

Closing the wage gap won't close the super gap



When the time comes to retire, currently close to 40 per cent of single women find themselves living in poverty. Credit: Stocksy

Friday is Equal Pay Day. It highlights how much longer women would need to work at the end of the financial year to catch up to men. With new figures suggesting the gender pay gap is at 14.6 per cent, it marks the closest we have been to closing the pay gap in 20 years.

Every year we are reminded that our society has entrenched inequalities that are putting women second. And every year little is done to address the problem.

As the story goes, women are dealt a life path full of hurdles making it difficult to ever catch up to their male counterparts.

Women are reminded that from the day they step into their first job, more often than not, they will be delivered less.

And, when the time comes to retire, currently around 40 per cent of single women find themselves living in poverty.

This simply isn't good enough.

The pay gap between men and women has sat between 15 per cent and 19 per cent for two decades, with women still paid less than men in many industries.

In a system where wages and super are linked, the gender pay gap feeds into the superannuation gap – which, at the moment, is around 40 per cent.

On average, men are retiring with a median \$171,000 in super, and women with \$103,000.

For women in their 50s or 60s, time is running out to close this gap. The prospect of retiring with little super, now that access to pension has tightened, is a pressing and stressful reality.

For women in their 20s and 30s the system must be changed. We all know the problem, but the solution isn't so straightforward.

The reality is the gender pay gap will take a combined effort of business, government and the broader community to address. It is up to policy makers to make targeted changes that will ease the impact of the gap into retirement.

Superannuation is a long-term proposition, and because of compound interest, small amounts over time add up to significant amounts – meaning even relatively small gaps translate into enormous balance difference at retirement.

For women, time taken out of the workforce is a huge factor in superannuation shortfalls.

Currently, unlike other forms of paid leave, it is not included in parental leave entitlements.

The system is clearly not working. Women should never have to choose between having children and a comfortable retirement.

Addressing this issue will lessen the retirement savings impacts of taking time off to care for others.

But alone it will not solve the problem.

Women are more likely than men to work in insecure and lower-paid work, as they make up the majority of part-time or casual workers.

And these types of workers often fall foul of the \$450 a month wage threshold at which employers must pay superannuation.

Scrapping the threshold would ensure that everyone over age 18 who earns a wage, regardless how small, can also build their super.

Another option could be a targeted capital injection directly into low-balance super accounts. Compound earnings from a small super seed or a later life top-up would help ease financial pressures in retirement.

Policy solutions like these will deliver for women. The sooner we can rebalance our super system to make it fairer across the board, the better the long-term retirement outcomes for all Australians.

The fact that the gender pay gap is the lowest it has been in 20 years is something to celebrate. It's time now to also focus on the super gap.