# INFORM

SHARPE FINANCIAL SOLUTIONS

**JULY 2015**

BROUGHT TO YOU BY FINANCIAL WISDOM

# A GENDER IMBALANCE

**It is no secret that women are lagging behind men in the superannuation stakes.[1]**

**Why is there such disproportion, and what steps can be taken to bring back balance?**

It is a widely proven fact[1] that women are currently approaching and arriving at retirement with significantly less superannuation than men. The reasons for that fact are numerous.

Historically lower incomes for females are just the beginning. There is also time taken out of the workforce to care for children. There is the damaging effect of divorce, or the death of a partner, which have been proven to damage a woman's financial future more than their male peers.[2] And there is the proven fact that women tend to invest more conservatively.[3] While this may sometimes be appropriate and can lead to good results, the question then needs to be asked – are those investment decisions going to allow women to meet their retirement goals?

Women are having fewer children than they historically did, but are also having children later in life.[4] In relation to superannuation balances, this very fact could offer up one secret to success.

If women begin planning for their retirement sooner and allow for time out of the workforce, they can put away more funds earlier and enjoy the results of compound interest over a longer period. This in itself can do a great deal to combat the effect of time out of the workforce.

There are several other strategies that should be put in place to help build retirement wealth, and financial education is the very best start. It's also good to make sure your financial plan covers your own individual interests and concerns first, then the others in your life.

Next is insurance. Women are more under-insured than men,[5] but coverage such as Income Protection, Total & Permanent Disability (TPD) or Trauma insurance can help protect against unforeseen events.

Think of how your future might play out, including time out of work, holidays, areas you'd like to live, travel etc. When would you like to retire? How long is your investment horizon (your number of years in the market). How many working years are in that picture and how much extra superannuation during those years will be required to meet your retirement goals?

A simple plan is infinitely better than no plan at all, and a plan made early can cost far less in the long run to achieve the same end result. Speak with your financial adviser if you'd like to know more.

1 Association of Superannuation Funds of Australia, Developments in the level and distribution of retirement savings: www.humanrights.gov.au/publications/gendergap- retirement-savings
2 aifs.gov.au/media-releases/financial-impact-divorce
3 www.researchgate.net/publication/228178654_Why_Do_Women_Invest_Differently_than_Men and www.investmentnews.com/article/20140304/FREE/140309973/arewomen-financially-conservative-or-just-economically-realistic
4 riskinfo.com.au/resource-centre/files/2009/05/lifewise-media-kit-300409.pdf
5 riskinfo.com.au/resource-centre/files/2009/05/lifewise-media-kit-300409.pdf

## SPEAK TO US FOR MORE INFORMATION

**Speak to us if you would like to understand more about how this information might impact your financial situation.**



FINANCIAL WISDOM