

INFORMING WOMEN

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5 FINANCIAL CHALLENGES THAT WOMEN FACE

As a woman who'd like to grow your wealth and save for the future, do you sometimes feel that it's impossible to get ahead? If that sounds like you, these could be some of the reasons why.

In general, women today have more control over their finances than ever before. And while that's great news, there's still a substantial wealth gap between the sexes. That's because women have to face some major financial hurdles at different stages of their lives that a lot of men never have to deal with.

Here are 5 of the most common challenges for Australian women who are trying to get on top of their finances.

1. Women earn less

Society has made significant progress towards gender equality, but not necessarily in terms of our wages. In fact, the average woman's salary is now 18.8% lower than that of a man doing the same job. That means for every dollar a full-time male employee earns, an equivalent female worker only earns 83 cents.¹

This gender pay divide makes it harder for women to build their savings during their working life, which can make a big difference to their retirement lifestyle.

2. Women live longer

Although women generally retire earlier than men – at an average age of 50 compared to 58 – they also live longer.² What's more, the life expectancy for women is around four years longer than men's, which means they need a larger nest egg so it can last the distance.³

It also means women are more likely to outlive their spouse – at least one in three Australian women over 65 is widowed.⁴ And for younger women who rely on a male partner as the household's primary earner, the death of their partner can have a devastating financial impact.



3. Women take career breaks

Even though women may need more money in retirement than men, they can fall behind financially if they take time out of the workforce to raise children or care for elderly parents. The fact is, it's still women who are usually the primary caregivers – and when they do return to work, it is often part time. These days only 34% of Australian women aged between 35 and 44 are employed full time, compared to 75% of men.⁵

4. Women have less super

The combined effect of lower pay and career breaks also leaves women at a disadvantage when it comes to growing their super. Because they receive less in compulsory employer contributions during their working lives than their male counterparts, women end up retiring with lower super balances.

Research shows a substantial gap between the average super balances of women and men – \$120,000 versus \$170,000 – while 7% of women have no super at all.⁶

5. Women tend to be underinsured

Underinsurance is a problem for many Australians, but it puts women particularly at risk. For women who aren't household's primary income earner, they might feel that income protection or life insurance premiums are an unnecessary expense.

But even if you're a woman on a low income, it's worth considering the financial cost to your household if you were to suffer an injury or illness, or pass away. This includes factoring in your unpaid household duties – if you weren't able to manage them, your partner might have to employ someone else to.

We can help

There's no denying that the road to financial security can be rougher for women than for men. But know your Financial Adviser can help. With a financial strategy tailored to your unique circumstances, they can help to make the road ahead a great deal smoother.

- 1 Workplace Gender Equality Agency, Gender pay gap statistics, 2015.
- 2 Australian Bureau of Statistics, Retirement and retirement intentions, Australia, June 2013.
- 3 Australian Bureau of Statistics, Life expectancy and deaths hit historic highs, 2014.
- 4 Australian Bureau of Statistics, Reflecting a nation: Stories from the 2011 Census, June 2012.
- 5 Australian Institute Family Studies, Families working together: Getting the balance right, 2013.
- 6 Commonwealth Bank, Women and financial planning whitepaper, 2015.

SPEAK TO US FOR MORE INFORMATION

Speak to us if you would like to understand more about how this information might impact your financial situation.

IMPORTANT INFORMATION

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