuses), the gap stands at 20.8%. ⁵

Australian women are more likely to study at the undergraduate level than men with 33.5% of women obtaining a Bachelor's degree compared to 26.8% of men in 2018. However in the same year, the median starting salary for female graduates was \$3000 lower than for a male, and female graduates were paid less than male graduates in all but four areas of study. The highest median starting salary for undergraduates was in Dentistry. Women graduate dentists were paid \$24,000 annually less than their male counterparts.⁶

Barriers in workforce participation for women

Employment sectors and occupations are highly sex segregated, with female-dominated industries typically undervalued.⁷ Women receive less money than men in mixed, female-dominated and male-dominated industries. The average base salary is lower in female-dominated industries and women are less likely to hold senior positions across industries, perpetuating the gender pay gap. ¹

Women in leadership positions are under-represented in all sectors of the workforce and in governance roles.

Percentage of Australian women in leadership positions ⁸

Workplace Gender Equality Agency 2019

Chairs	14.1
Directorships	26.8
CEO	17.1
Key Management positions	31.5

In the Eastern Metropolitan Region (EMR) of Melbourne, the proportion of female CEOs General Managers and Legislators ranged between 17.3% Knox to 24.7% Monash and Whitehorse).¹

Fifty-one per cent of working Australians are women who work in full-time and part-time positions (45.4% and 54.6% respectively).⁹ The Australian labour force participation rates for Jan 2020 show that of those aged 15-65 years, 83.2% of men were in the paid labour force compared to 74.6% of women.¹⁰ The participation rate for men has remained steady in the last decade; in Jan 2010, it was 82.8% for men; while for women, it has increased from 69.9%. Most of the increase was achieved in the older age groups as women return to work, after breaks to care for children.¹⁰

Women do the bulk of unpaid caring for children, parents and other dependents, particularly after the birth or adoption of their first child. Men are less likely to take parental leave; only one in 20 did so in 2016-17. The gendered nature of caring and unpaid domestic work continue even when both parents are working full time, with women doing significantly more of the housework.¹¹ A woman's lifetime wages are lowered with each child she has.¹² Unpaid work limits women's career and educational choices and participation.¹³

Compared to men, women in the EMR are:

- almost five times more likely to do 30 hours or more of unpaid domestic work each week;
- almost 1½ times more likely to assist a person with a disability, or problems related to old age over a fortnight;
- around 1¼ times more likely to provide unpaid care to children any given fortnight.¹⁴

The inequity in superannuation for women

As women tend to live longer than men it is essential that they have adequate savings to live comfortably in their older years. Australia's superannuation system disadvantages women as it is linked directly to earnings. As women are more likely to work in casual and part-time positions during their lives, their income may not meet the minimum threshold before the superannuation guarantee is paid.¹⁵ Superannuation is not paid on parental leave.¹⁶ Women who are self-employed retire with half the super of self-employed men and this will become an even more significant issue in the future as more people are likely to work casually and outside of the salaried workforce.¹⁷

The gendered inequity in the superannuation system results in lower retirement savings for women.

- Despite an increase of 60% in median women's superannuation balances between 2010 and 2018, women's balances are still substantially lower than men's at \$118k versus \$183K in the 55-64 year-old age group.⁴ Women currently retire with 47% less super than men.¹⁵
- The superannuation gap between men and women widens with age. For 2016-17, the superannuation gap for the 25-29 year-old group was 5.6% which increased to 20.5% for the 60-64 year-old group. This pattern reflects the years women spend out of the workforce caring for others and the cumulative impact of the gender pay gap.¹

Women and retirement

As a result of the intersection of the gender pay gap, barriers to workforce participation and inequities in the superannuation system, older women are more at risk of experiencing poverty in retirement.

- Women over 50 are 47% more likely to worry about money and outliving their savings compared with men.¹⁸ More women return to work in retirement than men and are twice as likely sell their home for financial reasons.¹
- Women are higher recipients of the pension and 40% of older single women experience poverty in retirement, primarily single and divorced older women. In comparison, 44% of women in relationships are dependent on their partner's income.¹⁵
- Homelessness amongst older women increased by 30% between 2011 and 2016.

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