Women and Superannuation

Understanding and Managing Your Superannuation

Find lost super
Rollover or combine super funds
Consider your investment option
Make extra contributions
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I am delighted to present this useful resource about superannuation for women.

Superannuation is an increasingly vital part of each Australian’s plan for financial security in retirement. Women make a significant contribution to Western Australia’s workforce, and to our economy, and it is important they are well placed to enjoy the benefits of that hard work in retirement.

This booklet aims to assist women to better understand superannuation and make informed choices to help achieve a more comfortable retirement.

Whether retirement is far away or fast approaching, superannuation decisions made now can result in a higher level of retirement income. It is particularly important for women to plan for retirement as most women retire from work with significantly less in their superannuation accounts than men. Combined with women’s longer life expectancy, the potential exists for some women to live less comfortably – or in poverty – when they retire.

The idea of taking charge of your superannuation can seem overwhelming at first, but will become easier with greater understanding. This booklet explains the terms and phrases commonly used in superannuation matters. It also provides information on the economic and social factors that contribute to women living with less superannuation, including the effect of divorce on superannuation, and why some women experience greater hardship than others.

Importantly, this booklet and its companion brochure identify four simple super steps women can take, with the aim of maximising their superannuation. With informed decisions, women can ensure they are better placed to plan for a more financially secure retirement.

The Western Australian Council of Social Service and Women in Super have partnered with the Department of Local Government and Communities on this initiative, and I wish to acknowledge their contribution.

My hope is that many Western Australian women will use this important resource to examine their own superannuation arrangements, and to plan well for their retirement.

Hon Liza Harvey MLA
MINISTER FOR WOMEN’S INTERESTS
Women and superannuation

Most women retire from work with significantly less funds in their superannuation account than men, and not enough to support themselves during retirement. Women also live longer than men. This means that women are more likely than men to live less comfortably, or even in poverty, when they retire.

For those with superannuation accounts, a woman’s average account balance of $68,600 is just over 60 per cent of the average balance for men of around $112,000.¹

It makes financial sense to better understand and manage your superannuation so you can make a real difference to your future income.

What is superannuation?

In the past, generations of Australians have primarily relied on the Age Pension to provide all or part of their retirement income. Factors such as an ageing population, longer life expectancy, the declining relative value of the Age Pension, government policy settings and the desire for a better quality of life have meant that Australians now look beyond the Age Pension for their retirement income. The qualifying age for the Age Pension is also increasing.²

Generally, it is now considered to provide only a ‘floor’³, or retirement safety-net, for people without enough personal financial resources to fund their retirement.


Having an adequate retirement income now relies on you contributing to some or all of that income – and superannuation is a vital part of achieving that goal.
Women and Superannuation

Superannuation or ‘super’ is like a savings account for your retirement. While you work, your employer pays money into your superannuation account to provide for your retirement. Ideally you will also pay money into your superannuation account and sometimes you might also be eligible for extra payments into your account from your employer or the Australian Government. These payments are known as ‘superannuation contributions’. Different types of contributions have different names and include the Superannuation Guarantee, concessional (before-tax) contributions, non-concessional (after-tax) contributions, the low income super contribution and super co-contributions.

Your superannuation fund will invest the money in your superannuation account, with the aim of growing your money. When you retire, your super account should be worth more than the total of the contributions you have made over your working life.

Generally, you can access your superannuation money:

- when you’ve retired and reached your ‘preservation age’, which currently is 55 years and will increase to 60 years by 2025;
- when you’ve reached your preservation age, even if you haven’t retired, under the transition to retirement scheme; and
- at age 65, even if you haven’t retired.

There are very limited circumstances where you can access your superannuation money early. These generally relate to specific medical conditions or circumstances of severe financial hardship for which evidence is required. The Department of Human Services has useful information on early access to your super: www.humanservices.gov.au/customer/services/centrelink/early-release-of-superannuation

Once eligible, you can withdraw money from your superannuation account as a lump sum, a regular income, or a combination, depending on your circumstances.

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Women’s eligibility for Age Pension – the qualifying age for women is gradually increasing from 1 July 2013. By 1 July 2023, both women and men will qualify for the Age Pension at 67 years.

Page 26 contains a list of terms commonly used in documents about superannuation.
Most women don’t have enough super

Research indicates that single retirees who own their own home need about $23,438 per year for a modest lifestyle, or around $42,569 per year for a comfortable lifestyle. Couples are estimated to need about $33,799 per year for a modest lifestyle, or $58,444 for a comfortable lifestyle.6 (These figures are indicative for 2015 but inflation will cause retirement costs to rise over time.)

A modest lifestyle is defined as being better than living on the Age Pension, but still only able to afford fairly basic activities. For example, a single retiree living on a modest income would spend around $77 per week on food and less than $70 per week on housing needs, such as maintenance and insurance. A comfortable lifestyle would enable a healthy retiree to engage in a range of leisure activities and be able to afford extras such as holidays, a reasonable car and private health insurance.

Superannuation Guarantee

If an employee is under 18, they need to work more than 30 hours per week to receive super contributions. (Different rules apply for Western Australian public sector employees and some enterprise agreements require employers to pay super to employees under 18). The mandatory, minimum contribution an employer must make is known as the Superannuation Guarantee.

From 1 July 2014, an employer must pay the equivalent of 9.5 per cent of their employee’s ordinary time earnings into a superannuation fund which will invest these contributions.

The Superannuation Guarantee rate will remain at 9.5 per cent until 30 June 2018, and it will then increase over time. More information about this can be found through the resources listed near the end of this booklet, or go to: www.ato.gov.au/Individuals/Super/Compulsory-employer-contributions/

Since 1992 it has been compulsory for employers to make payments into a complying super fund on behalf of each of their employees (whether full-time, part-time, or casual) who earn more than $450 (before-tax) in a month, and are over 18 years.
Singles and couples who do not own their own home when they retire may need an even higher income to pay for accommodation costs.

In 2011–12, an estimated 34.6 per cent of all women had no superannuation and only 10.3 per cent of women had superannuation balances of more than $100,000.\(^8\) Compared with men and younger women, older women are more likely to have no, or far less, super.

Women on average retire from the paid workforce with significantly less in their superannuation fund than men. With women’s life expectancy on average nearly five years longer than men’s\(^9\), women are increasingly likely to live in poverty in their later years.

You can calculate how much retirement income you might need at www.moneysmart.gov.au/superannuation-and-retirement/is-your-super-on-target#income

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### Most women have significantly less super than men

Women have significantly less super than men. In 2011–12:

- For those with superannuation accounts, a woman’s average account balance of $68,600 was just over 60 per cent of the average balance for men, of around $112,000 (excluding zero balance accounts).

- Average superannuation payouts at the time of retirement for women were 53 per cent of men’s – $105,000 compared to $197,000.

- Only 10.3 per cent of women compared to 18.2 per cent of men had superannuation account balances over $100,000.\(^{10}\)
Why do women have less super on average than men?

The amount of superannuation paid by your employer is a percentage of your earnings – meaning that the higher your income, and the longer you’re in the workforce – the more super will be paid into your fund.

There is a range of reasons why women don’t have enough super, and have less super than men. These include lower average salaries, a higher likelihood of working casually, and taking time out of the workforce to have children or care for older family members. Women are also more likely than men to work part-time for at least part of their lives. A recent report concluded that Australia’s current superannuation scheme “takes the gendered income inequalities that exist during people’s working lives and magnifies them in retirement.”

The gender pay gap

Even when women work full-time, their average earnings are lower than men’s – this is known as the ‘gender pay gap’.

The gender pay gap is the difference in average full-time earnings between men and women. The gender pay gap in Western Australia is around 26 per cent and nationally the gender pay gap currently sits at 17.9 per cent. Western Australia’s higher gender pay gap is partly due to the well-paying but male-dominated mining and resources sector. The result for women of a lifetime of lower average earnings than men is lower superannuation balances.
Some of the factors contributing to the gender pay gap include:

- Women are more likely to work in lower paid occupations, such as community services. The 2012 decision by Fair Work Australia to award increased pay to workers in the community sector recognised for the first time that this sector pays poorly largely because its employees are mostly female, and women’s skills and work are undervalued.  

- Women perform a higher proportion of unpaid work than men. Many women take years out of the workforce to raise children and also care for older family members. When they return to work, generally at best they will return to the position and pay rate at which they were previously employed. Their skills might need updating and this could limit options for promotion and higher paid jobs. Women may also require more flexible work arrangements upon their return, which could reduce overall income and impact assessments of their suitability and availability for future opportunities and promotions. The Australian Human Rights Commission’s 2013 report highlighted the financial costs of providing unpaid care – a cost disproportionately shouldered by women.  

- Discrimination against women can limit a woman’s ability to advance her career. This discrimination might be conscious or unconscious. As reflected in a recent report, employers’ ideal employees are single males with no family responsibilities. Employers may make assumptions about a woman’s commitment to her career simply because she is balancing family responsibilities or has requested flexible work options. Pregnancy discrimination also continues to be a significant issue faced by many women. There are still entrenched assumptions that men make better leaders than women and as a result, they may be preferred for promotions and leadership roles. If a woman can’t build professional networks by going out after work to socialise or play sport, it can also inhibit her access to advice or critical information about upcoming opportunities.  

- Men are more likely to negotiate their pay with their employer, and more likely to achieve a successful outcome. This may be due partly to men having stronger social networks that can inform them about the kinds of wages they can request in certain positions. It has been reported that women are more likely to assume that what is offered to them, is what they should accept.

- Graduate starting salaries differ between men and women. The Committee for Perth’s ‘Filling the Pool’ report indicated that, on average, female graduates earn 9.4 per cent less than males. This means that from the beginning of their careers, before they take career breaks, men and women are paid unequally.
An employer is required to pay superannuation for their employees who earn more than $450 per month. Many women work part time or casually for multiple employers and can be disadvantaged by this threshold.

Part-time or casual employment

Employers are required to pay super for their adult employees who earn more than $450 per month (before-tax). (Different rules apply for Western Australian public sector employees.) Many women work part-time or casually in occupations such as cleaning, where they might have several different employers but earn less than $450 per month from each. This means they may have no employer superannuation contributions, despite earning more than $450 per month in total.

Some employment agreements require super to be paid for employees who work for several employers, even if they earn less than $450 per month from each. However, this is not a general legal requirement and approximately 250,000 part-time or casual workers, mainly women, continue to be disadvantaged by the $450 per month superannuation threshold. Contact the Fair Work Commission www.fwc.gov.au/about-us/contact-us to find out whether such a requirement applies to your workplace.

Graph of indicative work arrangements by sex in 2012

<table>
<thead>
<tr>
<th></th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent full-time</td>
<td>72%</td>
<td>44%</td>
</tr>
<tr>
<td>Permanent part-time</td>
<td>8%</td>
<td>30%</td>
</tr>
<tr>
<td>Casual</td>
<td>20%</td>
<td>26%</td>
</tr>
</tbody>
</table>
Some Industry Leaders Boosting Women’s Super

From 1 July 2013, consulting firm Rice Warner Actuaries adopted an innovative approach to address the gender imbalance affecting female employees. A package of benefits offered to women includes flexible working conditions, generous paid parental leave, superannuation payments and long service leave accrued during parental leave, access to an educational program, and an additional superannuation payment of 2 per cent of salary. The measure is considered an effective and appropriate special measure to achieve substantive equality between men and women.

Aurizon, a large rail-based transport business, recently announced its ‘Super Booster’ initiative to address the superannuation gap resulting from unpaid parental leave. Under the initiative, Aurizon will pay superannuation contributions on its employees’ 14 weeks’ paid parental leave and also for primary caregivers, whether male or female, for up to another 14 weeks of unpaid leave.

This year, ANZ Bank announced a suite of initiatives aimed at boosting the super of its employees and female clients. For its employees, ANZ will make super contributions to all employees for any period of paid and unpaid parental leave an employee may take from 1 October 2015, and ANZ will make an additional $500 super contribution to every fixed-term and permanent female employee each year from 8 January 2016. For women with super balances of less than $50,000, ANZ is offering free phone-based advice about super.

Divorce

Divorce can have a significant impact on a woman’s financial situation in retirement but there have been some recent changes. The law now recognises that one partner (usually the woman) may have taken time out of the workforce to provide care for children or other family members. As a result, they will have less superannuation than their partner.

Divorcing couples can make an agreement to split their super or this can be ordered by the court and legal advice may be needed to reach a decision. Fees may also apply, so it is important to get as much information as possible.
Divorced women are less likely to re-partner than men, which means that women will more likely live in a single-income household.


Information is also available from the Attorney-General’s Department: www.ag.gov.au/FamiliesAndMarriage/Families/SuperSplitting/Pages/default.aspx

Divorced women are also less likely to re-partner than men, which means women are more likely to live in a single-income household. As a result, their ability to pool or combine earnings is reduced. It is also more expensive to live alone, as essentially the base costs of living (such as electricity, water and council rates) remain the same whether they are paid by one person or two. On average, women also live longer than men and therefore may need to support themselves for more years during retirement.

Some other important factors...

The barriers women face to accumulating super can be further compounded if they are older, Aboriginal, living in rural and remote areas, from a Culturally and Linguistically Diverse (CaLD) background, or living with disability.

Older women, particularly those aged 65 years and above, are among the ‘super poor’ with little or no super. In addition to the factors discussed earlier in this booklet, older women have less super when they retire because compulsory super was only introduced in Australia in 1992. Older women also have lower rates of workforce participation compared with men generally, and compared with younger women.

Aboriginal women, and women living in rural and remote areas, typically experience higher levels of unemployment than women in urban areas, often due to fewer job opportunities. In addition, rural and Aboriginal women have, on average, higher fertility rates than urban women, leading to greater periods out of the workforce (if working) for childrearing. Aboriginal women are even less likely to accumulate super during their working lives – more than 40 per cent of Aboriginal Australian women do not have any superannuation coverage.24
Many women from CaLD and migrant backgrounds do not have access to the full benefits of superannuation because they are mostly in casual and precarious work, and often in and out of work due to family responsibilities and/or lack of available jobs. Further barriers to employment may include language difficulties, cultural differences, visa status, availability of transport (especially without a driver’s licence), and education.

Women with disabilities can experience considerable challenges in accessing employment opportunities, and may have a limited range of options. Evidence indicates women with disabilities are less likely to be employed than men with disabilities. When women with disabilities do obtain paid employment, it tends to be in female dominated and low paid occupations.

**Self-employed women**

In Australia, there has been recent substantial growth in businesses owned by women. Research suggests the number of women starting their own business has doubled since 2007. According to the Australian Women’s Chamber of Commerce and Industry, women are walking away from the corporate environment to start their own business and Australia is seeing a rising tide in the surge of female entrepreneurs.

In Western Australia there are nearly 219,000 small businesses, representing 96.7 per cent of all businesses, and more than 70,000 of these small businesses are owned and operated by women.

Most self-employed people and small business owners are not required to set aside money to pay themselves super or to independently fund their retirement. However, self-employed women and small business owners still need to plan for their retirement income and paying themselves super is an important step.

Some good news...

You work hard for your superannuation, it’s important that it works for you.

Like many Australians, perhaps you don’t think about your superannuation because...

- You’re too busy
- It seems boring and complicated
- Retirement is a long time away
- You don’t have any spare funds
- It takes care of itself
- It doesn’t seem real because you can’t spend the money in your superannuation account now.

These can seem like valid reasons BUT not thinking about your superannuation now, can significantly disadvantage you later. Even if you don’t have any spare money, there are still some things you can do to maximise your super.

It’s worthwhile thinking of your superannuation as part of your ‘salary package’ – your wage or salary plus your superannuation is what you are paid for working. Most of us wouldn’t lose or ignore around 10 per cent of our salary, yet that’s what many of us do when it comes to superannuation and we do so to our detriment.

The good news is that many working women can take steps to increase their superannuation and their retirement income.

Look after your superannuation – it’s your future income.
Four Super Steps Into Securing Your Future

- Find lost super
- Rollover or combine super funds
- Consider your investment option
- Make extra contributions

Here are four Super Steps aimed at increasing your super. Not all steps will suit all women and you don’t have to take all the steps at once or in any particular order to make a difference to your super.
If you have changed employers, you could have money in several different super funds. It might only be small amounts but it is your money and even a few hundred dollars could make a difference in your retirement.

It is easy to lose track of your super because you changed jobs or moved house. In the past, employers could require you to use their chosen super fund, resulting in a different fund for each job you may have had. Now you are able to choose your preferred fund and this makes it easier to keep all your money in the one place.

The Australian Tax Office (ATO) could hold super on your behalf that needs to be reclaimed to go into your current super account. You can find any ATO-held super you may have if you are a lost member whose account balance is less than $2,000, your account has been inactive for a period of time or your fund does not have the information needed to make a payment to you.

To check on lost super you can search online using SuperSeeker by visiting: www.ato.gov.au/superseeker or phone 13 28 65 for a 24-hour self-help service. You will need to provide your tax file number when you phone.

If, however, you think your employer is not paying enough super, or is not paying the super to your chosen fund, the ATO can help you to investigate the matter. For further help, go to: www.ato.gov.au/individuals/super/in-detail/growing/unpaid-super/

You can also phone the Australian Taxation Office on 13 10 20 for any superannuation enquiries.

You are not obliged to provide your tax file number (TFN) to your super fund but you should consider this carefully. If your fund does not have your TFN you might pay a higher rate of tax than necessary on your super contributions and you cannot make any extra contributions to your account. Quoting your TFN also makes it easier to keep track of your super if you move or change jobs.
Superannuation funds usually deduct their fees and sometimes insurance premiums (which provide insurance against death, accident or illness) from your balance. If you have several super accounts, you might be paying several lots of fees and insurance premiums. These costs will decrease your super balance over time, leaving less money in your fund for when you need it. Having multiple super funds can also result in losing track of your hard-earned money. It can make sense to minimise costs by transferring all your superannuation into fewer funds or one fund.

To do this, consider what each fund offers. This includes the fees they charge and insurance benefits they provide.

**Fees:** Some super funds charge fees to withdraw your money before you retire so check each fund’s withdrawal fees. It’s also important to check and compare the ongoing fees of each fund before you decide which fund to use – even slightly higher fees can reduce the amount you have in retirement. Although it might seem a bit time-consuming, this step can ensure your super balance does not disappear over time and it can be easier to manage your investment options if you have fewer accounts.

**Insurance:** Different funds can provide different types of insurance coverage. It’s important to check that you will still have the insurance cover you need before you change funds.


Alternatively you can contact your Super Fund directly – they can provide you with a form to complete or they may have an online form on their website. It is worth the effort to find all your super funds and to combine them. Remember to treat your super like cash, and keep it safe.

If you start a new job, consider whether to use your existing super fund or use one selected by your employer. If you choose a new fund you can consider transferring the balance from your existing fund so that your super is all in one place.
Consider your investment option

Super funds invest your money with the aim of increasing your account balance over time. There are different ways that superannuation funds can invest money – some are higher risk than others.

Be aware of how your money is being invested by your super fund and the investment options available – your annual super account statement should tell you this. Some of the more commonly used terms to describe the investment options are default, cash, conservative, balanced and growth (see Glossary).

Once you understand the different types of investment options you may want to consider changing the way your money is invested. This might depend on your age now, how you feel about taking investment risks and your ethical stance. High risk strategies may lead to higher gains, but they also have a higher risk of losses.

Remember, super is a long term strategy and markets fluctuate. This means that sometimes your super may not always grow, and you can even get back less than you put in, but over the course of your working life the benefits generally outweigh any setbacks.

To learn about the different types of investment option visit the ASIC website www.moneysmart.gov.au/superannuation-and-retirement/how-super-works/super-investment-options

If you don’t choose an investment option, your fund will have a ‘default’ investment option. Since 1 July 2013 some superannuation funds have been required to use MySuper, which replaced the existing default products. For more information about MySuper visit: http://strongersuper.treasury.gov.au/content/Content.aspx?doc=publications/information_pack/mysuper.htm
Make extra contributions

Your employer will contribute at least 9.5 per cent of your salary to your super fund but if you make extra contributions your super balance can increase even quicker.

Depending on your income and how you make your personal contributions, you may also be eligible for extra contributions (known as the super co-contribution) from the Australian Government. It is never too early to start! Young women in particular can boost their super by making extra contributions prior to taking time out to have a family. For more information, go to: www.ato.gov.au/Individuals/Super/In-detail/Your-situation/Youth-Super/

There are different ways you can make extra contributions, depending on your circumstances:

- **Concessional (before-tax) contributions** (often described as contributions made through salary sacrifice arrangements) – you can ask your employer to make extra payments to your super fund from your before-tax salary. Generally, these are taxed at 15 per cent by the super fund but they reduce the amount of income tax you pay on your salary so you may pay less tax overall, in addition to boosting your super.

- **Non-concessional (after-tax) contributions** – these are additional payments you make to your super fund from the after-tax income you receive. These payments aren’t usually taxed by the super fund.

- **Spouse contributions** – if you have a partner, either married or defacto, they can make payments to your super account and may even qualify for a tax offset on the payments.

Check with your super fund to find out how to make any of these extra contributions.

There are caps on the amount you can contribute to your super that is taxed at lower rates. The cap amount depends on your age and whether the contributions are concessional (before-tax) contributions or non-concessional (after-tax) contributions. If you contribute more than the caps you may have to pay extra tax. For more information go to www.ato.gov.au/Individuals/Super/In-detail/Contributions/Super-contributions—too-much-super-can-mean-extra-tax/
Some examples:

A woman earning $32,000
- Tahlia: $295,200
- Alexis: $367,802

Over $72,000 more

A woman earning $40,000
- Karen: $196,253
- Fatima: $266,103

Nearly $70,000 more

A woman earning $65,000
- Shannon: $214,441
- Helen: $253,814

Almost $40,000 more

Tahlia is 21 years old and earns $32,000 a year. She does not make any extra contributions to her super. When she retires, aged 67 years, her super fund balance would be $295,200.

Alexis is also 21 years old and earns $32,000. She contributes an extra $10 a week into her super fund. With her income level and by making non-concessional (after-tax) personal contributions, Alexis is also eligible for more super contributions through the government’s super co-contribution. When Alexis retires, aged 67 years, her super fund balance would be $367,802 – over $72,000 more.32

Karen is 37 years old and earns $40,000 a year. She does not make any extra contributions to her super. When she retires, aged 67 years, her super fund balance would be $196,253.

Fatima is also 37 years old and earns $40,000. She contributes an extra $25 a week into her super fund. With her income level and by making non-concessional (after-tax) personal contributions, Fatima is also eligible for more super contributions through the government’s super co-contribution. When Fatima retires, aged 67 years, her super fund balance would be $266,103 – nearly $70,000 more.33

Shannon and Helen are both 45 years old and earn $65,000 a year.

Shannon does not make any extra contributions to her super. When she retires, aged 67 years, her super fund balance would be $214,441.

Helen manages to contribute an extra $25 a week in non-concessional (after-tax) contributions to her super fund. When Helen retires, aged 67 years, her super fund balance would be $253,814 – almost $40,000 more.34
Extra personal contributions before or after tax

You can make personal contributions to your super from your after-tax (net) pay or sometimes from your before-tax (gross) pay through salary sacrifice arrangements. Not all employers offer salary sacrifice arrangements so you will need to check with your payroll or human resources officer to find out if your employer does.

Currently, if you make personal after-tax contributions and earn less than the annual threshold ($50,454 in 2015-16), you may be eligible for further super contributions from the Australian Government through the super co-contribution. Your super contributions may be matched up to 50c for every $1, depending on your income. The maximum co-contribution you can receive is $500. You don’t need to apply for this contribution – if you’re eligible, and your super fund has your tax file number, the contribution will be made automatically to your fund. Further information about the super co-contribution can be accessed through the ASIC website: www.moneysmart.gov.au/superannuation-and-retirement/how-super-works/super-contributions/contributing-extra-to-super#free

You should consider the most financially advantageous way for you to make your contributions, including the impact on your eligibility for the government co-contribution. Calculators such as those on the ASIC or Super Guru websites can assist you to decide the best way to make any extra contributions.

Some examples are provided on the following pages.

Solange and Leanne are both 51 years old and earn $90,000 a year.

Solange does not make any extra contributions to her super. When she retires, aged 67 years, her super fund balance would be $184,185.

Leanne manages to contribute an extra $50 a week in concessional (before-tax) contributions to her super fund. When Leanne retires, aged 67 years, her super fund balance would be $225,971 – over $56,000 more.35
In addition to the superannuation paid by your employer, you can make extra personal contributions from your before tax or after tax income.

Some examples:

<table>
<thead>
<tr>
<th>A woman earning $45,000</th>
<th>Salary</th>
<th>Tax</th>
<th>Take home</th>
<th>Extra paid into Super</th>
</tr>
</thead>
<tbody>
<tr>
<td>Without extra contribution</td>
<td>$45,000</td>
<td>$6,747</td>
<td>$38,253</td>
<td>$0</td>
</tr>
<tr>
<td>With extra contribution of $25/week (concessional)</td>
<td>$45,000</td>
<td>$6,279</td>
<td>$37,421</td>
<td>$1,300</td>
</tr>
<tr>
<td>With extra contribution of $25/week (non-concessional)</td>
<td>$45,000</td>
<td>$6,747</td>
<td>$36,953</td>
<td>$1,300</td>
</tr>
</tbody>
</table>

Somaya is 25 years old and earns $45,000 a year. Somaya uses a contributions calculator to consider whether she should make her extra contributions as before-tax (concessional) or after-tax (non-concessional) contributions.

If Somaya does not make any extra contributions to her super, her annual take home pay would be $38,253, and she would pay $6,747 in personal income tax.

If she makes $25 a week in extra concessional contributions through salary sacrifice, her annual take home pay would be $37,421, she would pay $6,279 in personal income tax, and an extra $1,300 per year will go into her super, where it will generally be subject to $195 tax.

If Somaya made the same $25 a week super contribution after-tax (non-concessional), her take home pay would be $36,953, she would pay $6,747 in personal income tax, and an extra $1,300 per year will go into her super, where it will not be subject to tax. If Somaya meets all the criteria, and has given her tax file number to her super fund, she will automatically receive a government co-contribution of $150 to her super fund.
A woman earning $85,000  

<table>
<thead>
<tr>
<th></th>
<th>Salary</th>
<th>Tax</th>
<th>Take home</th>
<th>Extra paid into Super</th>
</tr>
</thead>
<tbody>
<tr>
<td>Without extra contribution</td>
<td>$85,000</td>
<td>$21,097</td>
<td>$63,903</td>
<td>$0</td>
</tr>
<tr>
<td>With extra contribution of $50/week (concessional)</td>
<td>$85,000</td>
<td>$20,083</td>
<td>$62,317</td>
<td>$2,600</td>
</tr>
<tr>
<td>With extra contribution of $50/week (non-concessional)</td>
<td>$85,000</td>
<td>$21,097</td>
<td>$61,303</td>
<td>$2,600</td>
</tr>
</tbody>
</table>

Asha is 40 years old and earns $85,000 a year. Asha uses a contributions calculator to consider whether she should make her extra contributions as before-tax (concessional) or after-tax (non-concessional) contributions.

If Asha does not make any extra contributions to her super, her annual take home pay would be $63,903, and she would pay $21,097 in personal income tax.

If she makes $50 a week in extra concessional contributions through salary sacrifice, her annual take home pay would be $62,317, she would pay $20,083 in personal income tax, and an extra $2,600 per year will go into her super, where it will generally be subject to $390 tax.

If Asha made the same $50 a week super contribution after-tax (non-concessional), her take home pay would be $61,303, she would pay $21,097 in personal income tax, and an extra $2,600 per year will go into her super, where it will not be subject to tax.

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A woman earning $115,000  

<table>
<thead>
<tr>
<th></th>
<th>Salary</th>
<th>Tax</th>
<th>Take home</th>
<th>Extra paid into Super</th>
</tr>
</thead>
<tbody>
<tr>
<td>Without extra contribution</td>
<td>$115,000</td>
<td>$32,797</td>
<td>$82,203</td>
<td>$0</td>
</tr>
<tr>
<td>With extra contribution of $100/week (concessional)</td>
<td>$115,000</td>
<td>$30,769</td>
<td>$79,031</td>
<td>$5,200</td>
</tr>
<tr>
<td>With extra contribution of $100/week (non-concessional)</td>
<td>$115,000</td>
<td>$32,797</td>
<td>$77,003</td>
<td>$5,200</td>
</tr>
</tbody>
</table>

Liz is 54 years old and earns $115,000.

If Liz does not make any extra contributions to her super, her annual take home pay would be $82,203, and she would pay $32,797 in personal income tax.

If she makes $100 a week in extra concessional contributions through salary sacrifice, her annual take home pay would be $79,031, she would pay $30,769 in personal income tax, and an extra $5,200 per year will go into her super, where it will generally be subject to $780 tax.

If Liz made the same $100 a week super contribution after-tax (non-concessional), her take home pay would be $77,003, she would pay $32,797 in personal income tax, and an extra $5,200 per year will go into her super, where it will not be subject to tax.
Financial advice

For help with your superannuation you can contact Centrelink’s Financial Information Service, which is a free confidential service for all Australians – you don’t need to be a Centrelink customer. The service includes free seminars on topics including Superannuation and Getting Ready for Retirement. For more information phone 13 23 00 or visit: www.humanservices.gov.au/customer/services/centrelink/financial-information-service

Some people might be interested in working with a financial adviser or financial planner to organise their superannuation. It’s important to take the time to find the right financial adviser. Some things to consider include:

- Ensuring the adviser holds an Australian Financial Service Licence (AFSL) and/or is employed by, or is authorised to, represent a business that holds an AFSL. The Australian Securities and Investments Commission (ASIC) requires AFSL holders to record their details on an online register – ASIC Connect. https://www.moneysmart.gov.au/investing/financial-advice/choosing-a-financial-adviser. You can check the register to make sure an adviser is licensed and hasn’t been the subject of disciplinary action. A financial services guide (FSG) should also be available to tell you what services they offer, how they charge and/or are paid, who owns the company the adviser works for, and if they have links to product providers. You should be able to get a copy from their website or ask for one.

- Their qualifications and experience. Ask for these details.

- Whether they can advise on your current financial products. This is especially important in terms of superannuation as the adviser may not be able to advise you on your current super fund – whether it’s a good fit or not for you etc – if it’s not on their approved product list.

- Their fees or an estimate of the cost of their advice. Don’t be afraid to ask. Many advisers provide a free initial consultation without any obligation to use their services, so you could talk to them and still make your own choices. Traditionally many advisers have been paid commissions on the financial products you buy, or percentage-based fees, or a mix of both. They may also have received volume-based payments as an incentive for selling financial products. This type of remuneration may influence the advice provided. The laws regarding financial planners/advisors remuneration have recently changed to require that certain steps are followed to act in the client’s best interests, and to regulate how advisers can be paid. These include limiting the circumstances where advisers receive commissions and volume-based payments and requiring disclosure to clients about payments. **Ensure that your adviser discloses to you the cost of their advice and any fees beyond the initial consultation.**

- Whether they’re a member of a professional association such as the Financial Planning Association or the Association of Financial Planners.
For more information about how to choose a financial planner, go to www.moneysmart.gov.au/investing/financial-advice/choosing-an-adviser

If you do decide to work with a financial adviser, the following tips may help you achieve a good outcome:

• Take notes of meetings and conversations with the adviser;

• Ask questions, and if you don’t understand something the adviser tells you, ask them to explain it. They should be able to explain what they’re proposing in a way that makes it clear to you;

• Take the time to read any documents the adviser gives to you; and

• Provide the adviser with comprehensive and accurate information about your circumstances.


Not happy?

If you’re not satisfied with the advice or service you receive there are several things you can do.

In the first instance, you should try to discuss your concerns with the adviser.

If that doesn’t resolve your concerns, or you can’t contact the adviser, you can make a complaint through the adviser’s internal dispute resolution system. The adviser’s financial services guide will include information about how to do this.

If things remain unresolved, you may contact an external dispute resolution scheme, including the Financial Ombudsman Service (FOS). The adviser or their business must tell you which scheme they belong to. For information about the Financial Ombudsman Service go to: www.fos.org.au or telephone 1300 78 08 08.
Frequently used terms

Here are some of the terms frequently used in documents about superannuation:

**Australian Securities and Investments Commission (ASIC)** – The Australian Government agency responsible for administering and enforcing the Corporations Act and laws to protect consumers in the areas of superannuation, investments, insurance and banking.

**Balanced investment option** – Invests around 70 per cent in shares or property and the rest in fixed interest and cash. Aims for reasonable returns with medium risk.

**Cash investment option** – Invests 100 per cent with Australian deposit-taking institutions or in a ‘capital guaranteed’ life insurance policy. This is a very low risk option.

**Conservative investment option** – Invests around 30 per cent in shares and property with the majority in fixed interest and cash. Aims to reduce the risk of loss and therefore accepts a lower return. This is a low risk option.

**Concessional contributions** – Superannuation contributions made from before-tax income. They are also referred to as deductible contributions. Concessional contributions include compulsory employer contributions, ie the Superannuation Guarantee (SG), salary sacrifice contributions and contributions for which a tax deduction has been claimed.

**Contribution cap** – This is the limit on the amount of contributions that can be made by and for an individual. Contributions made above the cap are likely to be subject to excess contributions tax. Concessional and non-concessional contributions have different cap amounts.

**Growth investment option** – Invests around 85 per cent in shares or property. Aims for higher average returns and is a high risk option.

**Non-concessional contributions** – The contributions made from a person’s after-tax income, including personal contributions, spouse contributions and contributions that exceeded the concessional contributions cap. The terms ‘non-concessional contributions’, ‘post-tax contributions’ and ‘after-tax contributions’ are often used interchangeably.

**Preservation age** – The minimum age at which people can access their superannuation benefits.

**Salary sacrifice** – An agreed arrangement between an employer and an employee by which the employee agrees to sacrifice a part of their gross salary in exchange for a benefit, such as extra employer contributions to superannuation. An annual contribution limit applies.

**Superannuation Guarantee (SG)** – Minimum employer contributions are usually called Superannuation Guarantee (SG) contributions. This money is not taken out of your wage or salary – it is paid in addition to your wage or salary.

**Withdrawal fee** – A fee that a superannuation fund may charge when you make a full or partial withdrawal.
Where to find more information about super

It is important to understand your super and to find out enough information to ensure it is working in your best interests. It may seem overwhelming at first but there is information readily available and the more you understand, the easier it will be. There is a range of resources and options to support you to manage your super.

Making the right choices as soon as possible can make a big difference to your quality of life when you retire.

Useful resources

The Australian Taxation Office (ATO) has straightforward information to help you understand your superannuation at www.ato.gov.au

To speak to a Tax Officer phone 13 10 20 between 8.00am and 6.00pm Monday to Friday. Information can also be found on the ATO website: www.ato.gov.au/Individuals/Super/Getting-started

Centrelink’s Financial Information Service is a free confidential service for all Australians – you don’t need to be a Centrelink customer. The service includes free seminars on topics including Superannuation and Getting Ready for Retirement. For more information phone 13 23 00 or visit: www.humanservices.gov.au/customer/services/centrelink/financial-information-service


Women’s Money Toolkit has tips and tools to help you manage your money. The toolkit has specific advice to help with the unique challenges that women may face, such as having less super than men, living longer and taking career breaks to care for others. www.moneysmart.gov.au/life-events-and-you/women/womens-money-toolkit

The Super Guru website www.superguru.com.au

Your Superannuation Fund should be sending you an annual statement, and your employer would know the details of your current fund. Most super funds have staff that can help you plan your super. Contact your Super Fund to find out more.

Financial Ombudsman Service is an independent, non-profit organisation that resolves disputes between consumers and financial services providers. For more information go to www.fos.org.au or call 1300 78 08 08.
Acknowledgements

This resource was created through a collaborative partnership between the Department of Local Government and Communities, the Western Australian Council of Social Service (WACOSS) and Women in Super.

Department of Local Government and Communities

The Department of Local Government and Communities is focused on building closer collaboration and stronger partnerships between State Government, local governments and community service organisations.

The department enables and promotes effective government policy regarding women, seniors, youth, carers, volunteers, children and families, parenting and the early years and people from culturally and linguistically diverse backgrounds to facilitate statewide community solutions. The vital role that women play in building strong and vibrant communities is recognised and supported.

To contact the Department for Local Government and Communities:

t: (08) 6551 8700
f: (08) 6552 1555
e: info@dlgc.wa.gov.au

Western Australian Council of Social Service

The Western Australian Council of Social Service (WACOSS) is a not-for-profit, member based organisation and the peak body for the social service sector in WA.

Since 1956, WACOSS has been developing and strengthening the non-government community services sector’s capacity to assist all Western Australians. At the heart of its activities lies the belief that the mark of a civilised community is the support and help it gives to those most in need.

WACOSS and its members are committed to a socially just and sustainable society for all Western Australians. WACOSS shares a vision of an inclusive, just and equitable society.

To contact WACOSS:

Telephone: (08) 9420 7222
Freecall: 1300 658 816
Fax: (08) 9486 7966
Email: info@wacoss.org.au

Women in Super

Women in Super (WIS) is a not-for-profit national organisation that provides opportunities and advocates for equal outcomes for women employed in the superannuation and financial services industries.

WIS provides opportunities through its events for members to develop broader professional and personal networks and fosters access to professional development (including training and education). WIS strongly supports and encourages equal participation of women at all levels within the finance sector and works with other organisations and stakeholders to achieve this.

WIS initiated the Mother’s Day Classic in 1998, a walk/run held across Australia on the second Sunday in May that proudly raises funds for breast cancer research.

For all general enquiries, email wis@womeninsuper.com.au
References

1 Ross Clare, ‘An update on the level and distribution of retirement savings’. March 2014. Association of Superannuation funds of Australia, p.3. These figures are for 2011-12 and exclude zero account balances.

2 Further potential changes to the qualifying age beyond 2023 were foreshadowed in the 2014-15 Federal Budget.


4 The Social Services and Other Legislation Amendment (2014 Budget measures No. 5) Bill 2014 seeks to increase the age pension qualifying age gradually to 70 years for men and women. This Bill is still subject to passage through Parliament (current March 2015).

5 The low income superannuation contribution is a government superannuation payment of up to $500 for the 2012-13 financial year to help low-income earners save for retirement. If you earn $37,000 or less a year, you may be eligible to receive a LISC payment directly into your super fund. The low income superannuation contribution is subject to legislation and its repeal has been announced. For further information go to www.ato.gov.au/Individuals/Super/ In-detail/Contributions/Low-income-super-contribution


9 www.oecdbetterlifeindex.org/ countries/australia


18 Ross Clare, ‘Equity and superannuation—the real issues’. September 2012. Association of Superannuation funds of Australia, p.3.


20 ricewarner.com/research/ superannuation/valuing-females-in-retirement/


22 http://www.women.anz.com/wh-anz/ we-are-bridging-the-supergap


24 Ross Clare, ‘Equity and superannuation—the real issues’. September 2012. Association of Superannuation funds of Australia, p.3.


30 Ross Clare, ‘Equity and superannuation—the real issues’. September 2012. Association of Superannuation funds of Australia, p.2


32 SOURCE: Super Guru Retirement Projector Calculator (www.superguru.com.au). Other assumptions to those detailed in the above scenario and the calculators standard assumptions at 7/08/2015 are that Karen and Fatima will take one further career break of two years (working half-time) to accommodate caring responsibilities and choose a balanced investment option with a current super account balance of $10,000. The calculator works out the result from the current age onwards.

33 SOURCE: Super Guru Retirement Projector Calculator (www.superguru.com.au). Other assumptions to those detailed in the above scenario and the calculators standard assumptions at 7/08/2015 are that Karen and Fatima will take one further career break of two years (working half-time) to accommodate caring responsibilities and choose a balanced investment option with a current super account balance of $2,000. The calculator works out the result from the current age onwards.

34 SOURCE: Super Guru Retirement Projector Calculator (www.superguru.com.au). Other assumptions to those detailed in the above scenario and the calculators standard assumptions at 7/08/2015 are that Karen and Fatima will take one further career break of two years (working half-time) to accommodate caring responsibilities and choose a balanced investment option with a current super account balance of $20,000. The calculator works out the result from the current age onwards.

35 SOURCE: Super Guru Retirement Projector Calculator (www.superguru.com.au). Other assumptions to those detailed in the above scenario and the calculators standard assumptions at 7/08/2015 are that Shannon and Leanne will take one further career break of two years (working half-time) to accommodate caring responsibilities and choose a balanced investment option with a current super account balance of $20,000. The calculator works out the result from the current age onwards.


Disclaimer

The information and advice within this document is provided voluntarily by Department of Local Government and Communities as a public service. The information and advice is provided in good faith and is derived from sources believed to be reliable and accurate. No representation or warranty, express or implied, is made as to the accuracy, completeness or fitness for purpose of this document. The reader of this document should satisfy him or herself concerning its application to their situation. The State of Western Australia, the Department of Local Government and Communities and their officers expressly disclaim liability for any act or omission occurring in reliance on this document or for any consequences of such act or omission.

Current as at November 2015.
Remember – your superannuation is your money. You can benefit from understanding how it works.