

Economic security in retirement

How life events affect older
Australian women



A report prepared for the
Super Members Council
by **Impact Economics**
and Policy



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Impact Economics and Policy

Impact Economics and Policy brings together a group of expert economists and policy specialists with experience working for government, not-for-profits and big four consulting. Established at the start of 2022, our mission is to partner with clients for impact through providing robust evidence, fresh analysis and strategic communication to tackle Australia's biggest public policy challenges.

A note on terminology

Much of the data collection, research and policy discussion in economics refers to men and women expressed in binary classifications. We recognise that gender is a societal experience. In this report, we generally use the terms 'women', 'men', 'female' and 'male' to refer to people's own identities, except in the context of health outcomes (where we generally use the terms in relation to biological sex). We acknowledge that external data sources used in this report may have different definitions. We also acknowledge that gender is not always binary and that non-binary people are often excluded from mainstream data collection and analysis.

About the data

The report draws on data specifically provided for this project by three large superannuation funds, Aware Super, AustralianSuper and Rest. These funds represent a combined 6.5 million member accounts, which is just over a quarter of all superannuation accounts (excluding self-managed superannuation funds).

This report uses unit record data from the Household, Income and Labour Dynamics in Australia (HILDA) Survey, which was initiated and is funded by the Australian Government Department of Social Services (DSS) and is managed by the Melbourne Institute of Applied Economic and Social Research (Melbourne Institute). The findings and views reported in this paper are those of the authors only and not attributable to the DSS, the Melbourne Institute, or the authors' or contributors' institutional affiliations. Permission was received by the DSS to use the HILDA Survey specifically for the purpose of this research.

Acknowledgement of Country

We acknowledge Aboriginal and Torres Strait Islander peoples as the Traditional Owners of Australia and their continuing connection to both their lands and seas. We also pay our respects to Elders—past and present—and generations of Aboriginal and Torres Strait Islander peoples now and into the future.



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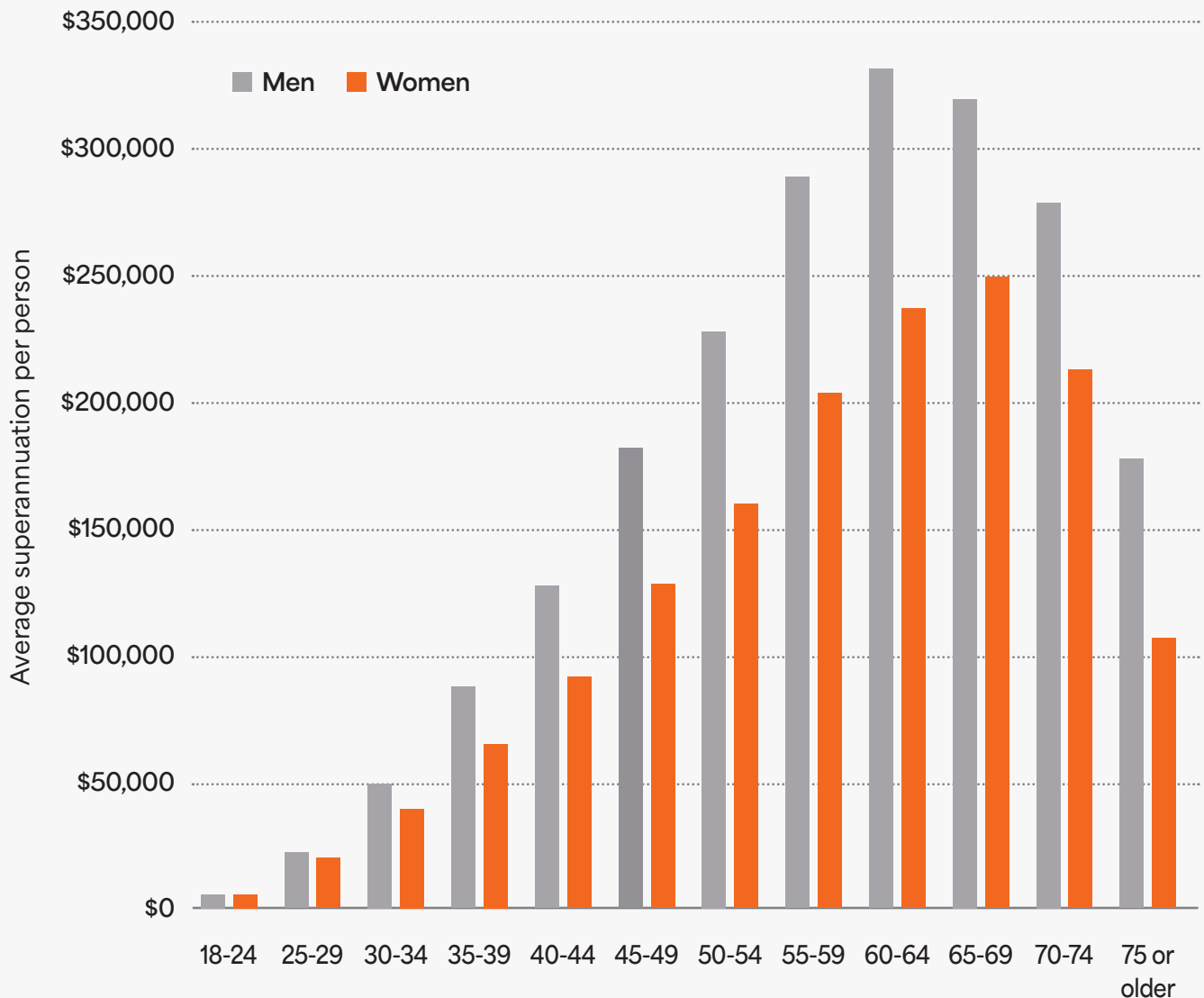
Overview

In this report, Impact Economics and Policy uses the latest data and new economic modelling to show how women's economic security in retirement is often shaped by life events such as separation, informal care demands and family violence that can set women back financially towards the end of their working lives. These life events can exacerbate existing inequalities, including women's lower average super balances, lower earnings and lower rates of participation in paid work than men. However, with the right policy settings, we can tackle gender gaps and put more women on track for economic security in retirement.

Women have lower economic security in retirement than men

On average, women have less savings and lower income during retirement than men. There is a clear gender super gap, with women having less superannuation per person than men, on average, across all age groups (see Chart 1). Between ages 60 and 64, women have a median super balance 25 per cent lower than men and are 9 percentage points less likely than men to have any superannuation at all.

Women have less super mainly because they spend less time in the paid workforce than men, and because of the gender pay gap which means men earn about 8 to 12 per cent more than women (on average) for each hour of work. Some progress has been made over time in narrowing these gaps, including improvements to workforce equality as well as greater availability of childcare and paid parental leave which make it easier for women to maintain workforce attachment after having a child. Yet still women tend to have much lower super contributions and balances than men.

CHART 1 The gender super gap—average amount of superannuation per person, 2021-22

Source: ATO (2024), Taxation Statistics 2021-22; ABS (2024), National, state and territory population, June 2024, Table 59.

Note: Includes both people with super and those without super.






A lower super balance means lower economic security during retirement—with greater difficulty paying for basics like food and transport, less capacity to afford things you enjoy, and less ability to cope with unexpected expenses. The challenges are particularly acute for older women who are single and those who rent, with almost 60 per cent of older renters living below the poverty line – defined as having annual income less than half the median of all households, adjusting for household size (i.e. a relative poverty line). While the Age Pension provides a basic safety net, it is only just above the poverty line for homeowners, and 23 per cent below the poverty line for single renters (after housing costs and Commonwealth Rent Assistance).



How key life events shape older women's economic security

Women's financial outcomes in retirement can also be diminished by life events experienced during their working lives, especially between ages 45 and 65 (see Table 1). These events tend to set women back more than they do for men. Cameo modelling for this report shows that the consequences for women's retirement balances and retirement incomes can be substantial.

TABLE 1 Common life events experienced between ages 45 and 65

Life event	What it means	Cameo modelling
Early retirement 	Women are almost 1.5 times more likely than men to be forced into early retirement between the ages of 55 to 64. This means that women retire 2.4 years sooner than men, on average—a gender ‘lost participation’ gap. Women are much more likely to have to retire early due to the health of a family member or inflexible work arrangements.	Less work participation means a woman would have up to \$71,500 less super by age 67, and \$2,600 less annual income in retirement, if she had to retire aged 50 instead of working full time.
Changes in health 	Almost one in five women who retire do so because of their health. After the age of 50, women are able to work for two years less while in good health than men, on average. ¹ The challenges of managing menopause symptoms in typical work environments can push some older women to scale back their hours of work, take on less intensive roles, or retire early.	Changes in health mean a woman would have \$81,000 less super by age 67, and \$2,500 less annual income in retirement, if she had to work part time instead of full time from age 50.
Informal caregiving 	More than one in seven women face primary caregiving demands between ages 45 and 65, such as for a sick partner, family member with a disability, or elderly parents. ² They are three times as likely as men to face these demands. Women who become primary carers are much less likely to be able to participate in paid work, or work full time. The reduction in their earnings can be as large as \$40,000 a year. ³	Informal caregiving demands mean a woman would have \$28,600 less super by age 67, and \$1,000 less annual income in retirement, if she had to work part time instead of full time from age 60.
Separation and divorce 	One in six women aged 50 or older are divorced, with the median age of divorce having risen to 44.1 for a woman. Whereas separation and divorce tend to have little effect on men’s economic security, they can have major impacts on women. Women tend to see their individual incomes rise after a separation or divorce as they increase participation in paid work or receive more income support from government. However, many of these women face higher costs of living (especially if they have children living with them), meaning their incomes may have fallen once household composition is taken into account. ⁴ Women are also more likely than men to lose homeownership after a separation or divorce, ⁵ and face heightened risk of falling into poverty if they do not re-partner. ⁶	Separation or divorce at age 50 means a woman would have \$67,600 more super by age 67 if she had to then work part time instead of not at all. However, she would have \$6,900 less annual income in retirement because she no longer shares assets and income with a partner.
Family violence and elder abuse 	Over a quarter of women have experienced violence from a partner or family member, about twice the proportion of men. ⁷ Tragically, up to half of women who choose to leave a violent relationship will end up in poverty or homelessness. ⁸	Family violence means a woman would have \$94,700 less super by age 67, and \$1,400 less annual income in retirement, if she is unable to keep working after age 50.

The right policy settings can put more women on track for a good retirement

A maturing superannuation system means that by the mid-2040s, women will be reaching retirement age having received compulsory superannuation of 9 per cent of earnings, or more, for their entire working lives and in the 2060s, women who have received 12 per cent super for most of their working lives will begin retiring. Policies such as paid parental leave will mean fewer women need to take large career breaks when having children. Greater workforce flexibility will mean fewer women are forced to retire early due to life events.

However, a maturing super system means men's balances will increase too. Cameo modelling suggests that the gender super gap will eventually start to fall if recent policy changes lead to an enduring uptick in women's labour force participation. However, without further reforms, there is a risk that women may continue to fall behind men.

There are other risks on the horizon. Homeownership rates are expected to

continue falling, meaning more older women will rent in the future. Older renters often have lower incomes and savings over their lives which mean they have never had the financial capacity to afford their own home and are more reliant on government assistance. They face a high risk of poverty in retirement unless there are policy changes to make social housing more accessible and reduce the financial burden of private rents.

In addition, a growing proportion of older women will be living on their own as a result of separation or divorce. More women will likely face informal caregiving demands, especially for elderly parents.

Life events and the lack of targeted policy interventions to support older women are exacerbating the gender super gap and leaving women worse off in retirement.

However, with the right policies—both inside and beyond the superannuation system—we can ensure all Australian women have an economically secure retirement, both now and in the future (see Table 2). This report explains how.

TABLE 2 How to improve outcomes for older women

Priority	Actions
Remove barriers to female workforce participation	Improve access to high-quality and affordable formal early childhood education and care and aged care
	Expand rights to workplace flexibility and reform job-search services
	Review the tax and transfer system through a gender lens to address barriers to work, such as high effective marginal tax rates
Remove barriers to women accumulating super balances as large as men's	Commit to eliminating the gender gap in super contributions among working-aged Australians by the time the super system matures in the 2040s
	Commit to eliminating the gender pay gap
	Reform super tax concessions that disproportionately benefit higher-income earners and offer limited benefit to most lower-income women
	Fill gaps in the coverage of compulsory super
	Support fairer splitting of superannuation when couples divorce outside of court
Better protect women at heightened risk of poverty and economic insecurity	Increase Commonwealth Rent Assistance to keep track with private rents
	Ensure all vulnerable people have access to safe and affordable housing, by investing in social housing and homelessness services
	Improve the adequacy of working-age income support payments
	Apply more consistent safeguards for people in genuinely exceptional need to access their superannuation before preservation age
	Strengthen safeguards against financial and elder abuse
Make the system easier to navigate	Address tax and regulatory barriers to retirees drawing down their superannuation
	Address barriers to older homeowners downsizing or drawing on their housing wealth, such as the Age Pension and aged care means tests
	Increase funding for financial counsellors and the Financial Information Service
	Ensure everyone can access free and independent information
	Streamline the Age Pension application process

Note: Superannuation reforms are in bold and shaded.

A stylized sunburst graphic composed of numerous thin, dark red lines radiating from a central point, located on the left side of the page.

Chapter 1

Introduction

Australia has made significant progress toward gender-balanced economic participation. Hard won reforms recognising the importance of care, including childcare and paid parental leave reforms, have lessened part of the economic burden historically shouldered by women. Since the turn of the century, the gender pay gap and gender workforce participation gap have narrowed markedly. Yet, in 2025, the fact that Australian women continue to face greater economic insecurity than men in retirement is a well-known and regrettable reality.

Economic security is about having enough money to cover the essentials—things like housing, food, transport and healthcare. It means being able to afford things you enjoy, like going out for dinner or buying presents for loved ones, while having a financial buffer to cope with any unexpected expenses, such as an urgent medical bill.

A lack of economic security doesn't just affect a person's finances. It can also take a toll on their health, dignity, and social life. And the impacts can be heightened during retirement when people are no longer able to participate in paid work to earn extra money.

Even though the gender gap in superannuation savings has narrowed slightly, women in Australia still retire with less savings than men. Older women face a material risk of falling into poverty during retirement, especially if they are single or rent in the private market.

The financial challenges faced by older women in Australia are not new. As far back as 2009, the Australian Human Rights Commission highlighted that superannuation balances and payouts for women are about half of those of men (on average) and that many women are anxious about living in poverty in retirement.⁹ In 2016, a Senate Committee report titled *A husband is not a retirement plan* pointed out that women, because of lower average wages than men, fewer job opportunities, and unpaid caregiving duties, rely more heavily on the Age Pension to get by.¹⁰ Other work by the Australian Human Rights Commission and the Workplace Gender Equality Agency has similarly shone a light on the persistent gap in economic outcomes of women in retirement.¹¹

In this report, Impact Economics and Policy builds on these earlier studies, shedding light on the financial struggles facing older Australian women as they approach retirement. Using the latest data and new economic modelling, the report shows how women tend to face more obstacles than men that can prevent them from achieving economic security in retirement.

In particular, the report uses a life course approach to explore how key life events can derail women financially. These events include informal caregiving, separation and health changes that occur at the upper end of working age (around ages 45 to 65).

Recent policy changes, such as the introduction of the Commonwealth Paid Parental Leave scheme in 2011,

the recently legislated policy to pay superannuation on these payments from 1 July 2025, and giving all workers access to domestic violence leave have been steps in the right direction for working women. The efforts to rectify historical underpayment of women in sectors such as childcare and aged care will also make a big difference for many women.

But many of these reforms only partly compensate for the disadvantages women have faced relative to men. Some of the major reforms rightly focus on women at the time of having children, yet do little for women who have already had children or never have children. As a result, recent reforms are likely to have only a marginal impact on narrowing the gender super gap. To fully address the issue of economic security in retirement, a broader, more comprehensive approach is needed.

This report also provides a detailed analysis of potential reforms to improve economic security for older women, both now and in the future. In doing so, it builds on the valuable work already undertaken by the Australian Government's Women's Economic Equality Taskforce, which in 2023 laid out a 10-year plan of recommendations to tackle the economic barriers that systematically hold women back throughout their lives.¹² This was followed a few months later by a major report from the Government's Economic Inclusion Advisory Committee, which set out recommendations for how policy makers can enhance economic inclusion, including for older women.¹³

By providing a detailed stocktake of issues affecting older women's economic security and shining a light on the critical importance of life events, this report makes the case for why policy makers need to commit to closing gender gaps and provide all women with the economic security they need and deserve in retirement.



Chapter 2

How are older women faring today?

Women tend to earn less income, and have fewer assets, than men. They are more likely to experience economic insecurity at older ages, especially if they are single. These outcomes have a range of drivers, including the gender pay gap and a contributions-based superannuation system that means people who spend more time in paid work tend to accumulate greater retirement savings.



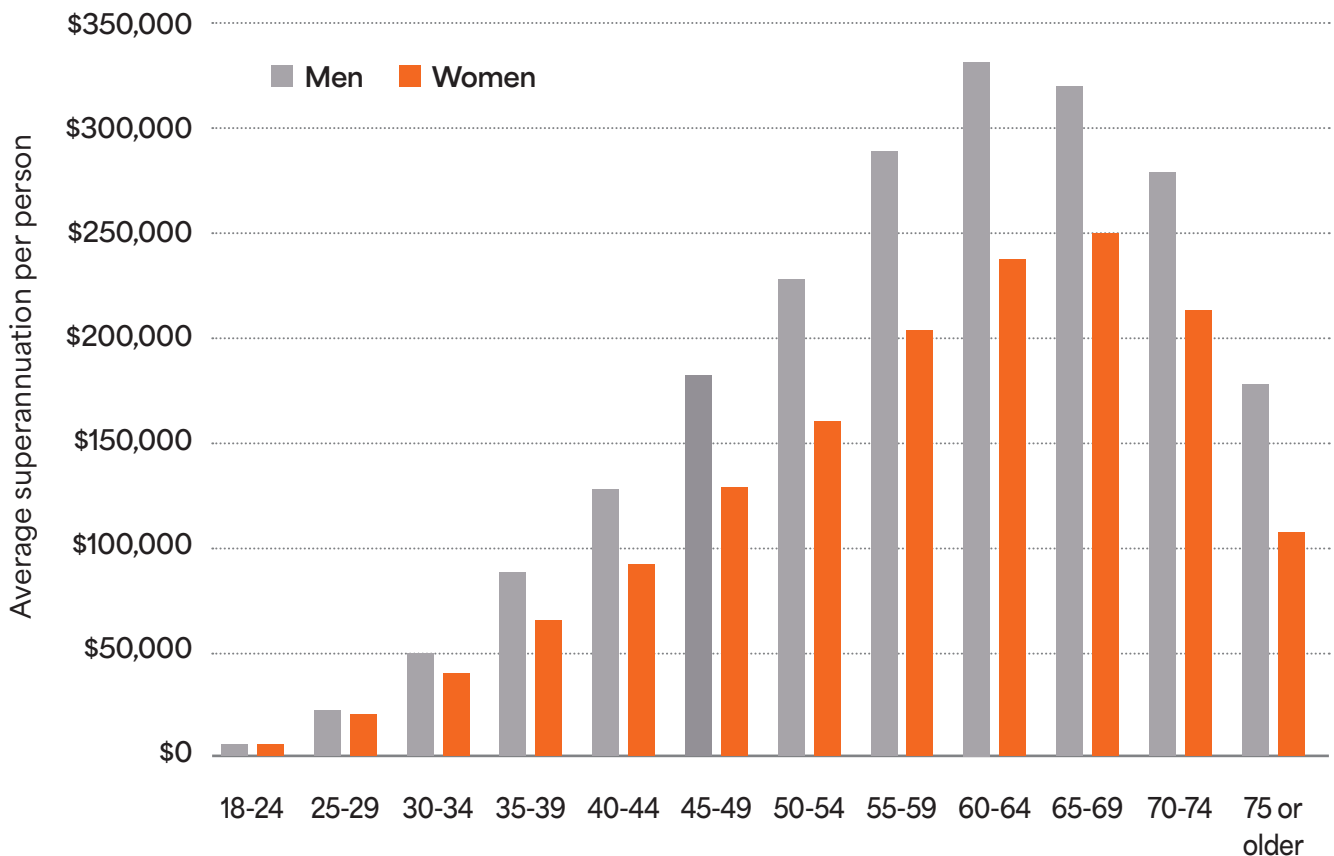
Economic outcomes for women in retirement

On average, women have lower super balances than men—at all ages—and lower incomes in retirement. At older ages, they face an elevated risk of poverty, with older women who are single or renters facing some of the highest rates of poverty across the population.

Women typically have less wealth and less super than men

Women typically have less superannuation than men by the time they reach retirement age. The average gender super gap—measured as the average amount of super per person, including people who do not have any super—exists right from the start of working life, with a 6 per cent gap between men and women between the ages of 18 and 24. The gap widens with age, reaching almost 30 per cent (or about \$53,000) between the ages of 40 and 44. It then remains around this level until ages 60-64, by which point many people have started to retire (see Chart 2.1).

CHART 2.1 Average amount of super per person, 2021-22

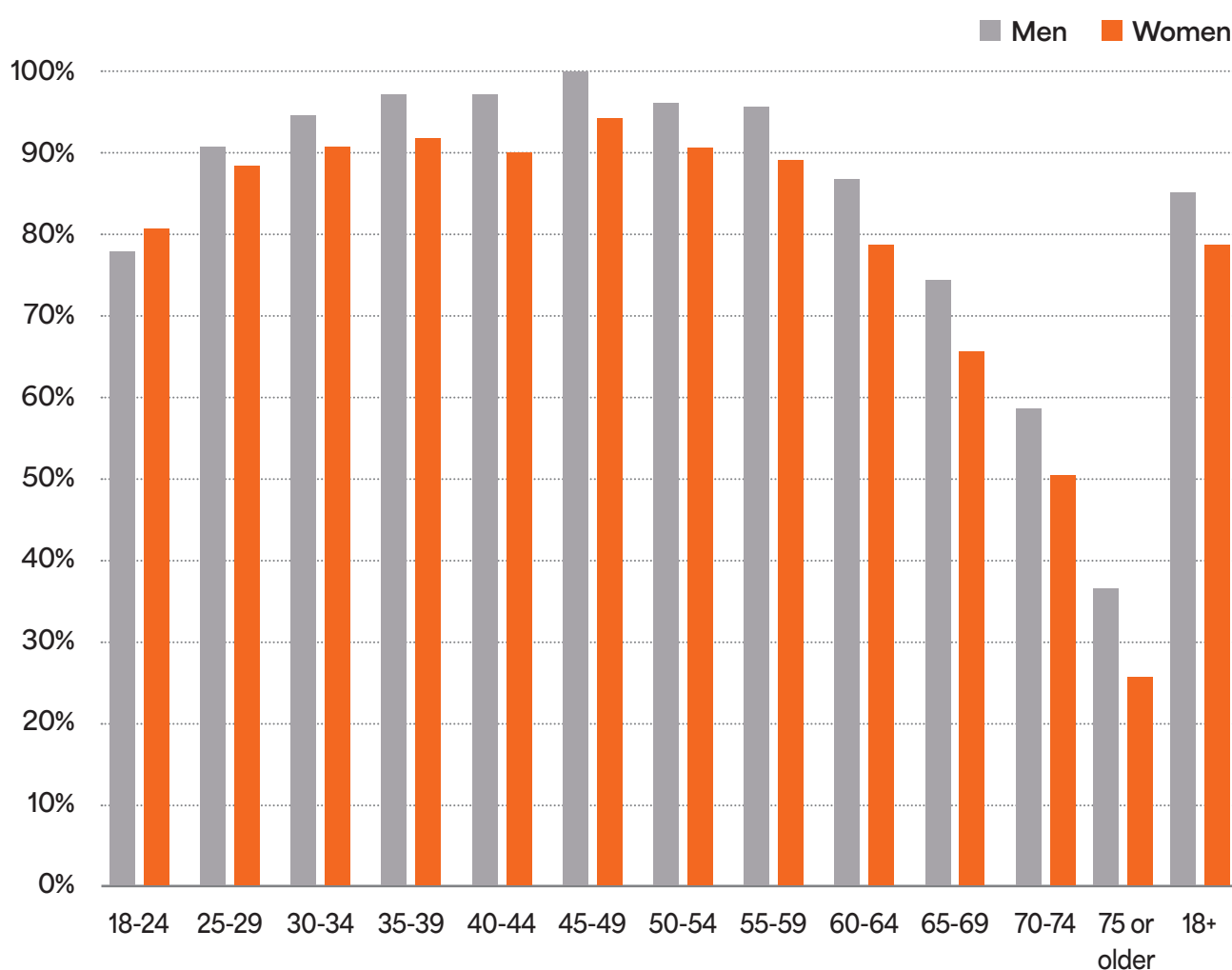


Source: ATO (2024), Taxation Statistics 2021-22; ABS (2024), National, state and territory population, June 2024, Table 59.

This gender super gap is driven by two main factors: the difference in the proportion of men and women who have any superannuation, and the difference in account balances for those who do.

Women are less likely than men to have any super at all, especially at older ages (see Chart 2.2). Across the population aged 18 or older, 79 per cent of women have any super, compared to 85 per cent of men. These proportions have changed little over the last decade.¹⁴

CHART 2.2 Percentage of people with superannuation, 2021-22



Source: ATO (2024), Taxation Statistics 2021-22; ABS (2024), National, state and territory population, June 2024, Table 59.

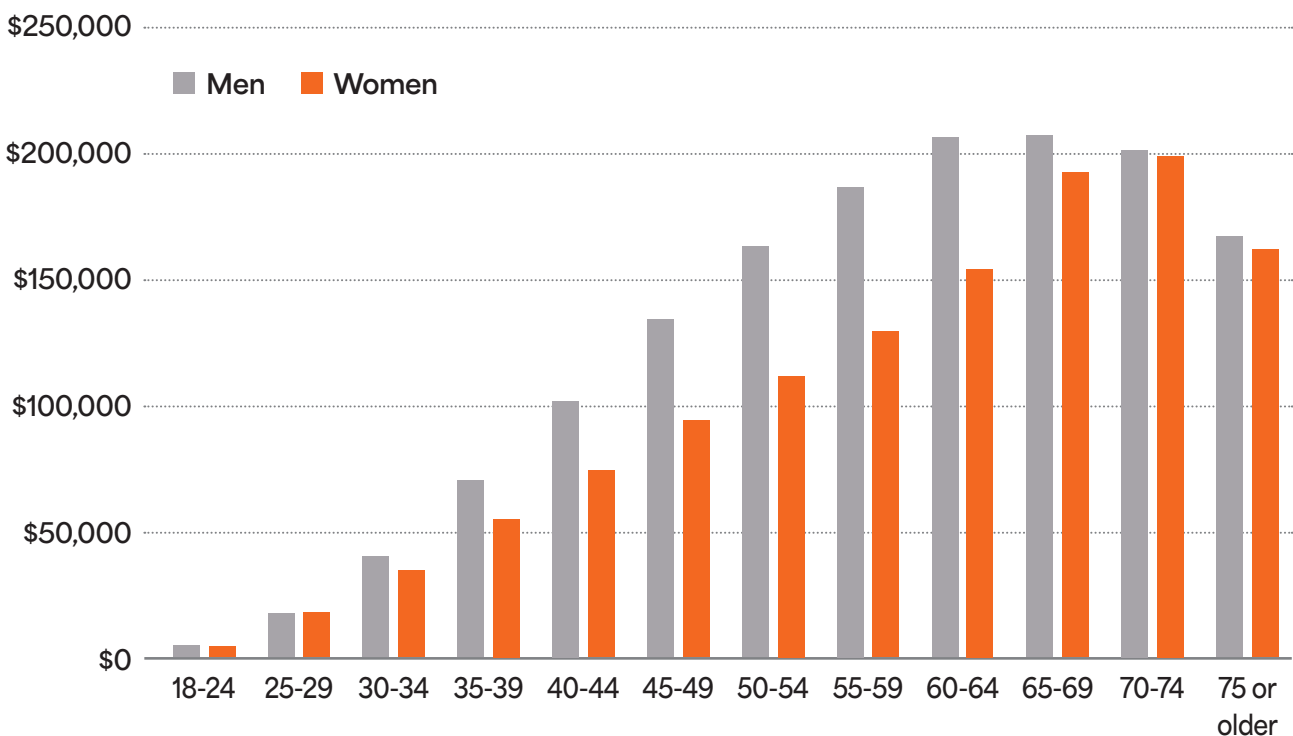
In addition, women who have super have lower median account balances than men with super. The gender gap in median account balances starts to emerge around typical child rearing years, with men aged 35 to 39 having 22 per cent more superannuation than women. The disparity widens to 32 percent between the ages of 50 and 54. At ages 60 to 64—around the typical retirement age—the gap is 25 per cent (see Chart 2.3).

From age 65 onwards, the gender gap in median balances appears to narrow and then close. However, this does not mean that the typical woman has the same amount of super as the typical man in her retirement years. As shown in Chart 2.2 above, more men than women have any super at older ages, with the percentage of people with super dropping faster for women than for men.

To some extent, this may be because a greater share of currently retired women may have never had superannuation in the

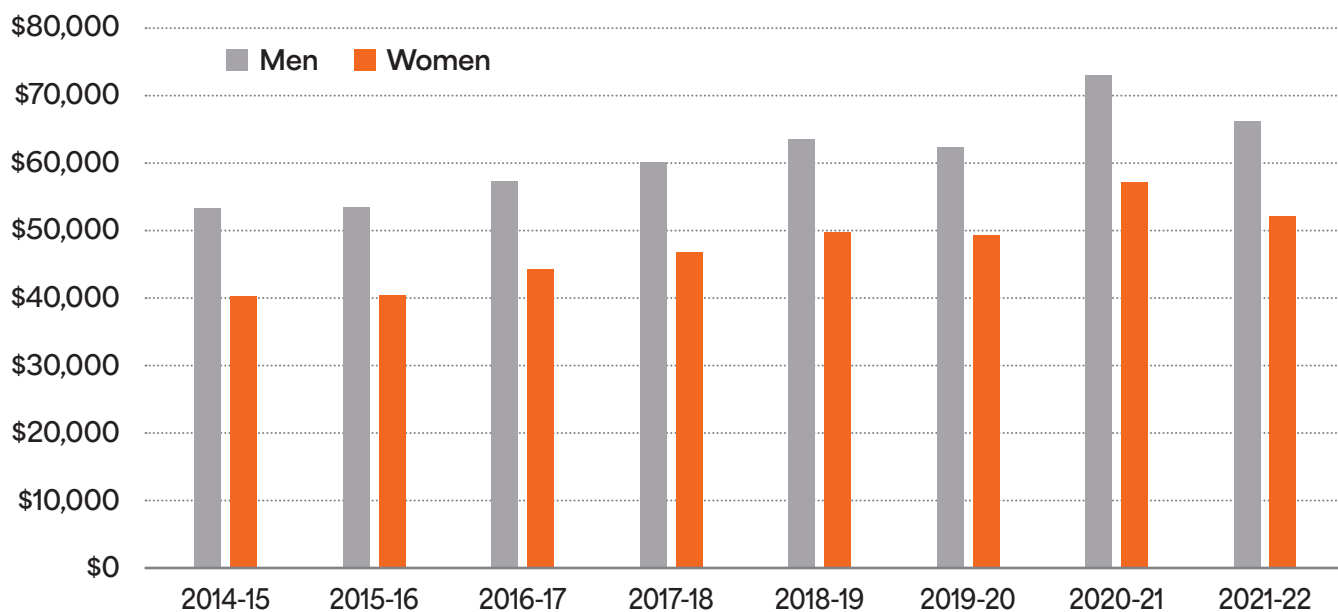
first place, relative to younger generations. The smaller gap in median balances also likely reflects that people with small amounts of super are likely to deplete their balance sooner into retirement (raising the median balance for those who remain in the super system), with women more likely to be affected than men due to their typically smaller balances at pre-retirement ages. At older ages, men's shorter life expectancy may also play a role, if remaining balances are transferred to their spouse after death.

CHART 2.3 Median super balances by age, 2021-22



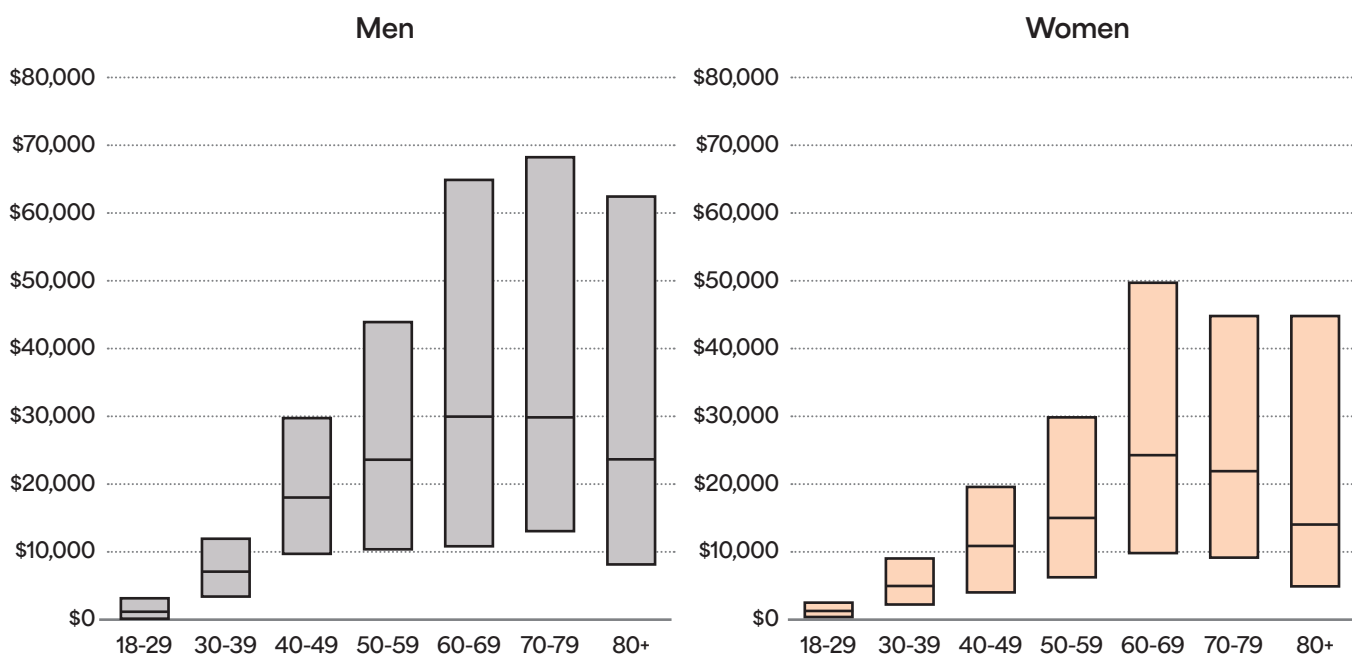
Source: ATO (2024), Taxation Statistics 2021-22.

The gender gap in median super balances has persisted over time (see Chart 2.4). While median balances have grown for both women and men, the median balance for men is consistently higher than that for women. While the gap has shrunk in percentage terms—down from 25 per cent in 2015 to 21 per cent in 2022—it continues to grow in dollar terms, up from about \$13,000 in 2015 to just over \$14,000 in 2022 (measured in 2022 dollars).

CHART 2.4 Median super balances, 2014-15 to 2021-22 (in 2022 dollars)¹⁵

Source: ATO (2024), Taxation Statistics 2021-22.

A significant amount of variation across individual men and women sits behind these aggregates. Men's super balances vary by more than women's, especially at the upper end. The spread in outcomes is greatest for both genders in the age 60-69 cohort (see Chart 2.5).

CHART 2.5 Distribution of superannuation balances (at the 25th, 50th and 75th percentiles), 2022

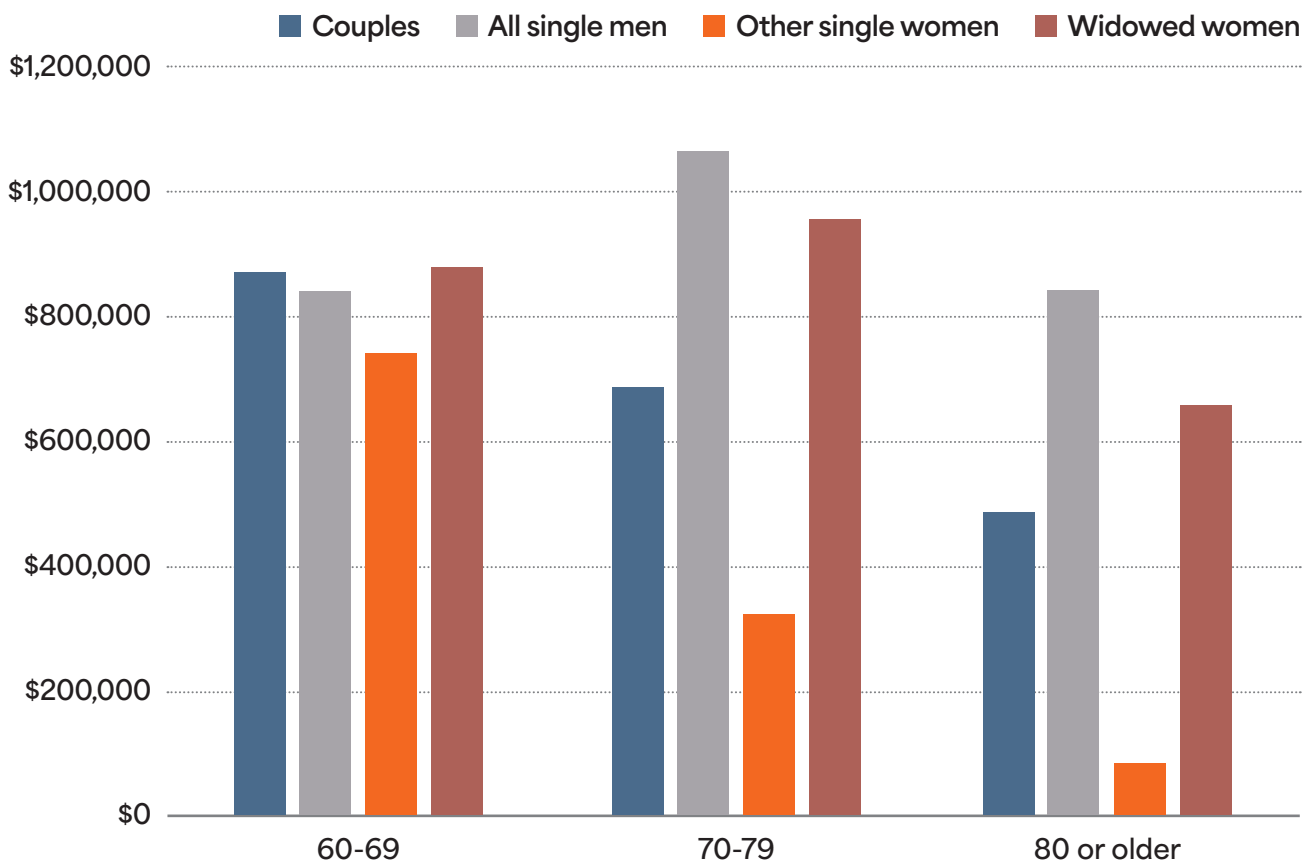
Source: HILDA Wave 22. Note: The lower boundary of each box represents the 25th percentile, the middle bar represents the 50th percentile (or median), and the upper boundary represents the 75th percentile.

A woman with a small superannuation balance may still enjoy a high level of income in retirement if she has a partner with a large balance—as long as she remains partnered, and income is equally shared within the household. However, none of these things can be assumed. Analysis of the HILDA dataset reveals almost no correlation between the super balances of partnered women and their male partners (among heterosexual couples), either for working-age or retirement-age couples.¹⁶ Some women have partners with large balances, but others have partners with small balances.

Further, some women with high-balance partners may not end up benefiting from their partner's higher superannuation if they separate or divorce by the time they retire. Some women will also experience financial abuse or other forms of family violence which push them into economic insecurity in retirement. These life events are explored in Chapter 3.

Gender gaps are also apparent in broader measures of wealth. Single women who have never married, or have separated or divorced, tend to have lower net wealth at older ages than couples, single men and widowed women (assuming that wealth is evenly shared within the household) (Chart 2.6).

CHART 2.6 Median household net wealth per person, 2022



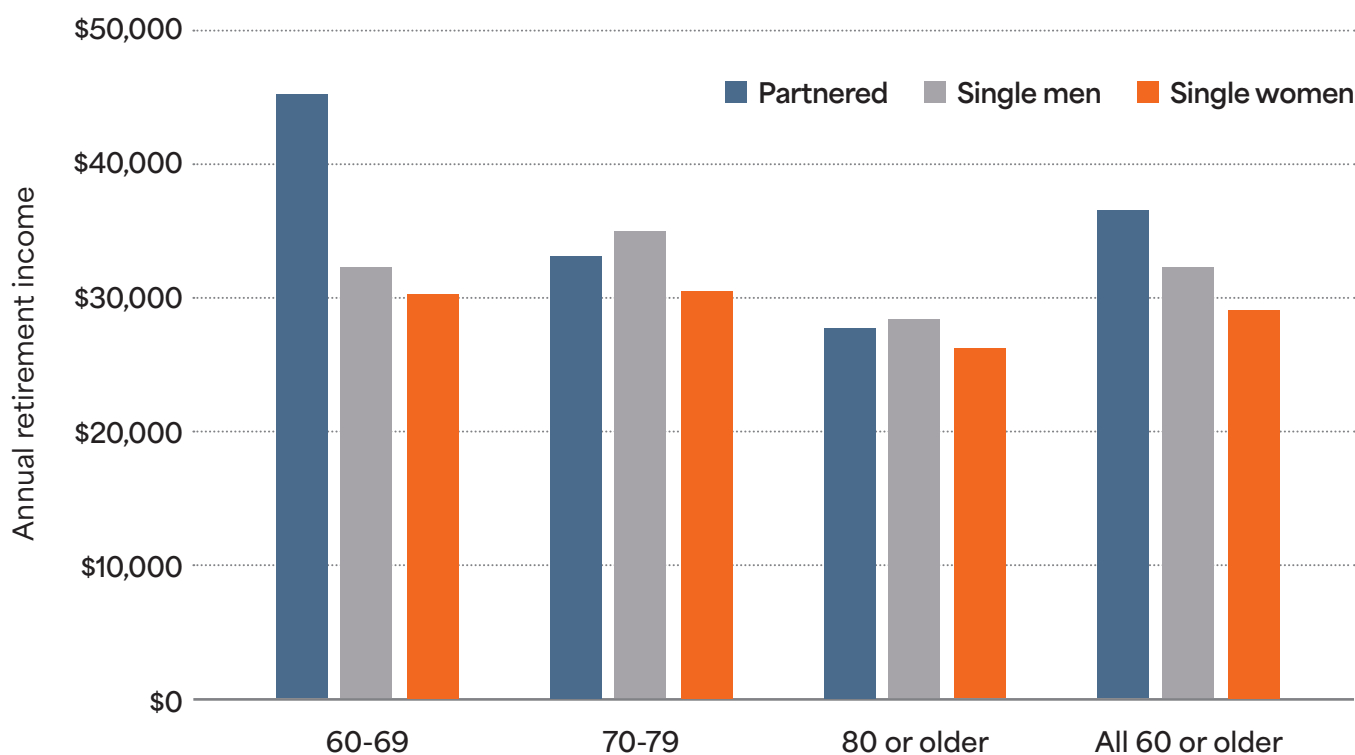
Source: HILDA Wave 22.

Women typically have lower retirement incomes than men

Incomes vary significantly across people and households. To compare single-person, couple and other types of households, a standard approach is to use ‘equivalised’ household income. This is a measure of income per person adjusted for the size and composition of households.¹⁷ Equivalised household income accounts for the fact that some expenses can be shared when people live together in a household. The measure is premised on the assumption that resources are shared equally within the household, even though in reality this is not always the case.

The median annual income (using the equivalised household income measure) is about \$36,500 for retired people aged 60 or older who are partnered (see Chart 2.7). In contrast, retired single women aged 60 or older have a median income of just \$29,000, or 20 per cent lower than their partnered counterparts. This disparity is greatest among retirees aged 60 to 69, and narrows with age. Even so, many single females at older ages are living in poverty, as discussed below. Single men aged 60 or older also experience lower retirement incomes than partnered people, with a median of \$32,200 (12 per cent lower than their partnered counterparts).

CHART 2.7 Median annual equivalised household incomes, people aged 60 or older who have retired, 2022

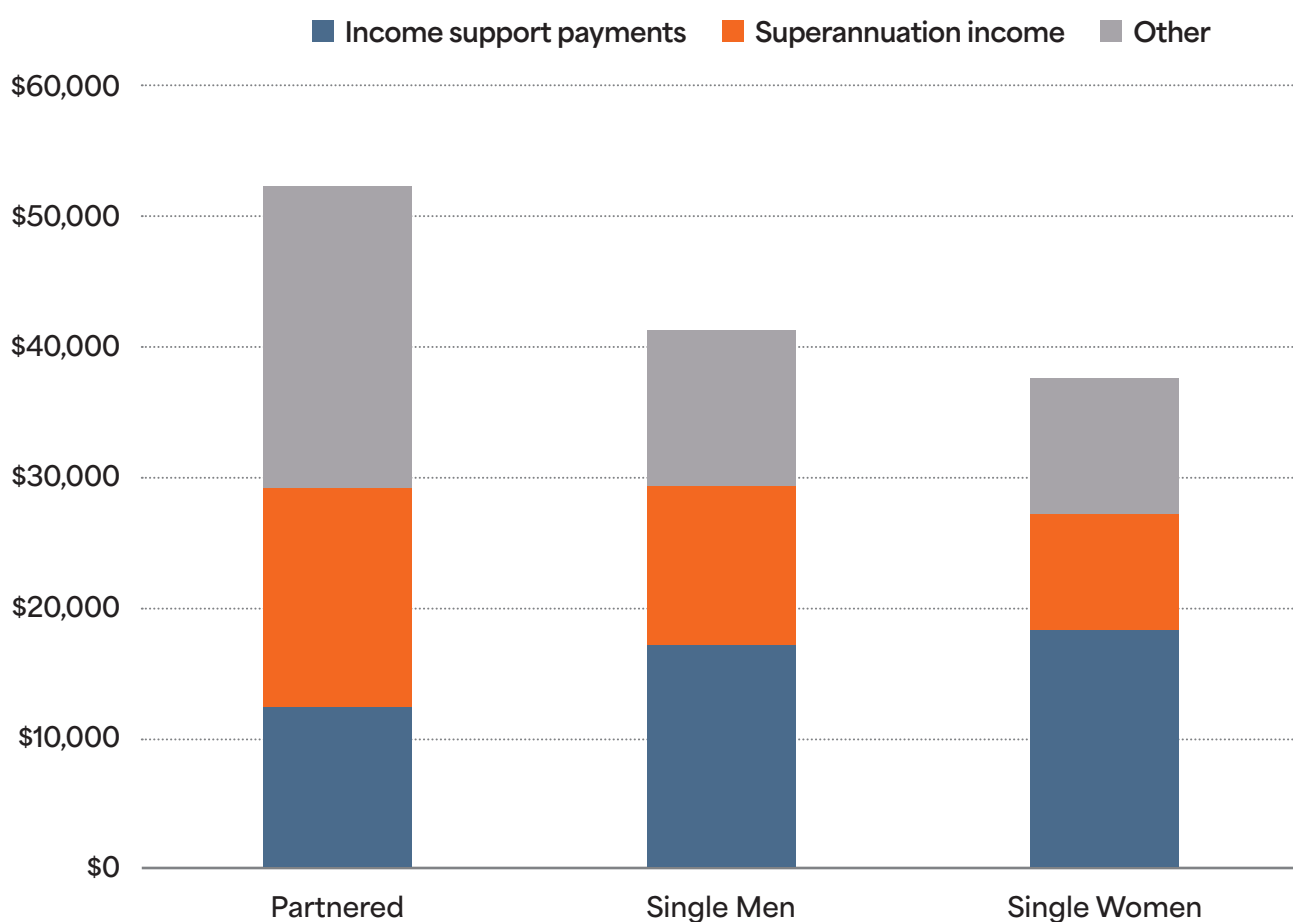


Source: HILDA Wave 22. Note: Couple households are only included where both partners are retired and aged 60 or older.



There are also differences in the composition of household income across retired couples, single women and single men. On average, retired single women receive less income from superannuation (24 per cent) than single men (30 per cent) or partnered people (32 per cent) (see Chart 2.8). They are also more reliant on government payments such as the Age Pension, which on average makes up about half of their incomes. (Note that Chart 2.8 shows average incomes and is not directly comparable to Chart 2.7, which shows median incomes.)

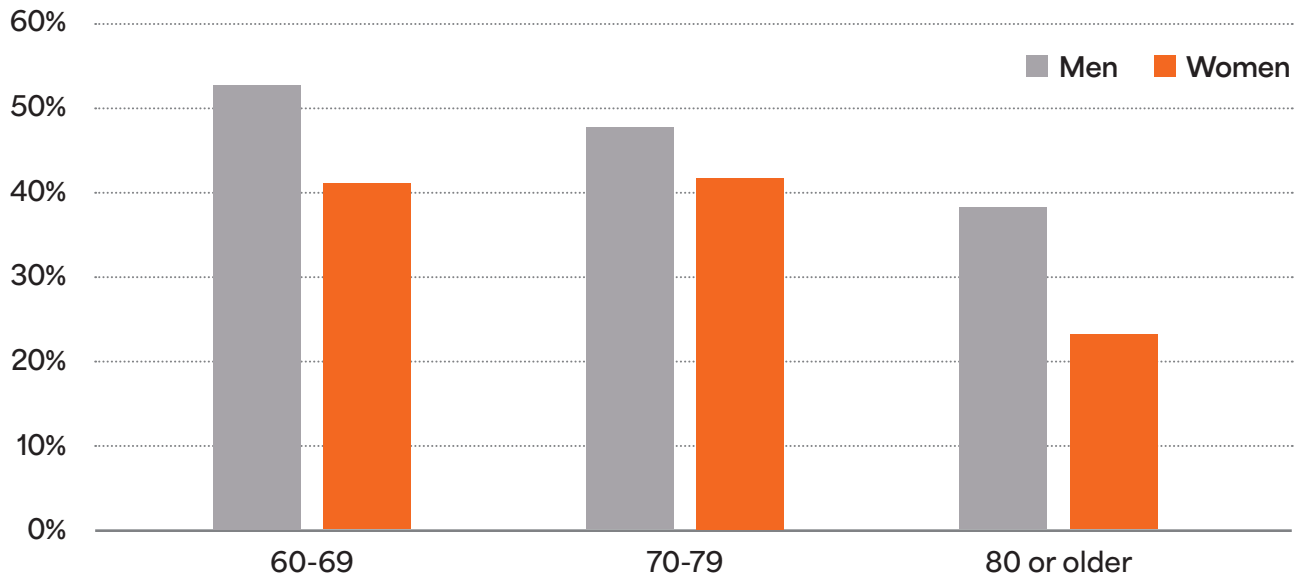
CHART 2.8 Average annual equivalised household incomes, people aged 50 or older who have retired, 2022



Source: HILDA Wave 22. **Note:** Couple households are only included where both partners are retired and aged 50 or older.

In retirement, women are less likely than men to draw income from a superannuation account, across both single and partnered people (see Chart 2.9). The difference is statistically significant. Among people aged 65 to 69, about 53 per cent of men drew an income from their super, compared to just 41 per cent of women. The gap is larger at older ages, with 38 per cent of men still drawing from superannuation at age 80 or older, compared to only 23 per cent of women.

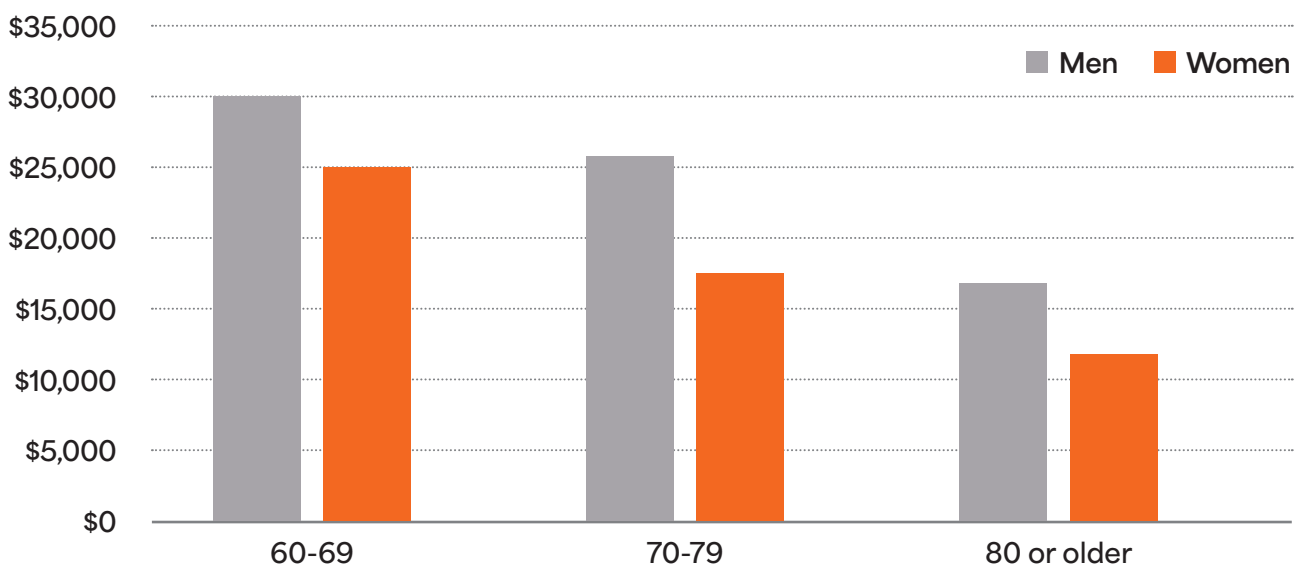
CHART 2.9 Percentage of people aged 60 or older who have retired and are drawing income from superannuation, 2022



Source: HILDA Wave 22.

Men also consistently draw higher income from superannuation compared to women, across all age groups (see Chart 2.10). For people aged 60 to 69 who draw income from their super, the median annual superannuation income for men was \$30,000, compared to \$25,000 for women—a gap of \$5,000 or 17 per cent. The gap is wider, at about 30 per cent, between men and women in the 70 to 79 and the 80 or older age cohorts.

CHART 2.10 Median annual income drawn from superannuation by people aged 60 or older, 2022



Source: HILDA Wave 22. Note: Medians are calculated only for people who have any superannuation.

Single older women face higher risks of poverty

Women face higher rates of poverty than men at older ages, with about 25 per cent of women aged 60 or older living in poverty, compared to 21 per cent of men.¹⁸

Older women face much higher poverty rates than younger women, and these rates increase with age (see Chart 2.11). By age 80, over a third (36 per cent) of women are living in poverty.¹⁹

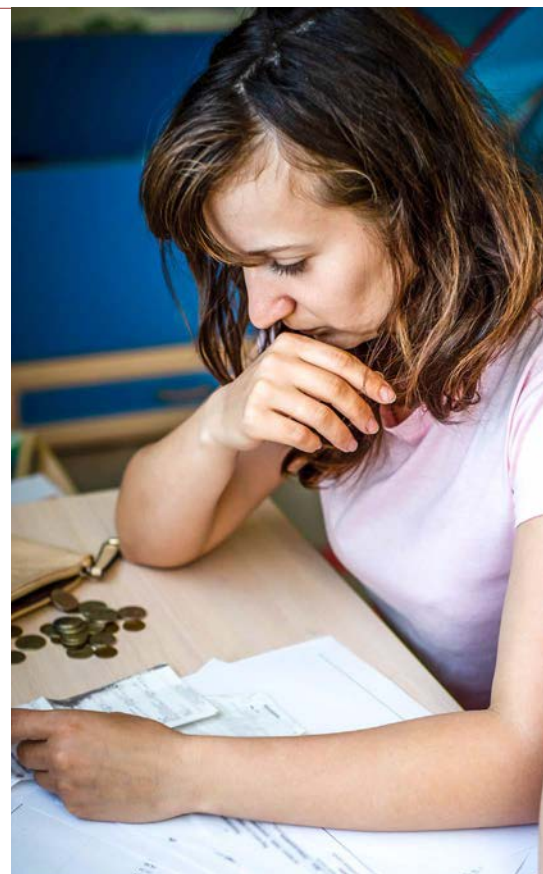
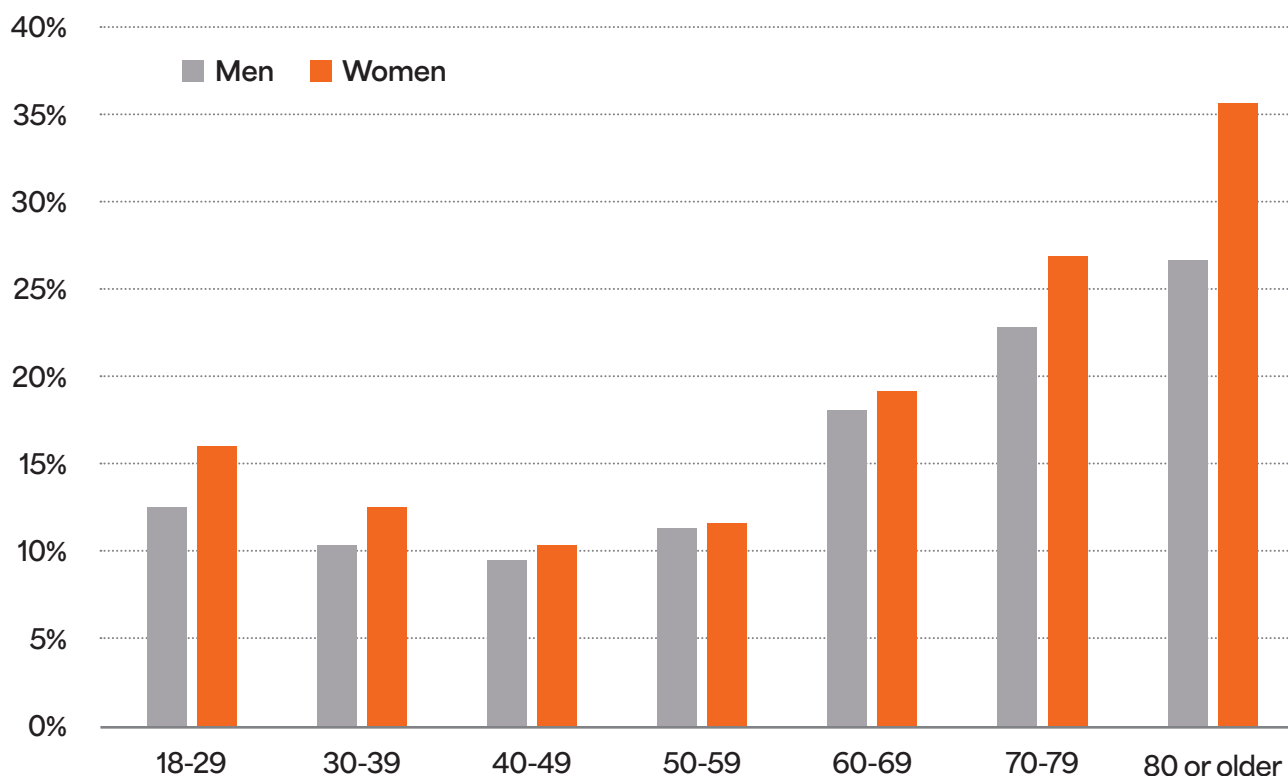


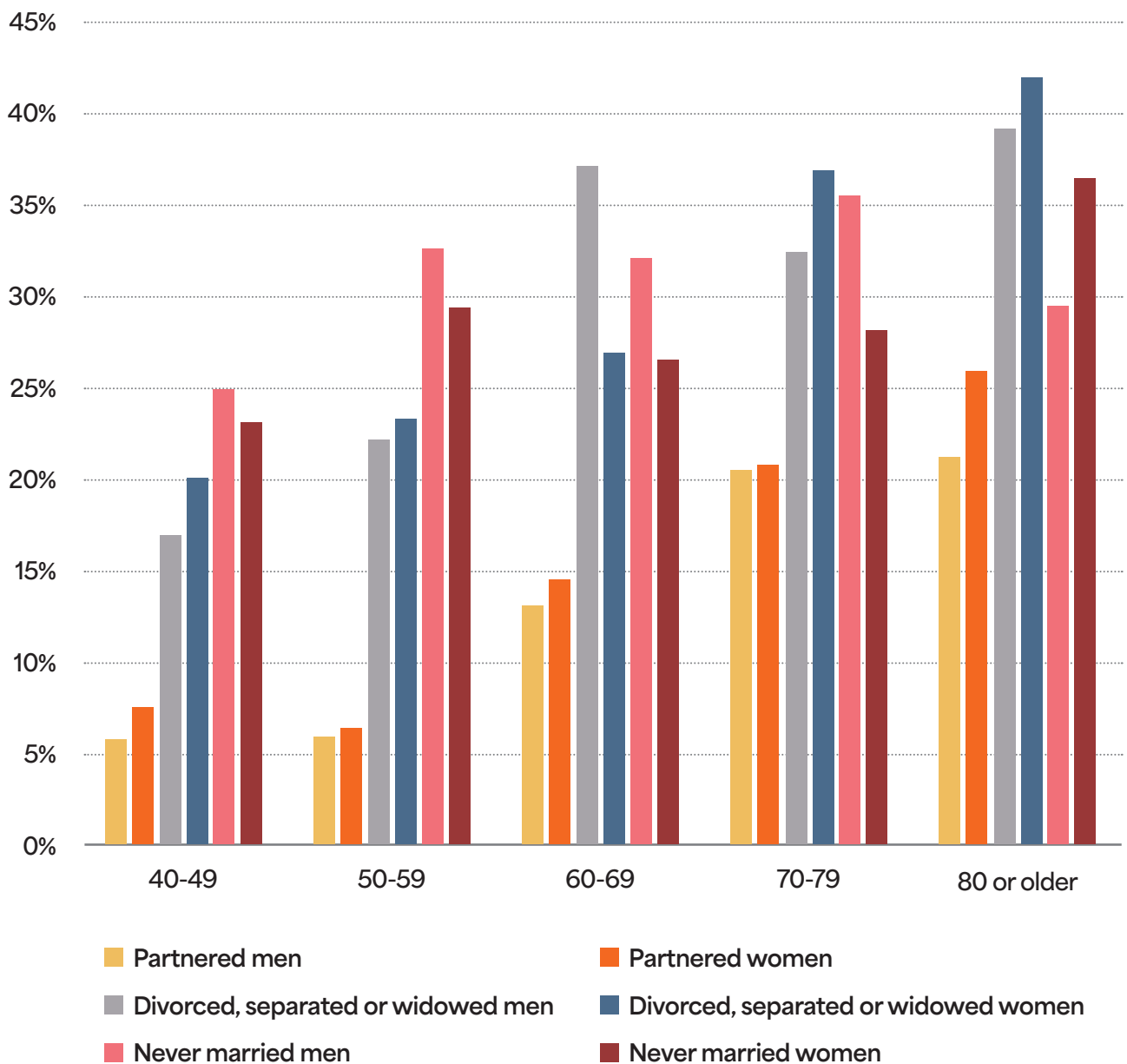
CHART 2.11 Poverty rates by age and gender, 2022



Source: HILDA Wave 22.

Women face even higher rates of poverty at older ages if they are single, with more than two in five of those aged 80 or older living in poverty. Across all age groups, partnered people have significantly lower poverty rates than those who never married and those who are divorced, separated or widowed (see Chart 2.12). Among divorced, separated or widowed people aged 40 or older, women have a slightly higher overall poverty rate than men (31 per cent compared to 30 per cent), and this difference is statistically significant.

CHART 2.12 Poverty rates by age, gender and partner status, 2022

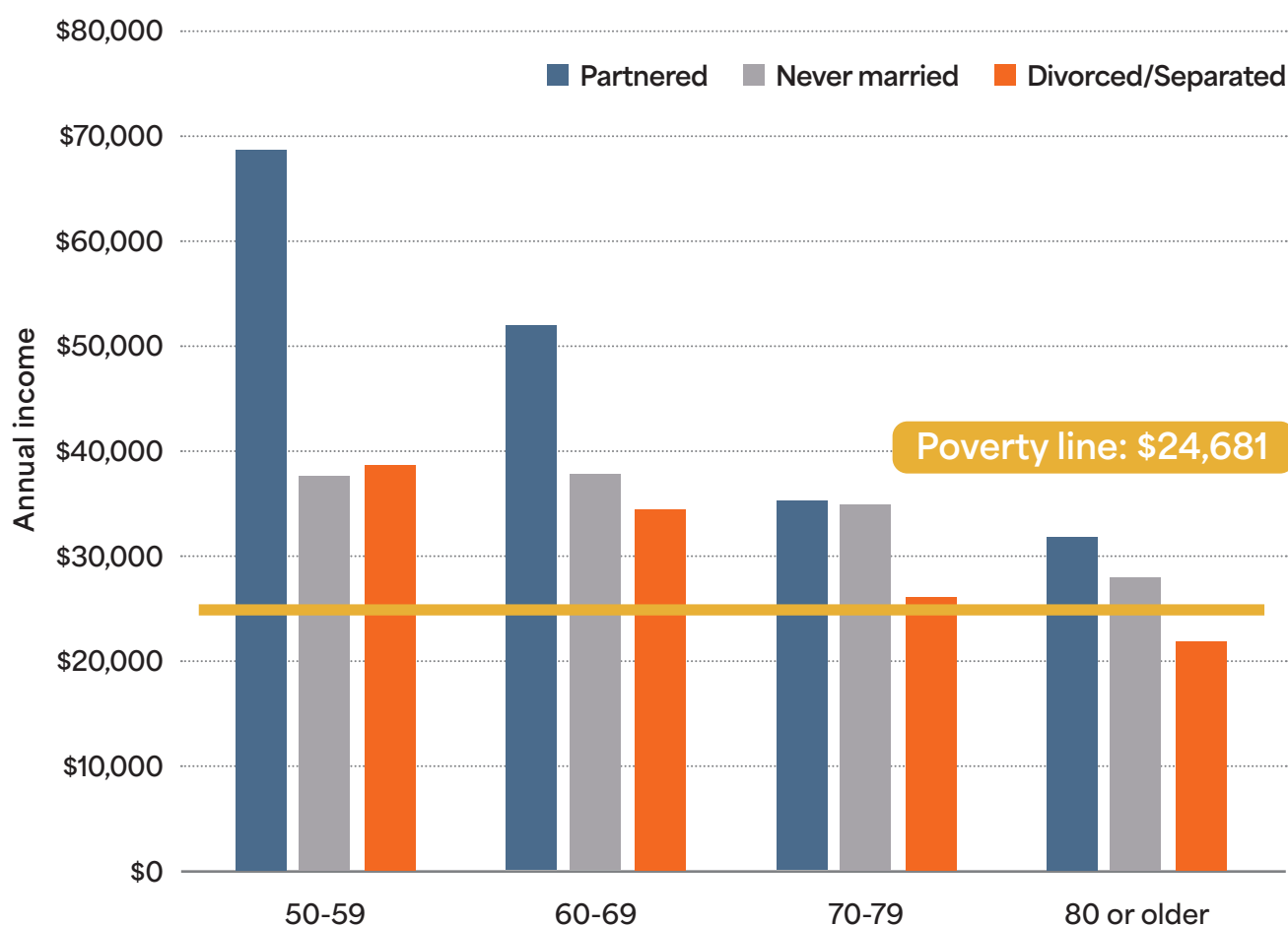


Source: HILDA Wave 22.

Note: The never married categories have small sample sizes at older ages and estimates should be interpreted with caution.

As noted earlier, retired single women aged 60 or older have a median income that is a fifth lower than their partnered counterparts (see Chart 2.7). Many of these women will be living in poverty, especially those of older ages who are divorced or separated. The median income for divorced or separated women is only 5 per cent above the poverty line for those aged 70 to 79, and 12 per cent below the poverty line for those aged 80 or older (see Chart 2.13).

CHART 2.13 Median equivalised annual household incomes, women aged 50 or older, 2022



Source: HILDA Wave 22. **Note:** Widowed men and women are not shown on this chart. The never married categories have small sample sizes at older ages and estimates should be interpreted with caution.

Once older women enter poverty, they are more likely to stay in poverty, compared to other groups. Most single older women (aged 65 or older) living in poverty have been in poverty for at least three out of four years. Single older women are more likely than single older men to experience persistent poverty, and much more likely to do so than partnered older people.²⁰

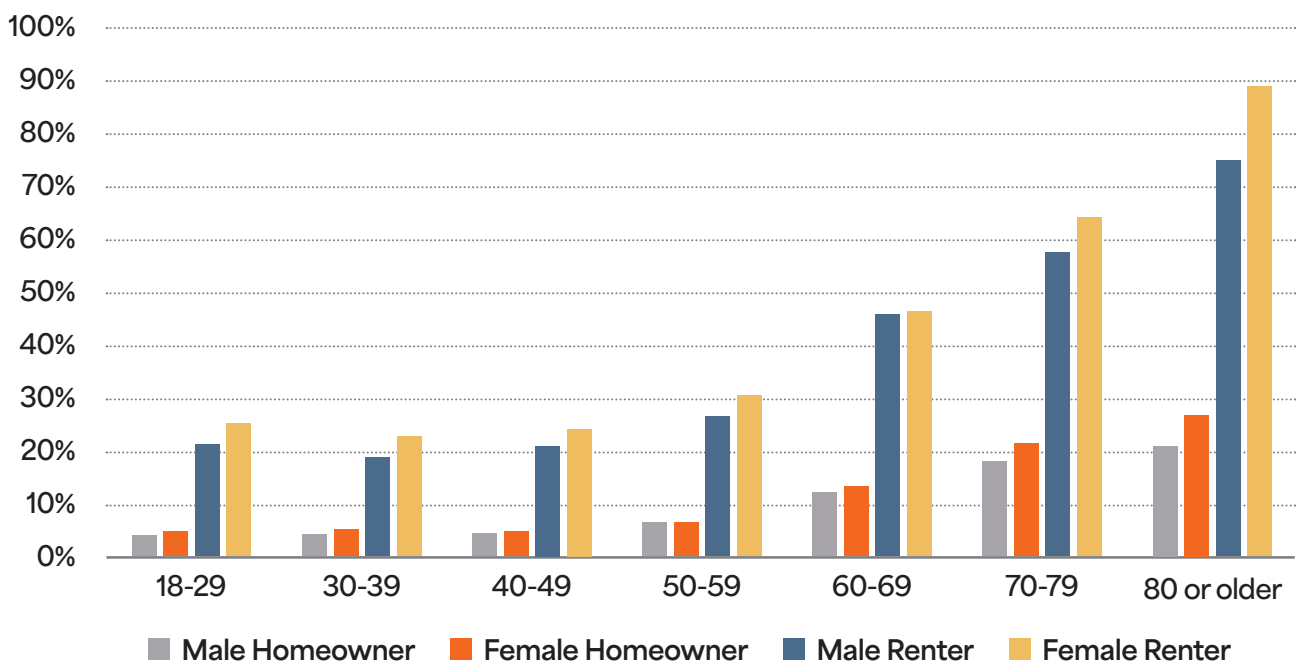
Older renters have much less economic security than homeowners

Australians are more likely to be living in poverty if they are renters rather than homeowners, with older women facing the highest risks. About 35 per cent of renters aged 50 or older are single women, and 28 per cent are single men (see Box 2.1).

Poverty rates for people who rent in the private market are consistently higher than for homeowners across all age groups, with the gap widening as people age (see Chart 2.14). Among people aged 60 or older, about 17 per cent of homeowners live in poverty, compared to 56 per cent of renters, with similar poverty rates for women and men. This means that older renters are more than three times as likely to be living in poverty compared to older homeowners. By age 80 and above, over three-quarters of renters live in poverty, compared to only about a fifth to a quarter of homeowners.

Recent analysis by the Grattan Institute also found high rates of poverty among retired renters, with two thirds of retirees who rent in the private market living in poverty, and over three in four single women who rent in retirement living in poverty.²¹

CHART 2.14 Poverty rates by age, gender and homeownership status, 2022

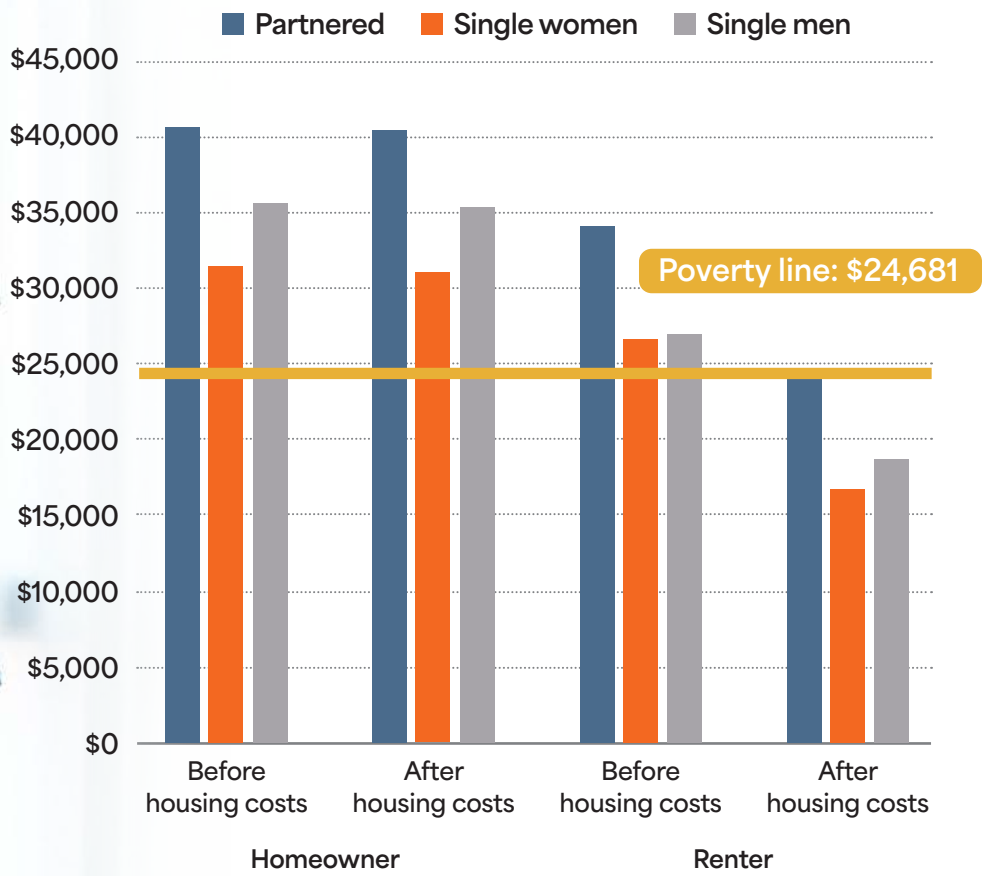


Source: HILDA Wave 22. **Note:** Differences in poverty rates between men and women are not statistically significant.

These higher poverty rates for renters reflect the fact that, after housing costs are taken into account, renters have much less income left over than homeowners do (see Chart 2.15). This remains the case even after accounting for income support payments such as the Age Pension and Commonwealth Rent Assistance, as explained below. Partnered older renters have a median income 3 per cent below the poverty line, while for single older renters median incomes are 24 per cent below the poverty line for men, and 32 per cent below the poverty line for women.



CHART 2.15 Median equivalised annual household incomes before and after housing costs, retired people aged 50 or older, 2022



Source: HILDA Wave 22.

There are large financial benefits of being a homeowner at retirement. However, few people who can afford to purchase their own home will still be renters by the time they retire (see Box 2.1). Renting in retirement generally reflects lower economic security over the life course. Most older renters are not renting by choice.

Worse, growing numbers of Australians are entering retirement without owning a home, and an increasing share of homeowners are retiring with outstanding mortgage debt (see Chapter 4).

Box 2.1: Characteristics of older renters

Renters comprise about one in six Australians aged 50 or older, and one in eight Australians aged 65 or older. Similar proportions of older men and women are renters. Two thirds of female renters aged 50 or older are single. At the time of the 2021 Census, there were almost 500,000 single women aged 50 or older who were renting, and almost 200,000 women aged 65 or older who were renting.²²

With growing rents and levels of rental stress in the past few years, many of these older renters will be struggling.

The number of low-income renters over 50 has been projected to increase by almost a third, from about 641,000 in 2016 to 839,000 by 2032, driven by limited social housing, population ageing and economic challenges.²³

Homeownership remains unattainable for many renters because their incomes and savings are insufficient to cover a deposit or mortgage repayments. In 2023, the average first-home buyer deposit was \$159,000²⁴ while the average mortgage repayment was around \$3,500 a month.²⁵

There is a big wealth gap between renters and homeowners, largely due to homeowners' property values. However, even without

including housing, renters have significantly less wealth. For example, among those aged 65–69, homeowning couples have a median net wealth (excluding owner-occupied housing) of about \$880,000, compared to \$175,000 for renting couples—a difference of about 5 times. Single female homeowners in this age group have a median net wealth of about \$425,000, while renters have just \$65,000—a difference of over 6 times.²⁶

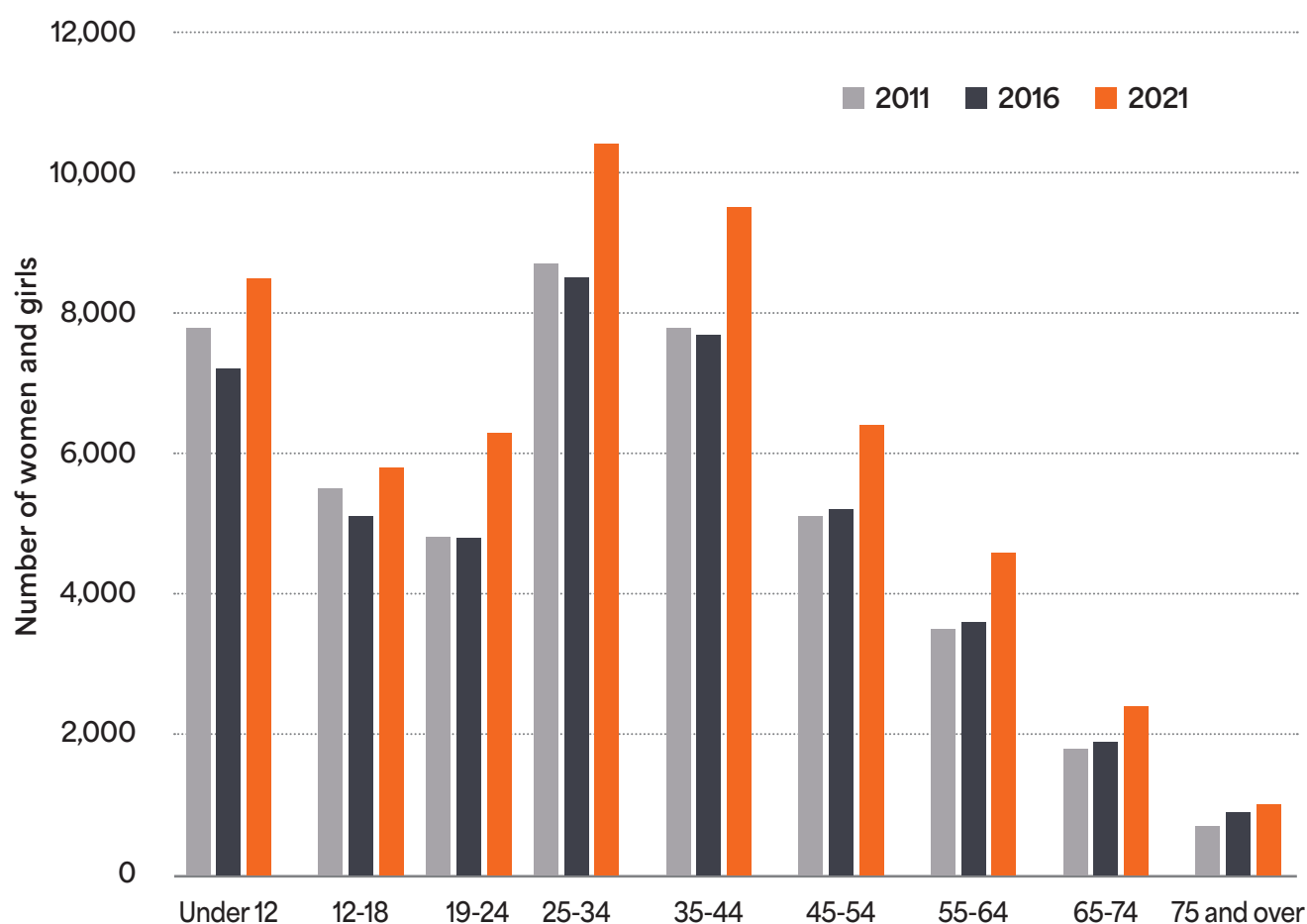
Analysis provided by the Super Members Council (based on the HILDA survey) shows that most renters currently aged in their 60s had relatively low disposable incomes when they were in their 40s and 50s, averaging about \$50,000 a year (in today's dollars). About two in five of them received some form of government income support between then and retirement. Owning a home would have been unattainable for most because they would not have had sufficient income to cover mortgage repayments, let alone a deposit.

Most older renters also had very limited superannuation throughout their lives—about 60 per cent of renters currently aged in their 60s (and who have never owned a home) had no superannuation at all when they were in their 40s, and the median balance for those who did was just \$18,000 (in today's dollars).

Homelessness is a growing problem among older Australians

Housing insecurity among older Australians is also reflected in rising homelessness rates. While older people tend to be less likely than younger people to experience homelessness, there has been a concerning rise across all age groups (see Chart 2.16). At the time of the 2021 Census, about 14,400 women aged 45 or older were homeless, and 3,400 of these were aged 65 or older. These numbers are 24 per cent and 21 per cent larger, respectively, than in the 2016 Census.

CHART 2.16 Number of women experiencing homelessness, 2011, 2016 and 2021



Source: ABS (2011, 2016 and 2021), Census, Tablebuilder.

The rise in homelessness reflects historically low levels of housing affordability, shortages of social and affordable housing across much of the country, and high levels of rental stress. Family violence is also a contributing factor. About one in ten users of homelessness services who are aged 55 or older sought assistance mainly because of family violence, and most of these users are likely to be women.²⁷

The Age Pension helps keep older homeowners out of poverty

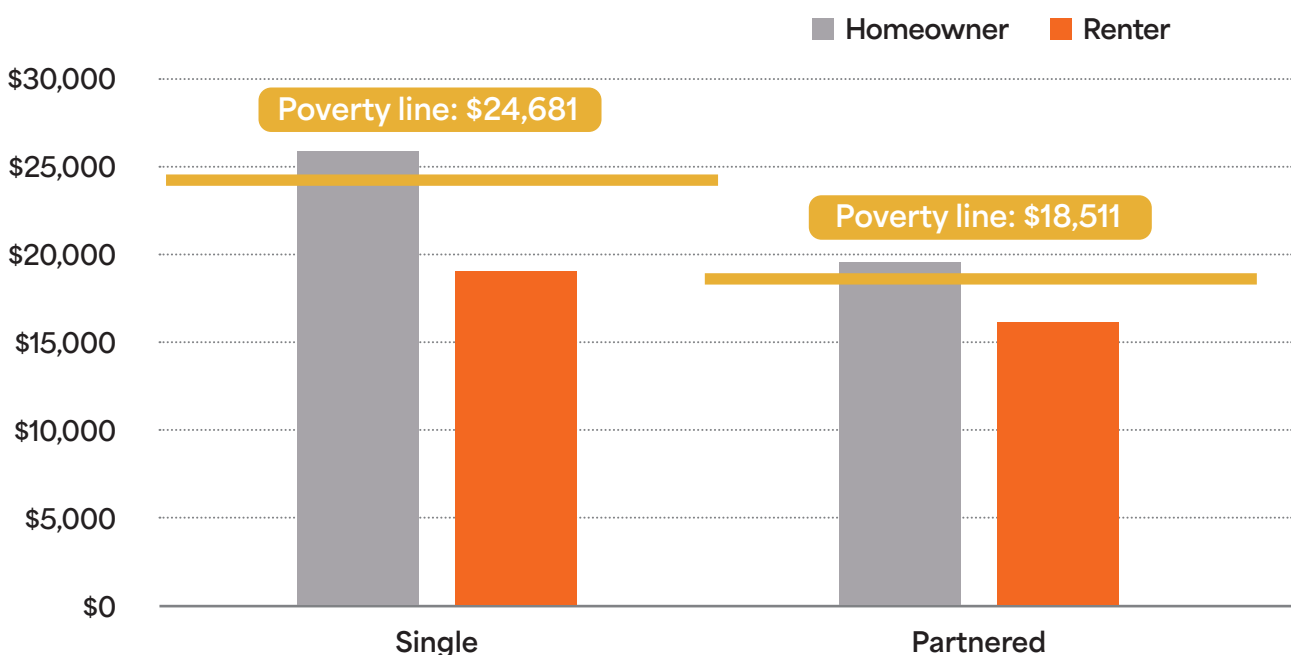
By providing a reliable source of income to older Australians, the Age Pension plays a significant role in moderating the impact of gender gaps during working life. Women are generally more reliant on the Age Pension than men. Among people aged 67 or older, 67 per cent of women and 62 per cent of men receive either a full or part Age Pension.²⁸ The Age Pension makes up more than half of individual incomes for about 59 per cent of retired women, and 50 per cent of retired men, aged 67 or older.²⁹

The full Age Pension delivers a modest income of about \$29,000 a year for a single or \$43,750 for a couple (with most recipients not having to pay tax). Modelling by Impact Economics and Policy shows that the full Age Pension puts most recipients about 5 per cent above the poverty line if they own their own home outright.³⁰ The Retirement Income

Review concluded that the Age Pension affords an adequate standard of living for retired homeowners, once other government support such as subsidised health and aged care is taken into account.³¹

However, the picture looks very different for Age Pension recipients who rent. While retired renters on the Age Pension are eligible for Commonwealth Rent Assistance (CRA), even after this assistance they still have some of the highest poverty rates across the population. Impact Economics and Policy modelling shows that after housing costs, income from the Age Pension plus CRA is 23 per cent below the poverty line for the typical older single renter, and 13 per cent below for typical older couple renters (see Chart 2.17).³² In 2019, almost three-quarters of all Age Pensioners receiving CRA were single renters, and of these, two-thirds were women.³³

CHART 2.17 Annual individual income from the Age Pension and Commonwealth Rent Assistance, less rental expenses, 2022



Source: Impact Economics and Policy modelling.



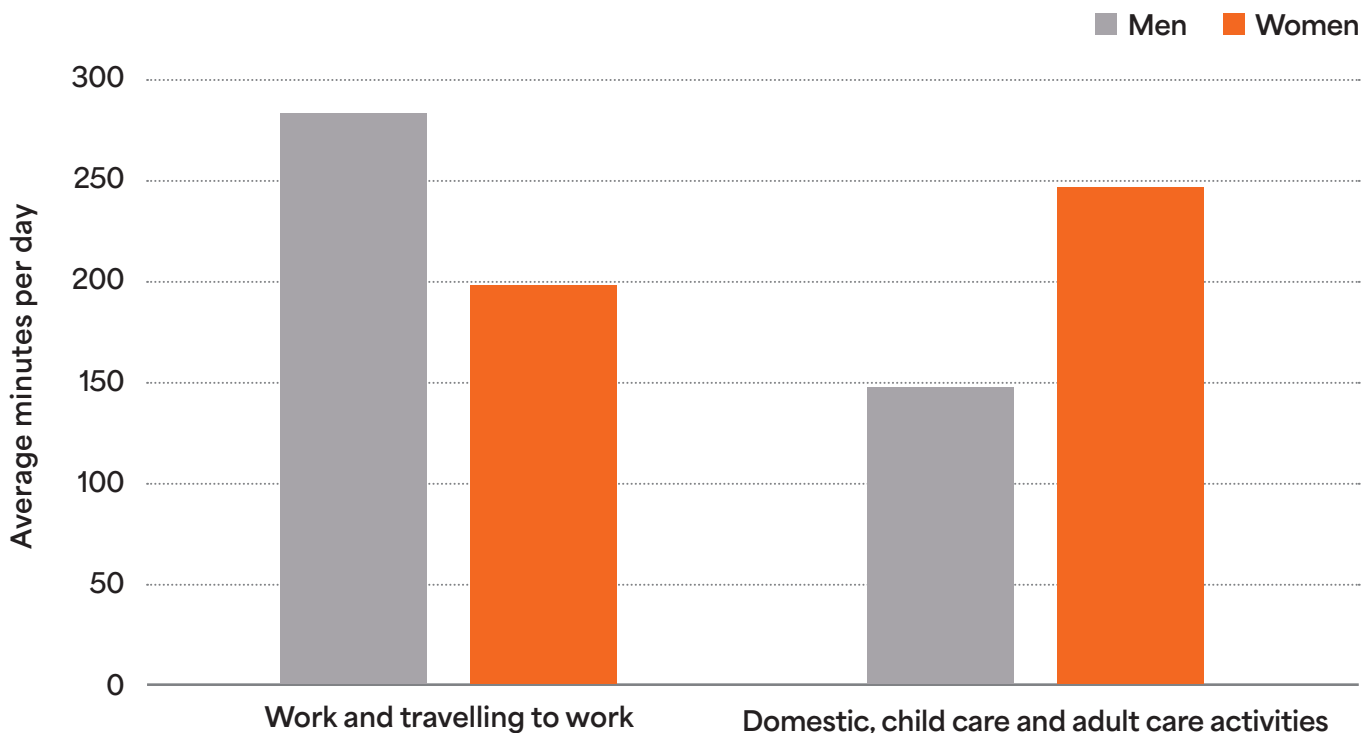
Key drivers of outcomes for older women

Gender gaps in retirement outcomes are primarily the result of other gender gaps over the life course, including in workforce participation and earnings. These gender gaps mean women typically receive lower employer super contributions than men, although this is partly offset by a greater propensity of women to make personal contributions to their super. Women's economic security in retirement is also affected differently by key life events, as explained in Chapter 3.

Women are less likely to participate in paid work than men

On average, men spend more time in paid work than women, and women spend more time doing unpaid work like child care, caring for sick or elderly relatives, and domestic activities. On average, men spend about 43 per cent more time each day in paid work than women, whereas women spend 67 per cent more time on care and domestic activities than men (see Chart 2.18).

CHART 2.18 Time spent on formal work versus informal work, 2021-22

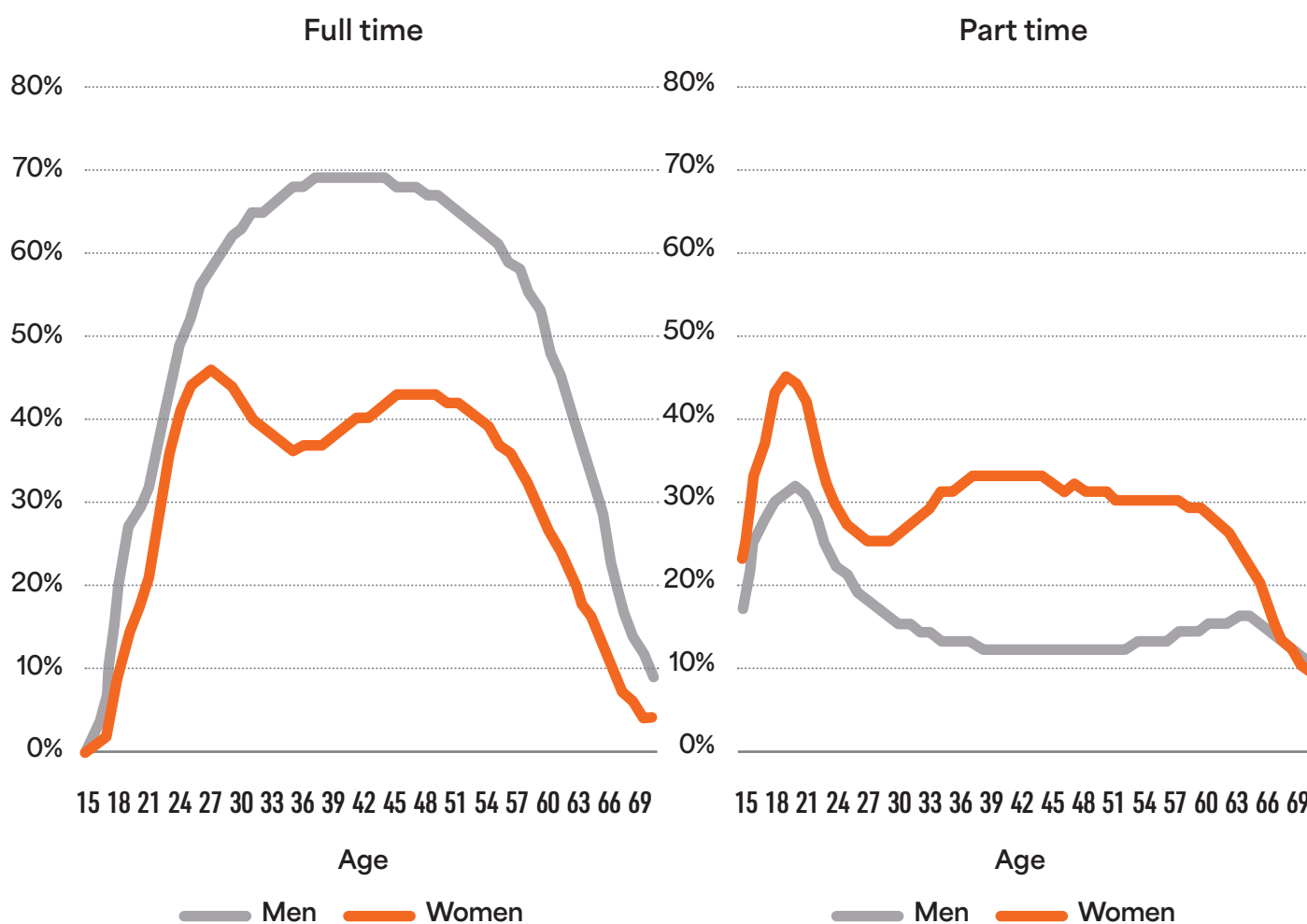


Source: ABS (2022), How Australians Use Their Time, 2020-21.

These gaps reflect that men are more likely than women to be in the workforce and to work full-time. The workforce participation rate for men is 71 per cent compared to 63 per cent for women. From ages 18 to 29, men's full-time employment rate grows steadily from 19 per cent to 62 per cent, while women's rate increases at a slower pace, peaking at 44 per cent by age 29. The gender gap widens significantly between ages 30 and 40 (the peak ages for having young children), with male full-time employment rates stabilising around 70 per cent while female rates remain around 40 per cent.

As workers age beyond 50, both male and female full-time employment rates begin to decline. By age 60, male full-time employment drops to 48 per cent, while female rates fall to 26 per cent (see Chart 2.19). Conversely, part-time work is more common among women at almost every age. About a third of women aged 40 to 44 work part time compared to only 12 per cent of men.

CHART 2.19 Share of population working, by age and gender, 2021



Source: ABS (2022), Employment, education and income, Tablebuilder.

Having children can significantly affect a woman's workforce participation and earnings. Researchers have estimated that mothers experience a 'motherhood penalty' of a 43 per cent reduction in earnings (on average) in the 5 to 10 years after having a child.³⁴ By comparison, there is almost no impact on the earnings of fathers. This outcome is driven in large part by reduced workforce participation of mothers, as well as the impacts of slower career progression on their earnings.

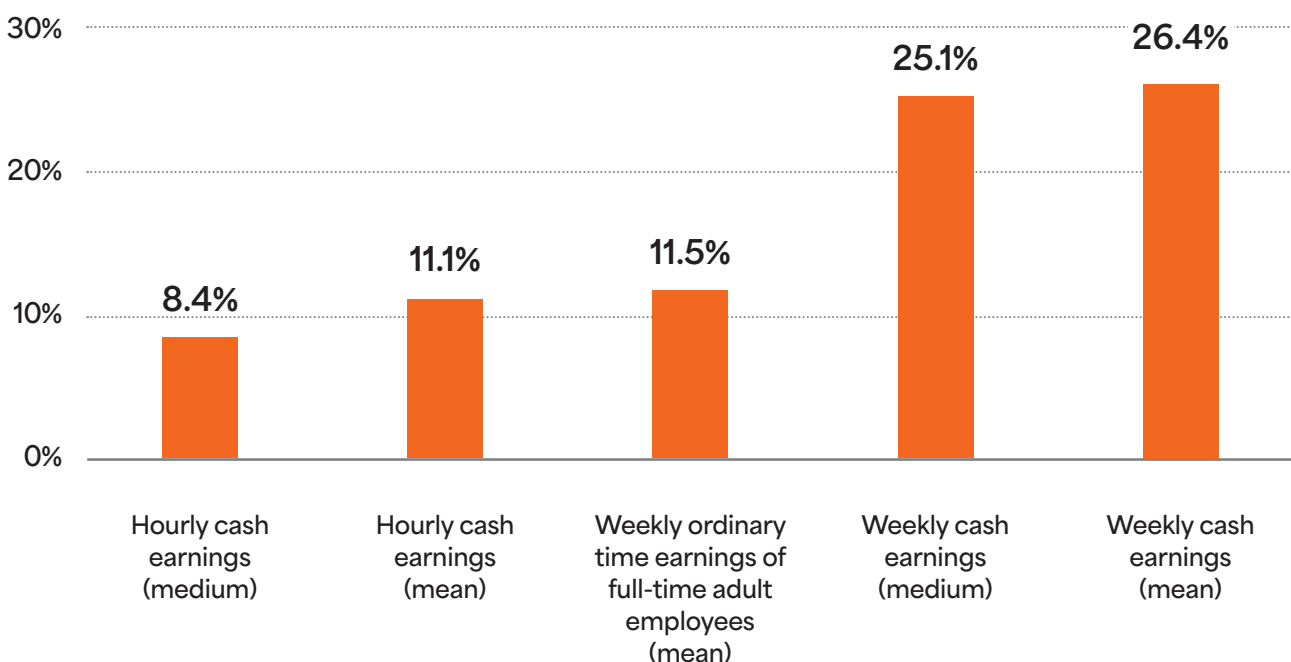
Mothers also accumulate much less superannuation than fathers.³⁵ Researchers have found that the more children a woman has had, the lower her superannuation savings are, even after taking into account other factors that may influence the number of children a woman has or her superannuation balance.³⁶

The gender pay gap means women typically earn less than men

Comparing base wage rates, men earn 11.1 per cent more than women, on average. Among full-time workers, the total gap in earnings is similar, at 11.5 per cent. However, once part-time and casual workers are included, the gap widens further to about 25 per cent, which reflects that women work fewer hours than men on average.³⁷

The Workplace Gender Equality Agency has separately calculated a gender pay gap of 21.1 per cent, based on annualised salaries (i.e. using the full-time equivalent for part-time and casual workers) and including overtime, bonuses, and additional payments.³⁸ While this is based on data for large private-sector employers and excludes public sector and small business employers, it reveals a significant gap in the earnings of women and men when measured on a like-for-like basis.

CHART 2.20 Gender pay gap measures, pre-tax earnings, 2023 and 2024

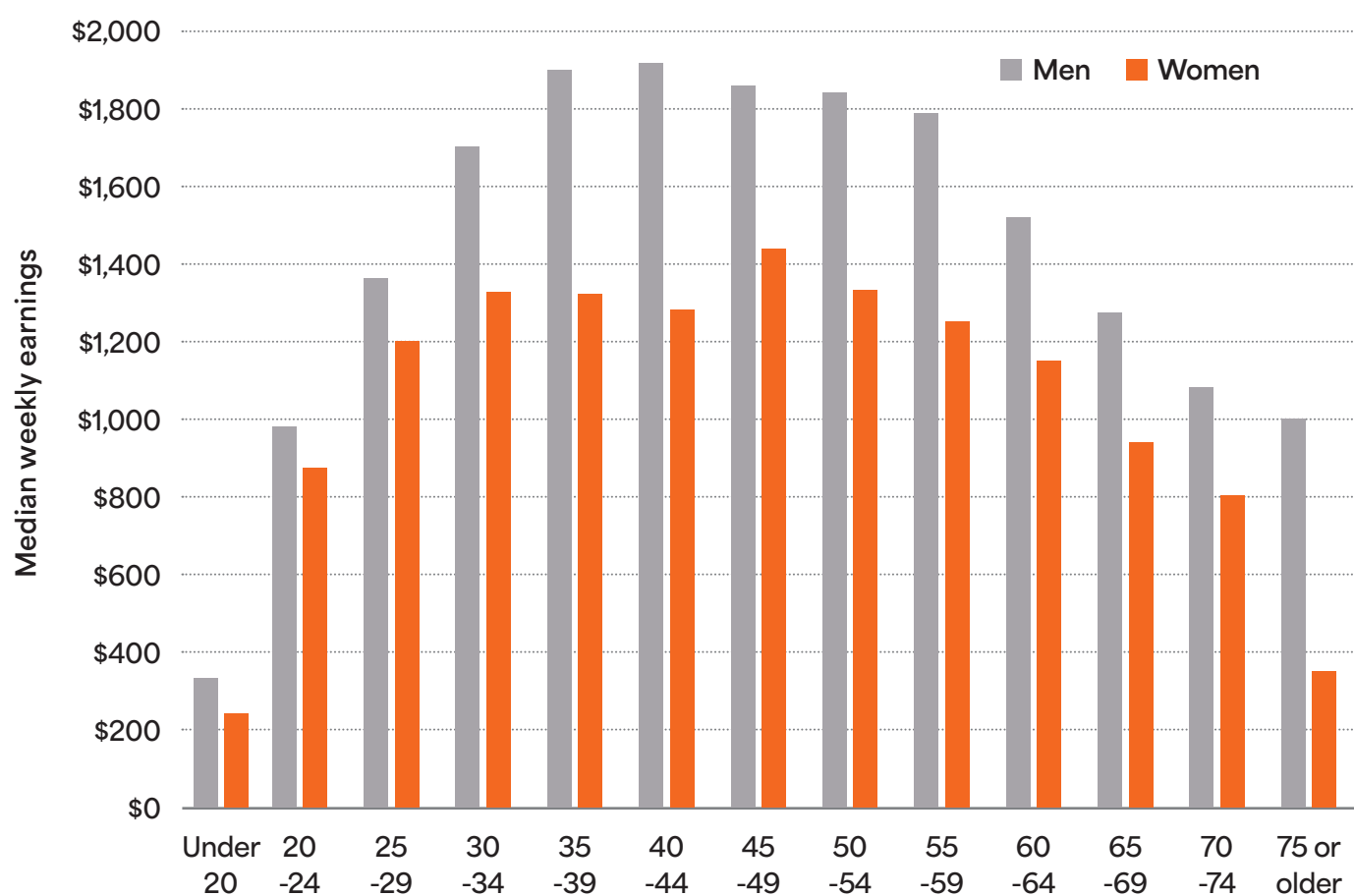


Source: ABS (2024), Gender indicators.

Research has shown that the main factors contributing to the gender pay gap in hourly earnings are gender discrimination, workforce participation, and occupational and industrial segregation. Gender discrimination refers to biased treatment based on gender and is the largest contributor to the gender pay gap. Occupational and industrial segregation occurs when women and men are concentrated in different jobs or sectors with unequal pay, and is also a major contributor to the gender pay gap.³⁹

Across age cohorts, the gender pay gap (measured using median weekly cash earnings) is relatively modest for cohorts under 30 years, then widens and remains high after that (see Chart 2.21). It peaks around ages 50-54 and remains high into older ages. In percentage terms, the gender pay gap is broadly similar to or greater than the corresponding gender super gap across most age cohorts.

CHART 2.21 Median weekly pre-tax cash earnings, by age, full and part time workers, 2022

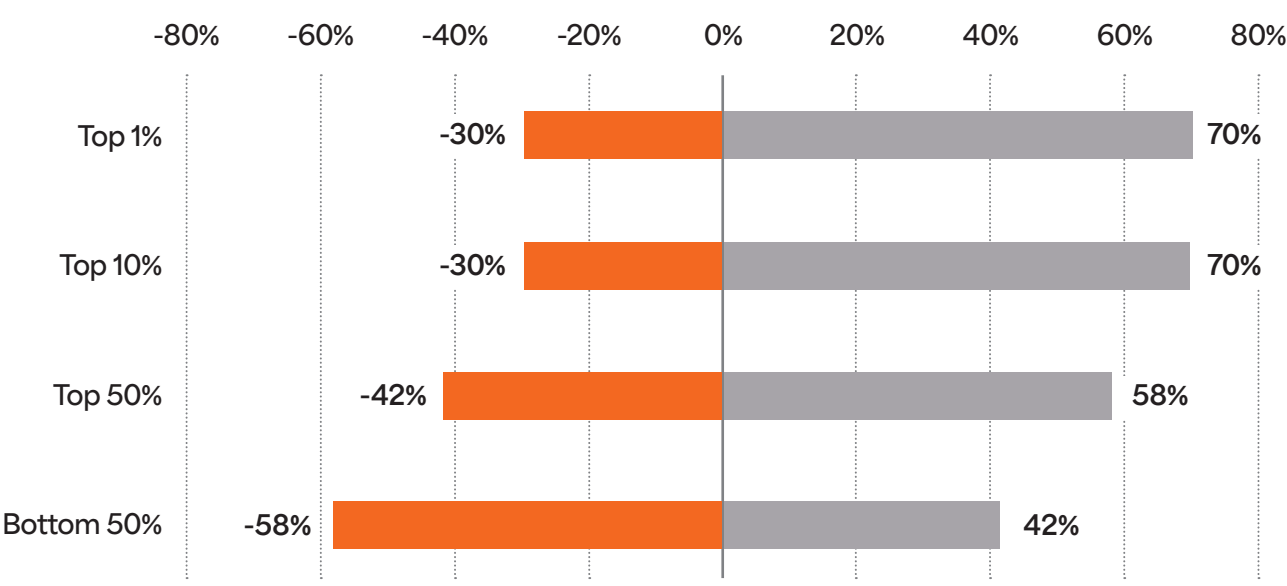


Source: ABS (2022), Employment, education and income, Tablebuilder.



Across the income distribution, women are disproportionately concentrated in lower income brackets, while men dominate higher earning groups. Men comprise about 70 per cent of earners in the top 1 per cent and top 10 per cent of the income distribution, while women account for only 30 per cent (see Chart 2.22). This imbalance persists across the top 50 per cent of the income distribution, where men represent 58 per cent of earners and women 42 per cent.⁴⁰

CHART 2.22 Gender split in each pre-tax income cohort, 2021-22



Source: ATO 2 per cent sample file, 2021-22.

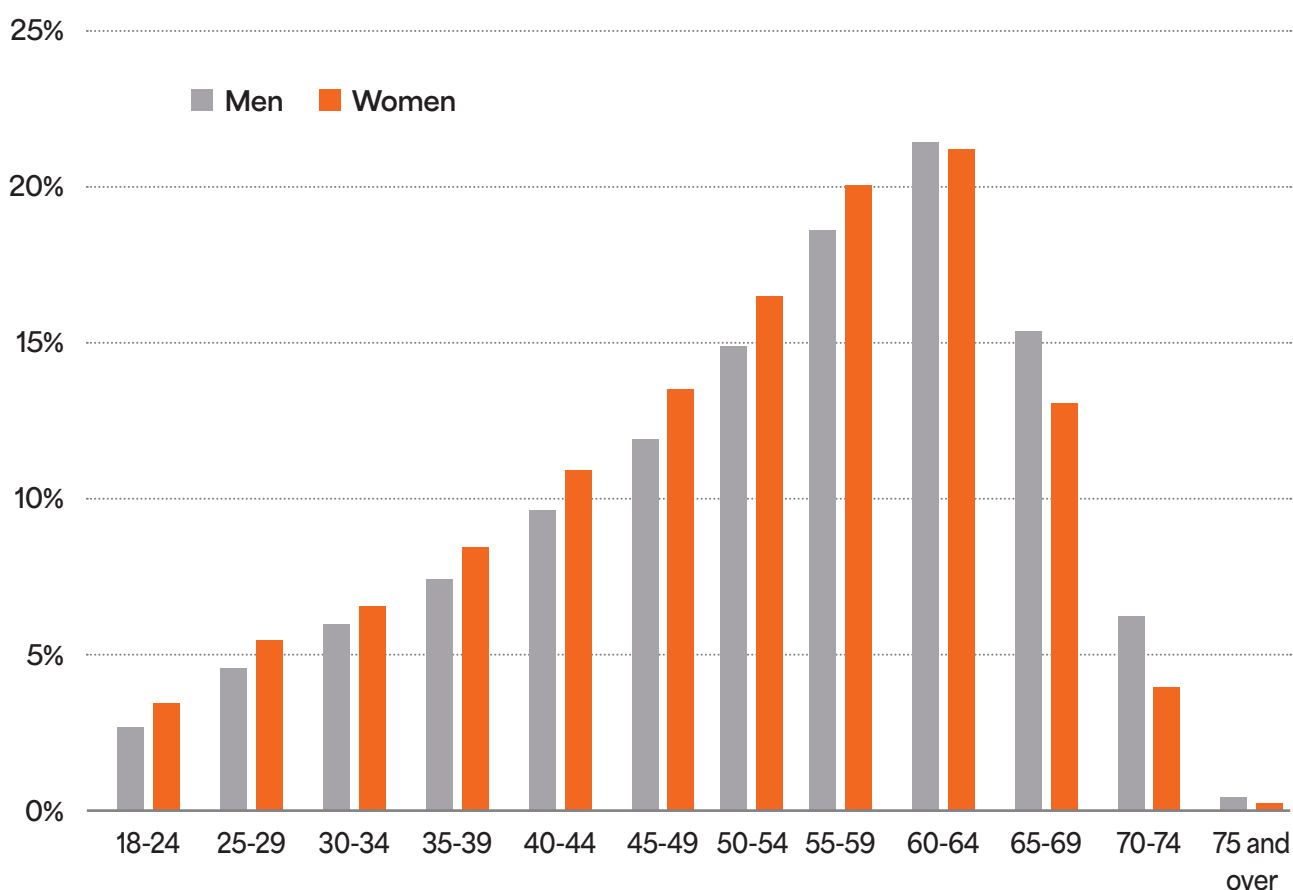
■ Men ■ Women

Women are more likely to use personal contributions to boost their super

Personal contributions offer a way for many women to make up for lower superannuation balances as a result of the gender pay gap and spending less time in the paid workforce than men. These contributions help to narrow the gender super gap, compared to what it otherwise would have been.

Women are slightly more likely than men to make personal contributions to their super. Overall, about 8 per cent of women and 7 per cent of men made a personal contribution. Women are more likely to make personal contributions than men at all ages up to 60 (see Chart 2.23), and this likelihood rises with age and taxable income.

CHART 2.23 Share of people that make personal contributions, by age and gender, 2021-22

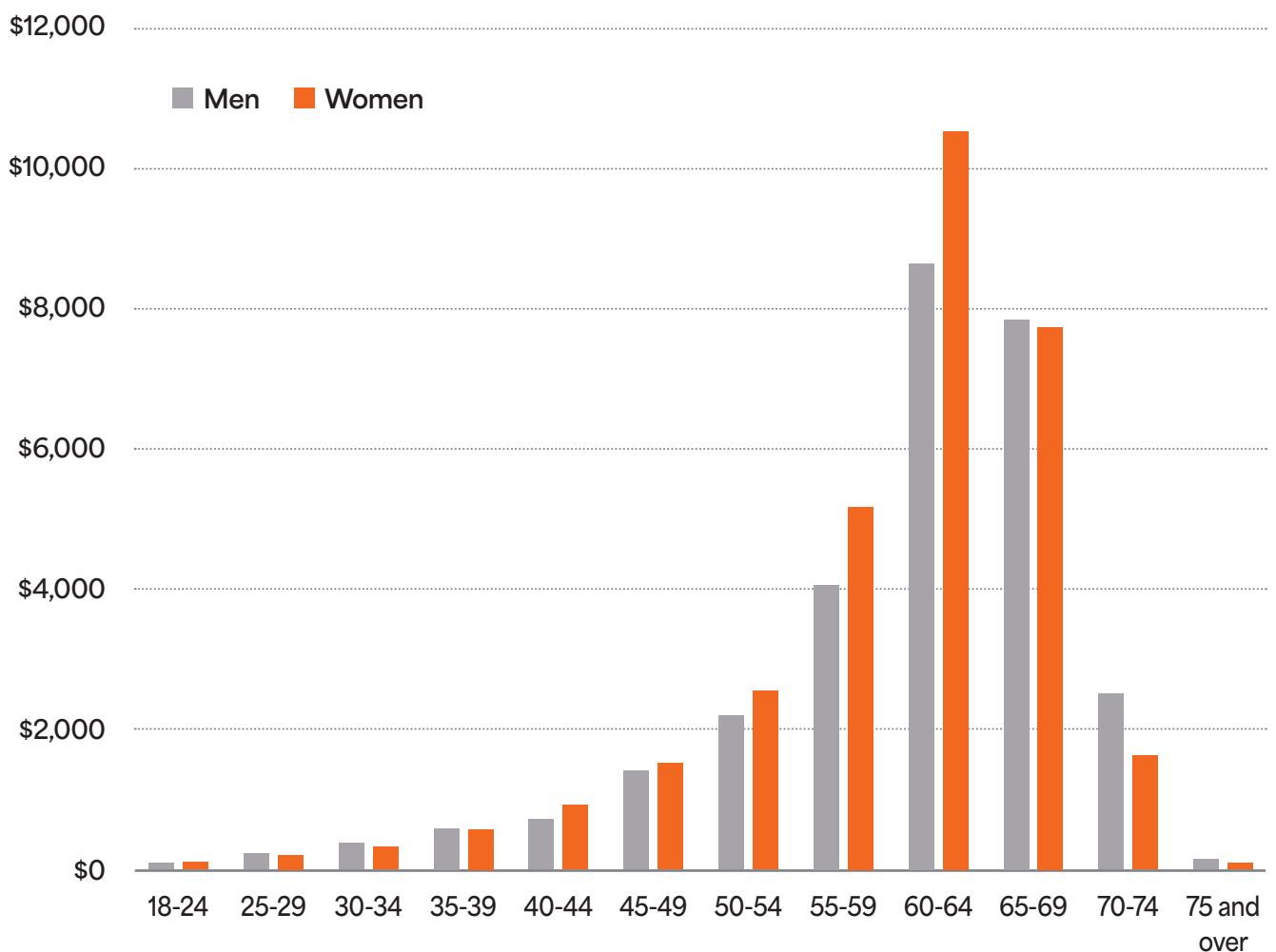


Source: ATO (2024), Taxation Statistics 2021-22.

Women also tend to contribute more to their super via personal contributions each year than men. In 2022, the average contributed amount (among people who make personal contributions) was about \$22,220 for men versus \$23,500 for women, or about 6 per cent more for women.

In terms of personal contributions per head of population, the gender gap is wider, at 13 per cent in favour of women. Average amounts contributed per person peak around retirement age (60 to 64), where the gender gap in personal contributions is also greatest, at about 22 per cent in favour of women (see Chart 2.24).

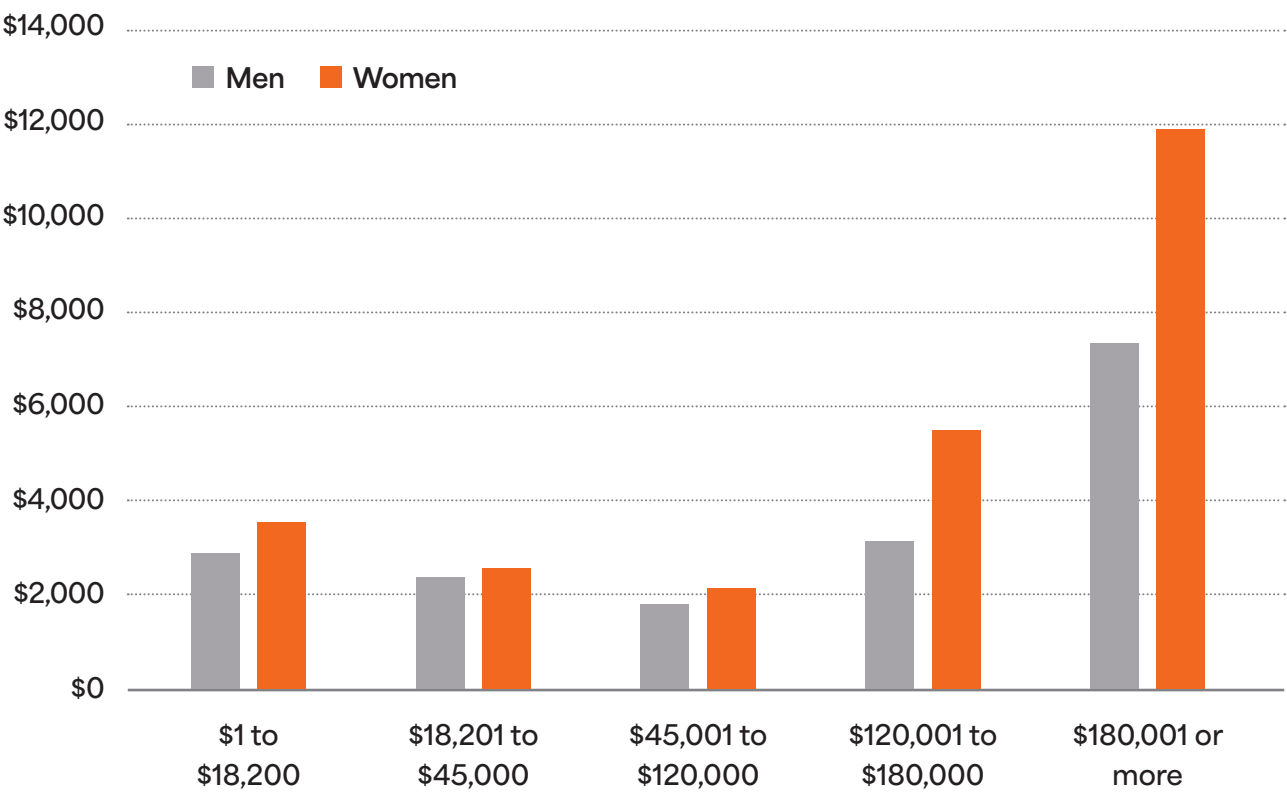
CHART 2.24 Average annual personal contributions per population, by age and gender, 2021-22



Source: ATO (2024), Taxation Statistics 2021-22.

Women make larger average personal contributions than men across all income levels (among people who submit a tax return). Among people on the lowest incomes, personal contributions are 24 per cent higher for women than men, on average. The difference is even greater at the upper end of the income distribution, with average contributions 74 per cent higher for women in the second-highest tax bracket, and 61 per cent higher for women in the highest tax bracket, compared to men (see Chart 2.25).

CHART 2.25 Average personal contributions per population, by gender and taxable income bracket 2021-22



Source: ATO (2024), Taxation Statistics 2021-22.

However, to make personal contributions, people need to have income available which they are able to forgo from other uses. For this reason, people are much more likely to make personal contributions if they have higher incomes. Many lower-income women will not have enough spare income left after covering housing costs, groceries, utilities and other costs of living—especially if they are single. Personal contributions are common among those earning more than \$180,000, with 30 per cent of people in this income bracket making personal contributions. In contrast, only 7 per cent of individuals earning less than \$18,200 make such contributions.⁴¹

In addition, women with a spouse recorded on their tax return are almost twice as likely to make personal contributions to their super compared to single women across all age cohorts and income deciles.⁴² Women with a spouse recorded also contribute larger amounts on average. These patterns likely reflect the ability of couples to share some expenses (freeing up income), the likelihood that many women will have partners that earn much more than they do (due to the gender pay and participation gaps), and the incentives that tax concessions can provide for a couple to make contributions for the partner with the lower super balance.⁴³

There is also a small gender gap in salary sacrifice contributions (which are deducted from an employee's pre-tax income and recorded as a form of employer contribution). About 11 per cent of men and women make salary sacrifice contributions, and on average these contributions are about 7 per cent higher for men compared to women⁴⁴—likely reflecting men's higher average salaries. Overall, salary sacrifice contributions tend to be smaller than personal contributions (on average), especially for people aged 45 or older.

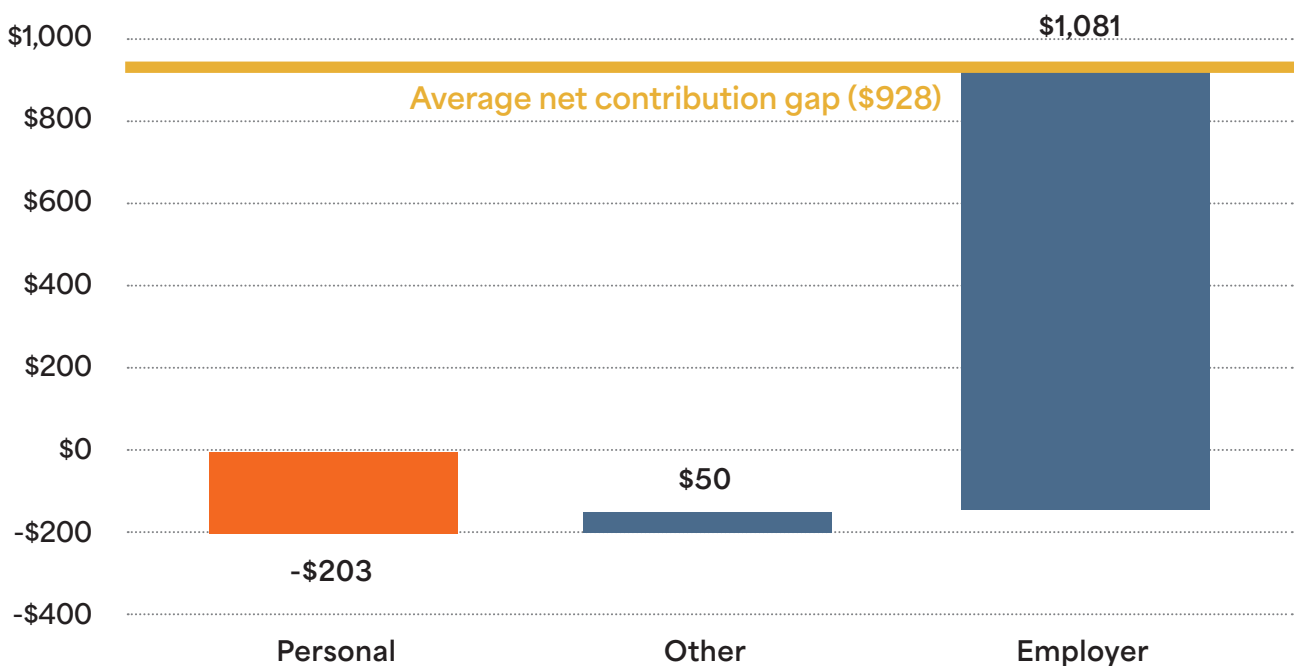
The net effect is that total voluntary contributions (personal plus salary sacrifice) tend to be fairly similar between men and women in aggregate, with about 22 per cent of women and 21 per cent of men making either kind of contribution. Average amounts are also very similar, with women's average voluntary contributions just 3 per cent higher

than men's.⁴⁵

Moreover, the greater personal contributions made by women compared to men are not enough to close the gender super gap. This gap is largely driven by employer superannuation contributions, which reflect workforce participation and pay rates (as discussed earlier) and are received by a much larger number of people than make personal contributions.

As a result, a significant gender gap remains in terms of total superannuation contributions. In 2021-22, the average woman made a personal contribution \$203 larger than the average man, but received \$1,081 less in employer contributions and \$50 less in other contributions (see Chart 2.26). Her total contributions were thus \$928 (or 18 per cent) lower.⁴⁶

CHART 2.26 Average annual net gender contribution gaps per person, 2021-22



Source: ATO (2024), Taxation Statistics 2021-22.

The gap in total super contributions is relatively small at younger ages (where workforce participation rates are similar between men and women and few people make personal contributions), peaks around ages 40 to 44 (where the vast majority of men work full time and a significant number of women may be working part time as they care for young children), and closes around ages 60 to 64 (where significant amounts of personal contributions are made, with women contributing more than men) (see Chart 2.27).

CHART 2.27 Average annual net gender contribution gap, by contribution type and age, 2021-22



Source: ATO (2024), Taxation Statistics 2021-22.



Chapter 3

Why life events matter

Most people experience changes in their health, work and relationships as they get older. Common events such as redundancy, divorce or having to care for a sick partner or elderly parent can come with a shock to income and savings – and women tend to be more negatively affected than men.

Women's economic outcomes at older ages,
including their workforce participation
and incomes, are shaped by events that occur
throughout their lives.⁴⁷

One of the most notable examples of this is having children, where women take more time away from work than men, are less likely to return to work after having children, and can suffer setbacks to career progression and future earnings.

Other life events are more likely to occur at middle and older ages (see Table 3.1). As with child rearing, many of these events have strong gendered patterns which mean women tend to be disproportionately affected compared to men.

TABLE 3.1 Types of life events frequently faced by women from about age 45

Working age	Early and mid-retirement	Later in life
<ul style="list-style-type: none"> ■ Separation/divorce ■ Economic shocks e.g. losing a job ■ Menopause ■ Housing changes e.g. evictions ■ Caring for older parents ■ Return to work after time away ■ Power and decision-making dynamics and equality between couples ■ Intersectional disadvantage e.g. women with a disability, from culturally and linguistically diverse backgrounds, from different socioeconomic backgrounds 	<ul style="list-style-type: none"> ■ Retirement - voluntary or involuntary ■ Accessing super ■ Applying for the Age Pension ■ Grandchildren and new caring demands ■ Caring for older parents, navigating their aged care, inheritances, etc ■ Power and decision- making dynamics and equality between couples ■ Economic shocks e.g. changes in cost of living 	<ul style="list-style-type: none"> ■ Ill health and cognitive decline ■ Death of a spouse ■ Inheritance ■ Elder abuse ■ Downsizing ■ Aged care



However, life events experienced at older ages have been much less visible in public policy relating to superannuation and retirement than child rearing. This may be because some events are associated with embarrassment, shame or guilt.

Life events can have a significant impact on a woman's economic security in retirement. Even women who are relatively affluent at middle age are at risk of poverty at older ages if they experience one or multiple life events.⁴⁸ Life events experienced between the ages of about 45 to 65 can come with a big shock to women's superannuation balances and retirement incomes (see Box 3.1).

Box 3.1: How life events can affect women's superannuation and retirement income

This report uses cameo modelling to project how various life events can affect women's superannuation balances and retirement incomes. The modelling shines a light on how different life events—or pathways through multiple life events—could influence a woman's economic security during retirement.

Cameo	Impact on super balance at age 67	Impact on annual retirement income
Involuntary retirement or changes in health mean stopping work at age 60, instead of working full-time to age 67	\$71,500 less (-24%)	\$2,600 less (-6%)
Informal care demands or changes in health mean working part time instead of full time from age 50	\$81,000 less (-20%)	\$2,500 less (-6%)
Informal care demands mean working part time instead of full time from age 60	\$28,600 less (-10%)	\$1,000 less (-3%)
Divorce at age 60 means working part time instead of not at all	\$26,300 more (+12%)	\$5,500 less (-12%)
Divorce at age 50 means working part time instead of not at all	\$67,600 more (+34%)	\$6,900 less (-15%)
Family violence means stopping work completely at age 50 but remaining partnered	\$94,700 less (-32%)	\$1,400 less (-3%)
Family violence means stopping work completely at age 50 and divorcing	\$94,700 less (-32%)	\$10,700 less (-23%)
Changes in health at age 50 mean working part time instead of full time, then informal care demands mean stopping work completely at age 60	\$124,200 less (-31%)	\$4,000 less (-9%)
Divorce at age 50 means working full time instead of part time, then involuntary early retirement at age 60	\$9,800 more (+3%)	\$6,400 less (-13%)

The modelling reveals that, in almost all cases, the impact on a woman's superannuation balance is much greater than the impact on her annual retirement income. This is mostly due to the compensating role of the Age Pension, which provides higher payments to people with lower levels of non-home assets (for people in between the full and part pension assets test thresholds). The modelling also shows that even where a life event means

a woman ends up with a higher super balance by retirement age, she may still experience a lower annual retirement income if she is separated or divorced and no longer able to share income and assets with a partner.

The cameos were estimated by the Super Members Council using its bespoke cameo model. The methodology and assumptions used are described in Appendix 1.

Early retirement and the gender ‘lost participation’ gap

Women retire from paid work at much younger ages than men, on average (see Chart 3.1). An estimated 4.1 per cent of women aged 55 to 64 have retired involuntarily in the last 5 years, compared to 2.9 per cent of men—making women almost 1.5 times more likely to be forced into early retirement.

Among people who retired in the last five years, women retired at an average age of 62.7 years, and men at an average of 65.1 years.⁴⁹ This means that the average man stays in the paid workforce for 2.4 years longer than the average woman.

Women’s earlier retirements are for both

voluntary and involuntary reasons. Many retire once they reach the age at which they can access their superannuation (typically age 60) or when their partner retires.

However, a significant number of women retire early for reasons beyond their control. Women are more likely to face early involuntary retirement at a younger age, compared to men, with about 9,000 women under the age of 65 affected each year, compared to only about 5,000 men.⁵⁰ Women who retire involuntarily do so about 3.5 years younger than women who retire voluntarily, at an average age of 60.7 years instead of 64.2 years.⁵¹

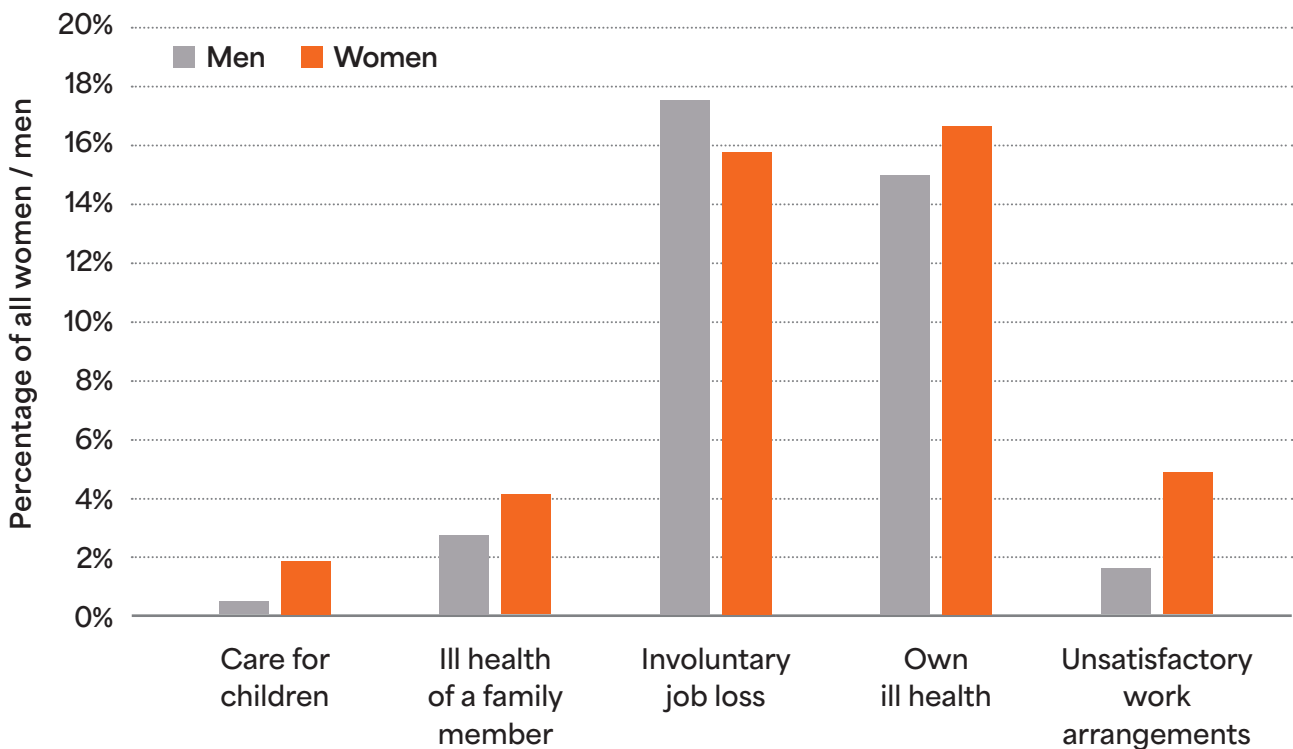
CHART 3.1 Distribution of all people who have retired in the last 5 years, 2022-23⁵²



Source: ABS (2023), Retirement and Retirement Intentions, Australia, 2022-23, table 5.1.

Life events are a major driver of involuntary early retirement, and include job loss (e.g. redundancy), changes in health and informal caregiving demands. Women are slightly more likely than men to retire due to their own ill health, and much more likely to retire due to the ill health of a family member or to care for children (see Chart 3.2). Women are also much more likely than men to have to stop working because of unsatisfactory work arrangements or the ability to move to part-time work—which in this report we count as a form of involuntary retirement.

CHART 3.2 Reasons for involuntary retirement, by gender, people who have retired in the last five years, 2022-23



Source: ABS (2023), Retirement and Retirement Intentions, Australia, 2022-23, table 5.1.

The gender ‘lost participation’ gap arises because women are more likely than men to retire early, and more likely to experience involuntary retirement at a younger age. On average, women who retire involuntarily do so 5.7 years earlier than men who retire voluntarily. While average retirement ages have been steadily increasing over time for both men and women, the gap has been fairly constant since at least 2014-15.⁵³

As many people are at the peak of their earning capacity towards the end of their working life, lost workforce participation can come at a significant cost in terms of lost income and superannuation contributions. This can compound the effects of the gender pay gap on older women’s economic security.

Cameo modelling shows that a woman who retires involuntarily at 60 would have \$71,500 (or 24 per cent) less superannuation by the time she is 67, compared to working full time until that age. This means she would have about \$2,600 (or 6 per cent) less annual income in retirement.

Combined with lower workforce participation over the life course, including women taking more time off work to raise children than men, the gender lost participation gap further disadvantages women when it comes to accumulating superannuation balances.

The gender lost participation gap also means that many women may need to start drawing down their superannuation sooner than otherwise, unless they have other sources of income.

Early retirees can also be at elevated risk of poverty, with the Retirement Income Review finding that about a third of early retirees lived in poverty and 28 per cent said they were in financial stress.⁵⁴ According to other research, about one in six older people who fall into poverty do so because a decline in their income from work.⁵⁵

People who retire involuntarily also tend to have about half as much wealth as people who retire voluntarily,⁵⁶ and are more likely to be dependent on government income support. For example, among people aged 50 to 59 who have retired, 63 per cent of men and 42 per cent of women are entirely reliant on income support payments for income, with the Disability Support Pension and Carer Payment/Allowance being the most common payments.⁵⁷

However, not all women experience a lost participation gap from early retirement. Others end up retiring later than they would like, because they are compelled by their circumstances to continue working. And some women may retire then return to work later, with about five per cent of workers aged 60 or older having previously retired (rates are similar for women and men). About one in five women who re-entered the workforce after having initially retired said they did so mainly because of financial need.⁵⁸



Changes in health

Almost one in five women who retired in the last 5 years were forced to do so because of a sickness, disability or injury. On average, they retired aged 60.7, two years younger than the average for all women.⁵⁹

There are well-established links between health and work, with older Australians being much more likely to participate in paid work if they are in good physical and mental health, even after controlling for factors such as age, education, number of children and partner status.⁶⁰ By contrast, older people in poor health tend to work less, have lower incomes and household wealth, and are less likely to own their own home.⁶¹ Older workers are more likely to be in better health if they are in a 'good quality' job compared to a 'poor quality' job.⁶² There is also evidence that the health gap between older Australians (aged 50 to 70) who work and those who do not has been widening over time.⁶³

However, there are some important gender differences in how health affects workforce participation among older people. While men aged 45 and older are more likely than similarly aged women to suffer from chronic heart disease or cancer, older women are about 50 per cent more likely than older men to suffer from mental health conditions such as anxiety or depression.⁶⁴

In addition, after the age of 50, women are able to work for about two years less than men while in good health, on average.⁶⁵ Women retire earlier than men and also work slightly fewer years while in poor health.

These gender differences may partly reflect the fact that many women face the challenge of managing menopause symptoms. Menopause typically affects women aged in their early 50s (although some start to experience it much earlier), with symptoms that commonly include hot flushes, fatigue, headaches, brain fog, anxiety and depression.⁶⁶

Menopause symptoms can contribute to older women reducing their hours of work, taking on roles with less responsibility, or leaving the workforce altogether.⁶⁷ In a recent survey of women experiencing menopause and peri-menopause:

- 1 in 3 of these women said their symptoms have negatively affected their career, employment or earning capacity;
- 1 in 4 said menopause has affected their ability to contribute to superannuation;
- 2 in 5 said they will have to work for longer and delay their retirement as a result of the effects of menopause;
- 1 in 7 said they have exited the workforce (either temporarily or by retiring early) because of menopause symptoms.⁶⁸

The outcomes tend to be much worse in workplaces that lack employer flexibility or where women feel stigma and taboo that affects their ability to continue working, take leave or access appropriate workplace supports.⁶⁹ Only about 1 in 5 women experiencing menopause symptoms report being positively supported by their employer.⁷⁰

As noted earlier, cameo modelling shows that a 60-year old woman who has to stop working completely would have \$71,500 (or 24 per cent) less superannuation by the time she is 67, compared to working full time until that age. This means she would have about \$2,600 (or 6 per cent) less annual income in retirement.

If a 50-year old woman is only able to work three days a week (instead of full time) due to menopause symptoms, and remains working three days a week until retirement, she would have \$81,000 (or 20 per cent) less super by age 67 and \$2,500 (or 6 per cent) less annual income in retirement.

Women who are not forced to retire early can be affected in other ways. Some may have to reduce their hours or days worked—where this flexibility is available to them—or endure the additional stresses associated with working while in poor health.

Work can also directly affect a person's health, and this also has gendered patterns. One study found that among older married couples, women are much more likely than men to experience a decline in their mental health if they increase their hours of paid work.⁷¹ The researchers suggest this may be linked to the greater demands on older women to do unpaid domestic work, with women spending 10 hours more each week doing this than men, on average.



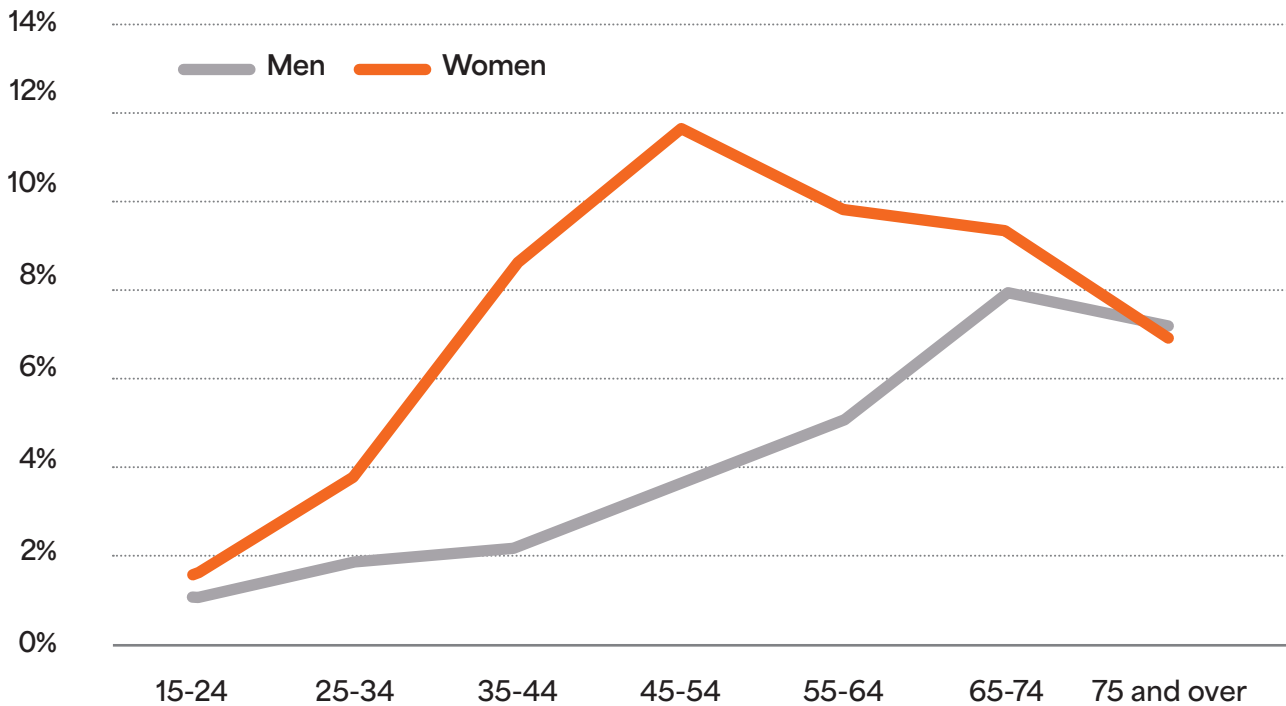
Informal caregiving

More than 1 in 10 women (about 11 per cent) will face demands to be a primary caregiver during the ages of 45 and 65, often for a sick partner or elderly parents. A significant number of older women are also disability carers for their own children. By comparison, fewer than 1 in 20 men (just over 5 per cent) in the same age range face similar demands.⁷²

In 2022, there were 1.2 million unpaid carers in Australia, accounting for 5 per cent of the population. Almost 70 per cent of primary carers are women, and the greatest numbers are aged between 45 and 64 (see Chart 3.3).

Informal carers offer unpaid support to individuals with disabilities, illnesses, chronic conditions, or age-related frailty. Most carers aged between 45 and 64 care for elderly parents, while those over 65 more commonly care for a partner. Women are more likely than men to be primary carers at almost all ages.⁷³



CHART 3.3 Primary carers as a share of population, by age, 2022

Source: ABS (2024), Disability, Ageing and Carers, Australia, 2022, Carers tables.

Primary carers spend an average of 35 hours every week providing care,⁷⁴ although demands vary depending on individual circumstances. Often, partnered women facing caregiving demands already do a disproportionately higher share of unpaid household work, with women spending about twice as much time each day on unpaid domestic work (including caring for children and relatives) than men, on average.⁷⁵ These gender gaps have barely changed in the past 20 years.

For many women, informal caregiving demands at older ages will come after (or overlap with) care for their own children as they grow up. However, informal caregiving demands do not just fall on mothers—there is

evidence that women are more likely to face demands to care for elderly parents if they are single and do not have children.⁷⁶

Compared to caring for one's own children, caregiving at older ages tends to be less predictable in terms of the duration and intensity of informal care required. While parenting generally follows a more structured progression with clearer timelines, providing care for elderly adults can involve fluctuating needs and unexpected challenges. This uncertainty arises from the varying health conditions and the evolving nature of dependency in older age, which can make it difficult for caregivers to anticipate the extent and duration of their role.⁷⁷

Impacts on economic security

The emergence of informal caregiving demands is an important life event that can profoundly affect a woman's economic security, workforce participation and wellbeing. While informal caregiving can be a fulfilling experience, and for many, is done unquestioningly out of love and loyalty, it can also be a financial burden.

Primary carers have much lower rates of workforce participation (65 per cent) than other carers (80 per cent) and non-carers (82 per cent).⁷⁸ Only one in five employed primary carers work full time, compared to two in five non-carers.⁷⁹ On average, primary carers work 13 hours a week, compared to 21 hours for non-carers.⁸⁰

More than half of female primary carers between the ages of 30 and 64 are not in paid work, compared to less than a third of women of these ages who are not primary carers.⁸¹

Informal caregiving responsibilities also prevent many women from obtaining paid jobs or increasing their hours. About 15 per cent women aged 40 to 54 who would like to have a paid job or work longer hours say that

caring for an ill, disabled or elderly relative is the main reason they are unable to do so.⁸²

Working-age primary carers are significantly more likely to live in low-income households. In 2022, the median gross personal income of carers aged 15 to 64 was \$900 per week, or 10 per cent less than the median income of non-carers. Primary carers aged under 65 are about 1.5 times more likely to be in bottom 40 per cent of households by income than non-carers.⁸³ These outcomes are likely to be a combination of the fact that people from lower-income households are more likely to face informal caregiving demands (e.g. because they cannot afford to pay for formal care) and the impact that caring demands have on workforce participation.

The impact that caregiving has on a woman's earnings from paid work will depend on a range of factors, including whether she works full or part time before becoming a carer, the time commitment that caring imposes, access to flexible working arrangements, and whether she has other sources of income she can rely on if she stops working (e.g. a partner's income).

One study estimated that a woman who reduces her work hours if she becomes a primary caregiver at age 50 will see a 20 percent decline in earnings.⁸⁴ Another study estimated that caregivers lose about \$40,000 in lifetime earnings for each year they are a primary carer, on average, adding up to almost \$400,000 by the time they are 67.⁸⁵

Less work also means less super. Cameo modelling shows that a 60-year-old woman who is only able to work three days a week of paid work (instead of full time) is projected to have \$28,600 (or 10 per cent) less superannuation by the time she is 67. This means \$1,000 (or 3 per cent) less annual income in retirement.

For a 50-year-old woman who has to make a similar change to her workforce participation, the impact is even larger—\$81,000 (or 20 per cent) less in superannuation by age 67, meaning \$2,500 (or 6 per cent) less income each year in retirement.

Earlier studies have also found that primary care demands have significant consequences for economic security in retirement. One study estimated that primary carers will reach age 67 with \$175,000 less in their superannuation than non-carers.⁸⁶ Modelling for the Retirement Income Review found that caring for an elderly parent can have a similar financial impact as having a child—specifically, a woman who moves from full-time to part-time work between ages of 55 and 67 to care for an elderly parent would have a similar income during retirement as a woman who took two years off work to have

a child and then worked part-time between ages 32 and 34.⁸⁷

In a recent survey of Australians aged 50 years or older, about a third of respondents said they had provided unpaid care to an adult. Of those who had, 47 per cent of women and 34 per cent of men said providing this unpaid care had an overall negative affect on their long-term finances or superannuation.⁸⁸

In another recent survey, over 60 per cent of informal carers reported experiencing at least one significant financial stress event in the previous 12 months, such as being unable to pay bills on time, going without meals, or having to ask for financial assistance.⁸⁹

Other impacts

In addition to lower economic security, informal carers tend to have significantly worse health and wellbeing outcomes than non-carers. For example:

- **Two to four times** as many female primary carers report being in fair or poor health as women of a similar age who are not carers.⁹⁰
- Almost **three in five** informal carers report having low levels of wellbeing.⁹¹
- Almost **one third** of informal carers report having high levels of psychological distress.⁹²
- Carers are **twice as likely** as Australians generally to report feeling lonely often or always, and spend much less time than they would like on exercising, sleeping and spending time with friends and family.⁹³

Separation and divorce

Increasing numbers of women are experiencing separation and divorce, and are entering retirement on their own. About one in six Australian women over the age of 50 is divorced and not re-partnered.⁹⁴

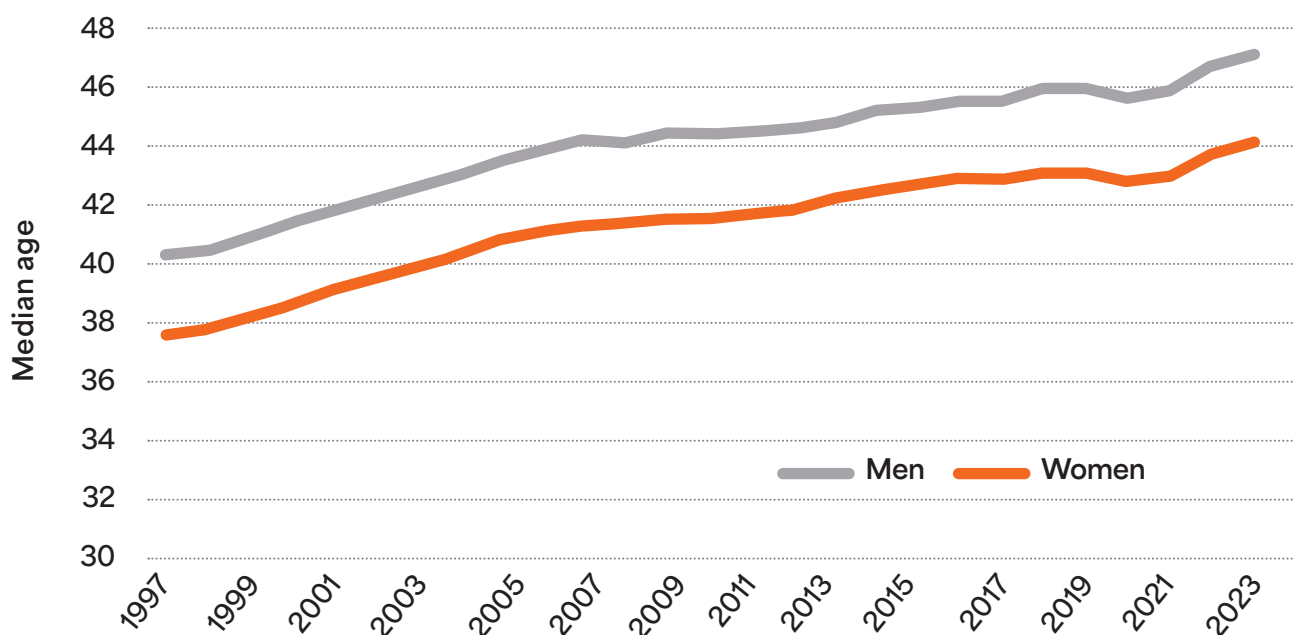
While divorce is most common among women in their 40s, the median age of divorce has been steadily rising for decades, and is now 44.1 for a woman and 47.1 for a man (see Chart 3.4). The difference reflects that among heterosexual married couples, the husband tends to be older than the wife.

‘Grey divorce’—divorce among people in their 50s or older—is also becoming

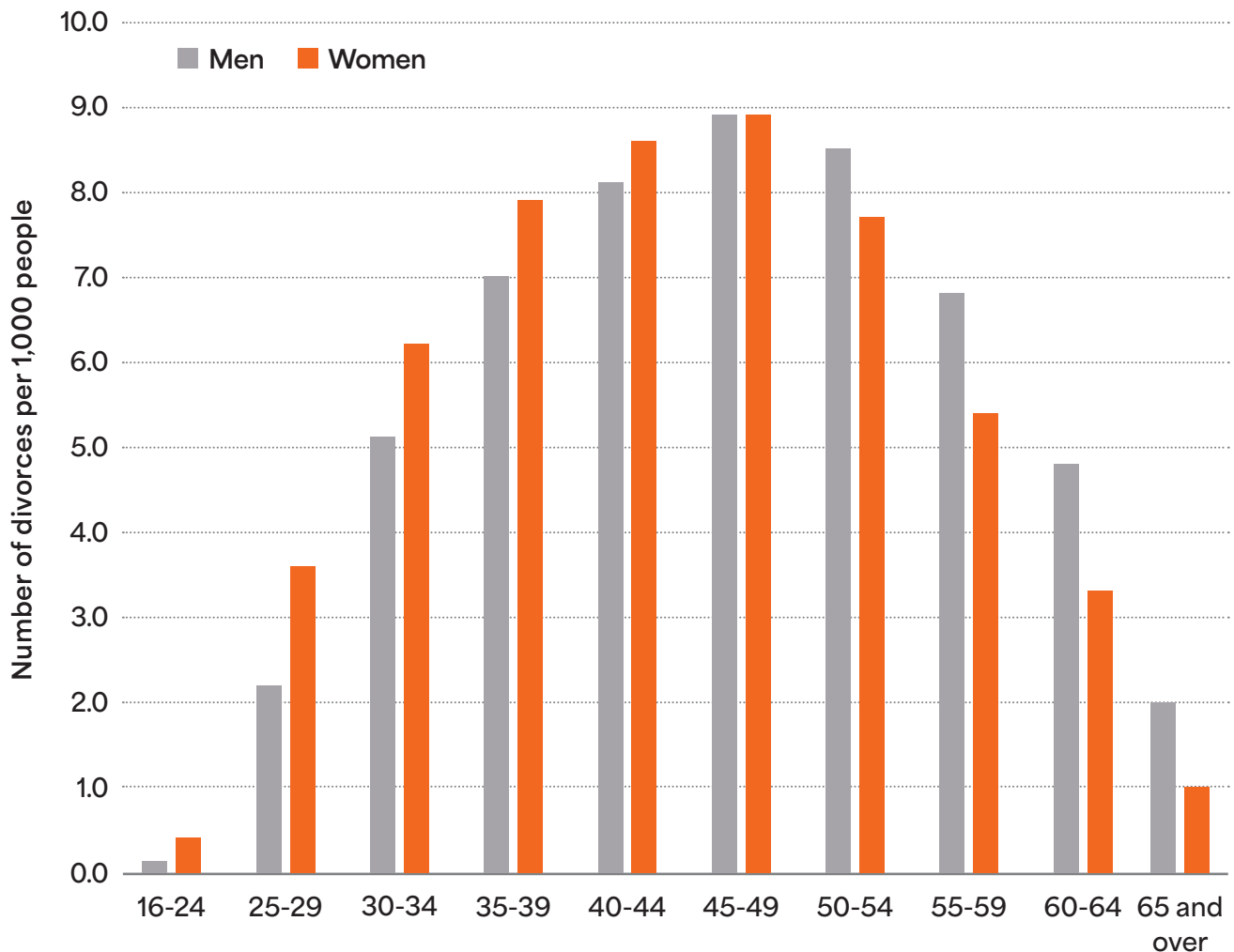
increasingly common. Over 15,000 women aged 50 or older divorce each year.⁹⁵ Almost a third of female divorcees are aged 50 or older, and nearly one in ten are aged 60 or older (see Chart 3.5).

The median divorcing couple separates after 9 years of marriage, and divorces after 13 years.⁹⁶ Women who have children, married at a younger age, were born overseas in English-speaking countries or whose parents divorced tend to be more likely than other women to divorce.⁹⁷

CHART 3.4 Median age at divorce, 1997-2023



Source: ABS (2018), Marriages and Divorces, Australia, 2017; ABS (2024), Marriages and Divorces, Australia, 2023.

CHART 3.5 Divorces by age, 2023

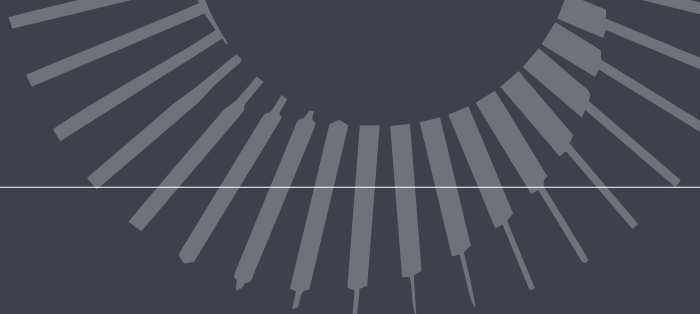
Source: ABS (2024), Marriages and Divorces, Australia, 2023, table 3.

Impacts on economic security

A wide range of studies in Australia and around the world have found that separation and divorce tend to have little effect on men's economic security, whereas these events can have a much more negative impact on women.

Women's *individual* incomes tend to increase when they go through a separation or divorce.⁹⁸ This may be driven by increased workforce participation as women seek to make up for lost income or higher household expenses. For some women there is also an increase in government income support, which jumps from 20 per cent of total income prior to divorce to 34 per cent two years afterwards, on average.⁹⁹

New economic modelling for this report makes similar findings. Women who have separated or divorced (and not re-partnered) tend to have higher individual incomes than married women, after controlling for individual characteristics such as age, education, employment and number of children (see Box 3.2). This is consistent with earlier research which found women's individual incomes can be up to 25 per cent higher five years after a divorce.¹⁰⁰



Box 3.2:

How do separation and divorce affect women's and men's incomes

Economic modelling undertaken for this report highlights the gendered effects that separation and divorce can have on individuals' incomes.

Using the Household, Income and Labour Dynamics in Australia (HILDA) dataset, a model was constructed to examine how incomes are affected by separation or divorce, and how these effects differ between men and women. The model looks at individual incomes (from all sources, including wages, government income support and investment income, and before tax).

The model uses statistical methods (regression) to examine how differences in individual incomes across people can be explained by a range of individual characteristics such as partner status, age, education, employment, number of children and marital status. Because income could have an influence over someone's decision whether to separate/divorce or stay married, the model uses techniques (instrumental variables) to control for the possibility of reverse causality.

The results suggest that, on average, women who are separated or divorced (and have not re-partnered) tend to have annual incomes about \$9,000 a year higher than women who remain married, after controlling for other individual characteristics. There is a positive but much smaller relationship between separation/divorce and income for men, which is not statistically significant.

This finding does not necessarily mean that most women are financially better off following a separation or divorce. As noted in the main text, women tend to experience a reduction in income once household composition is taken into account, especially if they face much higher costs of living as a result of being the primary carer of children.

The modelling also finds that having young children is associated with lower incomes for women, but higher incomes for men—on average, a \$2,900 reduction in women's incomes for each young child aged 0 to 4, compared to a \$4,500 increase in men's incomes.

For married women, this may reflect household dynamics where the mother reduces her hours in paid work to care for young children, while the father increases his hours. For separated and divorced women, the result likely reflects that single mothers of young children face greater constraints in increasing the amount of paid work they do.

In addition, having a long-term health condition is associated with lower incomes (about \$4,200 a year less for women and \$4,800 less for men), as is being a recipient of government income support (about \$8,900 a year less for women and \$15,900 a year less for men), controlling for other characteristics.

Further analysis allows the overall income gap between men and women—a gap of about \$15,000 a year in favour of men—to be decomposed into key drivers.

THIS DECOMPOSITION EXERCISE SHOWS THAT:

- A small part of the income gap (about \$1,900) can be explained by differences in the characteristics of men and women—known as compositional effects. For example, women are significantly more likely than men to be receiving government benefits, which acts to increase the gender income gap. Men are more likely to have a vocational education, which acts to reduce the gap. Both of these characteristics are associated with lower incomes.
- Most of the income gap (about \$14,000) can be explained by differences in how a given individual characteristic translates into a higher or lower income—known as coefficient effects. For example, having young children is associated with higher incomes for men but lower incomes for women, which acts to increase the gap. Being never married or widowed (as opposed to married) is associated with higher incomes for women but not for men, which acts to reduce the gap. Differences between men and women in the impact of separation/divorce also act to narrow the gap, but this effect is only marginally statistically significant.
- There is a further component of the gap (negative \$1,200) which reflects the interaction between the composition and coefficient effects. This is negative because it works in the other direction to the two effects above (i.e. the gap would be even wider were it not for the interaction effects).

This modelling was undertaken by **Victoria University** in partnership with **Impact Economics and Policy**.

The full results are shown in Appendix 1.

Further, many women experience higher costs of living after a separation or divorce, especially if they become single mothers. Once household composition is taken into account, women end up with household incomes 10 per cent lower in the years immediately following separation or divorce, on average.¹⁰¹ By contrast, there is little or no reduction in household income for men—with some studies reporting a slight increase following a separation or divorce.¹⁰²

Many women's household incomes eventually recover after separation or divorce, taking about four to six years on average to return to the previous level (again, adjusting for household composition).¹⁰³ However, other research suggests that most of this improvement may be driven by women who re-partner, with those who do not re-partner ending up with household incomes up to 20 per cent lower than they had before the separation or divorce.¹⁰⁴

Outcomes are likely to be even worse for women who are the primary carers of young children.¹⁰⁵ These women may have much less scope to increase their workforce participation compared to other women. New economic modelling provides further evidence that women who have separated or divorced (and not re-partnered) end up with higher individual incomes than married women, after controlling for individual characteristics such as age, education, workforce participation and number of children (see Box 3.2). However, the modelling also finds that individual incomes are much lower for women with young children or a long-term health condition.

Caregiving constraints may explain why separation from a partner has been found to significantly reduce the probability of women leaving employment but has little effect on women entering employment.¹⁰⁶ Even where women do increase their workforce participation, this may be out of necessity and can have other consequences, such as having to pay for childcare or reducing the time women are able to spend with their children.

Living alone or with dependent children is also associated with higher household expenses. For example, recently divorced mothers spend about 20 per cent more on basic items such as groceries, clothing and transport compared to recently divorced fathers.¹⁰⁷

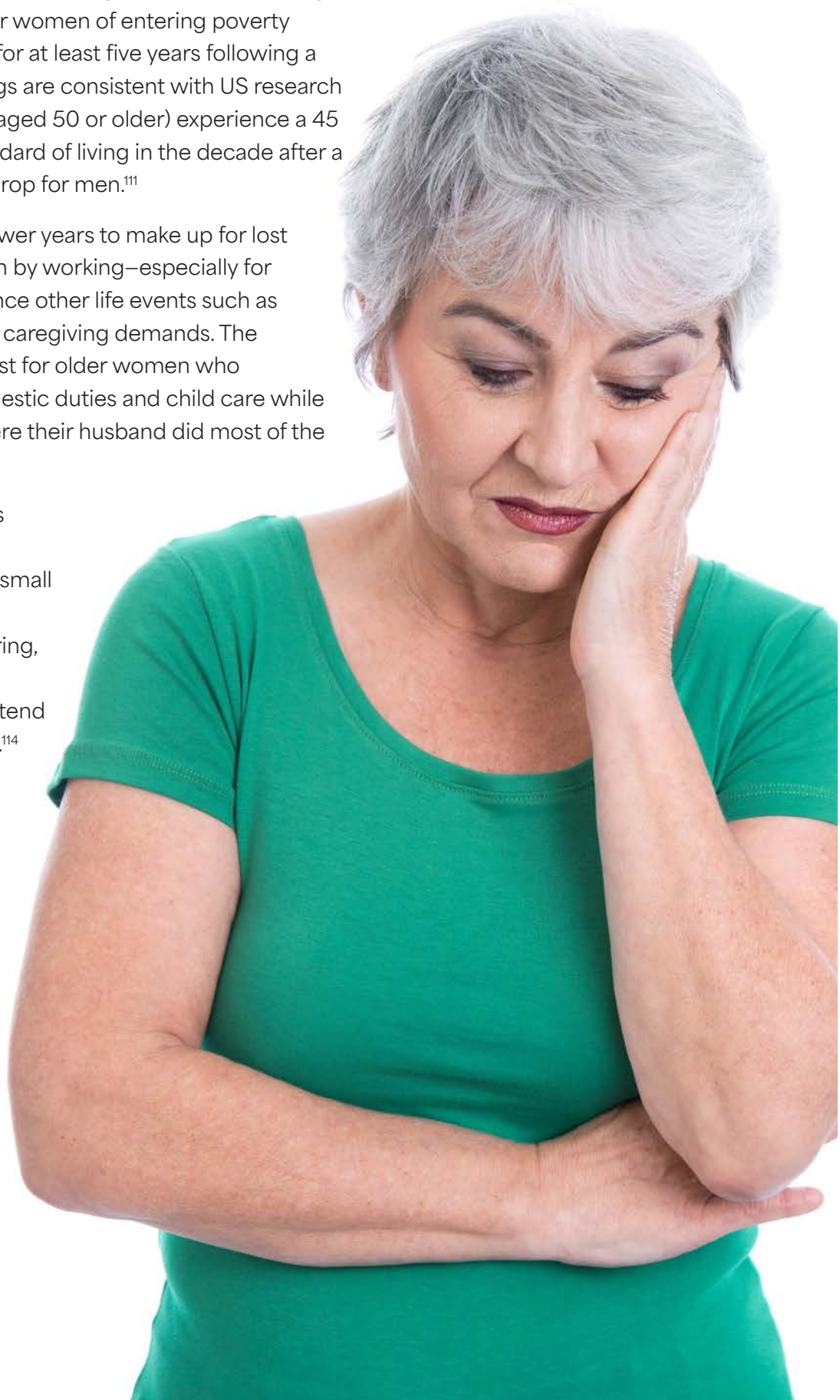
Some women will end up in poverty following a separation or divorce. Australian women who separate are 6 percentage points more likely than similar women who stay married to enter poverty in the five years after a separation.¹⁰⁸ As noted in Chapter 2, women who are separated or divorced have lower median incomes than partnered women, and much higher rates of poverty.

Women are more likely to fall into poverty if they have children or were not in paid work prior to separating. About a third of separated single mothers live below the poverty line, compared to only 10 per cent of married mothers.¹⁰⁹

Older women also face elevated risks of poverty following a separation or divorce, with those aged 50 or older facing a greater risk than younger women of entering poverty and remaining in poverty for at least five years following a separation.¹¹⁰ These findings are consistent with US research that found older women (aged 50 or older) experience a 45 per cent drop in their standard of living in the decade after a divorce, about twice the drop for men.¹¹¹

At older ages, there are fewer years to make up for lost assets and superannuation by working—especially for women who also experience other life events such as a health shock or informal caregiving demands. The challenges may be greatest for older women who specialised in unpaid domestic duties and child care while they were partnered (where their husband did most of the paid work).¹¹²

Older women are also less likely to re-partner than younger women.¹¹³ Only a small number of divorced older women end up re-partnering, and at lower rates than divorced older men (who tend to have younger partners).¹¹⁴



Impacts on superannuation and wealth

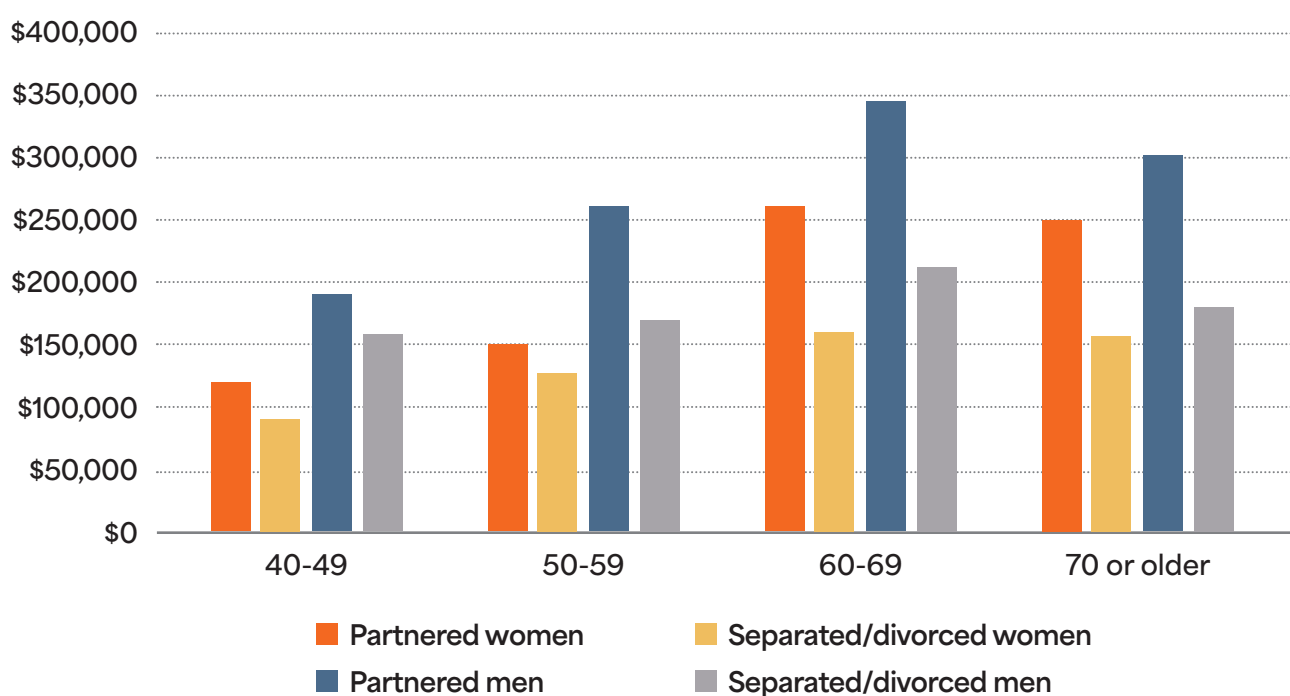
Separation and divorce also affect superannuation and wealth. Studies have found that women tend to experience a substantial decline in net wealth—as much as a 50 per cent drop—following a separation, whereas men generally do not.¹¹⁵ Most of the fall in wealth occurs in the few years following separation, with single mothers facing the biggest reduction. Earlier research found that after five years of divorce, the wealth of divorced women without children has generally recovered (relative to still-married women), whereas divorced women with children end up with assets only about 80 per cent of the level of their married counterparts.¹¹⁶

Many older Australians who have separated or divorced report negative impacts on their economic security. In a recent survey of Australians aged 50 years or older, about 57

per cent of women and 51 per cent of men who had experienced a separation or divorce said that it had an overall negative affect on their long-term finances or superannuation.¹¹⁷

Analysis of HILDA survey data shows that women who have separated or divorced (and not re-partnered) have much less superannuation than those who remain married. Median balances for women who have separated or divorced are materially lower than median balances for still-partnered women at all ages (see Chart 3.6). Separated and divorced women also have lower median balances than separated and divorced men. For example, between ages 60 and 69, separated/divorced women have median balances 38 per cent lower than the median for still-partnered women, and 25 per cent lower than the median for separated/divorced men.

CHART 3.6 Median superannuation balances, by age and partner status, 2022

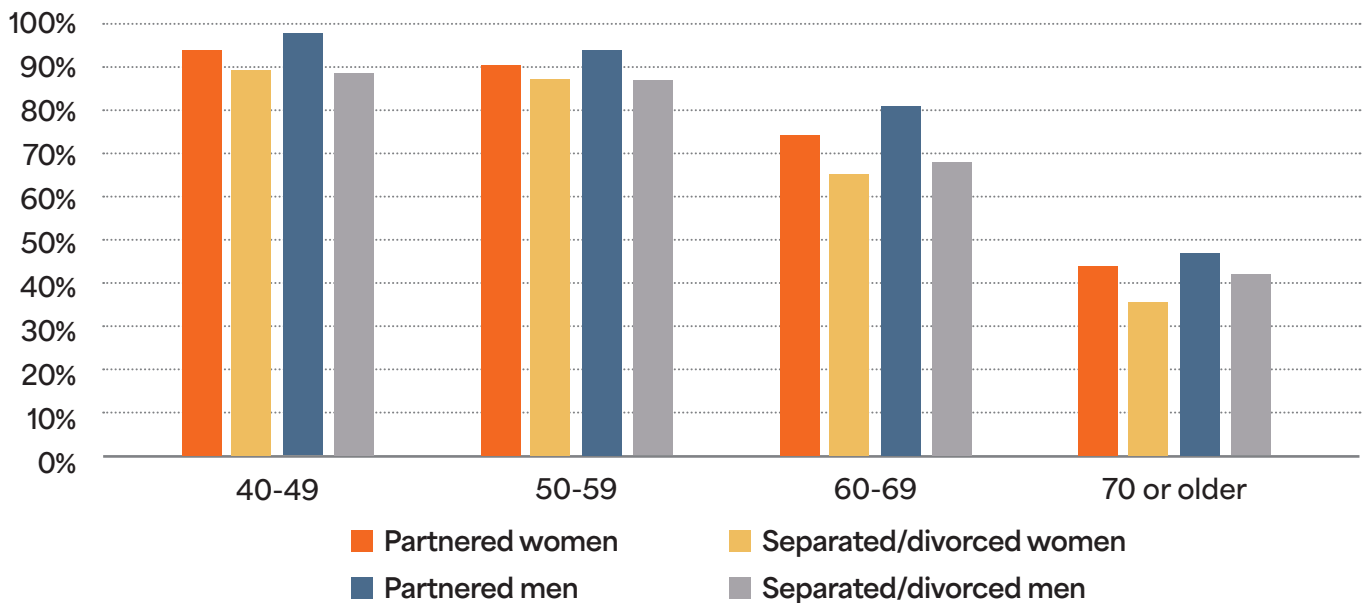


Source: HILDA Wave 22

Note: This analysis does not include those people who have no superannuation.

Further, older women who have separated or divorced are less likely than still-partnered women to have superannuation at all (although the difference is only statistically significant for the 60-69 and 70 or older age cohorts) (see Chart 3.7) Therefore, the median balances in Chart 3.6 would be notably lower if those with no superannuation were included in the analysis.

CHART 3.7 Percentage of women with superannuation, by age and partner status, 2022



Source: HILDA Wave 22

Cameo modelling shows that a woman who divorces at age 60 and then takes up a part-time, low-income job (instead of not participating in paid work at all) would end up with a higher superannuation balance by the time she is 67 (\$26,300 or 12 per cent more). However, she would still have an estimated \$5,500 (or 12 percent) less income in retirement due to the inability to pool income with a partner.

A similar woman who divorces aged 50 would face an even larger shock in retirement, with her annual retirement income falling by \$6,900. This is 15 per cent less than had she remained partnered.

In a divorce, assets are meant to be split in a way that accounts for each partner's contribution to building up household assets, their capacity to earn an income in future, and their future spending needs. However, it is not clear whether superannuation balances are being fairly split in practice (see Chapter 5). Analysis of HILDA survey data shows that among people who separated or divorced in the past 5 years and have not re-partnered, men have a median super balance more than twice the median super balance for women (\$120,000 versus \$57,500).¹¹⁸ The gap appears to persist, with the median man holding nearly twice as much super as the median woman among people who separated or divorced more than five years ago and have not re-partnered.



Impacts on homeownership

Separation and divorce can also have big impacts on homeownership. Nearly a quarter of divorces result in homeownership loss.¹¹⁹

Homeownership rates fall by about a quarter for both men and women after a divorce.

Homeownership rates for women return to their pre-separation level after about 5 years, and rates for men return after about 8 years.¹²⁰

Almost one in ten homeowners aged 45 or older who sold their home in the past four years report doing so because of a relationship breakup (with similar proportions for women and men).¹²¹

More broadly, women aged 55 or older who are single are twice as likely as men of the same age to have lost homeownership and ended up as renters (12 per cent compared to 6 per cent).¹²² Older women are also more likely than older men to have to sell their home to release equity so they can manage financially following a divorce.¹²³

Women who remain homeowners following a separation or divorce may also have to take full responsibility for paying off a mortgage. Those who retain homeownership can be burdened by mortgage repayments. About 40 per cent of separated or divorced women aged 40 to 59 are paying off a mortgage, and mortgage payments take up about 30 per cent of their after-tax income (with mortgage

payments taking up a similar share of income for couples and slightly lower for separated or divorced men).¹²⁴ Other research has found that separating from a partner is associated with a 30 per cent increase in the likelihood of being in housing stress.¹²⁵

Mortgage holders may also face high risks of losing homeownership following a divorce if the mortgage cannot be serviced on just one partner's income.¹²⁶ Further, Age Pension recipients who divorce may end up in a situation where their financial assets have increased, but because they have lost homeownership they find their Age Pension payments being reduced (because the means tests apply to financial assets but not to owner-occupied property).

Other impacts

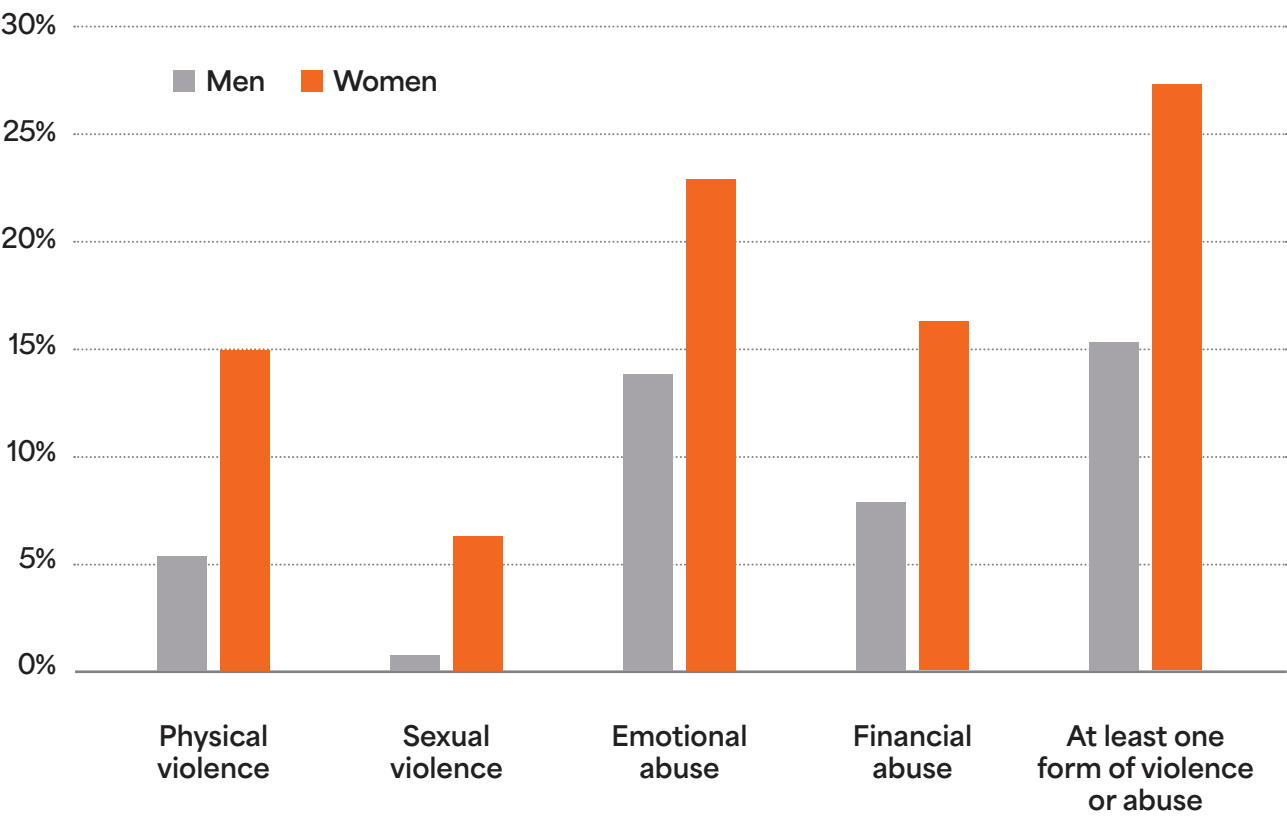
Divorce can also have other long-lasting impacts on women. Researchers have found that divorce tends to have more negative long-term impacts on physical health, mental health and life satisfaction for women than for men.¹²⁷ Another study found that divorced women have poorer health than married women over time.¹²⁸

The financial burdens of homeownership and keeping up with mortgage repayments can also significantly reduce wellbeing following a divorce. This may explain why divorce tends to have a more negative impact on the wellbeing of homeowners than for renters.¹²⁹ Women who become renters following a divorce tend to suffer a smaller reduction in happiness and financial satisfaction compared to women who remain homeowners.¹³⁰

Family violence

Women are disproportionately likely to be victims of family violence. Over a quarter of Australian women (27 per cent) have experienced physical or sexual violence by an intimate partner or family member since the age of 15, compared to just 12 per cent of men.¹³¹ Women experience violence and abuse by cohabiting partners at almost twice the rate of men, with 27 per cent of women having experienced at least one form of violence or abuse by a cohabiting partner, compared to only 15 per cent of men (see Chart 3.8).

CHART 3.8 Share of adults who have experienced violence or abuse by a cohabiting partner since age 15, 2021-22



Source: ABS (2023), Personal Safety, Australia, 2021-22, table 1.3.

For many women, violence is not a one-off event. It may persist over decades, or reoccur at multiple points throughout life. The cumulative physical, mental, emotional and financial impacts can be profound.¹³² These effects are often over and above the impacts of related life events, such as separation and divorce.

Up to half of women who chose to leave a violent relationship will end up in poverty or homelessness.¹³³

Family violence is the main reason women and children leave their homes in Australia, and is the main reason for single women with children seeking assistance from homelessness services.¹³⁴ An estimated 37 per cent of single mothers live in poverty, and almost three quarters have experienced domestic and family violence.¹³⁵ About one in ten users of homelessness services who are aged 55 or older is seeking assistance mainly because of family violence, and most of these users are likely to be women (see Chapter 2).

The risk of poverty and homelessness can deter women from leaving an abusive relationship. About 12 per cent of women remaining in a violent relationship say they are unable to leave because of a lack of money and financial support, and about 15 per cent of women returning to a violent partner do so because they would otherwise end up in poverty and/or homeless.¹³⁶

Australian women tend to suffer a 35 to 45 per cent decline in income after separating from a partner if they experienced family violence, compared to an 18 to 20 per cent decline for separating women who did not experience violence.¹³⁷ The effects are greatest for women who have children. Similar findings have been found in western European countries, with women

experiencing family violence facing an estimated decline in earnings of around 5 to 20 per cent.¹³⁸

The barriers to leaving may be even higher for older women who are no longer able to work to earn an income, or who have health conditions which make it difficult to live independently.

Women who are victims of family violence are likely to have less superannuation savings due to lower workforce participation. Cameo modelling reveals that a woman who has to stop working at age 50 because of family violence—but remains with her partner—would see her superannuation savings fall by an estimated \$94,700 (or 32 per cent) by the time she is 67, and will have \$1,400 (or 3 per cent) less annual income in retirement. This is compared to had she remained married and worked full time until retirement.

If she were also to divorce her partner at age 50, the reduction in annual retirement income would be even greater, at \$10,700 (or 23 per cent) less. This estimate assumes she remains a homeowner after the divorce—if she does not, the financial impacts would be much greater.

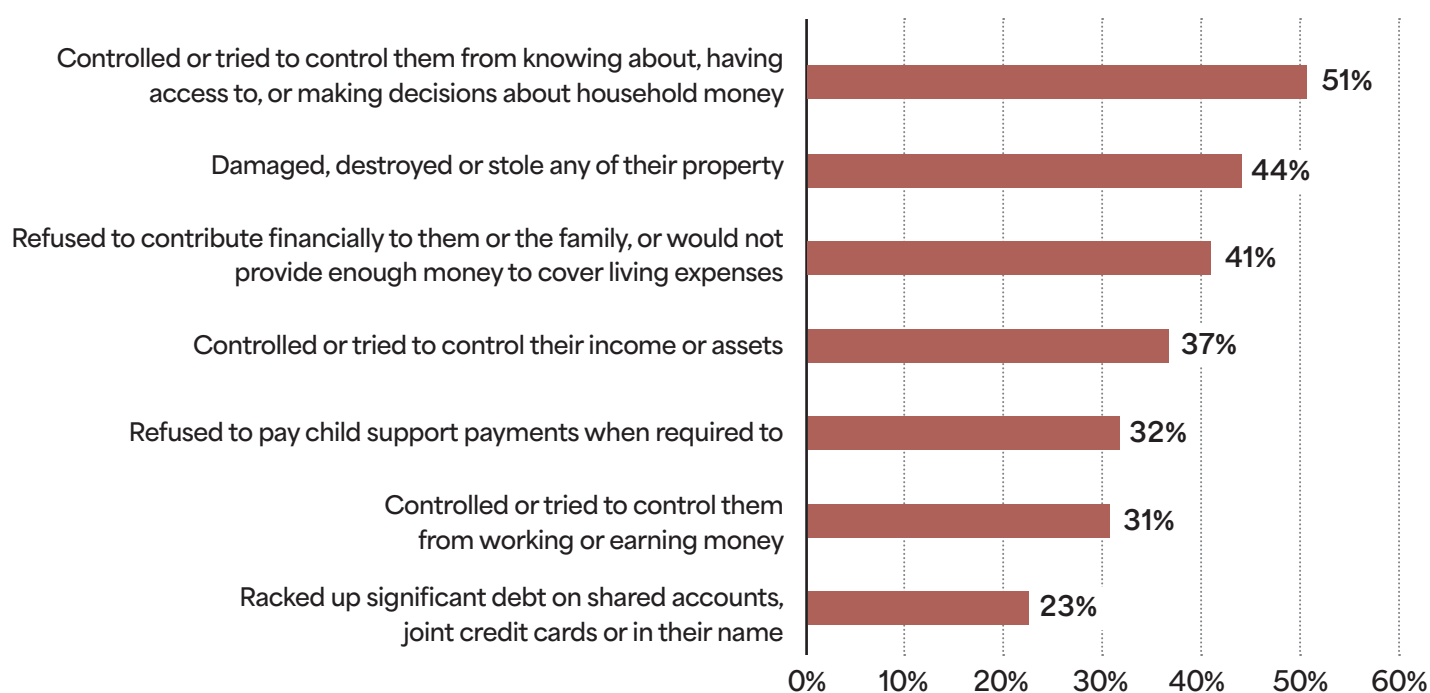
Women's economic security can be further undermined if they have been victims of financial abuse, which may make it additionally difficult for them to cope financially after separation or the death of a partner. Financial abuse is where a partner seeks to control, exploit or sabotage someone's ability to acquire, use or maintain financial resources.¹³⁹

About 16 per cent of women have experienced one or more forms of financial abuse from a current or former partner, with single mothers and women aged 35 to 54 most likely to have experienced financial abuse. Women from

culturally and linguistically diverse backgrounds, First Nations women and women with disabilities are also disproportionately more likely to experience financial abuse than other women.¹⁴⁰

Over half of women who experience financial abuse report that a partner controlled (or tried to control) them from knowing about, having access to, or making decisions about household money (see Chart 3.9). Almost one in three said their partner controlled or tried to control them from working or earning money. Forms of financial abuse such as these have been estimated to cost victims across Australia \$5.7 billion in 2020.¹⁴¹

CHART 3.9 Most commonly reported forms of financial abuse by a cohabiting partner¹⁴²



Source: ABS (2023), Partner Violence, 2021-22, table 23.1.

Per cent of women who experienced financial abuse

Family violence also has range of other impacts. Researchers have linked experiences of domestic and family violence to increased rates of mental health diagnosis for victims and their children, increased doctor visits and greater use of disability insurance benefits.¹⁴³

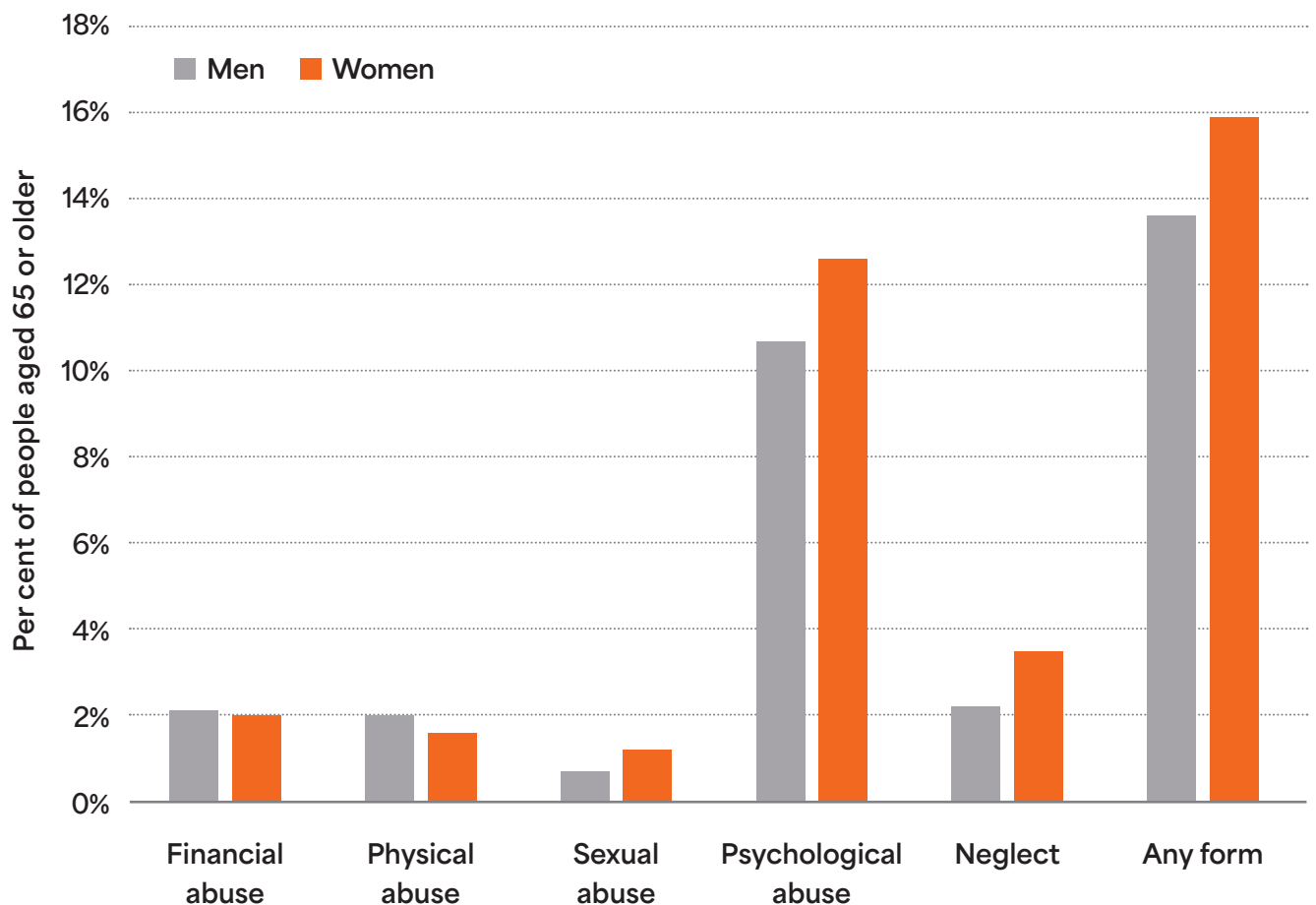
Violence against women also has significant costs to the economy, estimated at up to \$32 billion a year.¹⁴⁴ Only about \$3 billion of this cost is attributable to lost workforce participation, mostly by victims. By comparison, almost half the economic cost is due to the health costs of violence, including pain, suffering and premature mortality of victims.

Elder abuse

As people age, they may experience elder abuse. Although women aged 55 or older on average report experiencing violence or abuse at lower rates than younger women (which may be influenced by under-reporting by older women),¹⁴⁵ the risks of violence, neglect or exploitation may rise when people become more physically and/or mentally vulnerable towards the end of their life.

A recent major survey conducted by the Australian Institute of Family Studies found that almost one in six people aged 65 or older had experienced elder abuse in the previous 12 months, with women slightly more likely to experience elder abuse than men (see Chart 3.10).¹⁴⁶

CHART 3.10 Share of people aged 65 or older who experience elder abuse in the past 12 months



Source: Qu et al (2021), National elder abuse prevalence study.

The survey also found that:

- People are more likely to experience elder abuse if they are from a lower socio-economic background, separated or divorced, renters, or mortgaged homeowners.
- About a third of financial abuse is by adult children, with sons twice as likely as daughters to commit financial abuse of an elderly parent.
- Almost 80 per cent of people who experienced financial abuse took some kind of action to stop the abuse, but only 30 per cent sought help or advice.¹⁴⁷

These findings may understate the true extent of elder abuse, as the survey only captured people living in the community who had the capacity to participate in a telephone survey.

Other research has found that older people face elevated risks of abuse if they live in an institutional care facility; have experienced cognitive impairment, dementia, poor mental health or social isolation; or have a history of abuse, family violence or conflict.¹⁴⁸

Victims of family violence and elder abuse may not be willing to report their abuse for a variety of reasons. These include shame or embarrassment, a sense of dependency on the abuser, or isolation from family and friends. Some victims may not realise they have been taken advantage of because of they have limited understanding of financial matters or experience cognitive impairment (e.g. dementia or memory loss).¹⁴⁹

Cognitive impairment as people age may make it harder for them to manage their finances, while leaving them more susceptible to being taken advantage of by others.

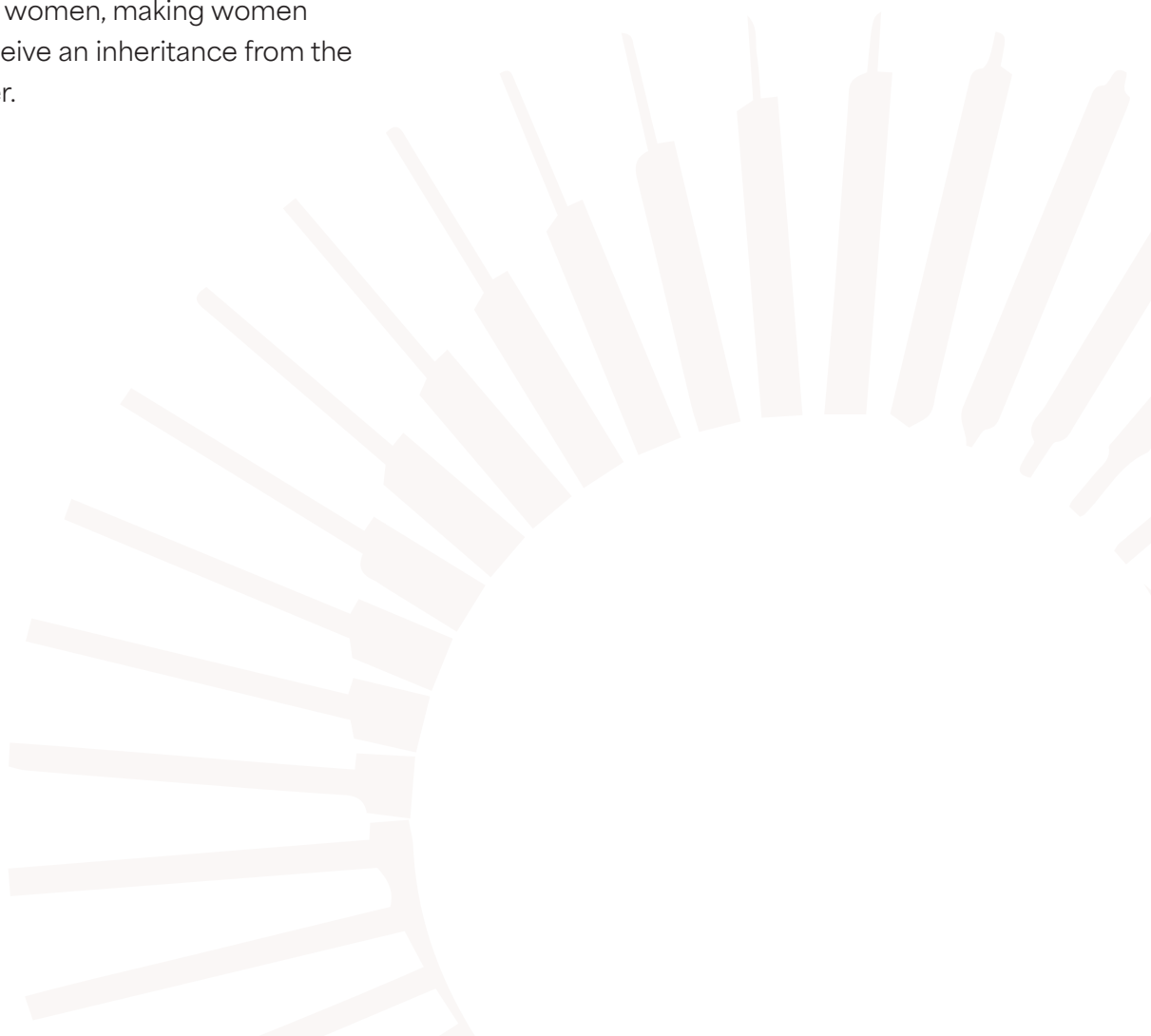
Dementia affects about 8 per cent of women and 5 per cent of men aged 60 or older, with rates tripling to 24 per cent of women and 16 per cent of men aged 80 or older.¹⁵⁰ Women also tend to live longer than men, meaning there are almost twice as many women as men aged 80 or older with dementia. Some of these older people may find it more difficult than others to seek help, or may be in circumstances where the people who are meant to care for them are perpetrating the abuse. While enduring powers of attorney are intended to help older people who are no longer able to make decisions for themselves, there are significant gaps in Australians' knowledge of their rights and responsibilities in these arrangements (see Chapter 5).

Inheritances

Some life events can boost women's economic security. One of the most obvious examples is receiving an inheritance when a parent (or partner) dies. The average age of receiving an inheritance is around 50 to 55, with the average amount about \$125,000 and the median amount \$45,000 in 2018-19.¹⁵¹ Receiving these amounts of money could make a material difference to many women's economic security.

There is some evidence that women are slightly more likely to receive an inheritance than men, and to receive a similar or larger amount.¹⁵² This may reflect that men tend to die younger than women, making women more likely to receive an inheritance from the death of a partner.

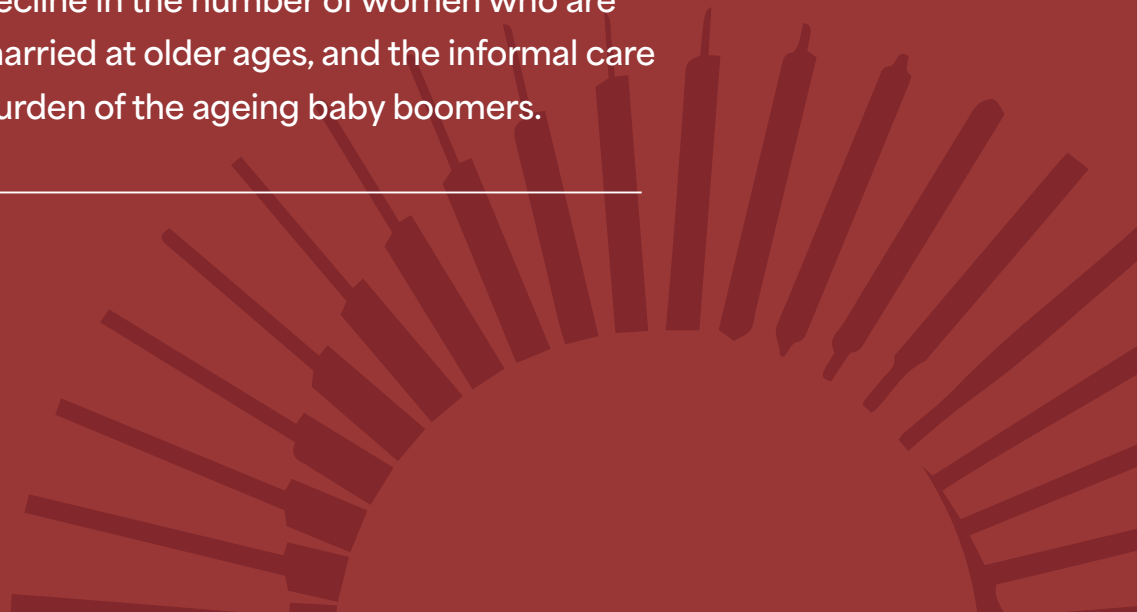
However, most women will not be able to rely on receiving an inheritance to support them financially as they get older. The timing and size of inheritances can be unpredictable, and many people do not receive one at all. Only 44 per cent of people receive an inheritance after the death of their second parent.¹⁵³ People who already have lower levels of wealth are less likely to receive an inheritance, whereas those with higher levels of wealth are more likely to receive a large inheritance.¹⁵⁴



Chapter 4

What does the future hold?

Over the next two decades, women will be retiring with average superannuation balances much larger than the current generation of retired women had when they retired. This increase will be driven by the maturing super system, combined with the effect of greater participation in paid work across women's working lives. However, under current policy settings, the gender super gap may not materially improve for some time. The future will also bring other risks to women's economic security in retirement, including declining rates of homeownership, a secular decline in the number of women who are married at older ages, and the informal care burden of the ageing baby boomers.



The population of older women will grow significantly

Australia's population, like that of many high-income countries, is ageing. The number of women aged 65 or older is expected to increase by 55 per cent by 2044 (from about 2.5 million to 3.9 million) and the number of women aged 85 or older is expected to more than double (from about 350,000 to 780,000).¹⁵⁵ Similar increases are projected for men.

There will also be more older people and fewer younger people as a share of the population, with people aged 65 or older going from under 18 per cent of the population today to almost 22 per cent in 20 years' time (see Chart 4.1).

There are three main drivers of population ageing:

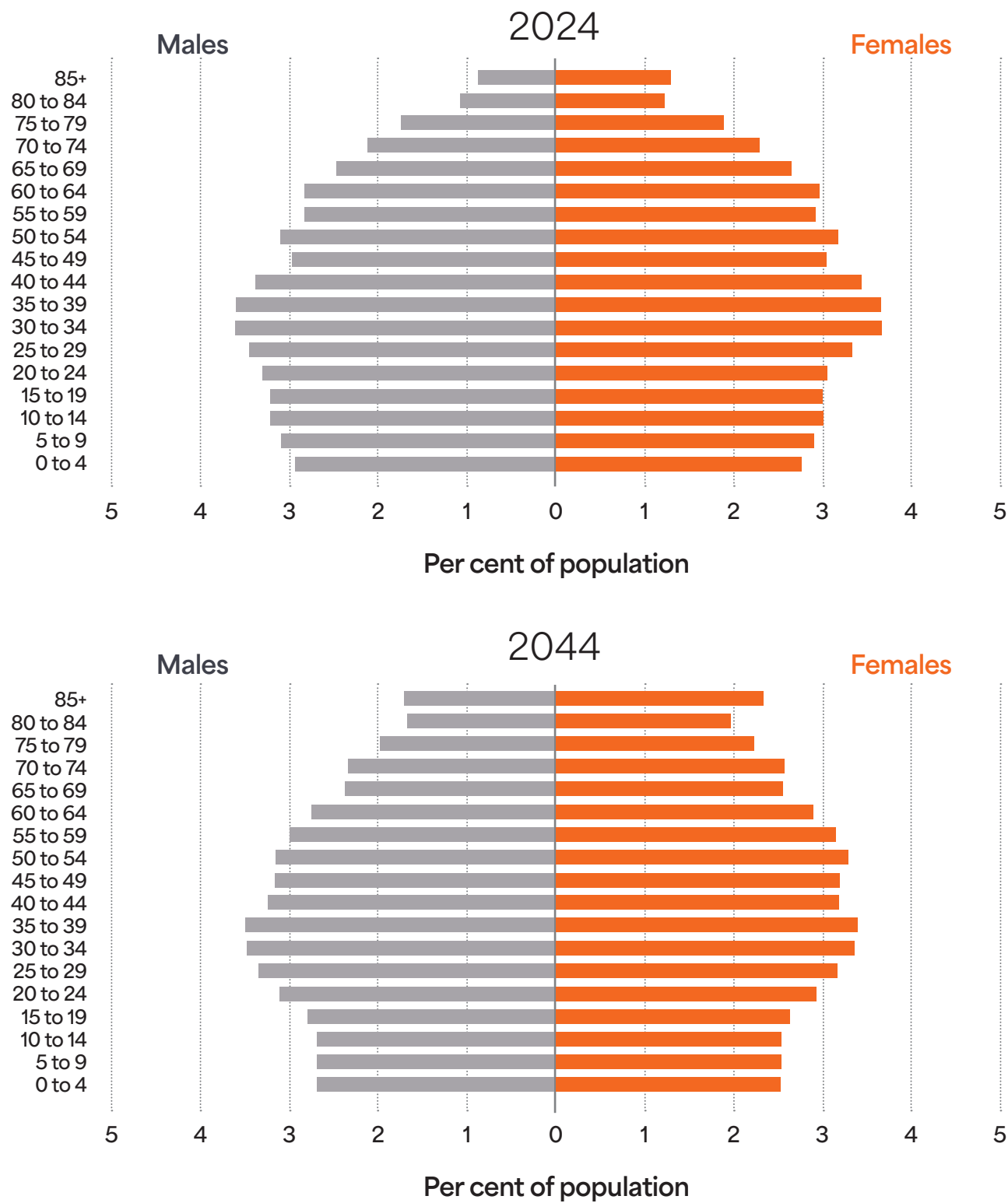
- **Fertility rates** have been falling, with the average number of babies per woman reducing from about 1.9 in the early 1980s to 1.7 now, and are expected to settle at around 1.6 for most of this century.¹⁵⁶ This is well below the replacement rate of 2.1 babies per woman at which the number of births roughly offsets the number of deaths.
- **Life expectancies** are continuing to increase, with older people benefiting from access to high-quality universal healthcare and enjoying more years of good health. Women will continue to

live longer than men for the foreseeable future, with the gap in life expectancies expected to narrow. A woman aged 65 today can expect to live to 88.7 years of age, and a man aged 65 can expect to live to 86.0. A woman aged 65 in the 2040s can expect to live to 89.9, and a man to 87.3.¹⁵⁷ It has also been estimated that a quarter of 25-year-old women alive today will live to experience their 96th birthday.¹⁵⁸

- **Migration** will help to slow population ageing, as new migrants tend to be younger than the existing population, on average.¹⁵⁹ However, in the absence of major changes to migration policy, the population growth rate will steadily fall over the coming decades.

The baby boomers—the generation born between 1946 and the 1960s—are expected to be almost fully retired by 2030, and will then enter old age and eventually die, with very few left by 2050. As a result of this large cohort entering and moving through the retirement years, the old age dependency ratio (the number of people aged 65 or older compared to the population aged 15-64) is currently growing at a record pace, but this growth is projected to slow over the coming decades.¹⁶⁰

CHART 4.1 Population distribution by age and gender, 2024 versus 2044



Source: ABS (2023), Population projections, Australia.



Greater female workforce participation

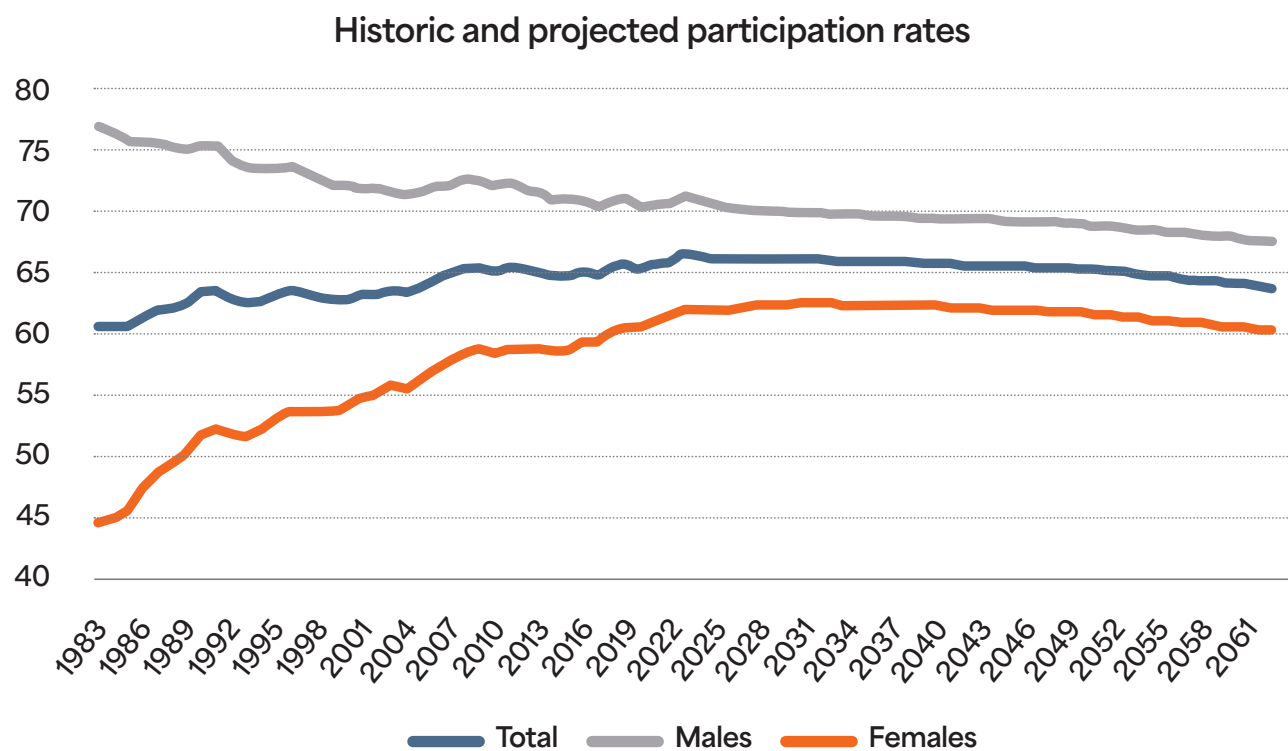
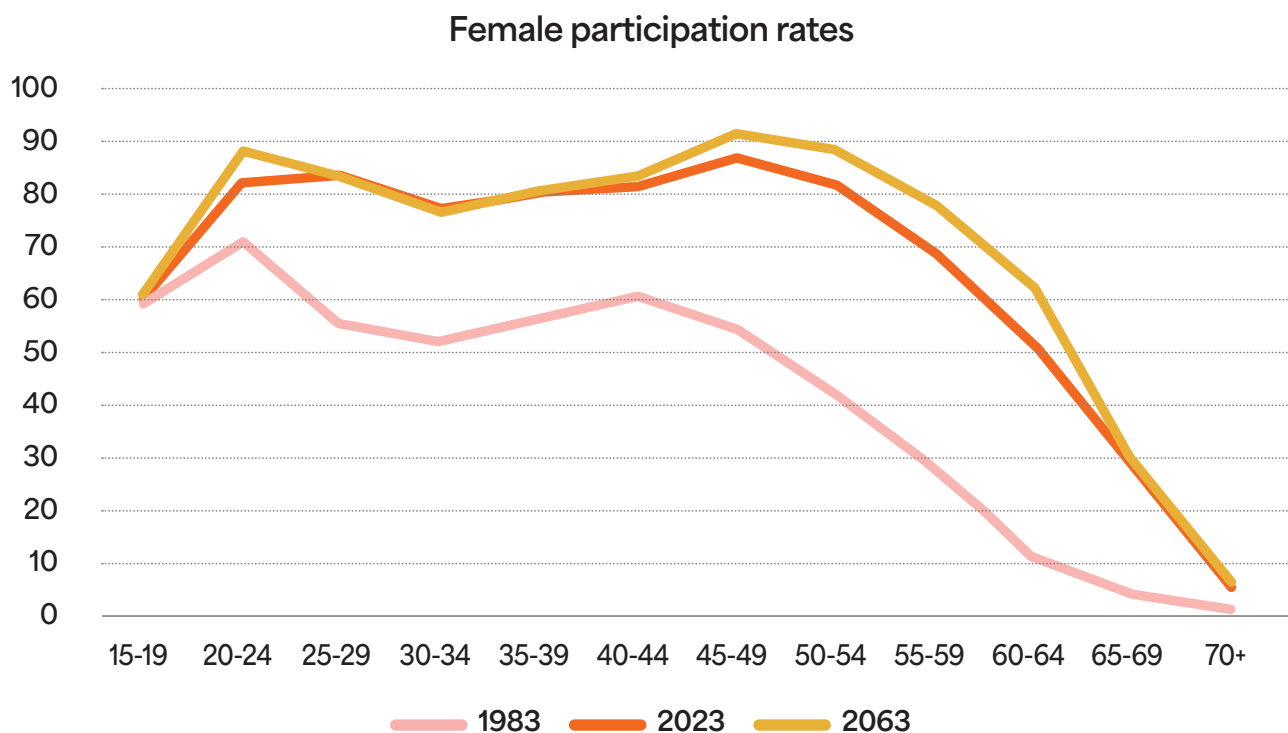
Female workforce participation is much higher today than it was 40 years ago, with about 62 per cent of working-age women in the workforce now compared to only about 45 per cent in the early 1980s.¹⁶¹ While overall participation rates are expected to decline over coming decades as the population ages, the gap between female and male workforce participation is expected to narrow further, albeit at a much slower pace than in the past (see Chart 4.2)



This means that the retired women of the future will be much more likely to have participated in paid work—and accumulated superannuation—compared to the current cohort of retired women.

For example, in 1997, over 10 per cent of women aged 45 or older had never been in paid work. By 2023, this proportion had halved to just over 5 per cent.¹⁶²

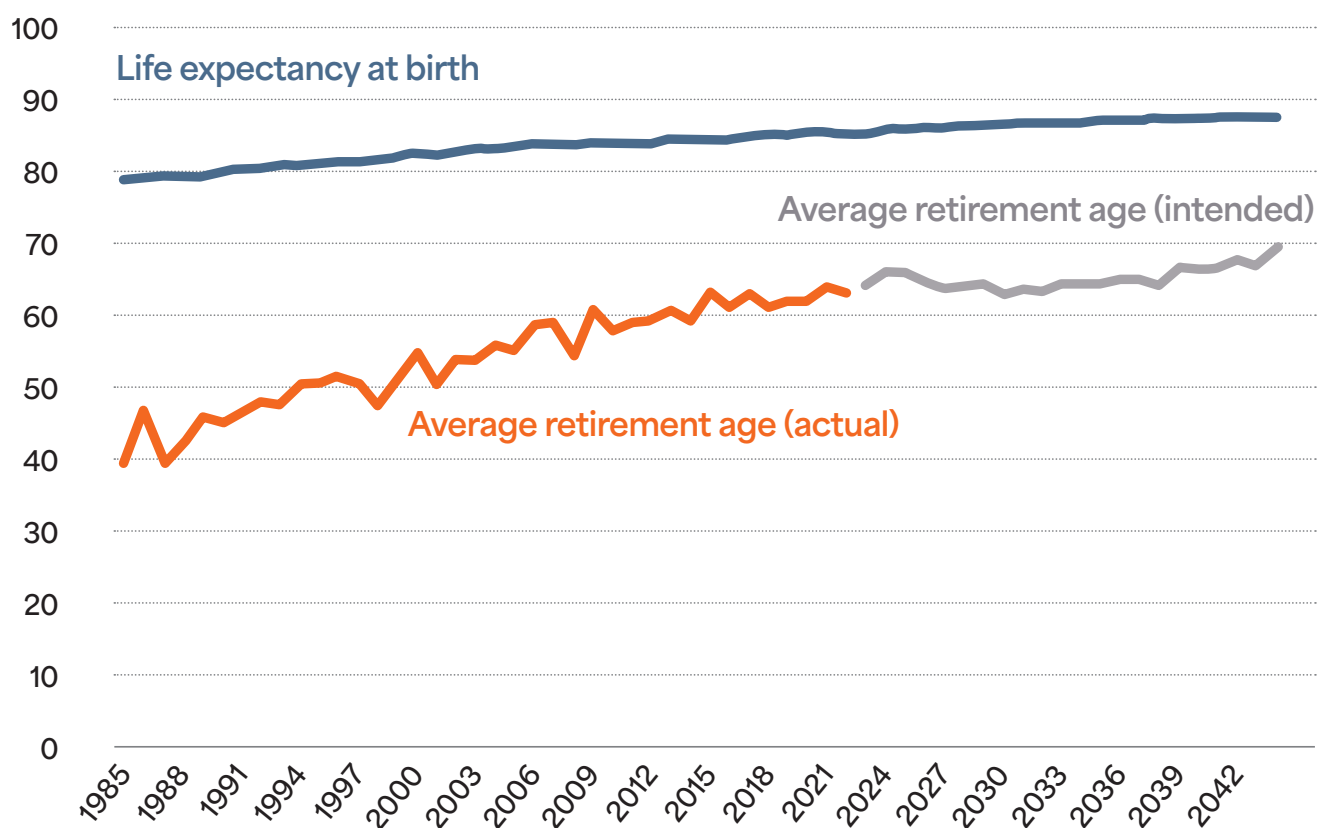
In addition, a lower fertility rate will mean that, over time, individual women having children are likely to take less time out of the workforce. Those women who have fewer children than in the past (for example, one child rather than two) will generally retire with a larger super balance as a result of taking less time out of paid work. And all new parents will benefit from much greater access to paid parental leave (as well as superannuation on paid parental leave), which will make it easier to return to work after having a child and help to dampen the long-term financial costs of taking time off work to have children—costs which are currently borne disproportionately by women.

CHART 4.2 Labour force participation rates over time

Source: Australian Government (2023), Intergenerational Report 2023, charts 3.4 and 3.6.

While longer lives will mean that assets such as superannuation need to stretch further during retirement, for many women (and men) increased longevity will be more than offset by rising retirement ages (see Chart 4.3). The average age of retirement rose from 54.4 years in 2000 to 64.8 in 2022, and is projected to increase to about 69 years by 2044, for both women and men (based on surveys of when people say they intend to retire).

CHART 4.3 Retirement ages and life expectancies for Australian women



Source: Australian Government (2023), Intergenerational Report 2023, chart 2.5 (life expectancies) and ABS (2023), Retirement and Retirement Intentions, Australia, 2022-23, table 14.1 (retirement ages).

Trends in when people retire will also be shaped by future policy changes. Retirement decisions are often influenced by policy settings, such as when people are allowed to access their superannuation or the Age Pension.¹⁶³

However, as discussed in Chapter 3, not everyone gets to choose when they retire. There is a gap of about three years between the ages of voluntary retirees and involuntary retirees.¹⁶⁴ While improving health may mean that fewer women need to stop working because of their own poor health, this may be offset by growing informal care demands due to the ageing population, as discussed below.

A maturing super system

The trend towards women spending more time in paid work over their working lives will coincide with the maturing of the super system to make a big difference to the share of women who retire in the future with material super balances.


When superannuation was made compulsory in the early 1990s, only about 60 per cent of working-age men and 40 per cent of working-age women had superannuation.¹⁶⁵ Initially, employers only had to pay super equal to 3 per cent of a worker's wages. As a result, most people retiring in the 1990s had very little or no super.

The superannuation guarantee (SG) rate steadily increased to 9 per cent by 2002. After remaining at 9 per cent for a decade, it was gradually increased starting in 2013 and will reach 12 per cent on 1 July 2025.

The super system will mature by the mid-2040s, when most people retiring will have been covered by a material SG rate (9 per cent or more) for all of their working lives. As this happens, super will become the primary source of retirement income for most future retirees, with drawdowns from super estimated to increase from about 2.4 per cent of GDP today to 5.6 per cent by 2063.¹⁶⁶

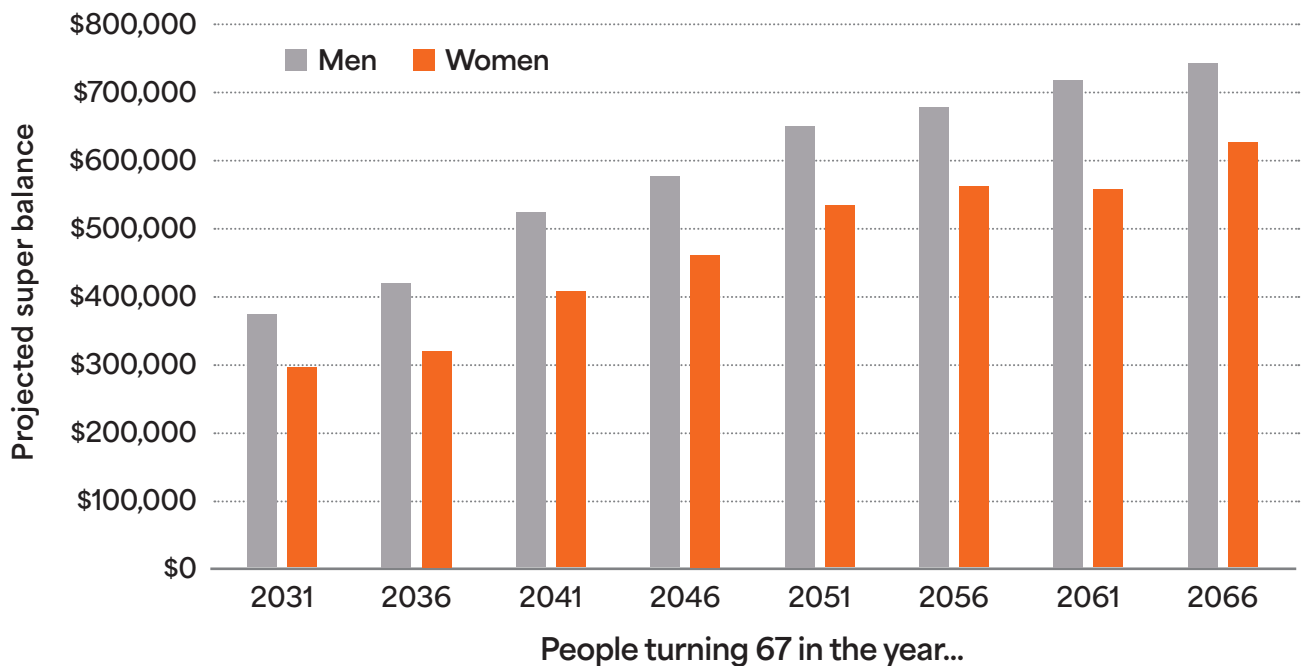
A typical 65-year-old woman today would have worked for 22 years with a material rate of super (9 per cent or more), assuming she was in the workforce for that entire period. By 2034, a typical 65-year-old woman would have worked for up to 32 years with a material rate of super. And by 2044, a typical 65-year-old woman would have worked for up to 42 years with a material rate of super (less any spent time out of the workforce when having children).

On its own, the increasing SG rate will have benefited men more than women, because men have higher rates of workforce participation and earnings than women, on average. Combined with the compounding effect of investment earnings on superannuation balances, this means that a higher SG rate will not, in itself, reduce the gender super gap.

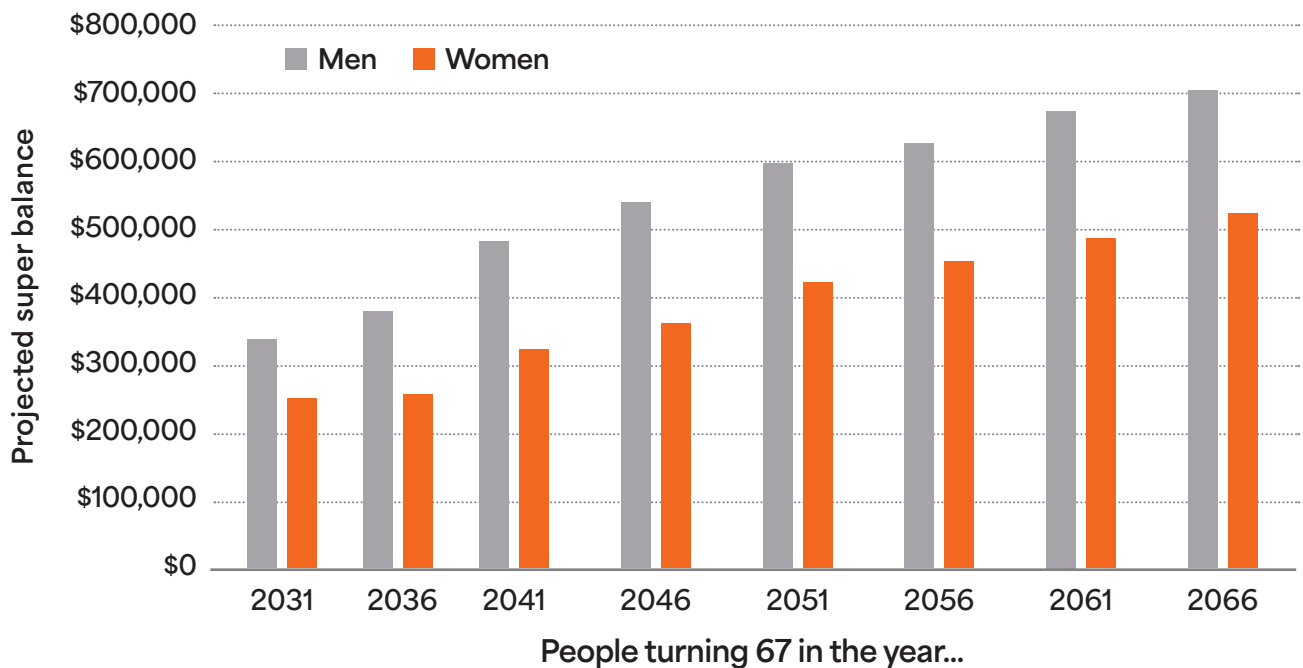


However, other trends will help to gradually reduce the gender super gap—most notably, the greater growth in workforce participation for women than for men. Cameo modelling suggests that if a typical woman were to work full time until retirement—with reduced participation over a 13-year period during which she has two children¹⁶⁷—the gender super gap would narrow as the system matures. At retirement age, the gap would remain around its current level of 25 per cent¹⁶⁸ until the mid-2030s, then start to decline to reach about 16 per cent by 2066 (see Chart 4.4). The gap in retirement incomes would follow a similar pattern, but peak at just 7 per cent (which reflects the compensating role of the Age Pension). The Retirement Income Review came to broadly similar conclusions, finding that the gender super gap would substantially narrow by the 2060s, but not close.¹⁶⁹

However, if workforce participation patterns at each age remain the same as they do today,¹⁷⁰ the gender super gap will continue to increase as the super system matures, peaking at around 33 per cent in the 2040s. It will then start to decline, but by 2066 would have returned to 26 per cent, similar to today's gap (see Chart 4.5).

CHART 4.4 Projected 'typical' superannuation balances at age 67—optimistic scenario

Source: Cameo modelling.

CHART 4.5 Projected 'typical' superannuation balances at age 67—pessimistic scenario

Source: Cameo modelling.

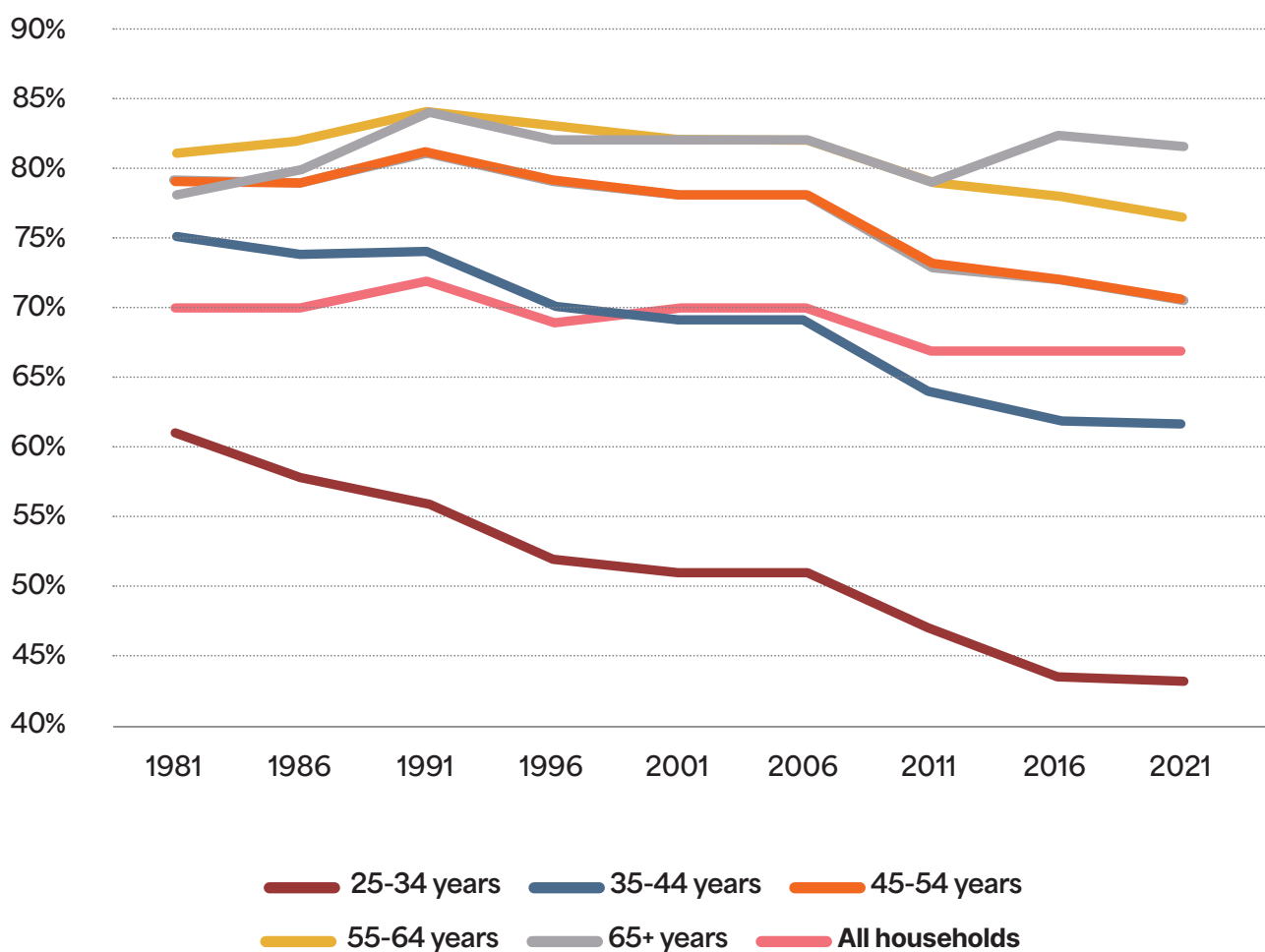
These cameos suggest that the gender super gap will eventually start to fall if recent policy changes lead to an enduring uptick in women's labour force participation. However, unless greater action is taken to continue shrinking the gender pay and participation gaps, women may continue to fall behind men and the gender super gap will remain entrenched.

Homeownership

Declining rates of homeownership pose a serious long-term threat to the economic security of women in retirement.

Homeownership rates have been steadily declining in Australia, and are now close to the lowest level since the 1950s.¹⁷¹ While rates of homeownership among people aged 65 or older have remained fairly steady, there have been drastic declines among younger age groups. Over the past 40 years, homeownership rates among people aged 25 to 34 have fallen by almost 20 percentage points (see Chart 4.6).

CHART 4.6 Homeownership rates by age¹⁷²



These trends reflect the very low levels of housing affordability. Over the past 40 years, median house prices have tripled relative to average household disposable incomes, rising from a ratio of 4.5 in 1980 to 13 today.¹⁷³

A national median dwelling price of \$800,000¹⁷⁴ and average new home loan size of \$640,000¹⁷⁵ has put homeownership out of reach for many Australians.

Homeownership rates have dropped most dramatically among people in the lowest income quintile.¹⁷⁶

If these trends continue, there will be growing numbers of people reaching retirement age without being homeowners. Modelling by the Grattan Institute indicates that by 2056, the proportion of Australians aged 65 or older who own their own homes will fall from around 80 per cent now to about 70 per cent by the mid-2040s, and to 65 per cent by the mid-2050s.¹⁷⁷

In addition, a significant number of homeowners retire while still paying off a mortgage. Among people aged 65 to 69, about a quarter of those who are working have a mortgage, and just over one in ten of those who have retired have a mortgage.¹⁷⁸ In the 2021 Census, about 24 per cent of homeowners aged 65 to 69, and 15 per cent of homeowners aged 70 to 74, had a mortgage. This is up from 21 per cent and 14 per cent respectively in the 2016 Census.¹⁷⁹ The share of homeowners with mortgages is expected to continue to rise into the future unless there is a drastic improvement in housing affordability.

As a result, many older people are likely to use their superannuation balance to pay off the amount owing on their mortgage when they retire, leaving them with lower balances than they otherwise would have. This undermines the potential for superannuation to provide income throughout retirement.

Declining homeownership rates also mean there is likely to be a large increase in the number of people renting at older ages. Many will likely be reliant on the Age Pension and Commonwealth Rent Assistance, which has failed to keep pace with growth in rents (see Chapter 5). As a result, increasing numbers of older Australians are likely to end up in poverty in retirement if policy settings remain unchanged.

Australia's retirement income system is implicitly based on the assumption that people will own their own home—and own it outright—by the time they stop working. This is becoming increasingly untrue. Significant policy changes may be needed to ensure all older Australians can enjoy a basic standard of living in retirement.

Single women in retirement

The next 20 years will see growing numbers of older women entering retirement without a partner. Women are more likely than men to be single at age 65 (41 per cent versus 34 per cent), and more likely to be separated or divorced at this age (24 per cent versus 20 per cent).¹⁸⁰ These proportions are expected to grow given the steadily increasing median age of divorce (see Chapter 3). The gap between female and male life expectancies also means that women are much more likely to be widowed than men, especially at older ages.¹⁸¹

Modelling by Impact Economics and Policy shows that if current marriage and divorce rates remain steady, the number of divorced older women aged 65 or older will increase from about 420,000 today to about 780,000 in 2044, an increase of about 86 per cent (see Chart 4.6).

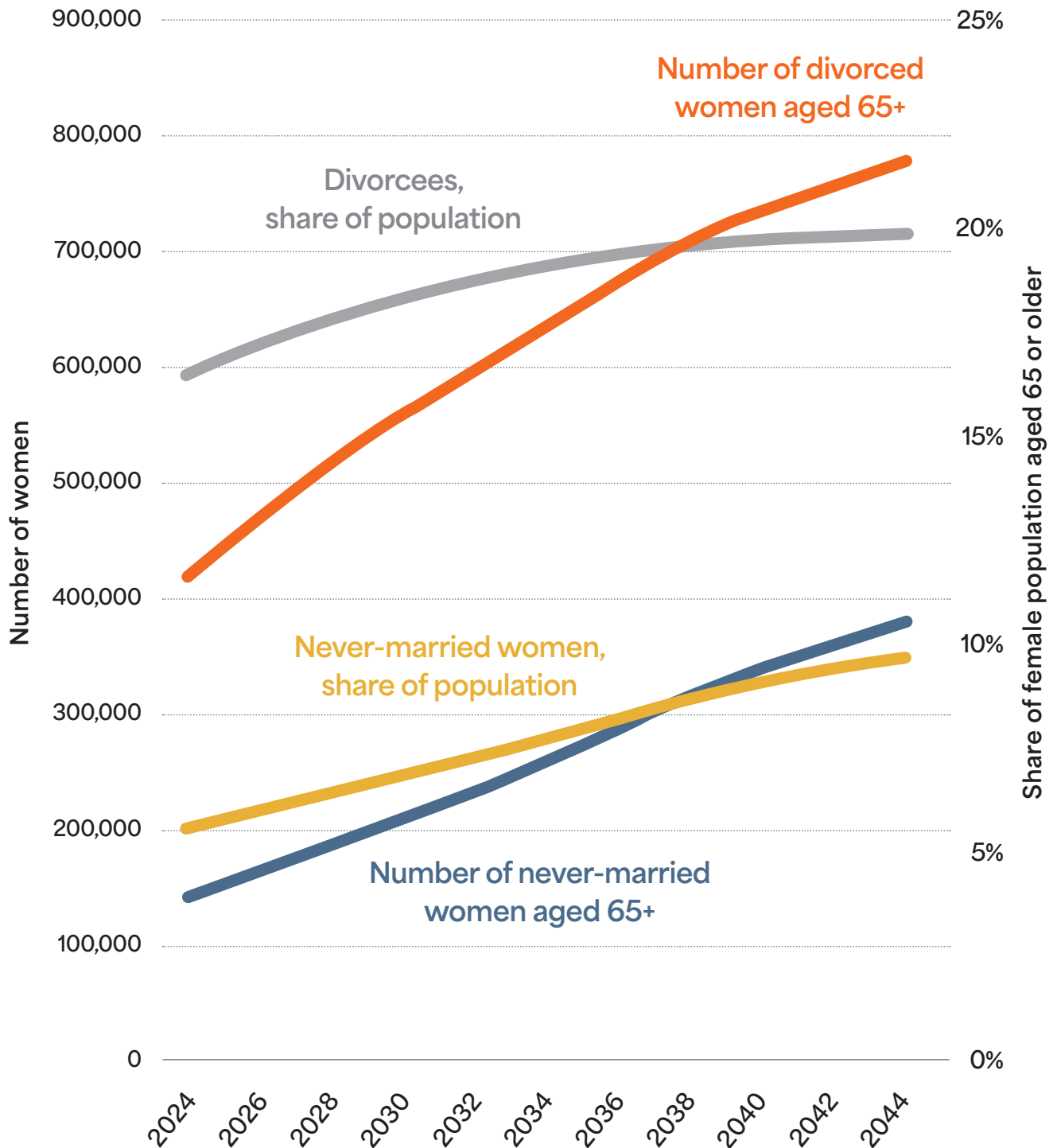
Divorcees will also increase slightly as a share of the female population aged 65 or older, from about 16.5 per cent to 20 per cent.

However, the increase in older divorced women will slow over time and, at some point well into the future, the number will begin to fall. This mainly reflects that fewer women will be getting married in the first place. Impact Economics and Policy estimates that the number of never-married older women will be about 1.7 times higher in 2044 compared to today, growing from about 140,000 to 380,000 women (see Chart 4.7).

According to these projections, by 2044 one in five women aged 65 or older will be divorced, and one in ten will have never married.

Due to data limitations, these projections do not cover separations where a formal divorce has not occurred (meaning the number of divorced women will be an underestimate of the number of women who have left a partner) and do not cover relationships which are not a registered marriage (meaning the number of never-married women may be an overestimate of the number of never-partnered women).

CHART 4.7 Projected number of divorced and never-married women aged 65 or older, number and share of female population¹⁸²



Source: Impact Economics and Policy projections based on ABS data.



Informal caregiving

The number of elderly people requiring care is set to increase significantly. With the number of people aged 85 or older projected to more than double in the next 20 years, and triple over the next 40 years, there will be much greater demands for aged care. Some of this will be met by government-subsidised paid care (either home-based care or in residential care facilities). However, under current policy settings, much of the increased demand is likely to fall on adult children—especially women towards the end of their working life.

Falling fertility rates also mean that, in the long run, the elderly will have fewer adult children to rely on. This may further increase the demands on working-age women.

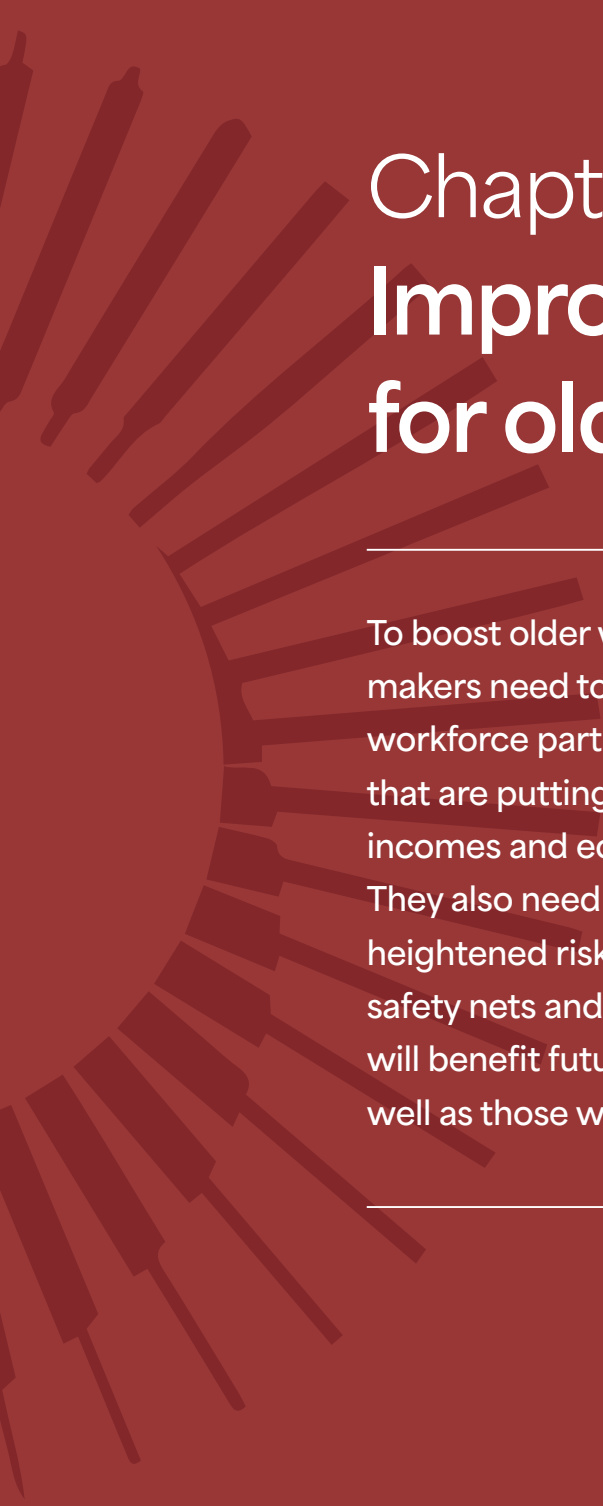
Cognitive decline and elder abuse

More women will face the risks of cognitive decline and elder abuse in the coming decades. Unless there are major breakthroughs in the treatment and prevention of conditions such as dementia, there is likely to be a greater number of older women experiencing cognitive decline into the future. This brings with it elevated risks of elder abuse.

Inheritances

Inheritances are likely to be larger in the future, especially as the property-rich baby boomer generation die. The Productivity Commission has estimated that the total size of estates will increase by nearly fourfold between 2020 and 2050. Combined with falling fertility rates, this translates to an even larger increase in inheritances received per person.¹⁸³

However, as noted in Chapter 3, the timing of inheritances can be highly unpredictable, with larger inheritances tending to go to adult children who are themselves already relatively wealthy. Many women—especially those with lower income and wealth—will not be able to rely on an inheritance to support them throughout retirement.



Chapter 5

Improving outcomes for older women

To boost older women's economic security, policy makers need to focus on closing gender gaps in workforce participation and superannuation savings that are putting women at greater risk of facing low incomes and economic insecurity during retirement. They also need to focus on helping women at heightened risk of poverty by ensuring that robust safety nets and safeguards are in place. These policies will benefit future generations of retired women as well as those who are in retirement now.

Removing barriers to women's workforce participation

Women face more barriers than men to participating in paid work, especially if they experience life events that mean they have to juggle non-work responsibilities or need to re-enter the workforce at an older age. Removing these barriers can help give women greater economic independence during working age and bolster their economic security in retirement, by virtue of Australia's system of compulsory superannuation.

Access to affordable childcare

Many mothers are unable to work because they cannot access or afford childcare. An estimated 700,000 Australians live in areas with no access to childcare, and almost a quarter of the population lives in childcare 'deserts' with more than three children for every available childcare spot.¹⁸⁴ Many poorer parents are unable to afford childcare, even after government subsidies, with the lowest-income families paying about 5 per cent of their income in childcare fees.¹⁸⁵ While various reforms have sought to improve affordability, when subsidies have increased the benefits to families have quickly been eroded by rising fees.¹⁸⁶

Legislation recently passed Parliament to abolish the Activity Test, which limits

access to childcare subsidies for families where both parents are not engaged in sufficient work-related activity. Currently, parents who spend 48 or fewer hours each fortnight working, studying, volunteering or looking for work are eligible for fewer hours of subsidised childcare than parents who exceed the activity thresholds.¹⁸⁷ The risk of having to bear high out-of-pocket costs makes it very difficult for women to search for work or to work in jobs with variable hours—and so they remain out of the workforce. Impact Economics and Policy has previously estimated that families with children of pre-school age who are caught by the Activity Test face out-of-pocket costs of \$7,000 to \$24,000 per child over two years.¹⁸⁸

In December 2024, the government announced a package of measures intended to guarantee access to three days of formal childcare for all children, which included removal of the Activity Test.¹⁸⁹ However, to deliver the greatest boost to parents' (especially mothers') workforce participation, action is required to ensure that childcare places are available where they are needed. The announcement of \$1 billion in funding for new childcare centres is a welcome step, and should be supplemented by reforms to the subsidy model to introduce an 'efficient price' model that strengthens incentives for

providers to deliver high-quality care.¹⁹⁰ This would also help to keep costs down in the long term.

In designing and implementing reforms, policy makers also should pay close attention to removing barriers to workforce participation by mothers. This should include considering how childcare costs can interact with income taxes and the withdrawal of income support payments to create high disincentives to paid work (discussed below).

Access to formal aged care

Informal care provided to the elderly and people suffering illness or disability brings benefits to care recipients and society more broadly. However, primary carers—many of whom are older women of working age—disproportionately pay the cost of providing this unpaid labour.

Improving access to formal care would help to relieve the burden on women who are primary carers. The assistance provided through the National Disability Insurance Scheme has helped to boost workforce participation by carers of people with a severe disability.¹⁹¹ The recently announced aged care funding reforms have the potential to realise similar gains for carers of elderly parents by making it easier to access government-funded home-based and residential care services. For example, the Government expects that these reforms will reduce average wait times for home-based services to three months,¹⁹² compared to current waiting times as long

as 15 months and a waiting list with over 68,000 people on it.¹⁹³

Rights to workplace flexibility

Lack of workplace flexibility makes it hard for many older women to keep their jobs when they go through life events, such as having children, informal caregiving demands, menopause, separation and family violence (see Box 5.1). Flexibility could involve changing work hours, moving from full to part time, working from home (where possible) or taking paid or unpaid leave.

Recent reforms have extended the right to request flexible work arrangements to employees who are pregnant or experiencing family violence, and to give all employees access to up to 10 days of paid family and domestic violence leave each year. These reforms could be built on by extending the right to women going through menopause (as recommended by a recent Senate Committee¹⁹⁴) and by improving the enforceability of rights to flexible work, including by making it easier for women to take action when faced with workplace discrimination or ageism (as recommended by the Women's Economic Equality Taskforce¹⁹⁵).

Box 5.1: A lack of workplace flexibility makes it hard for older women to keep working

Many older women find it hard to stay in paid work when they go through life events.

FOR EXAMPLE:

- Middle-aged women (aged in their 40s and 50s) are more likely than similar aged men to be in precarious employment with lower job quality, and more likely to face difficulty getting back into a 'good' job when they re-enter the workforce following a career interruption.¹⁹⁶
- Women may be less likely than men to be able to transition to retirement by reducing the number of hours or days they work, with a lack of workplace flexibility being a key driver of early retirement for women compared to men (see Chapter 3).¹⁹⁷
- Women with access to paid leave entitlements and more flexible employment arrangements are more likely to remain in paid work when informal caregiving demands arise.¹⁹⁸ By contrast, those who take time off work for caregiving responsibilities can find it hard to return later, with evidence that reductions in care roles often do not increase the chances of returning to paid work.¹⁹⁹
- Women experiencing menopause symptoms who are not supported by their employer through flexible arrangements are much more likely to report negative impacts of their symptoms on their career, employment or earning capacity, compared to women who are positively supported by their employer (49 versus 14 per cent).²⁰⁰

- An estimated two-thirds of single older women without children have had to take time off work because of ill health, care responsibilities or being made redundant.²⁰¹
- Women are slightly more likely than men to experience age discrimination in the workforce, with rates of ageism higher in female-dominated occupations and women more likely to say they are perceived as 'old' at work from a younger age than men.²⁰²

These challenges are compounded by the difficulty of finding a new job after losing an existing job.

Older people tend to suffer a larger decline in income than younger people when they lose a job,²⁰³ and are more likely to find it hard to find a new job²⁰⁴ and to experience long-term unemployment.²⁰⁵

This may be because of differing opportunities to reskill, structural changes in the economy, and a greater willingness to accept part-time or casual work.²⁰⁶

Job-search services and retraining programs

Better job-search services (also known as employment services) could support older women to re-enter paid work after losing a job or taking a career break. There is evidence that Australia's job-search services system is failing many of the people it is meant to help, with a very low success rate at helping people to find jobs and an excessive focus on enforcing compliance with welfare rules.²⁰⁷ Even the Government's own Employment White Paper acknowledged that the system is failing to deliver on policy objectives.²⁰⁸ A comprehensive reform process is needed, as recommended by the Economic Inclusion Advisory Committee.

Better access to retraining opportunities would also help women to remain in, or re-enter, the paid workforce. The starting point could be to trial a program to help older Australian women engage with pre-approved training providers, as recommended by the Women's Economic Equality Taskforce.²⁰⁹

Financial disincentives in the tax and transfer systems

In the longer-term, consideration should be given to addressing gendered barriers to work participation through the tax and transfer systems. The combination of marginal tax rates and tapering of government payments (such as the Family

Tax Benefit and Child Care Subsidy) when income exceeds a certain level can mean secondary income earners stand to lose a significant percentage—up to 70 per cent—of any additional income they earn from increasing work hours.²¹⁰

Once other costs associated with working are included, such as out-of-pocket childcare costs, the disincentives can be even greater. Take-home pay for women with young children working an additional day can be as low as 25 per cent of their wages.²¹¹ High effective marginal tax rates are likely to be a major reason why single mothers are much less likely to take up employment than their married counterparts (after controlling for other factors).²¹² Less than half of single mothers with children aged under five are in paid work.²¹³

Policy makers should start with a review of the tax and transfer systems through a gender lens,²¹⁴ with a focus on how these systems influence participation in paid work by women and men in different family structures and across the income distribution.

Reform options that could be explored include giving Carer Payment recipients greater flexibility to participate in paid work before their income support payments are lost,²¹⁵ or giving caregivers tax offsets (based on the amount of time spent out of the work due to caring responsibilities) which they can use to offset future tax liabilities.²¹⁶

Supporting women to accumulate more super

Policy measures are also needed to address a range of other factors that make it harder for women to accumulate super, in addition to the barriers to workforce participation discussed above. Even a modest amount of super can make a big difference to a woman's economic independence and dignity around retirement age.

The gender super gap at retirement is expected to continue to grow as the super system reaches maturity (see Chapter 4). Closing the gender super gap at retirement will take time, as successive generations of women benefit from recent improvements in women's workforce participation and earnings across their careers, and from policies such as superannuation on Commonwealth paid parental leave.

The starting point is to close the gender gap in super contributions, with women's average annual contributions currently about \$928 (or 18 per cent) lower than men's.

With the right policies, the gender gap in super contributions can be closed. The Government should commit to eliminating this gap among working-aged Australians by the time the super system matures in the 2040s.



Gender pay gaps

The gender pay gap—with the median woman earning 25 per cent less than the median man—is the primary driver of the gender super gap. Addressing barriers to workforce participation, as discussed above, would help to reduce the gender pay gap. But more is required.

Reducing and ultimately eliminating the gender pay gap requires reform effort across multiple policy areas. The best starting point is to implement the recommendations of the Women's Economic Equality Taskforce, including by:

- **Addressing the long-running undervaluation of work in feminised industries**, such as low wages and poor job conditions in the care sectors. The recent Fair Work cases to raise wages for child care and aged care workers, with corresponding government funding to support this, are welcome and overdue steps forward.
- **Expanding Commonwealth paid parental leave** beyond the 26 weeks that will be available from 1 July 2026, while increasing payments above the minimum wage and towards a replacement rate. The scheme has already been successful in allowing more women to return to work in the first year after having a child, and to return to their previous jobs.²¹⁷
- **Creating greater incentives for men to use paid parental leave**, such as 'use it or

lose it' provisions, to encourage greater sharing of caring responsibilities within couples.

- **Addressing inequalities that perpetuate industry and occupational segregation** while investing in women's and girls' skills, representation and leadership.

Ultimately, the gender pay gap reflects gendered norms and attitudes, and addressing the gap means investing in ways to change these norms and attitudes. Researchers have estimated that Australia's economy could be about \$128 billion larger every year on average if gender norms reflected true gender differences.²¹⁸ If gender norms were more egalitarian, an additional 190,000 women would have jobs.²¹⁹

Super contributions and tax concessions

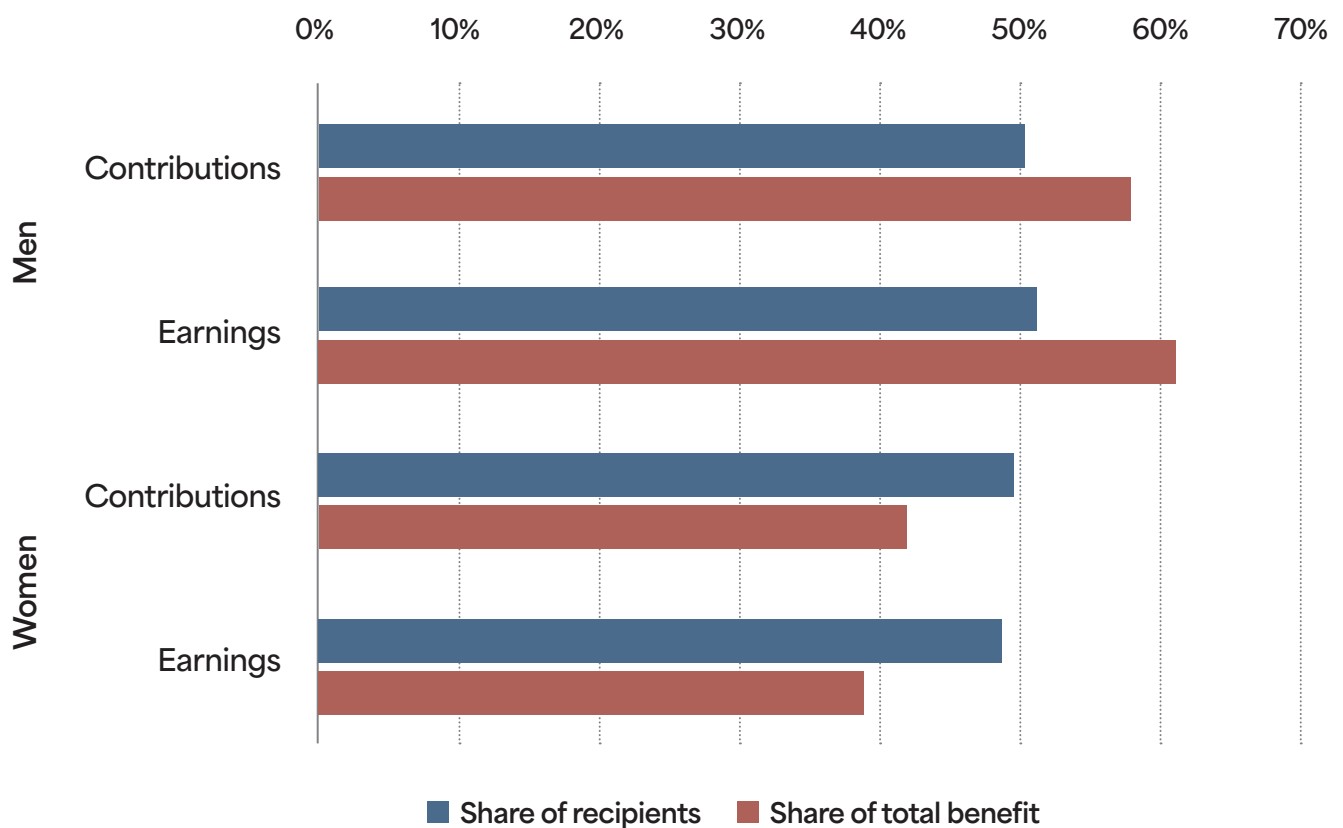
The tax system provides a range of incentives for people to contribute additional money to their super to save for retirement. This includes the flat 15 per cent tax rate on contributions and accumulation-phase earnings, tax-free earnings in the retirement phase (up to a cap), and generous caps on how much money can be put into superannuation each year.

These tax concessions have been found to disproportionately benefit men over women, mainly because of men's higher average incomes and rates of workforce participation. About 60 per cent of the tax concessions in super flow to men (see

Chart 5.1). This is higher than the share of superannuation assets held by men (57 per cent) and the share of men with superannuation accounts (51 per cent).²²⁰ Men benefit more from super tax concessions than women right across the income distribution.²²¹

CHART 5.1

Share of super contributions and earnings tax concessions to men versus women, 2021-22



Source: Treasury (2024), 2024-25 Tax expenditures and insights statement, pp. 14, 16.

Moreover, a significant share of super tax concessions flow to people in the highest income deciles, even though many already have sufficient super balances for a comfortable retirement and do not need incentives to save even more.²²²

Further incentives have been introduced to the tax system, in many cases to encourage women and/or low-income workers (who are disproportionately women) to boost their superannuation savings. These are described below.

Low-income super tax offset (LISTO)

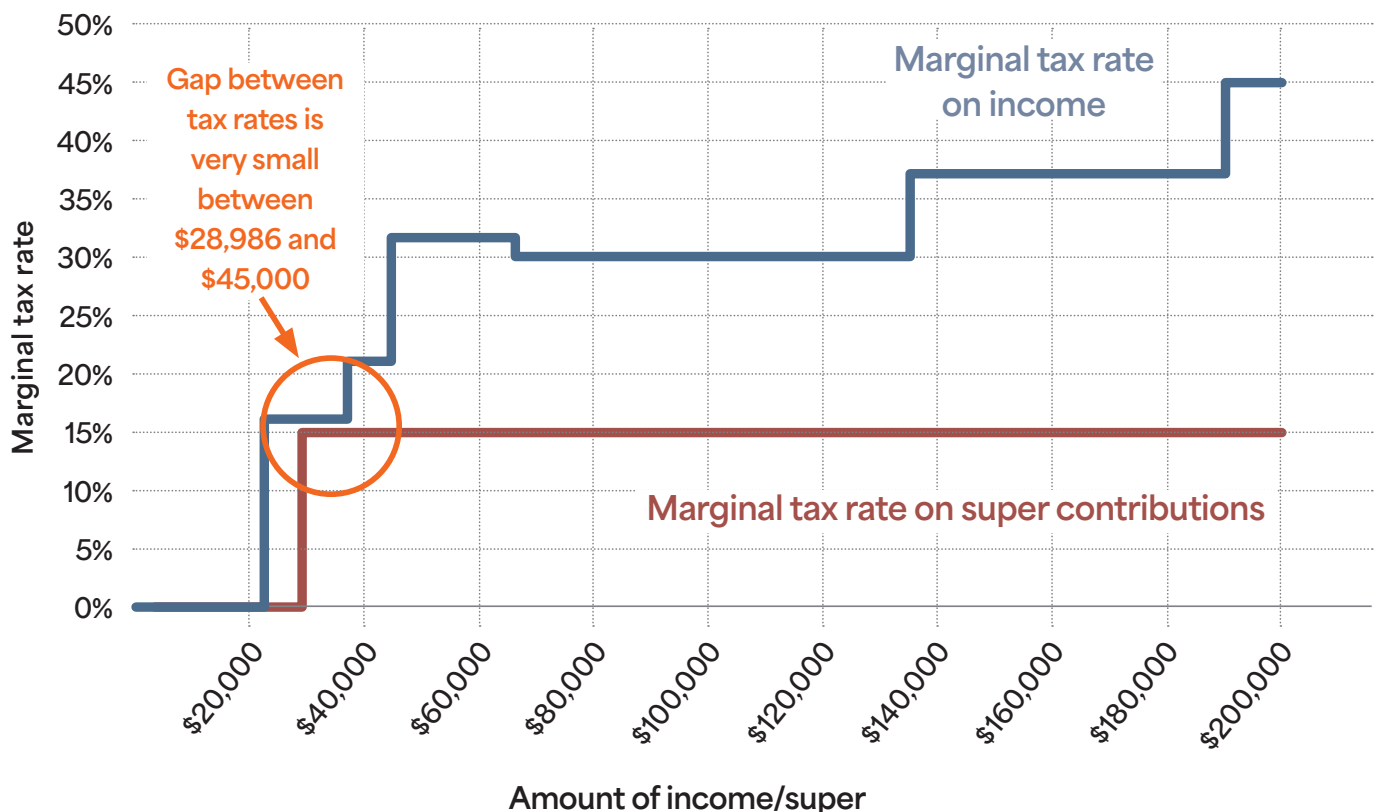
The LISTO is a tax offset payment that effectively refunds the tax that people earning up to \$37,000 a year would pay on their super contributions. It is intended to avoid a situation where some people would pay a higher tax rate on their super contributions than the marginal tax rate on their ordinary income. The offset is capped at \$500 a year and applied automatically. In 2023-24, over 2.5 million people received a LISTO entitlement, adding up to over \$660 million in rebated tax.²²³

However, a failure to update the LISTO cap and threshold over time mean that at a declining number of people are benefiting from the

LISTO. When the predecessor to the LISTO was introduced in 2012, the second income tax bracket applied up to a taxable income of \$37,000 and the SG rate was 9 per cent, meaning that the LISTO would fully refund contributions taxes for everyone on this tax bracket. However, since then both tax brackets and the SG rate have changed, with the second bracket now applying up to \$45,000 and the SG rate now 11.5 per cent.

As shown in Chart 5.2 below, the gap between marginal income tax rates and super contributions tax—the effective concession on super contributions—is negligible for people on incomes between \$28,986 and \$37,500, and small for incomes up to \$45,000.

CHART 5.2 Marginal income tax and super contributions tax rates, 2024-25²²⁴



Source: Provided by the Super Members Council.

Government co-contributions

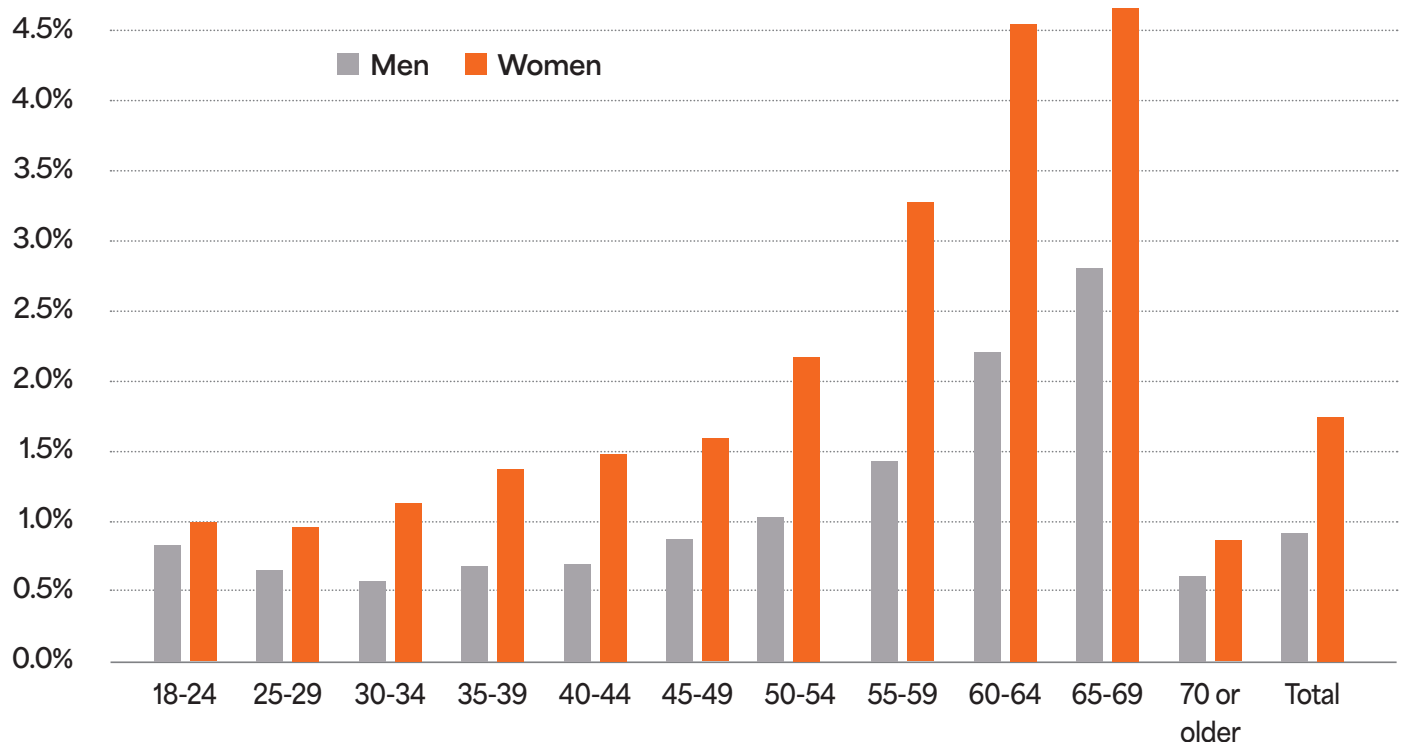
Low and middle-income earners can be eligible to receive government co-contributions, where the government contributes 50 cents for each \$1 in personal non-concessional contributions that they make to their super. Co-contributions are capped at \$500 a year and to be eligible, recipients must be younger than 71, have incomes less than \$60,400 a year (with the co-contribution rate reduced for people earning over \$45,400) and earn at least 10 per cent of their income from employment or business activities.

Over 350,000 people received a government co-contribution in 2023-24, totalling over \$110 million.²²⁵ However, people who cannot afford to make additional contributions to

their super, or who get almost all of their income from government income support, are generally ineligible to receive government co-contributions.

Older women are some of the biggest beneficiaries of government co-contributions. Data provided by large super funds for this report suggest that women comprised about three-quarters of recipients of government co-contributions in 2023-24. About half of these women were aged 50 or older (see Chart 5.3). About 3 per cent of women aged 50 or older in these funds received a government co-contribution, compared to just over 1 per cent of women aged less than 50. While most recipients had relatively small superannuation balances, about 16 per cent had a balance of \$200,000 or more.

CHART 5.3 Proportion of superannuation members receiving government co-contributions, by age and gender, 2023-24



Source: Provided by the Super Members Council.

These findings are consistent with Impact Economics and Policy analysis of the Australian Taxation Office (ATO) 2 per cent sample file, which suggests that almost twice as many women than men (4.0 per cent versus 2.3 per cent) met the eligibility criteria for government co-contributions in 2021-22, with people aged 60-64 most likely to meet the criteria.²²⁶

However, the findings are also consistent with previous research by the Grattan Institute which found that in 2016 the bottom 10 per cent of households (by taxable income) received only about 7 per cent of the benefit of co-contributions, whereas the top 50 per cent of households receive about a third of the benefits.²²⁷ Other researchers have found that the co-contributions scheme has had little impact on rates of voluntary contributions by low and middle-income earners.²²⁸

Spouse tax offsets

A tax offset of up to 18 per cent is available for people who make a super contribution of up to \$3,000 on behalf of a spouse who has a low income (below \$40,000 a year). The offset is capped at \$540 a year and must be claimed as part of the annual tax return process. When the Government increased the income threshold in 2017, it said that it would benefit about 5,000 couples and mainly help women who have taken time out of the workforce to raise children or care for a relative.²²⁹

However, very few people appear to make use of spouse tax offsets. Data provided by

large super funds for this report show that only about 0.24 per cent of women and 0.06 of men with superannuation accounts received a spouse contribution in 2023-24. The average amount received that year was about \$8,000. Four in five recipients were women, and about two thirds these women were aged 50 or older (see Chart 5.4).

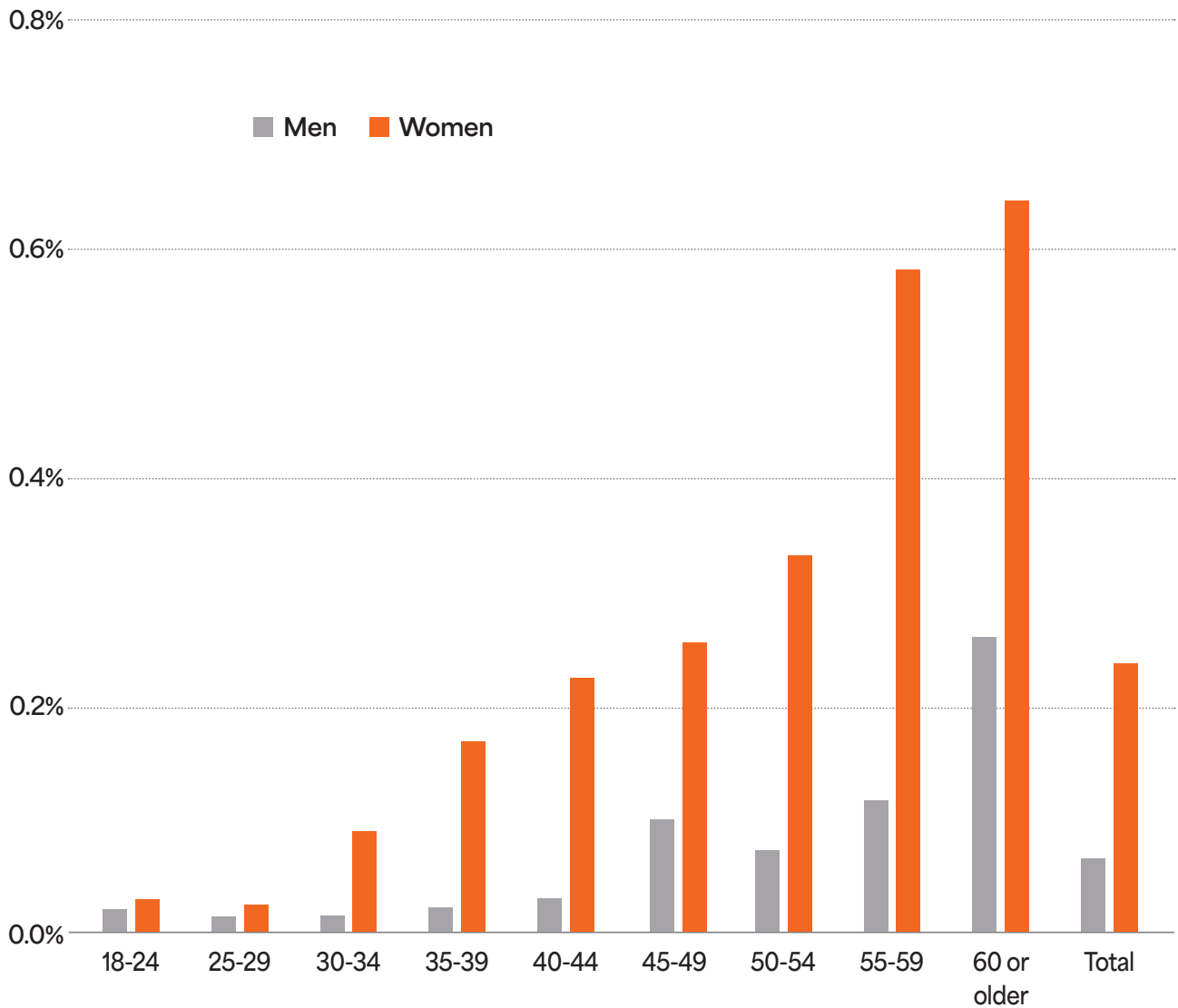
Spouse contributions disproportionately flow to people who already have large superannuation balances.

Women with super balances of \$200,000 or more are three times more likely to receive spouse contributions than women with smaller balances.

High-balance women also receive much larger amounts (about \$18,000 versus \$4,700, on average), and in aggregate receive almost half of all spouse contributions. A further 9 per cent of spouse contributions flow to men with super balances of \$200,000 or more.²³⁰

As these data do not capture members in self-managed superannuation funds (who tend to have much higher balances), the figures above may understate the extent to which spouse contributions are used by already wealthy couples.

CHART 5.4 Proportion of superannuation members receiving spouse contributions, by age and gender, 2023-24



Source: Data provided by large super funds.

Moreover, many low-income women will never be in a position where they can benefit from the spouse tax offsets scheme. This includes women who are single, divorced and widowed, as well as those with partners on low incomes who cannot afford to contribute additional money into super.

Downsizer contributions

Older Australians (aged 55 or older) are able to contribute up to \$300,000 to their super from the proceeds of selling their home, without this money counting against annual contributions caps. This reform was intended to remove barriers to older people moving out of houses that no longer meet their needs and to make more housing available for younger families.²³¹

Take-up of the downsizer scheme appears to be modest, with only 15,700 individuals making a downsizer contribution in 2022-23—or about 0.2 per cent of super fund members aged 55 or older.²³² Data provided by large super funds for this report suggests a similar proportion of members made downsizer contribution in 2023-24, with over 80 per cent these members already having a super balance of \$200,000 or greater.

Because only homeowners can make downsizer contributions, the scheme does not benefit non-homeowners—who tend to have much lower incomes and wealth than homeowners at older ages (see Chapter 2). Some older homeowners will also be unable to benefit from downsizer contributions if they do not meet other eligibility rules, or face barriers to downsizing (e.g. moving expenses such as stamp duties, or difficulty finding a smaller house that meets their needs).

‘Carry-forward’ and ‘bring-forward’ contributions rules

The amount of money that people can contribute to their superannuation each year is capped, to constrain the amount of tax concessions they can receive. Currently, the caps are \$30,000 for concessional contributions (made from pre-tax income and taxed at 15 per cent when they enter a super fund) and \$120,000 for non-concessional contributions (made from post-tax income and not taxed when entering a super fund).

However, other rules allow people to exceed these caps by giving them flexibility to:

- ‘carry forward’ (or ‘catch up’) unused concessional contributions caps for up to five years, meaning that if the full cap is not met in one year it can be added to the cap for subsequent years (for people with a balance less than \$500,000);
- ‘bring forward’ non-concessional contributions caps for up to three years, meaning that contributions worth three times the cap can be made in a single year (for people aged under 75 with a balance less than \$1.66 million).

When the carry-forward rules were announced in 2016, the Government claimed they would benefit about 230,000 people, including people with interrupted work patterns such as women and carers.²³³ However, it is unclear how many women or people on low incomes benefit from the rules. Industry Super Australia previously estimated that only about a third as many people would benefit from the carry-forward

rules compared to the Government's estimates, and that only about 14 per cent of these people would be women aged under 50—with older men being the main beneficiaries of the reform.²³⁴

It is unclear how many people use either the carry-forward or bring-forward rules in practice. While the ATO administers the rules, it does not publish data on their use. The super funds that provided data for this report were unable to provide data on how many members had used the rules. Impact Economics and Policy analysis of the ATO 2 per cent sample file suggests that, at most, fewer than 0.5 of taxpayers could potentially have benefited from the bring forward arrangements in 2021-22 (by making contributions in excess of the caps in that year).²³⁵ These are mostly people on very high incomes aged 60 or older.

In any event, because the annual caps are so high, someone would need to have a large amount of money available before they breach the caps and are able to take advantage of the carry-forward and bring-forward rules. It is likely the rules only benefit people on very high incomes, or who have received a windfall gain such as an inheritance or selling an investment property—and who are aware the rules exist and know how to benefit from them.

When bring-forward arrangements were announced in 2006, they were explicitly intended to make superannuation more attractive to high-wealth individuals by accommodating large one-off payments of money into super. The changes were

part of a broader set of reforms which included removing the tax on benefits paid out of super. At the time, the Government stated that “These proposed changes ... would make superannuation an attractive vehicle to retain assets to avoid paying tax. There would an incentive for high-wealth individuals to transfer large amounts of assets currently held outside superannuation to the concessional taxed superannuation system”.²³⁶

Scope to better target concessions

While the LISTO and government co-contributions benefit women on low incomes, most of the initiatives described above appear to disproportionately benefit the already well-off. Almost all of these tax incentives rely on individuals or their partners having spare money to contribute to their super—and being aware of the existence of the incentives and how they work—and so would mostly benefit high-income couples with large amounts of excess savings they could divert to super. The design of these incentives means many low-income workers and women taking time out of the workforce have limited scope to benefit. In effect, the women who stand to gain the most from having their superannuation savings supplemented are denied the benefit of these schemes.

These impacts are in addition to the much larger benefits that people with higher incomes and super balances derive from the way that superannuation contributions and earnings are concessional taxed.

A number of policy initiatives could help to better target super tax concessions and incentives to people on low-incomes and with interrupted workforce participation:

- **Update the LISTO thresholds.** The Super Members Council has estimated that increasing the LISTO to provide a full tax refund to all workers earning up to \$45,000 a year could benefit over 1.2 million people—60 per cent of whom are women—by up to \$500 million a year.²³⁷ The LISTO thresholds could also be automatically indexed to the income tax thresholds.
- **Review whether current government contributions policies are the most effective way to help people with low incomes and super balances.** Government spending on super co-contributions could be used much more efficiently. One option would be to automatically pay a contribution to people with low incomes and balances, such as women who are not able to participate in paid work because of informal caring responsibilities for elderly or ill family members.²³⁸ With women comprising over 70 per cent of Carer Payment recipients and 80 per cent of those with earnings, this could be an effective way to address gender inequalities, similar to the payment of superannuation on Commonwealth paid parental leave. However, consideration should also be given to potentially more effective uses of government revenue, such as increasing income support payments (for working-age women) and/or Commonwealth Rent Assistance (for renters), as discussed in the next section. Boosting these payments would provide more immediate benefits to both working-age and retirement-age women.²³⁹
- **Improve transparency about who is benefiting from super tax concessions.** The Government should direct the ATO to publish more granular data on the tax concessions and rules, including how many people are making use of each rule and their characteristics. Currently, this information is often unavailable or only published in a highly aggregated way. More transparency can inform gender responsive policymaking by enabling an assessment of how well tax concessions are meeting their intended policy objectives, and whether they are reducing or enlarging the gender super gap.
- **Review all super tax concessions through a gender lens.** Superannuation tax concessions and rules have been added piecemeal over time, resulting in a patchwork of complex rules that may be exacerbating rather than reducing gender and income inequalities. A comprehensive review would help to identify where policy objectives are being met and where changes should be made. This could be done as part of a broader review of the tax and transfer system through a gender lens, as discussed earlier.

While expansion of existing schemes would come at a fiscal cost to the Government, significant savings could be realised by paring back tax concessions which mainly flow to people with higher incomes and super balances, and by replacing the current patchwork of rules with more targeted measures focused on supporting Australians with low incomes and balances. Previous reviews of the tax and super systems have made recommendations along these lines, and offer a useful starting point (see Box 5.2).

Box 5.2:

Reform ideas from previous reviews

Australia's Future Tax System Review (Henry Review)²⁴⁰

In 2010, the Henry Review recommended that superannuation contributions be taxed as part of an employee's work income. A refundable tax offset would then be provided, up to cap, and applied to both compulsory and voluntary contributions. The offset would be set so that most taxpayers pay 15 per cent tax on their contributions, very-high-income earners pay a higher rate, and low-income earners pay no contributions tax (but still receive the refundable offset). Spouse tax offsets and government co-contributions would be abolished.

The Review also recommended taxing earnings in the retirement phase (currently exempt, up to a cap) at the same rate as in the accumulation phase. This would be at a lower rate of 7.5 per cent instead of 15 per cent.

The Review said these arrangements would be more equitable, simpler, and provide higher retirement incomes.

Financial System Inquiry (Murray Inquiry)²⁴¹

In 2014, the Murray Inquiry recommended that consideration be given to aligning the tax rate on earnings across the accumulation and retirement phases, arguing that the current way earnings are taxed can distort people's decision making and discourage funds from developing innovative retirement products.

The Inquiry also recommended consideration be given to better targeting super tax concessions to the objectives of the super system, such as by reducing the non-concessional contributions cap or applying a higher rate of earnings tax to balances above a certain size. Since the Inquiry, the non-concessional cap has been reduced, and there is currently legislation before Parliament to increase earnings taxes for balances over \$3 million.

Fill gaps in the coverage of compulsory super

Reforms that address gaps in the coverage of compulsory superannuation can further help to reduce the gender super gap and lift the outcomes of lower-income women in retirement. Indeed, several recent reforms will help to ensure more workers receive compulsory super, including:

- The creation of the Commonwealth Paid Parental Leave scheme and the recently passed legislation to pay superannuation on these payments. The Super Members Council has estimated that this could mean an extra \$2000 in super contributions while a woman is away from work, adding up to an extra \$14,500 in super by retirement age for a mother of two.²⁴²
- The removal of the exemption to employers paying superannuation to workers earning less than \$450 a month, which will mainly benefit women in part-time, low-paid and insecure jobs.
- Reforms to ensure super is paid at the same time as ordinary pay and improve employer compliance with Superannuation Guarantee obligations, which will reduce the extent of unpaid super which is currently costing the median woman an estimated \$26,000 by retirement.²⁴³ (Legislation has not yet been introduced to Parliament.)

Despite the reforms to pay superannuation on Commonwealth Paid Parental Leave scheme payments, currently superannuation is not compulsory for parental leave offered through employer schemes. An estimated one in seven

employers do not pay super on their parental leave payments.²⁴⁴ It is also not compulsory to pay super to a nanny, housekeeper or carer who works less than 30 hours per week in the one job - even though they may be working full-time hours across two or more employers.

These gendered loopholes need to be closed to help narrow the gender super gap.

Super splitting in divorce settlements

In a divorce, assets are generally split in a way that accounts for each partner's contribution to building up household assets, their capacity to earn an income in future, and their future spending needs. However, many women face barriers in obtaining information about their partner's assets such as superannuation, especially if they are leaving an abusive relationship or the divorce is acrimonious.

Family law reforms in 2002 made it possible for superannuation assets to be split between partners in a divorce. While these reforms led to an increasing number of women receiving a transfer of superannuation in divorce settlements, super splitting was still only taking place in less than a third of divorces.²⁴⁵ Additional reforms which took effect in 2022 made it harder for partners to hide their superannuation assets during a divorce, by giving people the ability to formally request information about their partner's super from the Australian Taxation Office during family law proceedings. More recent reforms, currently before Parliament, will give courts the ability to consider domestic and family violence when making property settlements.

There is limited data on how super balances are being split in practice, and therefore whether the above reforms have been successful in ensuring fair outcomes for divorcees. As noted in Chapter 3, separated and divorced women have significantly lower median super balances than separated and divorced men. Data provided by two large super funds for this report suggest that women are more likely than men to receive money as a result of a superannuation split, with an average amount of about \$100,000 received in 2023-24 and women with already large balances receiving larger amounts on average than

women with smaller starting balances. Greater transparency and reporting on superannuation splits, such as by APRA or the ATO, would improve understanding of these issues.

The scope of existing reforms is also limited, with the 2022 disclosure reforms only applying to court proceedings. Most divorces are settled outside of court, where there is no ability to request the ATO to provide information about a spouse's superannuation. This is an area where reforms could be explored, such a right for spouses to request this information from the ATO subject to meeting identify checks.



Helping women who are at heightened risk

Other policy measures are needed to protect older women who are at heightened risk of poverty and economic insecurity, including those who experience life events that set them back financially.

Rent assistance

The Age Pension is the main source of income for about 59 per cent of retired women and 50 per cent of retired men aged 67 or older (see Chapter 2). Just over a quarter of Age Pension recipients are non-homeowners, and just under half of these are eligible for Commonwealth Rent Assistance (CRA) payments.²⁴⁶ This includes Age Pensioners renting in the private market, as well as many who rent in a retirement village, caravan park or community housing.

Yet CRA is failing to keep many older renters out of poverty, with a median CRA received by Age Pension recipients (\$177 a fortnight) equivalent to just 39 per cent of median rents paid by this group (\$457 a fortnight).²⁴⁷ Even after receiving CRA, a third of Age Pensioner CRA recipients lose more than 30 per cent of their (meagre) incomes to rent.²⁴⁸ The Grattan Institute has estimated that a single retiree who relies solely on income support can afford to rent just 4 per cent of

one-bedroom homes in Sydney and 14 per cent in Melbourne.²⁴⁹

As shown in Chapter 2, income from the Age Pension plus CRA is about 23 per cent below the poverty line for a typical older single renter, and 13 per cent below for a typical older couple renter, once rental costs are factored in. Single older women are the worst affected group, with singles comprising almost-three quarters of Age Pensioners receiving CRA, and two-thirds of these singles are women.

This means that a significant number of older women will have very little income left over for food, utilities and other living expenses after paying rent.

Policy makers need to increase Commonwealth Rent Assistance to keep track with private rents and target assistance to low-income households facing the highest levels of rental stress. The increase to the maximum rate of CRA in the last two Commonwealth budgets (of 15 per cent then 10 per cent) will help many households, but more is needed.

The Grattan Institute has called for a further increase in the maximum rate of CRA of 50 per cent for singles and 40 per cent for couples, indexed to changes in rents for the cheapest 25 per cent of homes in capital

cities. This would ensure retired renters can afford to rent the cheapest 25 per cent of homes across capital cities (with affordability generally better outside of these cities).²⁵⁰

These changes would have a material impact on reducing rates of poverty among older renters. Policy makers should also consider ways to better target financial assistance to low-income households facing the highest levels of rental stress, including those not eligible for income support payments.

Social housing and homelessness services

Additional policy action is needed to ensure that the most vulnerable people have access to safe and affordable housing. Low housing affordability and homelessness are major issues for many older women (see Chapter 2). The problems will only get worse unless there is decisive policy action (see Chapter 4).

To reduce risks for vulnerable older women, policy makers should:

- **Invest in a much greater supply of social and affordable housing.** There are about 446,000 social housing dwellings in Australia,²⁵¹ about 100,000 fewer dwellings than there would be had the share of social housing remained at historical levels.²⁵² The establishment of the Housing Australia Future Fund to finance social and affordable housing (including build-to-rent programs, such

as the program for low-income women currently being piloted in the Australian Capital Territory)²⁵³ will help to reduce this gap, as will the Commonwealth Government's 2024-25 Budget announcement of \$2.6 billion for 4,000 new social housing dwellings and 9,500 affordable housing dwellings, with over 1,200 of these earmarked for women and children escaping domestic violence and older women at risk of homelessness.²⁵⁴ While these initiatives are a welcome step forward, much greater investment is needed to deliver an adequate supply of social and affordable housing.

- **Increase funding for specialist homelessness services so no women in need of support have to be turned away.** Homelessness services are currently struggling as government funding has failed to keep pace with rising demand for services, and can currently only meet about 51 per cent of demand for accommodation support.²⁵⁵ Up to three quarters of services are unable to respond to requests for help because they are overwhelmed and under-resourced.²⁵⁶ Many vulnerable women will be unable to get the assistance they need, which for some will mean returning to an abusive partner because they have nowhere else to go. The recent Government commitment to double funding for homelessness services to \$400 million a year (with the expectation the States and Territories will match this) is a positive step in the right direction.²⁵⁷

Working-age income support payments

Policy makers should also review the adequacy of income support payments for women of working age, many of whom will not be able to work because they are primary carers, have dependent children, have a permanent disability, or are unemployed.

About half of JobSeeker and Disability Support Pension (DSP) recipients aged 45 or older are women, rising to 71 per cent of older Carer Payment recipients and 87 per cent of older Parenting Payment Single recipients.²⁵⁸ Over 80 per cent of Carer Payment recipients who are working are female.²⁵⁹

There is a growing consensus that JobSeeker payments are inadequate. JobSeeker payments are equivalent to just 57 to 72 per cent of the poverty line, depending on how it is measured, and have steadily fallen over the past two decades relative to poverty lines.²⁶⁰ Many recipients report they are unable to cover the costs of food, housing, transport and health care, with adverse consequences for their health and ability to care of others.²⁶¹

While other income support payments are paid at higher rates, recipients of most working-age payments report having high rates of financial stress.²⁶² By comparison, levels of financial stress are substantially lower among Age Pension recipients. This suggests that income support payments are failing to keep up with the cost of living faced by working-age recipients (even though the DSP and Carer Payment are paid at similar levels to the Age Pension, and Parenting Payment Single is modestly lower).

The irony is that women on JobSeeker will get a ‘pay rise’ of almost 50 per cent when they turn 67 and move onto the Age Pension, even though their living expenses are unlikely to have changed.²⁶³

When the Age Pension eligibility age for women was gradually increased from 60 to 65 over the period 1995 to 2013, low-income households were disproportionately affected, with poverty rates rising by 9 percentage points for single women and 16 percentage points for female renters.²⁶⁴

These outcomes are hard to justify from a public policy perspective. While there was a one-off \$40 increase to some working-age payments in the 2023-24 Budget, payments are likely to fall behind unless there are changes to how they are indexed. The Government’s own Economic Inclusion Advisory Committee recommended that the base rate of working-age income support payments be increased substantially and that indexation arrangements be improved so these payments do not fall behind widely accepted measures of community living standards.²⁶⁵

Improving the adequacy of working-age payments such as JobSeeker would mean older working-age women who cannot find jobs no longer have to choose between

poverty and drawing down their super before they qualify for the Age Pension. And, as noted earlier, increasing working-age income support payments and Commonwealth Rent Assistance could offer a more immediate way to improve outcomes for women compared to the government contributing to their superannuation.

Accessing super before preservation age

While adequate income support and housing safety nets are essential, some older women may find themselves in situations where they need to seek access to their superannuation before preservation age (currently 60 years). This includes women who are facing severe financial hardship because they have very low incomes (e.g. they work part time or not at all because of caring responsibilities or a health condition), face large out-of-pocket costs (e.g. to pay funeral expenses for a loved one) or have been through a separation or divorce. For women escaping family violence, especially those who have experienced financial abuse, their superannuation may be the only financial asset in their name that is not controlled by the perpetrator.²⁶⁶

People should only be able to access their superannuation before preservation age in exceptional circumstances. Taking money out of super can have a big impact on savings by retirement.

Cameo modelling suggests that a single 40-year old woman who withdraws \$10,000 from her superannuation would have about \$18,000 less in her account by age 67 and \$650 a year less income in retirement.²⁶⁷

At the moment, early access is generally restricted to people suffering a disability that means they are no longer able to work, a terminal illness diagnosis, severe financial hardship, or significant bills for essentials such as medical treatment (known as ‘compassionate’ grounds). However, there are inconsistencies in the rules for accessing super on hardship and compassionate grounds, as well as in how payments are taxed, which are creating inequities (see Box 5.3).

In 2023-24, about 50,000 people were granted early access to their superannuation on compassionate grounds. An average amount of \$20,800 was withdrawn. These people were more likely to be women (58 per cent), be aged 40 or older (56 per cent) and have a taxable income of \$120,000 or less (83 per cent).²⁶⁸

No centralised data exists on early access for severe financial hardship. Data provided by two large super funds for this report suggest on average applicants are aged in their early 40s and access about \$8,000, with no clear differences between men and women.

Policy makers should consider how more consistent safeguards can be implemented so that early access rules are applied more fairly and access is only granted to people in genuinely exceptional need. Policy makers should consider whether release on financial hardship grounds should be processed and decided by the ATO (as already happens for compassionate release). This would prevent ‘double dipping’ and close off a potential avenue for financial abuse.²⁷⁷

Other changes that could be explored to strengthen arrangements include:

- Setting clear time limits on the processing of applications, so people in urgent need are not left waiting.
- Amending the ‘waiting period’ requirements for access on financial hardship grounds, for example, to allow access to people who have a short interruption to their income support payments, or who have very low incomes for a period regardless of their income support history.²⁷⁸
- Tightening rules for compassionate release to ensure superannuation can only be accessed when strictly necessary.
- Regulators taking stronger action against medical practitioners that seek to push patients into accessing their super early when it is not in their best interest to do so.
- Making payments tax free, which is already the case for ordinary super withdrawals by people aged 60 or older (many of whom are not suffering hardship).
- Providing clear information to all applicants about things they can do to manage their financial situation and the implications of accessing their super early. This could include referral to a free financial counsellor.²⁷⁹

These changes should be complemented by other supports for people at risk of severe hardship and poverty, discussed in previous sections. This would give women alternatives to accessing their super, while also ensuring the system works fairly and efficiently for those who genuinely need early access.

Box 5.3: Inconsistencies and inequities in how super can be accessed before preservation age

Severe financial hardship

Access on severe financial hardship grounds is generally only available (before preservation age) to people who have been receiving income support payments for a continuous period of at least 6 months and are unable to meet immediate living expenses. Applications are made to their super fund and decided by the fund’s trustee. People are limited to one withdrawal in any 12-month period, up to a maximum of \$10,000.

The arrangements are effectively managed by individual super funds, which has led to several inconsistencies. Not all funds allow early release on hardship grounds. Some are generally willing to accept claims based on evidence that the applicant meets the income support payment requirements, whereas others may also require applicants to provide copies of overdue bills and other information.²⁶⁹ There

are no prescribed timeframes in which funds must process applications, meaning that some applicants may have to wait an extended period, especially if there are multiple requests for documents.

In addition, while access is restricted to one withdrawal in any 12-month period, it is possible for people to get around this restriction by making a withdrawal from their fund, rolling their super over to a new fund, and making another withdrawal shortly thereafter (or, if they have two super accounts, with different funds, then submitting separate applications to each). There is currently no way for a fund's trustee to know whether an applicant has accessed their super for financial hardship from another fund.²⁷⁰

Other people who are in genuinely severe financial hardship may be unable to access money from their super when they need it most. This is because people falling into severe hardship will need to apply to Centrelink (if they are not already receiving income support payments) and then receive payments for at least 6 months before they can access their super—in effect, the rules impose a 6-month waiting period.

Compassionate grounds

People may also access their super early on compassionate grounds when they need money (which they cannot otherwise obtain) to pay for certain expenses, such as medical treatment for a life-threatening illness or injury, home modifications to accommodate a severe disability, palliative care, funeral expenses for a dependant, or preventing foreclosure or forced sale of their home. Applications are made to, and processed by, the ATO. There is no fixed limit on how much

money can be withdrawn, as long as it is necessary to meet the unpaid expenses.

Concerns have arisen that compassionate release is being abused to pay for medical treatment (such as plastic surgery and dental treatments) that may not be strictly necessary, or which should be public funded rather than expecting people to use their superannuation.²⁷¹ This may be exacerbated by unclear terms in the regulations that are open to various interpretations.²⁷² There have also been allegations of companies offering to coach consumers on how to get around the rules for compassionate release of super, and charging a substantial fee for this service.²⁷³

Since 2018, there has been a nearly 70 per cent increase in the number of applications approved each year. Approved applications for dental treatment have increased by almost 500 per cent (jumping up by over 60 per cent in 2023-24 alone), with an average amount of about \$21,000.²⁷⁴ In addition, there have been concerns raised that medical practitioners may be promoting recommending early access to super as a payment option to customers, which would be a conflict of interest and potential breach of the financial advice laws.²⁷⁵

Taxation arrangements

Most super released before preservation age is subject to tax. Lump sum withdrawals are generally taxed at between 17 and 22 per cent (although the tax rules are very complex).²⁷⁶ This means that if a request to withdraw \$10,000 is granted, most applicants will only receive \$7,800 after tax. Taxes also apply to super that is accessed in the form of an income stream, for example, by someone with a disability.

Family violence and elder abuse

Action must be taken to reduce the economic barriers to women leaving abusive relationships, and to close off avenues that perpetrators use to commit financial and emotional abuse through financial products. There also need to be better safeguards to detect and prevent elder abuse.

Safeguards in superannuation and financial services

Financial and else abuse can be perpetrated through gaining access to financial products. Examples include:

- Taking out debt (e.g. credit cards) in the victim's name without their consent.
- Withdrawing money from a joint bank account without the victim's consent or preventing them from accessing their own money.
- Refusing to pay a fair share of a joint mortgage, rates or insurance policy following a separation.
- Failing to disclose relevant information to an insurer, or wilfully damaging property, such that the victim is unable to claim on a joint insurance policy.
- Altering the victim's death benefit nomination in their superannuation account, changing or cancelling their life insurance, or making an insurance claim.

The consequences of financial abuse can be particularly severe for older women who have reached preservation age and are able to access their entire superannuation

balance. Perpetrators can also find ways to access a victim's superannuation before they have reached preservation age, for example, through applying for early release. Evidence has emerged that during the pandemic some women were coerced by abusive partners to withdraw money from their superannuation through the temporary COVID-19 early release scheme, with the Super Members Council estimating that as many as 70,000 women may have been affected.²⁸⁰

Banks, insurers and superannuation funds should be the first line of defence against these forms of abuse. A recent Parliamentary inquiry into financial abuse recommended reviewing and strengthening protections across the financial system, including requirements for financial services providers to proactively identify instances of family violence and take action to disrupt these—backed by legislative changes to enable this disruption.²⁸¹ This inquiry follows earlier work on risks and protections in the banking and general insurance industries through the Designed to Disrupt reports, led by the Centre for Women's Economic Safety.²⁸²

A similar exercise to review risks and protections in the superannuation sector should be undertaken, either by government or by the superannuation industry. This review should identify specific ways that super funds can deter and disrupt family violence and elder abuse (see Box 5.4). The review should also consider how perpetrators have exploited self-managed superannuation funds and the COVID-19 early release of super scheme, as recommended by the Parliamentary inquiry.²⁸³

Box 5.4:

What super funds can do to deter and disrupt family violence and elder abuse

Super funds must have robust practices to protect their members against family violence and elder abuse, including:

- Products that provide inbuilt protections against misuse, as well as flexibility for victim-survivors;
- Clear and clearly communicated rules and consequences for misuse by perpetrators;
- Robust safeguards to prevent perpetrators from obtaining access to a member's superannuation through early release (if they are under preservation age) or by withdrawing funds (if they are preservation age or older); and
- Tailored and appropriate support for members who are victim-survivors to help reposition them from a state of vulnerability and disadvantage to one of empowerment and economic security.

These processes must cover the life insurance that commonly forms part of a superannuation product, as well as the superannuation component.



Where there are legal constraints to super funds taking action against violence and abuse, government should address these. The recent reforms to allow courts to take into account family violence when dividing assets in divorce proceedings (noted earlier) are a positive development. But more can be done, such as law reform to clarify that super trustees can bypass a deceased member's partner when distributing the death benefit (even if a binding nomination is place) if there is evidence that the partner was the perpetrator of violence or abuse against the member.²⁸⁴ This would reduce the ability of perpetrators to gain access to a partner or former partner's superannuation savings. Reforms like this may need to be backed by measures to compel trustees to consider whether there is evidence of violence or abuse.

There have also been calls for mandatory service standards for the superannuation industry, and to comprehensively review and reform the death benefit rules generally. Should the Government proceed with either of these reforms, it should ensure that the disruption of family violence and elder abuse are primary considerations. Mandatory service standards offer an avenue for embedding strong practices and guidance for disrupting family violence in a consistent and robust way across the industry.

Broader safeguards

Separate reforms are needed to protect the economic security of mothers who have separated from an abusive partner. There is evidence that former partners are weaponising child support payments to harm single mothers and their children,²⁸⁵ with an estimated \$1.7 billion in unpaid child support nationwide.²⁸⁶ As many as four in five women receiving child support have reported their ex-partner deliberately withholding or minimising payments,²⁸⁷ and complexities in how child

support payments interact with income support rules are leaving single mothers vulnerable to ongoing financial abuse.²⁸⁸

The Government should rigorously enforce the payment of child support and reform income support rules to close off avenues for financial abuse, as recommended by the Economic Inclusion Advisory Committee and the Women's Economic Equality Taskforce.²⁸⁹ The recent Parliamentary inquiry recommended that the Australian Tax Office be tasked with enforcing child support arrangements, and that Government should cover any shortfall in recipients' payments at the end of each year (with the amount recouped by raising a tax debt against the relevant child support payer).²⁹⁰

Further, all governments need to provide greater support for women seeking to leave abusive relationships. National Cabinet recently announced a \$4.7 billion national funding package to help these women.²⁹¹ If backed by greater investment in social housing and homelessness services—as discussed earlier—this package will make a big difference to women escaping violence.

The Australian, State and Territory governments also need to prioritise long-promised reforms to make enduring-power-of-attorney laws more consistent and reduce scope for financial abuse when a person is appointed to make decisions on behalf of an another who is unable to make decisions themselves. There are significant gaps in Australians' knowledge of their rights and responsibilities under current arrangements.²⁹² All governments committed to make laws more consistent and establish a national register of enduring powers of attorney in 2019,²⁹³ and jointly consulted on reforms in 2023,²⁹⁴ but have not yet enacted reforms. There is also a need for governments to better deliver education and awareness-raising programs in relation to enduring powers of attorney.²⁹⁵

Making the system easier to navigate

Superannuation is complex, with many people having a poor grasp of their entitlements or how products work. For example, in a recent survey, only about two in five men, and just one in five women, said they have a high level of understanding of how super works (8 or more out of 10).²⁹⁶

The tax and transfer systems are even more complex, with a wide variety of tax concessions, specific rules for how money can be accessed from super, and assets and income tests on income support payments such as the Age Pension. Survey evidence shows that many people do not have a good understanding of basic tax setting relating to super, with men displaying a higher level of understanding than women, on average.²⁹⁷

The tax and transfer rules are backed by severe financial penalties, not just for tax avoiders and welfare cheats, but also for anyone who makes a mistake or simply is not aware that certain rules exist.

System complexity disproportionately hurts people with lower incomes and wealth. Many older women will struggle with making decisions about how much they should contribute to their super, when to start drawing it down, how much they should draw down each year, and whether and how this will affect the amount of Age

Pension they are entitled to. The challenges are particularly acute for older women who have experienced cognitive decline or elder abuse, as well as those who have left marriages where the husband managed the household finances.

Financial literacy and education are often looked to as solutions, but there is only so much that better financial literacy can achieve. Australia's superannuation and tax systems are so complex that even experts can struggle to understand the rules and make optimal decisions. The best solution would be to reduce the underlying complexity itself.

Barriers to retirees drawing down assets

A number of policy settings pose barriers to people using their superannuation to provide an income once they retire. While there may be specific justifications for some of these, in combination they can make it difficult for people to draw down their super and could mean that some people could have a lower standard of living in retirement than they can afford.

THE BARRIERS INCLUDE:

- **The inability to contribute to a superannuation income stream product once it has commenced**, meaning that people who go back to work need to open a separate accumulation account (and pay two sets of fees). This can deter people from moving their money into the tax-free pension phase in the first place, meaning they pay higher tax on earnings. For example, almost one in five older Australians with an accumulation account they are no longer contributing to are holding off from moving it into the pension phase because they may start working again.²⁹⁸
- **Minimum balance requirements for commencing an income stream**, with some funds requiring members to have \$50,000 or more before they can draw an income from their super. An estimated 50,000 Australians who are retiring over the next year may not be able to access an income stream product because of these rules.²⁹⁹ These minimum balance

requirements are a significant barrier to people with lower balances from using their super to provide a regular income.

- **Tax settings that give people with other sources of funds an incentive to hoard money in superannuation.** Because superannuation earnings are exempted from tax in pension products, and concessional tax in accumulation products, there can be an incentive for people with access to other sources of income to draw on their superannuation as little as possible. About 60 per cent of people in the pension phase draw down their super as little as they can, with over a third of these saying that they are following advice they were given, and just under a third saying they have other sources of income.³⁰⁰ While rules such as minimum drawdown rates and the transfer balance cap were introduced to limit the extent people can benefit from tax concessions, they have led to significant complexity for consumers.

For older people who are homeowners, further barriers arise which can be disincentives to accessing equity in their home, or downsizing to housing that better meets their needs as they age:

- **The complex asset and income tests for Age Pension eligibility** mean that people who access home equity, or downsize and have money left over, may lose their Age Pension or have their payments reduced. This is because owner-occupied property is exempted from the means tests.

- For similar reasons, the **asset and income tests for subsidised aged care** mean that people who downsize while they or their partner receive subsidised aged care may see their fees increase significantly. The value of owner-occupied property that is included in the means test is capped at just over \$200,000, which is much lower than the median dwelling price of \$800,000,³⁰¹ meaning the majority of homeowners will have most of their home value exempted.
- **Stamp duties** impose large out-of-pocket costs when people move, which can discourage downsizing.

More substantive reforms to address barriers to drawing down assets could be explored as part of a broader reform of the tax and transfer system through a gender lens, as discussed earlier.

Help, guidance and advice

Not all complexity can be avoided. However, rather than expecting people to muddle through themselves, there is more that can be done by government to help Australians navigating the superannuation, tax and transfer systems, including older women who may not have large amounts of savings or may not know where to start in making complex financial decisions.

USEFUL REFORMS WOULD INCLUDE:

- **Increasing funding for the financial counselling sector and the existing government-run Financial Information Service.** Everyone who needs help with their finances should be able to talk to an independent expert for free. Financial counselling services are particularly valuable for women and families facing financial difficulty, and for groups such as First Nations and migrant women who would otherwise be unable to access culturally competent support or help in their own language. Additional funding is required so these services are available to the people who need them the most.
- **Ensuring accessible, helpful, free and independent information remains available through the Moneysmart website** and other channels, such as interactive calculators and helpful guidance for women going through a divorce or experiencing family violence.
- **Streamlining the application process for the Age Pension** so people can receive their entitlements as soon

as they become eligible. For example, a simple online application process could be provided through MyGov which draws on pre-filled data about the applicant's assets and income from the ATO, instead of requiring people to fill out lengthy paper forms.³⁰² There could also be a process for Centrelink to share information about Age Pension payments with an individual's super fund (with the individual's consent) so that the fund is better able to help them manage the interaction between their superannuation income stream and the Age Pension.³⁰³ These reforms could reduce the number of people who wait a year or more to apply for the Age Pension once they become eligible (currently an estimated one-third of recipients³⁰⁴).

- **Improving understanding of other government schemes**, such as available tax concessions for voluntary contributions to super, and the Home Equity Access Scheme, which allows older homeowners to convert housing equity into income on relatively generous terms (e.g. tax-free income that is exempt from the Age Pension means tests). Uptake of the home equity scheme has been very low, in part because of behavioural factors and perceptions.³⁰⁵ These could be addressed by raising awareness of the scheme and helping people to understand how it works.

- **Proactively informing people of their options when they approach retirement and where they can seek help.** This could involve the ATO sending MyGov messages to people when they reach a certain age.³⁰⁶
- **Ensuring that consumer protections for financial advice remain strong and actively enforced**, to reduce the risk that older women are given poor-quality or conflicted advice that leaves them financially worse off.

In addition, there are many things that super funds can do to help people (see Box 5.5).





Box 5.5: What super funds can do to help their members navigate the system

- Regularly undertake a **gender assessment** of members' needs and outcomes, including whether the fund's products and services are adequately catering to the needs of women in different life situations. This should involve rigorous data analysis to understand needs and outcomes, and could be embedded as part of funds' member outcomes assessments and retirement income strategies.
- Providing **plain language information** and (where appropriate) default settings in products to help members make good decisions about contributing to their super or drawing an income in retirement (e.g. combining income from super with the Age Pension or other sources of household income).
- Helping members to **access more tailored support**, such as through high-quality financial advice, the Financial Information Service, or a financial counsellor. This may require providing assistance to financial counselling organisations that have limited capacity to take on new clients.
- Providing realistic guidance and examples to help members work out their **retirement spending needs** and how much money they will need, especially members on low pre-retirement incomes and with small super balances.
- Improving **retirement calculators** to ensure they display realistic default income levels and support members to consider things like mortgage payments or rental assistance in forecasting their retirement income. Super Consumers Australia recently found that many super fund calculators were providing unreasonable estimates of spending needs and failed to support members to consider housing-related costs.³⁰⁷
- Proactively contacting members who may have had to **retire involuntarily** (e.g. due to changes in health or caring responsibilities) to inform them in plain language about how their superannuation can be accessed, the implications of doing so, and how they can access help and support.
- Better supporting **members in vulnerable circumstances**, including those experiencing family violence, elder abuse, divorce, poor health or financial hardship. This includes providing empathetic and flexible customer service, and embedding protections in products and services to disrupt financial and elder abuse (as discussed earlier).

Appendix 1

Modelling assumptions and results



Econometric model of separation/divorce

Econometric models were constructed to examine how various characteristics affect individual incomes for men and women. The models use data from the Household, Income and Labour Dynamics in Australia (HILDA) survey for 2022 (Wave 22).

This modelling, as well as the analysis of HILDA data throughout the report, was undertaken by Christopher King of the Centre of Policy Studies at Victoria University in partnership with Impact Economics and Policy.

Methodology

The variables used in the model are summarised in Table A.1 below. The sample contains individuals aged 18 or older. Observations in the dataset which contained ‘not applicable’ values for any of the variables were removed from the sample prior to estimating the models. Most continuous variables have been converted into categorical indicator variables (as described in the table) to account for the possibility that they have a non-linear relationship to income. All individuals in the datasets were recorded as being either male or female.

TABLE A.1 Variables used in the econometric models

Variable	Description
Explanatory variables	
income	<p>This is a continuous variable which measures an individual’s regular income in financial year 2021-22, including wages and salary, business income, investment income, superannuation and pension income and Australian Government pensions and allowances.³⁰⁸</p> <p>Individuals with no income, a negative income, or with incomes of \$200,000 or more were removed from the sample. Including these observations could distort the coefficients on explanatory variables. This is consistent with standard practice to remove large outliers from estimation samples. This approach confines the analysis to the core sample of respondents of interest. About 600 observations (just under 3 per cent) were removed because incomes were recorded as \$200,000 or more.</p>

TABLE A.1 Variables used in the econometric models *CONTINUED*

Variable	Description
Explanatory variables	
age_bracket	Categorical indicators for the individual's age (i.e. whether aged 18-24, 25-34, 35-44, 45-54, 55-64, or 65 or older).
no_04_kids	Number of resident children (own children or step/foster/grand children without parent in household) aged 0-4.
no_514_kids	Number of resident children (own children or step/foster/grand children without parent in household) aged 5-14.
hours	Categorical indicators for the number of hours usually worked each week in all jobs (i.e. whether worked 0-4 hours, 5-10 hours, etc). Individuals who are not employed are assigned to the 0-4 hours category.
experience	Categorical indicators for the number of years the individual has worked in their current occupation (i.e. 0-4 years, 5-9 years, etc). Individuals who are not employed are assigned to a 'no experience' category.
educ	Categorical indicators for the highest education level achieved, categorised as university (postgraduate, graduate diploma/certificate and bachelor/honours), vocational (diploma or certificate III or IV), or Year 12 (Year 12 or below).
lt_health	An indicator for whether the individual has a long-term health condition, impairment or disability that restricts them in everyday activities and has lasted (or is likely to last) for 6 months or more.
gov_ben	An indicator for whether the individual receives Australian Government pensions or allowances.
state	Categorical indicators that record the individual's State or Territory of residence.
divorced	An indicator for whether the individual's current marital status is recorded as divorced or separated. This indicator is set to 1 for individuals who have previously been in a marriage or de-facto relationship and have since divorced or separated, but have not re-partnered. It is set to 0 for all other individuals.
never_married_widowed	An indicator for whether the individual's current marital status is widowed or never married (and not in a de-facto relationship).

A series of models were estimated using the Ordinary Least Squares method to examine the relationship between income (the dependent variable) and individual characteristics (the explanatory variables). Some additional explanatory variables were considered for inclusion in the model, but were not ultimately included because they did not have statistically or economically significant coefficients and did not improve the overall statistical ‘fit’ of the model. These include industry and occupation types, union membership, tenure with current employer, time spent on informal care responsibilities, and whether or not an individual is currently retired. The omission of these variables does not imply that these factors are unimportant for explaining gender gaps in individual incomes. The variables that were ultimately included in the model were selected because they have stronger explanatory power across the sample (which includes people who are employed, not working, and retired).

Statistical tests confirmed the presence of endogeneity (i.e. reverse causality) between the divorce and income variables. This could arise if:

- the level of income affects the decision to divorce—e.g. if someone experiencing relationship difficulties chooses to remain married because their individual income would not be sufficient to support them if they were to separate or divorce; or

- unobserved factors simultaneously affect someone’s likelihood of divorcing and their income—e.g. someone working in a high-income job might suffer from high levels of work-related stress which also cause marital strain.

Endogeneity would mean that the error term in a regression model would be correlated with one of the explanatory variables (in this case the divorce variable), which violates the assumptions that underpin the standard Ordinary Least Squares method. The model would provide a biased (i.e. inaccurate) estimate of the impact that divorce has on an individual’s income.

To adjust for this, an instrumental variables approach was used. This technique involves estimating a separate regression (in this case a logistic regression model) which seeks to statistically predict whether an individual is divorced or not based on factors that are not correlated with individual income (listed in Table A.2 below). The residuals from this model were then included alongside the divorce variable in the main models.³⁰⁹

TABLE A.2 Additional explanatory variables used only in the instrument models

Variable	Description
reskids	The number of children residing in the individual's household.
age_young-est_child	Categorical indicators for the age of the individual's youngest child (i.e. whether the child is aged 0-4, 5-12, 13-17 or 18 or older). Individuals who do not have children are assigned a value of 0 for each indicator.
never_married	An indicator for whether the individual has never been married before (set to 1 if they have never been married, and 0 if they have ever married).
wont_marry	<p>An indicator for whether someone has stated they are unlikely to marry in the future or not (in response to a specific survey question). The indicator is set to 1 for individuals who are currently unmarried and indicate that they are 'unlikely' or 'very unlikely' to marry or re-marry in the future.</p> <p>The indicator is set to 0 for all other individuals, including:</p> <ul style="list-style-type: none"> ■ those who are currently married; ■ those who are living with someone in a relationship and say they are 'likely' or 'very likely' to marry their current partner; and ■ those who are not living with someone in a relationship and say they are 'likely', 'very likely' or 'not sure' whether they will ever marry-remarry in the future (as well as those who do not know or refuse the answer the question).

Finally, a decomposition exercise was used to explore factors that can explain the income gap between men and women, with the average individual income for men in the sample being \$14,911 higher than the average individual income for women. Specifically, an Oaxaca-Blinder decomposition³¹⁰ was used to estimate:

- the part of the income gap that is statistically explained by differences in the characteristics of men and women, such as average levels of education or occupational experience ('compositional effects'); and
- the part of the income gap that is statistically explained by differences in the relationship between a given characteristic and income for men and women, such as a man receiving a higher income payoff than a woman for the same educational qualification ('coefficient effects').

Results

Table A.3 below shows the results from the main models. For each explanatory variable, a positive sign indicates a positive relationship with income, and a negative sign indicates a negative relationship, controlling for all other variables in the models.

Several configurations of the main models were estimated.

The first three models reflect the fact that individual income is typically strongly related to how much time people spend in paid work. Models (1) to (3) include controls for hours spent in paid work. This allows the models to isolate the effects of other characteristics and circumstances on people's income. In these models, the coefficients can be interpreted as an estimate of the factors predicting hourly income. The estimated impact of divorce on income is distinguished from the effects of any changes in hours worked arising from being divorced.

The remaining four models reflect the possibility that people may change their hours of paid work as a consequence of divorce—for example, because they need a higher income in order to get by (although some may be constrained by childcare responsibilities, especially women). Models (4) to (7) do not include controls for hours spent in paid work. In these models, the coefficients can be interpreted as a measure of the combined effect of divorce on both hours worked and hourly income (that is, the full effect on total income). This approach also avoids potential biases that

can arise where hours worked are closely correlated with other explanatory variables in the model.

Adjustments were also made to correct for potential endogeneity between divorce and income, as described above (with the outputs of the instrumental variables regressions shown below in Table A.4). These adjustments were made in models (1), (2), (3), (6) and (7). No adjustment was made in models (4) and (5), which illustrate the extent of the bias in coefficient on the divorce variable when no correction is made for endogeneity. These models show that the potential endogeneity reduces the size of the effect for women by about a quarter (the divorce coefficients are not statistically significant for men).

Of all the model variants, (6) and (7) are the preferred configurations and are the basis of the discussion in the main text of this report and the decomposition analysis. These models are preferred because they correct for potential endogeneity between divorce and income, and because they do not control for hours worked.

Table A.5 shows the results from the Oaxaca-Blinder decomposition. A positive sign for the coefficients indicates a factor has the effect of narrowing the income gap in favour of women, and a negative sign indicates a factor has the effect of widening the income gap in favour of men. The interaction column shows the effects of the interaction between compositional and coefficient effects.

TABLE A.3 Main regression results for income (Ordinary Least Squares)

Explanatory variable	Controls for endogeneity and hours worked			No controls for hours worked or endogeneity		Controls for endogeneity, no controls for hours worked (preferred)	
	(1) pooled	(2) women	(3) men	(4) women	(5) men	(6) women	(7) men
divorced	3,754**	5,756***	582	6,660***	-1,720	9,011***	2,337
age_bracket_25-34	15,619***	16,387***	16,615***	27,285***	24,061***	27,097***	23,835***
age_bracket_35-44	20,841***	18,700***	24,846***	27,624***	32,168***	27,355***	31,806***
age_bracket_45-54	22,275***	20,815***	25,230***	29,289***	31,611***	28,921***	31,182***
age_bracket_55-64	19,779***	18,127***	21,711***	21,252***	25,274***	20,811***	24,755***
age_bracket_65+	19,616***	19,586***	16,218***	22,065***	17,127***	21,379***	16,359***
no_04_kids	3,429***	2,195***	4,124***	-2,920***	4,478***	-2,943***	4,470***
no_514_kids	2,335***	2,338***	2,690***	-221	3,019***	-287	3,030***
hours_5-10	-8,418**	-9,932**	-5,986				
hours_10-15	-7,037**	-10,102***	-1,701				
hours_15-20	-5,815*	-5,357	-2,490				
hours_20-25	398	3,052	-1,973				
hours_25-30	6,362*	8,070**	4,783				
hours_30-35	11,952***	13,932***	9,514				
hours_35-40	27,105***	26,789***	22,292***				
hours_40-45	37,614***	36,368***	31,212***				
hours_45-50	45,151***	43,028***	38,521***				
hours_50-55	47,725***	49,489***	38,695***				
hours_55-60	49,827***	46,883***	42,586***				
hours_60+	49,582***	46,398***	41,506***				
experience_0-4	4,028	5,977*	2,362	19,519***	20,451***	19,508***	20,433***
experience_5-9	12,853***	13,798***	12,307**	28,735***	33,034***	28,707***	32,971***
experience_10-14	15,588***	14,408***	17,030***	27,953***	37,309***	27,963***	37,379***
experience_15-19	17,712***	14,570***	19,812***	28,682***	41,089***	28,686***	41,054***

Explanatory variable	Controls for endogeneity and hours worked			No controls for hours worked or endogeneity		Controls for endogeneity, no controls for hours worked (preferred)	
	(1) pooled	(2) women	(3) men	(4) women	(5) men	(6) women	(7) men
experience_20-24	19,198***	18,003***	20,334***	32,071***	42,129***	32,025***	42,160***
experience_25-29	17,621***	20,481***	14,533**	35,910***	35,456***	35,895***	35,421***
experience_30-34	18,548***	18,854***	18,168***	33,958***	37,776***	34,000***	37,879***
experience_35-39	23,137***	20,227***	25,480***	33,715***	47,385***	33,765***	47,530***
experience_40-44	21,790***	18,265***	22,115***	31,689***	41,988***	31,742***	41,991***
experience_45-49	16,852***	28,133***	9,624	39,954***	27,702***	40,063***	28,007***
experience_50+	4,110	16,195**	-1,139	19,319**	16,667***	19,430**	16,811***
educ_vocational	-13,597***	-14,978***	-14,805***	-16,566***	-13,327***	-16,588***	-13,385***
educ_year12	-18,235***	-17,089***	-21,148***	-20,356***	-20,884***	-20,395***	-20,931***
lt_health	-2,948***	-2,867***	-3,123***	-4,167***	-4,730***	-4,170***	-4,775***
gov_ben	-6,496***	-4,131***	-11,335***	-8,899***	-15,810***	-8,939***	-15,888***
never_married_widowed	-1100	3,255***	-7,153***	2,960***	-9,941***	2,623***	-10,219***
state_VIC	-263	28	-841	-790	-924	-763	-937
state_QLD	-544	-346	-1,091	-39	-1,011	-38	-1,044
state_SA	-1,588*	784	-4,444***	-643	-4,411***	-629	-4,392***
state_WA	2,617***	1,037	4,694***	-50	5,955***	-29	5,933***
state_TAS	-3,077**	-1,383	-5,133**	-1,353	-4,666**	-1,345	-4,730**
state_NT	3,298	-5,381	17,320***	-3,019	18,959***	-2,848	19,136***
state_ACT	10,525***	9,299***	10,484***	9,347***	9,223***	9,356***	9,170***
residuals_logit	-2,927	-256	-4,197			-3,470	-7,572**
(constant)	31,638***	26,931***	42,693***	30,374***	44,319***	30,645***	44,612***
Model criteria							
No. observations	14,749	7,955	6,794	7,955	6,794	7,955	6,794
R ²	1	0	1	0	0	0	0
F-statistic	343.654***	173.239***	167.798***	151.625***	191.415***	146.945***	185.700***

* significant at the 10 per cent level; ** significant at the 5 per cent level; *** significant at the 1 per cent level.

Note: The base (omitted) categories for the categorical variables are age_bracket_18-24, hours_0-4, experience_none, educ_university and state_NSW.

TABLE A.4 Instrumental variables regression results for probability of divorce (binomial logit)

Explanatory variable	pooled	women	men
reskids	-0.16**	0.05	-0.66
age_youngest_child0-4	0.08	-0.27	0.67
age_youngest_child5-12	1.20***	0.89	1.65
age_youngest_child13-17	1.29***	0.99	1.68
age_youngest_child18+	0.00	-0.03	0.15
never_married	-22.64	-22.33	-23.33
wont_marry	3.79***	3.48***	4.31***
(constant)	-3.63***	-3.54***	-3.74***

* significant at the 10 per cent level; ** significant at the 5 per cent level; *** significant at the 1 per cent level.

TABLE A.5 Oaxaca-Blinder decomposition results

	Women	Men	Gender Gap
Average incomes	\$52,495	\$67,406	\$14,911 (-22.12%)
	Compositional effects	Coefficient effects	Interaction
Overall decomposition	-1,860.57***	-14,246.27***	1,195.97***
divorced	74.72	446.96*	213.30*
age_bracket_25-34	-148.75	642.60**	-20.36
age_bracket_35-44	6.93	-713.99**	-0.97
age_bracket_45-54	297.54	-309.89	-21.58
age_bracket_55-64	-50.66	-588.52*	8.07
age_bracket_65+	208.94	1,091.48**	64.12
no_04_kids	52.27	-1,162.24***	-86.69
no_514_kids	220.42***	-875.74***	-241.36***
experience_0-4	-114.43	-292.02	5.18
experience_5-9	-319.86**	-496.41*	41.36

TABLE A.5 Oaxaca-Blinder decomposition results *CONTINUED*

	Compositional effects	Coefficient effects	Interaction
Overall decomposition	-1,860.57***	-14,246.27***	1,195.97***
experience_10-14	-284.37*	-717.88***	71.63
experience_15-19	-491.10***	-715.42***	147.95**
experience_20-24	-205.66	-460.96**	49.44
experience_25-29	-114.90	10.54	-1.54
experience_30-34	-174.43*	-85.62	17.86
experience_35-39	-208.94**	-224.90**	60.51
experience_40-44	-265.03***	-134.26	64.69
experience_45-49	-63.31*	62.11	-27.25
experience_50+	-50.32**	13.10	-7.84
educ_vocational	1,154.89***	-1,231.46**	276.36**
educ_year12	-133.38	196.09	3.42
divorced	-225.36***	182.49	28.59
lt_health	-914.39***	1,581.38***	399.94***
gov_ben	-156.80*	3,406.25***	197.06*
never_married_widowed	-6.17	44.06	1.14
state_VIC	8.71	228.16	-8.39
state_QLD	5.83	335.61**	-4.99
state_SA	-5.93	-544.19***	5.96
state_WA	12.21	121.07	-8.73
state_TAS	26.98	-90.61**	-30.99
state_NT	3.77	3.63	0.08
state_ACT	0.00	0.00	0.00
residuals_logit	0.00	-13,967.70***	0.00
(constant)	74.72	446.96*	213.30*

* significant at the 10 per cent level; ** significant at the 5 per cent level; *** significant at the 1 per cent level.

Cameo model

The cameo scenarios used throughout this report were designed by Impact Economics and Policy, with calculations undertaken by the Super Members Council using its bespoke cameo model.

The model works by comparing a baseline scenario (e.g. a woman who does not experience a life event) with a simulation (e.g. a woman who experiences a life event). The model captures the impact that life events have on superannuation balances (via changes in workforce participation affecting contributions) as well as on retirement incomes (via changes in superannuation balances, Age Pension entitlements and whether the person is partnered or single).

Unless otherwise stated, the cameos are for a single woman earning the median income for her age, starting with the median superannuation balance for her age (either age 50 or 60, depending on the cameo). In other words, all the cameos take the 'median' woman as the starting point, and no explicit assumptions are made about her workforce participation prior to that age. In cameos where the woman has a partner, the partner is assumed to have the median income and superannuation balance for men (of the same age).

Median full-time-equivalent incomes and superannuation balances are derived from the ABS Survey of Income and Housing and HILDA for each individual year of age

and gender. Wage profiles are smoothed to reduce volatility in the model outputs. The model also assumes that:

- Men (i.e. the woman's partner) work full time and retire at 67.
- In scenarios where the woman stops working before age 67, she relies on other sources of income (e.g. government income support or a partner's income) and does not start accessing her superannuation until she turns 67.
- Superannuation contributions are received at the Superannuation Guarantee rate on employment income only.
- From age 45 onwards, both men and women receive some business income in addition to employment income, with the share of income at each individual age based on averages from the ABS Census. This is used to adjust downwards the amount of employment income (for example, if 10 per cent of income comes from business, then it is assumed the person works only 0.9 full time equivalent (FTE) hours). The assumption is made to reflect that a material share of the population are business owners, especially from age 45 onwards, but superannuation is not compulsory for business income.

For the cameos in Chapter 4, additional assumptions are made about workforce participation. In the optimistic scenario, both men and women are assumed to work full time from age 22 until retirement at age 67, with the following exceptions:

- Women take career breaks to have two children, one at age 30 and one at age 33. They do not participate in work during the years of childbirth and work 0.4 FTE during the two years following the birth of each child. They then work 0.7 FTE for seven years after the second child turns three (and after that, full time until retirement).
- In the year of childbirth, women are assumed to receive superannuation on Commonwealth paid parental leave. This is equivalent to a salary of about 0.2 FTE for a woman on the median income.

In the pessimistic scenario in Chapter 4, both men and women at each individual age are assumed to work the same average FTE hours as per the national average for men and women at each age, according to the ABS Census. This reflects current working patterns where women are much more likely than men to work part time (see Chart 2.19 in Chapter 2).

Investment and fee assumptions are based on ASIC's Moneysmart superannuation calculator. All estimates are shown in 2024 dollars, deflated by nominal wage growth of 3.7 per cent a year.

Retirement income estimates comprise superannuation and the Age Pension, and are annual averages over retirement

assuming life expectancy of 92. The model assumes that 10 per cent of the superannuation balance is drawn as income each year (noting that this generally results in slightly higher income levels earlier in retirement).

Retirement incomes are estimated as after-tax equivalised household income. In cameos where the person is single, this is the same as an individual's income. In cameos where the person is coupled, equivalised income is calculated by dividing the couple's joint income by 1.5 (see the discussion of equivalised household income in Chapter 2). It is also assumed that couples share income evenly within the household.

Footnotes

1. This reflects that women retire earlier than men, and also work slightly fewer years while in poor health. Hambisa, M. T., Tawiah, R., Jagger, C. and Kiely, K. M. (2023), "Gender, education, and cohort differences in healthy working life expectancy at age 50 years in Australia: A longitudinal analysis", *Lancet Public Health*, vol. 8, pp. e610-e617.
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16. HILDA Wave 22.
17. In this report, equivalised household income is measured as total after-tax income (including from income support payments, where relevant), divided by a household size metric. This metric has the value 1 for the first adult in the household, 0.5 for each additional adult (or older child), and 0.3 for each dependent child aged under 15.
18. In this report, poverty is defined as having an equivalised household income equal to 50 per cent or less of the median equivalised household income, after income taxes and after subtracting rent and mortgage payments. This is consistent with how poverty rates are measured by the Australian Council of Social Service in its *Poverty in Australia* report (2022).
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