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Monday, 12 September 2016

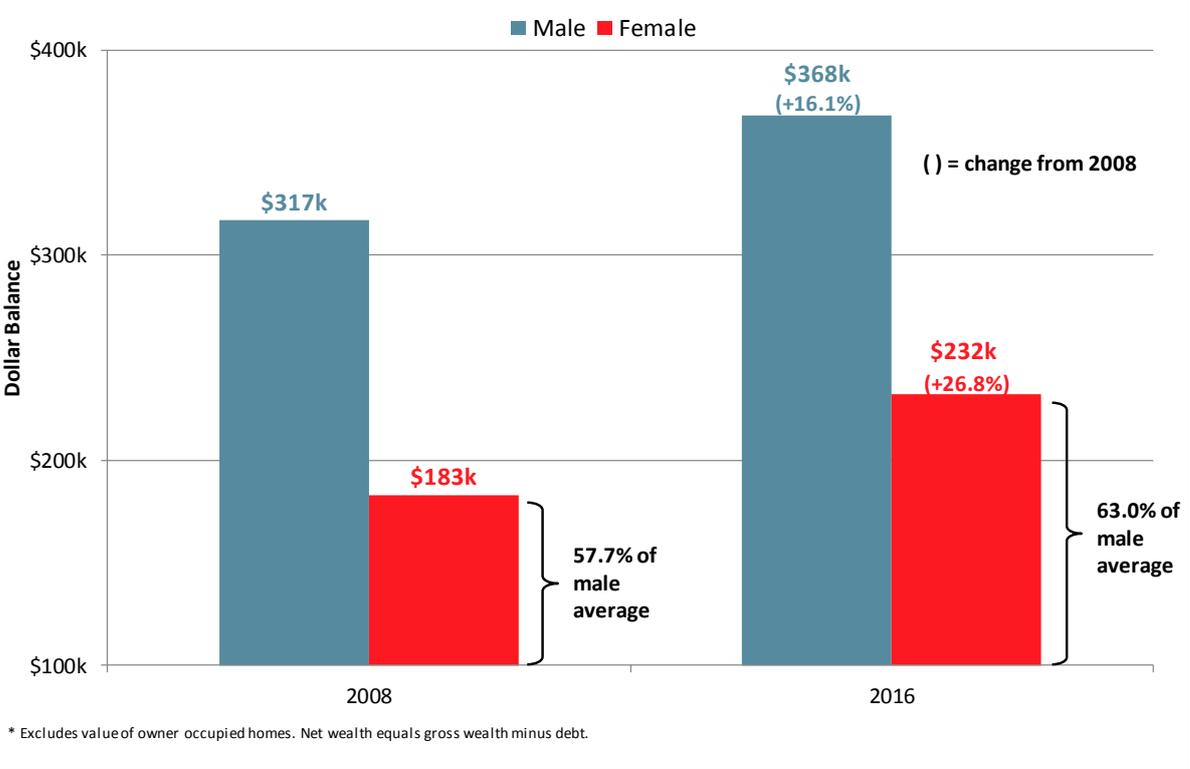
Women still lag behind men in retirement funding but closing the gap

There are 2.9 million Australians in the pre-retiree group (aged 50 to 64 and working), making it important to understand their financial readiness for retirement. Average retirement savings among the 1.4 million women in this group have been well behind that of their male counterparts but they are gradually closing the gap from being 57.7% of the male average in 2008 to 63.0% in 2016. These are some of the findings from the latest Roy Morgan 'State of the Nation-Spotlight on Finance Risk' report. The data is from Roy Morgan's Single Source survey of more than 500,000 interviews over the last decade.

Pre-retirement funds growth faster for women

Since 2008 the average net wealth of pre-retired women has gone from \$183K to \$232K, an increase of 26.8%. For men in the pre-retired group, the growth in average net wealth went from \$317K to \$368K, an increase of 16.1%. These growth rates are partly due to the recovery from the GFC.

Average Net Wealth* of Pre-Retirees - Male v Female



Base: Pre-retirees Australians 50-64 and working, 12 months to June 2008 (n=7,824) and 2016 (n=8,140).

Despite the more rapid growth in average net wealth for women in this group over the last eight years, their average balance is still less than two thirds (63%) of their male counterparts.

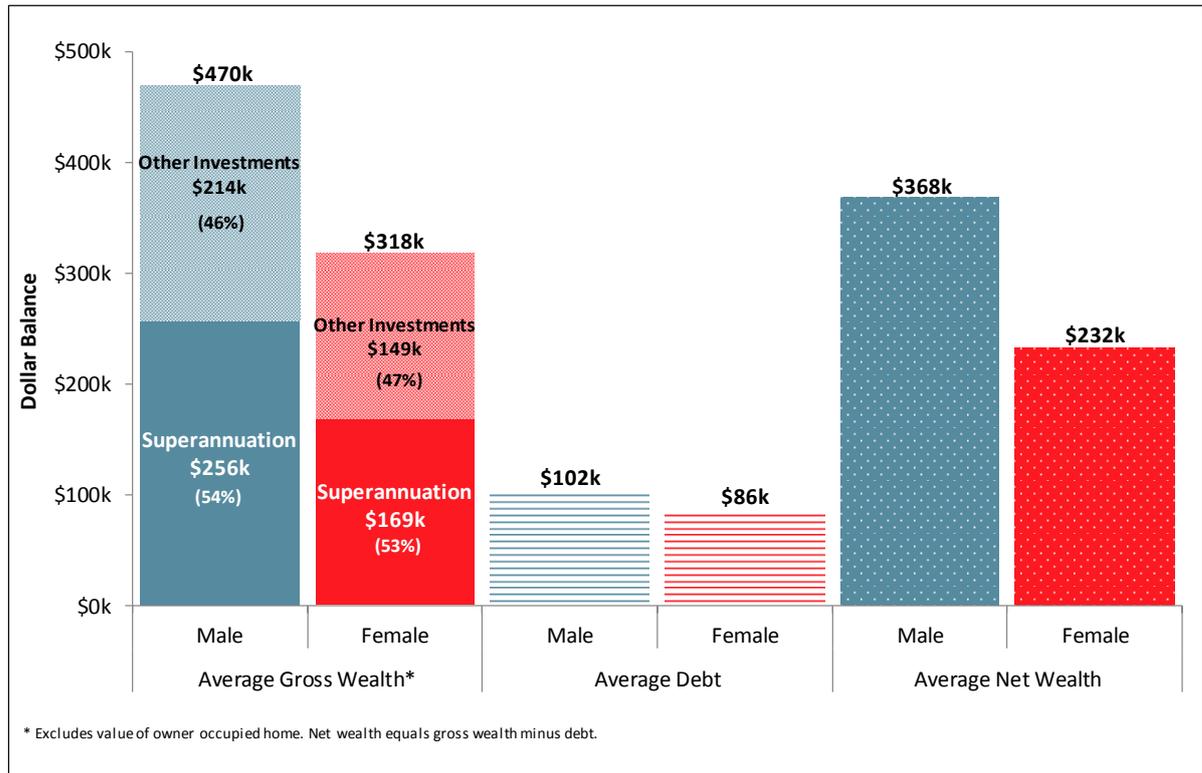
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It is important to note that although there has been reasonable growth in average retirement funds for both sexes, the current levels of \$368K for men and \$232K for women appear low for a 'self-funded' retirement, given the fact that many in this group are close to retirement with little time to make up for any shortfall.

Superannuation only part of the retirement funding story

The main public focus on the adequacy of retirement funding is generally on superannuation but for both sexes in the pre-retirement group, this accounts for only around half of average gross wealth: 54% for men and 53% for women.

Financial Position* of Pre-Retirees - Males V Females 2016



Base: Australians 50-64 and working. 12 months to June 2016 (n=8,140) **Source:** Roy Morgan Research

An important consideration facing this group is the extent to which they may potentially retire with debt, which would obviously undermine their retirement funding capabilities. Although the average gross wealth of men in this group looks reasonably high at \$470K, their average debt is \$102K, reducing their net wealth to \$368K. For women, the average gross wealth is \$318K but an average debt of \$86K reduces this to \$232K.

Norman Morris, Industry Communications Director, Roy Morgan Research says:

“Over recent years a great deal of publicity has been given to the issue of the inequality in superannuation for women compared to men. Although progress is slow, there are now signs that the gap in retirement funding is gradually closing. This has been partly as a result of increased awareness and effort to improve the retirement funding for women and their increased participation in the workforce.”

‘Since 2008 the proportion of women employed has increased by 2.1% points, whereas male participation is down by 2.8% points. Given the compulsory nature of superannuation contributions, employment levels obviously play a major role in the level of retirement funding.

“With the number of pre-retirees being close to three million, they are the next wave coming through that will put pressure on government to cope with retirement funding and rule changes. With an average age of 57 in the pre-retirement group there is limited working life remaining for many in which to make up for any shortfall. This segment is likely to be more engaged regarding superannuation than most. Their proximity to retirement means that they will be paying close attention to any superannuation changes and particularly the current high-profile uncertainty that will possibly reduce confidence in the system and has the potential to divert funds into areas outside of superannuation and encourage postponing retirement.

“This release covers only a small part of the extensive financial data available from the Roy Morgan Single Source survey of over 50,000 people per annum. Over the last 12 months, for example, this survey has interviewed over 8,000 pre-retirees, enabling an in-depth understanding of their financial behaviour, trends and provides unique and detailed insights for anyone involved or interested in this key segment of the Australian population.”

For comments or more information about Roy Morgan Research’s financial data, please contact:

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Related research findings

View our [Consumer Satisfaction – Financial Performance of Superannuation in Australia Monthly Report](#) and our [Superannuation and Wealth Management in Australia Report](#).

About Roy Morgan Research

Roy Morgan Research is the largest independent Australian research company, with offices in each state of Australia, as well as in Indonesia, the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan Research has over 70 years’ experience in collecting objective, independent information on consumers.

Margin of Error

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

Sample Size	Percentage Estimate			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
5,000	±1.4	±1.2	±0.8	±0.6
7,500	±1.1	±1.0	±0.7	±0.5
10,000	±1.0	±0.9	±0.6	±0.4
20,000	±0.7	±0.6	±0.4	±0.3

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50,000	±0.4	±0.4	±0.3	±0.2
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