

5 financial challenges that women face

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

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

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

1. Most women earn less

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

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

2. Women usually live longer

Although females generally retire earlier than males — at an average age of 50 compared to 58 — they also usually live longer.² Also the life expectancy for females is around four years longer than males, which means they need a larger nest egg so it can last the distance.³

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

3. Women take career breaks

Even though females may need more money in retirement than males, they can fall behind financially if they take time out of the workforce to raise children or care for elderly parents. The fact is females are generally the primary caregivers — and when females return to work usually return as part time employees so they can play a significant part in their children's and families lives. These days only 34% of Australian females aged between 35 and 44 are employed full time, compared to 75% of males.⁵

4. Women have less super

The combined effect of lower pay and career breaks leaves women at a disadvantage when it comes to growing their superannuation. As females generally receive less in compulsory employer contributions during their working lives than their male counterparts the end up retiring with lower super balances. Research shows a substantial gap between the average super balances of females and males — \$120,000 versus \$170,000 — while 7% of female's have no super at all.⁶

5. Women tend to be underinsured

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

If you are a female on a low income it is worth considering the financial cost to your family household if you were to suffer an injury or illness – or worse pass away. This includes factoring in any unpaid family household duties, because if you were not able to manage them, your family may need to employ someone to do so.

We can help

There is no denying that the road to financial security can be bumpier for females than for males, but know your Financial Adviser can help. With a financial strategy tailored to your unique circumstances, they can help to make the road ahead a great deal smoother.

¹ Workplace Gender Equality Agency, Gender pay gap statistics, 2015.

² Australian Bureau of Statistics, Retirement and retirement intentions, Australia, June 2013.

³ Australian Bureau of Statistics, Life expectancy and deaths hit historic highs, 2014.

⁴ Australian Bureau of Statistics, reflecting a nation: Stories from the 2011 Census, June 2012.

⁵ Australian Institute Family Studies, Families working together: getting the balance right, 2013.

⁶ Commonwealth Bank, Women and financial planning whitepaper, 2015.

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