ENABLING CHANGE
A FRESH PERSPECTIVE ON WOMEN'S FINANCIAL SECURITY.

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A FRESH PERSPECTIVE ON WOMEN'S FINANCIAL SECURITY.

Despite growing equality, women continue to suffer from persistent gaps in earnings, workforce participation and superannuation savings.

While significant industry research and discussion has focused on structural and cultural barriers, there has been less focus on personal barriers, for example how do Australian women feel about money? What does financial empowerment and security mean to them? How can we support women to achieve their financial and lifestyle aspirations, without imposing a single, uniform model of financial success?

Instead of solely focusing on the income and assets of women, we researched their financial behaviour including their views and aspirations for the future which, to date, have played a smaller part in the discussion. By measuring both financial indicators and attitudinal markers, we have explored the often complicated relationship between attitudes, advice, decision-making behaviour and financial outcomes.

Financial security can mean different things to different women, and perceptions of financial security tend to change as we move through life and circumstances evolve.

Our research found that most Australian women feel confident and in control managing their everyday finances, and that they have clear opinions about their lifestyle goals and the best ways to achieve them.

While women play a large part in everyday financial decisions, they are less involved in planning, acquiring and managing long-term investments. Many women remain disengaged or confused by the large number of financial options available to them, with long-term implications for their financial health.

While women may face common financial challenges, they are far from homogenous in their response to those challenges and, unsurprisingly, different groups of women require very different types of advice, and support.

We analysed the choices and attitudes of distinct groups of women, rather than using the typical homogenous life stage indicators. As a result we identified seven distinct behavioural segments as well as the attitudes and decision-making behaviours that lead to true financial security.

The results build on previous research, while overturning some commonly held beliefs. This whitepaper aims to make women's voices heard, giving them an opportunity to speak about what financial security and empowerment means to them.

It's time to escalate this issue from specialist gender research to a mainstream economic narrative. Redressing gaps between the genders will not only lead to better financial outcomes for women, it will enhance the wellbeing of the entire Australian community.

1

Key findings

What does financial security mean to women?

Women face structural financial challenges

The gender wage gap

- Gap in base salaries 2016: 17.7%

The gender super gap

- Average male super balance, June 2014: $134,800
- Average female super balance, June 2014: $83,100

Gender workforce participation gap

- Working aged men (20–74) in workforce: 78%
- Working aged women (20–74) in workforce: 66%
- Working aged men (20–74) working part time: 15.3%
- Working aged women (20–74) working part time: 43.9%

What's good for women is good for the community and the economy

Examining the economic benefits of eliminating gender gaps.

Closing the super and participation gap would

- Create a savings pool of $455.7 bn

Closing the super gap would

- Boost women's super by an average of $51,700
- Create a savings pool of $304 bn

Closing the wage gap would

- Boost women's salaries by an average of $13,577
- Boost the economy by $79.9 bn per year

Women are taught to manage their everyday finances, but not to invest

Taught about managing finances at an early age:

- 52% of men
- 53% of women

Taught about investing at an early age:

- 41% of men
- 29% of women

Financial security: different things to different women

What does financial security mean to you?

Focusing on the everyday

- Being able to pay bills and necessities: 22%
- Being able to meet unexpected expenses: 21%
- Having enough money to save: 14%

Setting long-term goals

- A comfortable lifestyle: 19%
- Not having to worry and living without stress: 18%
- Having a financial plan in place: 12%

Women are less engaged in investment decisions

How much do you contribute to decisions about how your money is managed?

- General household budgets and financing: 71%
- Superannuation: 53%
- Investing: 38%

Financial advice can transform lives

Women who have sought advice tend to have higher assets — both because advice helps build wealth, but also because wealthier households are more likely to seek advice. Accessibility for all is a critical structural challenge that needs attention.

Average household assets (excluding super):

Unadvised men: $447,000	Unadvised women: $397,000
Advised men: $753,000	Advised women: $648,000

Sources: ABS Gender Indicators August 2016; WGEA, Gender Equality Scorecard, November 2016; Colonial First State Global Asset Management and University of Western Australia; Commonwealth Bank.

Key findings

Making women's voices heard

Far from being homogenous, woman vary enormously in their financial attitudes, aspirations and decision-making. In this whitepaper, we ask women what financial security and empowerment means to them, exploring the complex relationship between attitudes, advice, decision making and financial outcomes.

It's widely recognised that Australian women face different financial challenges to men. Yet the causes and potential solutions for those challenges remain subjects for sometimes animated debate. Until now, research has tended to focus on women's income, assets and — to a lesser extent— financial behaviour. Women's own views and aspirations for the future have played a smaller part in the discussion. And while women may face common financial challenges, they are far from homogenous in their response to those challenges, with different groups of women requiring very different types of advice and support.

In this whitepaper, we have aimed to redress the balance by making women's voices heard, giving them an opportunity to speak about what financial security and empowerment means to them. By measuring both financial indicators and attitudinal markers, we have explored the often complicated relationship between attitudes, advice, decision-making behaviour and financial outcomes. We have also examined the broader social and economic context for women's financial dilemmas, helping to create a firm, evidence-based foundation for action. And we have analysed in detail the choices and attitudes of seven distinct behavioural segments, uncovering the links between aspirations, decision making and financial outcomes.

The results build on previous research findings, while overturning some commonly held beliefs. Most importantly, they point to important steps we can take as individuals and as a nation to improve the financial wellbeing of women, their families and our community as a whole.

5 key findings

1. Improving the financial security of women is good for the community and the economy

Australian women continue to face significant structural economic gaps, including the gender pay gap, workforce participation gap, and the superannuation savings gap. Closing those gaps could deliver significantly improved outcomes for women, the community and the economy, generating an estimated $158.8 bn in economic activity and an additional savings pool of $455.7 bn.

2. Women feel confident and in control of their everyday finances

Contrary to some traditional gender stereotypes, women feel just as confident and capable as men when it comes to managing everyday finances. They are also able to very clearly define what economic security means for them. Where they differ from men is in a greater emphasis on everyday budgeting and money management, as opposed to long-term asset accumulation.

3. Women are taught to manage everyday finances, not to invest

Equal numbers of men and women (around one in two) say they were taught about managing finances at an early age. But the situation is very different when it comes to investing. Only around one third of women have been taught about the benefits of long-term investing when they were young, with lasting effects on their behaviour and financial wellbeing.

4. The right advice can transform lives

Although only 23% of women have consulted a financial adviser in the last five years, those who have benefitted from financial advice are typically more confident and financially secure, with around 1.6 times the assets of unadvised women. While that partially reflects a greater tendency to seek advice among the affluent, it also demonstrates the transformative power of the right advice at the right moment.

5. There are critical life moments when advice and information make a real difference

Far from being a homogenous group, different groups of women have very different needs, depending on their life stage, lived experience and personal situation. Our analysis of seven distinct behavioural segments illustrates the different pathways women take through life and the potential impact of financial decisions at critical life moments. By demonstrating the link between education, advice, and improved financial and emotional outcomes, it also suggests that the right information and advice can have a critical impact at key turning points in women's lives.

About the research

This research report is based on a combination of qualitative and quantitative research amongst Australian women and men, conducted on behalf of the Commonwealth Bank by independent social and market research consultant Pete Wilson and his research partners. The research included:

- Online qualitative discussion groups involving two groups of 20 women from different regions and demographic backgrounds, conducted in April 2016.
- In-depth interviews with six women representing a variety of life stages and situations, conducted in May and June 2016.
- A wide-ranging quantitative survey of more than 3,700 women and men across Australia, conducted in July 2016.

Our analysis starts by looking at broad differences between females and males across key variables and then drills down into other life-stage descriptors where appropriate. From there we have taken a segmentation approach to identify less obvious subgroups within Australian women to better understand the differences. The technique is called Latent Class Analysis (LCA) and is especially powerful for incorporating a broader array of variables than other statistical segmentation approaches. LCA identifies common groups of segments by looking for cohorts among the inter-correlations of a set of variables. The approach is able to characterise latent (ie embedded or hidden) relationships in the data by identifying a set of mutually exclusive groups of respondents. Using this methodology, we have identified seven key segments of Australian women, each with its own attitudes and behavioural drivers. The results are revealing — and sometimes surprising.

This community research was supplemented by economic research and analysis conducted by Colonial First State Global Asset Management in partnership with the University of Western Australia, completed in September 2016.

2

Personal

Introduction

Making financial decisions in pursuit of life goals

In this section, we focus on the personal side of money, investigating the complex realities of financial decision-making in a world where women can still find it challenging to balance their work lives, personal lives and their future financial wellbeing.

How do Australian women feel about money? What does financial empowerment and security mean to them? And how can we support women to achieve their financial and lifestyle aspirations, without imposing a single, uniform model of financial success?

To answer these and other questions, we asked women for their views on money, financial decisions, education and advice. We found that most Australian women feel confident and in control, with clear opinions about their lifestyle goals and the best ways to achieve them. But while women play a large part in everyday financial decisions, they are less involved in securing and managing long-term investments and super. There is also a substantial minority of women who remain disengaged or confused by the large number of financial options available to them, with long-term implications for their financial health.

The good news is that most women are eager to seek advice and learn more — and that the right advice and information at the right moment can transform lives. Our research shows that while women are much less likely to receive an early education in investing than men, those who seek advice tend to have significantly higher incomes and assets. The challenge for both women and the financial advice industry is to make sure that women receive the right information and advice both when they are young and at the critical moments when it can make the largest difference.

Key findings

Women are confident and in control

- I am very much in control of my financial position: 58%
- I am very confident about my ability to manage my finances: 55%
- I have a lot of experience in managing my finances: 47%

Women actively plan for the future

- Having clear life goals is important: 78%
- Having clear financial goals is important: 74%
- Success in life is from planning and control, not luck: 65%

But a minority are disengaged

- 30% of women don't spend much time thinking about their finances
- 30% of women under 35 find managing their finances very boring
- 56% of women under 24 are confused by all the financial products and services available

Financial security: different things to different women

What does financial security mean to you?

- Being able to pay bills and necessities: 22%
- Being able to meet unexpected expenses: 21%
- A comfortable lifestyle: 19%
- Not having to worry and living without stress: 19%
- Having enough money to save: 14%

Women tend to be less engaged in investment decisions

How much do you contribute to decisions about how your money is managed?

- General household budgets and financing: 71%
- Superannuation: 53%
- Investing: 38%

Women are taught to budget, not to invest

Taught about managing finances at an early age:

- 52% of men
- 53% of women

Taught about investing at an early age:

- 41% of men
- 29% of women

Financial advice can transform lives

Average household assets (excluding super):

- Unadvised women: $397,000
- Advised women: $648,000

Engagement and empowerment

Confident, capable and in control

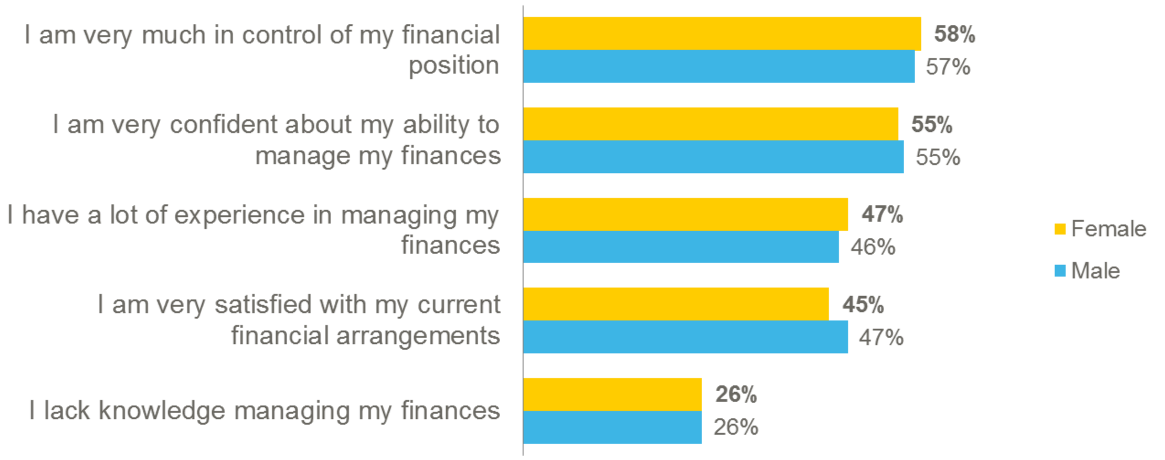
The evidence is clear: when it comes to their finances, women are as confident, capable and engaged as men. Yet that doesn't mean they always receive the support they need to overcome the distinctive financial challenges they face.

Managing money

If there ever was a time when women felt less in control of their personal finances than men, that time has long passed. By a range of measures, Australian women are as confident, informed and engaged as their male counterparts, actively planning for the future and working towards long-term lifestyle goals.

When we asked men and women to rate their levels of confidence and experience in financial management, the answers were almost identical. Fifty-eight per cent of women said they were very much in control of their financial position, compared to 57% of men. Similarly, 55% of women said they were very confident in their ability to manage their finances, the same proportion as men. And at the other end of the spectrum, equal numbers of men and women said they lacked the knowledge they needed to manage their finances effectively, at 26%.

Equal opportunity
Do you agree with these statements?



"I have always been interested in my financial situation. As soon as I was able to work, in my teens, I learned to save for the things I wanted and worked hard. As a parent and homeowner this is even more important to me to ensure we are organised and aware of our financial commitments."

Lynsey, homemaker, Melbourne

Australian women are as confident, informed and engaged as their male counterparts, actively planning for the future and working towards long-term lifestyle goals.

Setting goals

In the same way, women are just as active as men in setting and working towards financial and lifestyle goals. Around three in four women believe it's important to have clear lifestyle and financial goals, a slightly higher proportion than for men, while two in three agree that success comes from good planning, not luck. A majority of men and women (57%) also say that their personal involvement in financial decisions will lead to the best outcome — an attitude likely to prove important in conversations with both family members and professional advisers.

Those figures are even higher in particular behavioural segments, often key life stages where women are highly focused on their financial future. Ninety per cent of women in the segments we have called Looking for Control and Under Pressure believe clear life goals are important, although only 40% of those Looking for Control think their personal involvement will help. In contrast, the financially successful, mostly older women in the Calm and in Control segment are overwhelmingly likely to think both that life goals are important (94%) and that their own involvement helps create the best outcome (82%).

In contrast to these women, men are more likely to say that they live for today without worrying about the future (29% compared to 23%). However, men and women differ most in the relative priority they place on their family's financial position compared to their own.

Overall, men are more likely than women to view their family's financial security as more important than their own (54% compared to 47%). That is likely to reflect both a persistent, traditional view of men as breadwinners, as well as the fact that our sample includes a large number of older women living alone (20%), most with families that are now mature, independent, and no longer in need of support. However, those findings vary markedly among different groups of women, especially in the core child-rearing years, with 66% of women in the Calm and in Control segment prioritising their family's security over their own financial wellbeing: see page 53).

Setting goals, making plans
Do you agree with these statements?

"Money can't buy happiness. My family is the most important thing in the world to me and my priority in everything is their wellbeing."

Debbie, Office Manager, Sydney

"My opinion has definitely changed as I've gotten older. In my 20s I was definitely of the opinion that money can't buy happiness, but as I've entered my thirties and everything that has come with it (mortgage, family, etcetera) I'm growing to appreciate the importance of financial security. I think the real challenge is find a balance that you're happy with."

Nicolle, homemaker, regional NSW

"Money may not buy happiness, but it provides security, opportunity and plenty of options."

Purnima, Solicitor, Melbourne

Reaching out to the disengaged minority

While women may be just as confident and empowered as their male peers, that doesn't mean every woman is equally engaged. Like men, women vary enormously in their levels of enthusiasm and knowledge about financial decision-making. A significant minority, comprising 25–30% of Australian women, are disengaged, uninterested and confused when it comes to financial decision-making.

These women were most likely to agree with statements like "I don't spend much time thinking about my finances", "managing my finances is very boring" and "I'm confused about all the different financial products and services available these days". They were also relatively unlikely to plan for the future by setting financial goals and life goals.

Why have around one in four women become disengaged from their finances? The answer appears to be that, when it comes to money, these women are very much focused on getting by from day to day, rather than setting and pursuing long-term goals.

Partly, that is simply a product of resources, with lower-income groups more likely to be disengaged, although this is far from a universal rule. However, the main drivers of disinterest appear to be a lack of early education in investing and a lack of later financial advice. When we divided survey participants into segments based on their financial behaviours, we found that women with the lowest levels of engagement were also least likely to have been taught about investing while young, or to have subsequently sought professional advice.

That points to one of the key ways in which income and asset levels affect levels of engagement, through their influence on women's willingness to seek financial advice. Almost one in two women say they have no need to seek advice because their assets (48%) or income (45%) are too low. This attitude is perhaps the single largest barrier between this disengaged minority and the financial advice and education that could prove essential in helping them achieve a better future.

30%
of women
don't spend much time thinking about their finances

30%
of women under 35
find managing their finances very boring

56%
of women under 24
are confused by all the financial products and services available today

"It's just me, so it's all up to me. At times it's overwhelming. At times I don't know what to do … Sometimes I feel clueless and childlike."

Tess, Legal Administrator, Sydney

Almost one in two women believe they don't need to seek advice because their assets or income are too low.

Financial security

Coping with everyday expenses and unexpected shocks

Financial security is one of the most commonly cited lifestyle goals for both men and women, and a core objective for financial advisers and educators. But what does financial security truly mean to Australian women today?

Taking care of the everyday

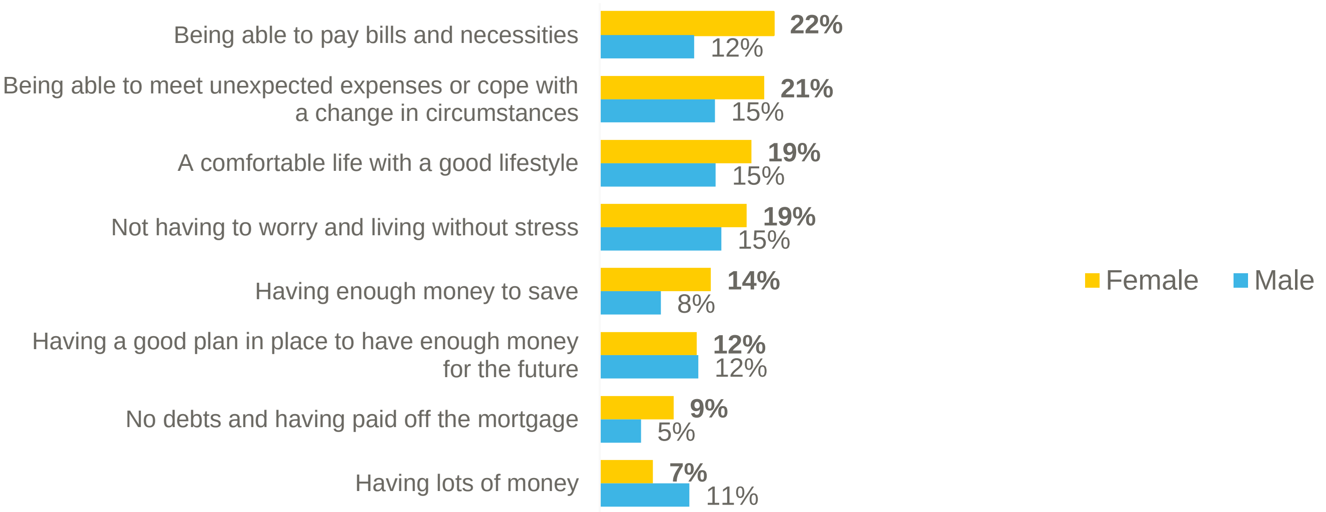
Our research shows that financial security can mean different things to different women, and that perceptions of financial security change as we move through life and our circumstances evolve. Nonetheless, common themes persist across life stages, with some revealing differences between the views of Australian men and women.

The first and most obvious difference is that women are significantly more concerned with financial security than men, typically citing multiple factors that together comprise true security. Women are also more focused on the practical and the everyday, most frequently saying that financial security is the ability to pay for bills and necessities (22%) or deal with unexpected expenses (21%), rather than enjoying a comfortable lifestyle (19%) or a stress-free life (19%).

In contrast, men were less concerned with having money to save (8% of men versus 14% of women) and staying debt free (5% versus 9%). They were also much more likely to say financial security means having lots of money (11% versus 7%).

This focus on short-term wellbeing and the everyday is likely to be an important contributor to women's lower levels of investment, especially in the pressured child-rearing years, as well as their reluctance to seek professional support to formulate plans for the long term.

Taking care of the everyday
What does the term financial security mean to you?



"Financial security means having something behind you, like a house … but also spending money. Enough money to cover all the utility bills, council rates and also something left over would be nice. Maybe a holiday, nothing fancy."

Samantha, Art Student, Sydney

"Financial security....well I would expect to feel confident, happy and relaxed knowing that I have the means to live my life the way that I would like without money stresses."

Louise, Administrator, regional NSW

Financial security through life

Looking beneath these high-level similarities, it is striking how perceptions of financial security change depending on women's life stage and financial circumstances.

The women under 25 in our survey were among the most likely to have lower household incomes and more debt than they were comfortable with. For these women, financial security most frequently means financial stability.

Women between 25 and 34 tend to have slightly higher incomes but high levels of financial pressure, as they struggle to raise young families and pay mortgages, often while working part time. For these women, the ability to cope with unexpected expenses is critical.

For women in this busy stage of life, it can be difficult to focus on super and investments, despite the importance of managing the long-term financial impacts of career breaks and part-time work. This is a key area where education and advice can make a critical difference, both by helping women start preparing earlier, and by helping them appreciate the difference that even a small but regular investment can make over time.

As women grow older, with higher levels of assets and income, their perceptions of security evolve, with many looking to establish a comfortable lifestyle that offers both financial independence and a balance between work and family. Yet as women approach and enter retirement, there is a clear divergence between those who have successfully built the foundations for financial independence, and others who continue to worry about their ability to pay bills or meet unexpected expenses.

For a detailed analysis of the aspirations and financial outcomes of different behavioural segments, see Part 4 on p 32.

Women's views of financial security by age

18–24	25–34	35–44	45–54
Financial stability	Meeting unexpected expenses	Having money saved	A comfortable lifestyle
24%	25%	18%	26%

"In my ideal scenario I would be comfortable and self-sufficient. Income would come from working but I would not be so reliant on this if something happened and I was unable to work. I would like to remove debt completely (I hate being in debt and avoid it where possible). I would like to spend my money and my time on things that I want to do, not things I have to do. There would be more time for family and fun and 'me time'. I would like to be very involved in planning and managing my finances. Realistically, I think it would take about 20 years (if ever) to get there."

Donna, HR Administrator, regional Victoria

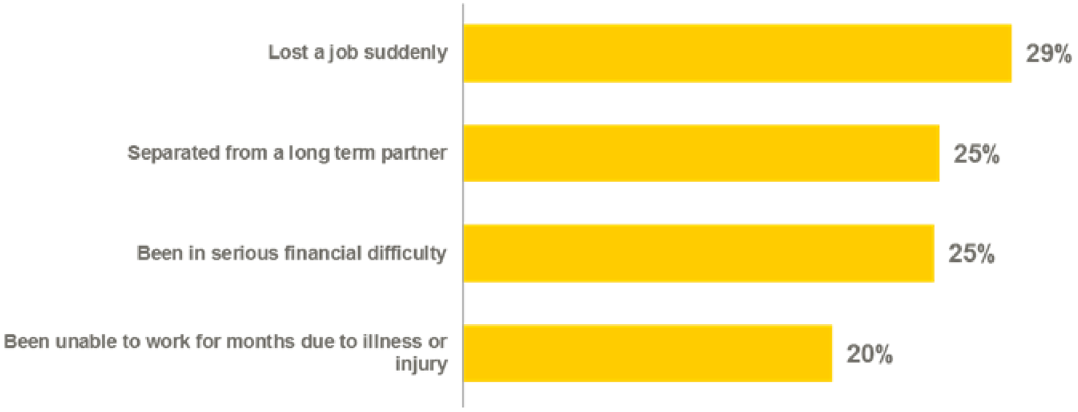
Coping with change

A common theme across all age groups is the importance of financial resilience, particularly women's ability to withstand financial shock such as an unexpected retrenchment, separation or health issue.

Shocks like these are not a rare occurrence. One in four women in our survey said they had been in serious financial difficulty at least once in their lives, while 29% had lost a job suddenly or been retrenched. Yet just 38% of women said they were confident they had the resources to withstand a financial shock, leaving 62% uncertain or concerned.

These findings underline the role that both policy makers and the financial advice industry can play in creating an environment where women are encouraged to seek advice and information early —the financially vulnerable women who would benefit most from information on risk protection and financial resilience. They also suggest that financial advisers and educators have a role to play in helping women get the basics right, balancing the need to grow their assets for a secure future while still taking care of bills and everyday expenses.

Financial shocks
Which of the following experiences have you had in your life?



"It would be difficult if my husband or I were to lose our jobs. We would get by on savings for short time, but paying the mortgage in the long term would be difficult. I have insurance on my income through my work if something was to happen to me … my husband does not …"

Marissa, Public Servant, regional Queensland

"Money can also cause stress and hardship, especially if people get used to a certain lifestyle and then that is suddenly taken away from them."

Louise, Administrator, regional NSW

Decision making

Shaping a secure future

While women play a confident and active role in everyday financial decisions, they are noticeably less involved in planning, acquiring and managing long-term investments. So what lies behind this difference, and what can be done to overcome it?

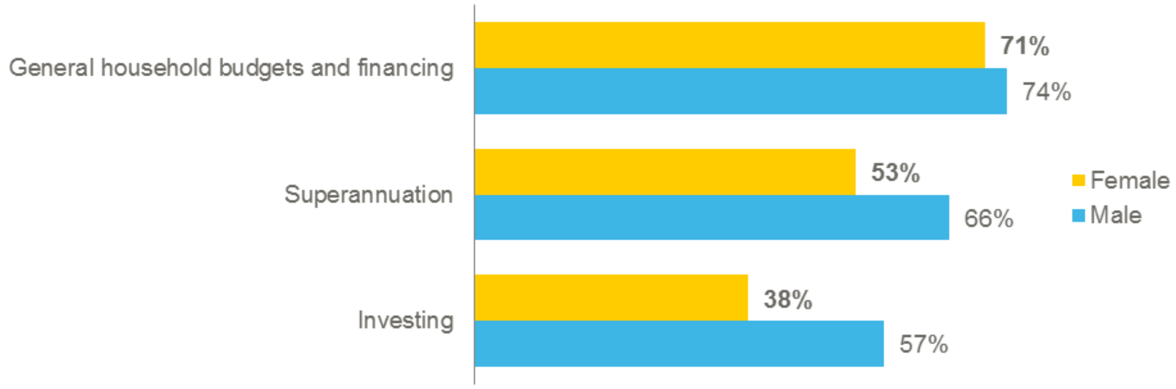
Who decides?

As outlined above, women generally feel just as confident and in control of their finances as men do. But while that confidence is very much in evidence in everyday decision-making, it is less clear in longer-term decisions affecting super and investments.

When we asked men and women how much they contribute to financial decisions in their lives, we found they were equally active in decisions about general household finances and budgeting, with women rating their contribution at an average of 71%, and men at 74% (including single men and women who are 100% responsible for their own finances.) Interestingly, women aged 35 or more tended to take a larger role, with an average contribution of 74%. In contrast, younger women tended to make decisions in collaboration with their partners or families, giving them an average contribution of 63%.

However, when it came to super and investment decisions, the situation was noticeably different. Asked about super, men said they contributed an average of 66% to decision-making, compared to just 53% for women. In this case, it was younger women, aged 25–44 years, who were more likely to take a hands-on role (average contribution 64%). The gap was even more pronounced for investment decisions, with men contributing an average of 57%, and women just 38%, falling to as little as 29% among 18–24 year olds.

Team effort or gender divide?
In your life, how much do you contribute to decisions about how your money is managed?



"Even though we grew up in the feminist era … We were taught not to talk about money, as it was rude, and that the man took care of that."

Stella, 61

"Women should be more informed. Why should we leave it up to the guys? We didn't get life insurance because my husband suggested it — I decided to do that."

Juliana, 40

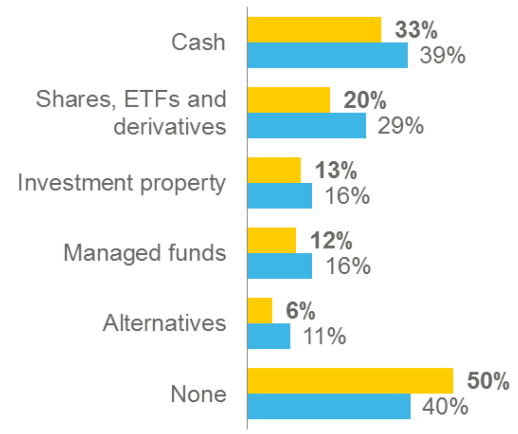
Managing super and investments

This gender divide mirrors the divergence in super and investment holdings between men and women. When we asked men and women what kinds of investments they held we found that one in two women have no investments of any kind, compared to 40% of men. Women were also less likely to hold every kind of asset type, with the largest gaps in financial market investments (shares, exchange traded funds (ETFs) and derivatives) and alternative investments (such as gold, coins, stamps and art).

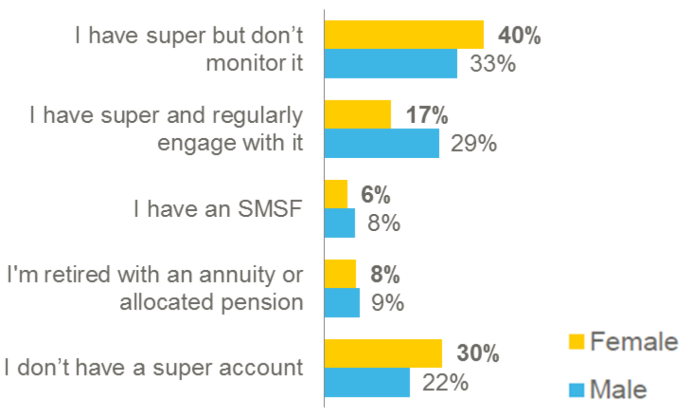
And while the majority of women now have super accounts, they are still somewhat less likely to have super and to engage regularly with it than their male counterparts. Seventy-eight per cent of men in our sample had super accounts, compared to 70% of women, while 29% of men said they engaged with their super regularly, compared to 17% of women.

Super and investments

Which of the following assets do you have?



Which best describes your superannuation?



Barriers to investing

Why is there such a marked gender divide in investment behaviour? Our research points to four interrelated causes.

1. The resources gap

Comparing different segments of women, and comparing men and women generally, there is a clear correlation between each group's financial resources and their levels of engagement in investment and super decision-making. And while women are confident financial managers, they continue to face ongoing economic challenges in Australian society, including the gender pay gap, the workforce participation gap, and the resulting super gap.

That suggests a lack of financial resources is both a cause and a consequence of women's lower levels of engagement in investment and super decisions. As a result, younger women (who have benefitted most from the super guarantee regime and spent less time out of the workforce) show higher levels of involvement in super decisions, while older women (with higher average assets and incomes) are more engaged in investment decision making.

In other words, the gender investment divide is in part a resources gap, not a capability gap.

For a detailed analysis of the economic gaps women face, see Part 3 on p 24.

2. Investment literacy

Our research also shows a strong correlation between an early education in investing and higher levels of investment activity and engagement. So, while 53% of women say they were taught about managing their finances while young — a slightly higher proportion than for men — only 29% were taught about investing, compared to 41% of their male peers. The result is that while many young women have high levels of financial literacy, confidently managing their money from day to day, they are much less likely to have high levels of investment literacy, with many only becoming informed and confident investors later in life, when they have less time to see their assets grow.

3. A focus on the practical and immediate

One possible consequence of this difference in education, together with the women's traditional gender role as household managers, is an apparent tendency for many women to prioritise the practical and immediate, rather than less concrete, longer-term aspirations. This tendency is evident in the views many women express when asked to define what financial security means to them, with many focused on paying bills and coping with unexpected expenses, rather than building a comfortable lifestyle.

4. Risk aversion

There is also strong evidence to suggest women are more risk-averse in their financial decisions than men, which can lead to lower levels of investment and lower returns. This is reflected in the large gap between men and women holding market-based investments such as shares, with around nine male investors for every six female investors.

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of men
were taught about managing finances at an early age

53%
of women
were taught about managing finances at an early age

41%
of men
were taught about investing at an early age

29%
of women
were taught about investing at an early age

"When I was 32 and a single parent, I knew I had to learn how to save to support myself and my daughter and to get a permanent roof over our heads. I had never had any financial 'learnings' from my parents as it was expected that I'd get married and be taken care of."

Donna, HR Administrator, regional Victoria

"I would advise starting with a few shares really early on to get some knowledge about investing, and then have the confidence to build it into an income stream."

Leah, self-employed, Sydney

"If you want to take a financial risk, make sure it is a well-informed and educated risk."

Karen, Early Childhood Educator, regional Queensland

Education and advice

Essential information at life-changing moments

Confident and capable when managing everyday finances, women are still less likely than men to invest for the future, especially those lacking an early grounding in good investment principles. Yet our research also shows that timely information and advice can be life-changing — and that many women are hungry to learn more.

Financial education in demand

While women are less likely than men to have been taught about investing at an early age, it isn't because of a lack of interest. When we asked women about the kinds of financial education that interested them, they generally showed a strong appetite to learn more across a wide range of topics and learning options, from share investments to self-managed super funds (SMSFs).

Younger women, aged 18–34, were most interested in the widest range of options, including social-media based seminars or investment groups. Older women were more strongly focused on preparing for retirement, while retirees were largely content to rely on the financial arrangements they already had in place, without learning more.

Interest in financial education
Which of these education options interest you?

	Total	18-24	25-34	35-44	45-54	55-64	65+
Information on how to plan for retirement	38%	40%	42%	**49%**	43%	43%	15%
Information on investing in the share market	26%	**40%**	39%	31%	22%	18%	11%
Online courses on financial planning run by banks	25%	**48%**	39%	29%	21%	16%	5%
Learning how to manage an SMSF	24%	39%	**40%**	32%	21%	15%	5%
Attending investment seminars	19%	26%	**29%**	21%	14%	16%	11%
Online discussion forums run through social media	14%	29%	**29%**	17%	9%	6%	2%

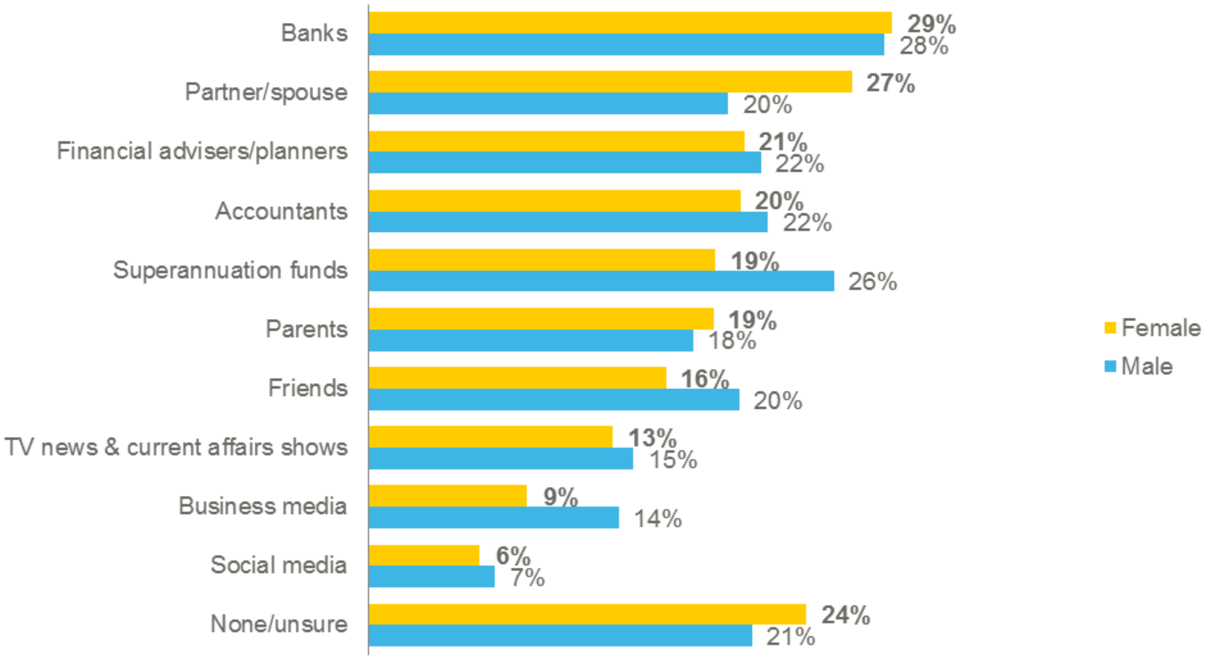
Advice and information sources

Both men and women satisfy their hunger for more information by drawing on a wide range of sources, from parents and friends to professional advisers. Banks remain the most popular source of advice for both men and women (29% of women and 28% of men), followed by financial advisers, accountants and super funds. While advice sources are similar for both genders, women are much more likely to consult their partner or spouse than men (27% compared to 20%), whereas men are significantly more likely to consult their superannuation fund (26% compared to 19%). And while women are frequent users of online sources, with 14% searching for financial information online, most show only low levels of trust for the information they find there, rating the trustworthiness of online forums and blogs at an average of 3.4 out of 10.

Only around one in five women have consulted a financial adviser. However, the propensity to seek professional advice increases considerably with age, rising from as little as 9% among women under 24, to 31% among retirees. Nonetheless, given the significant impact advice can have on financial wellbeing, particularly when received earlier in life, there are significant opportunities to increase women's overall levels of financial security and empowerment by encouraging them to seek advice sooner and more frequently. In fact, early, tailored advice can be even more important for women than for men, given their greater longevity, lower average wages, and higher likelihood of spending a significant amount of time out of the paid workforce.

Advice from a range of sources

Which of the following sources do you use for advice about your current financial situation and plans for the future?



Use of financial advisers by age

18–24	25–34	35–44	45–54	55–64	65+
9%	15%	19%	17%	28%	31%

"For budgeting/reducing debt I tend to do my own online research, but believe it's as much common sense as anything else. For minimising tax we used to use a great accountant until we moved. Now we are doing our own taxes and becoming very familiar with the ATO website. For anything property related I have several friends/family members who are also interested in property and we use each other for advice/ideas/as a sounding board. Super is very much a set and forget thing for both of us, and for general financial information I read a couple of financial blogs and websites."

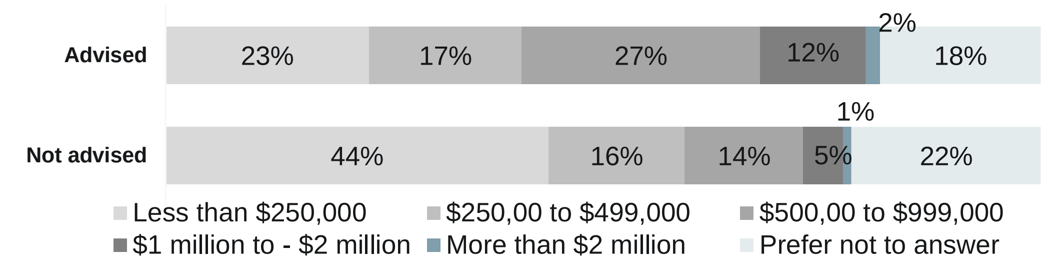
Nicolle, homemaker, regional NSW

Financial advice: transforming lives

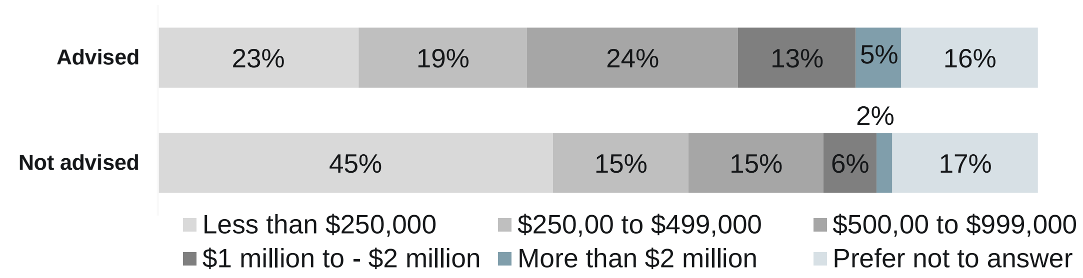
Our research underlines the potentially transformative effect of professional financial advice for both women and men. When we compared household assets (excluding super) for advised and unadvised women, we found that those who had consulted financial advisers were around twice as likely to have more than $500,000 in assets (41% versus 20%).

Similarly, women who have consulted an adviser have average household assets with a value around 1.6 times that of unadvised women ($648,000 versus $397,000). The difference is even more pronounced for single or divorced women, with an average of $477,000 versus $275,000, a multiple of 1.73 times.

Household assets (excluding super) and use of financial advisers
Women



Men



While the correlation between advice and higher levels of wealth is clear, the role of advice in creating that wealth is more difficult to define. Do wealthier households owe their affluence to timely advice — or are they simply more likely to seek advice because they have wealth to invest? Our findings suggest that both statements are partially true, with education, advice and financial success creating a kind of virtuous circle. As a result, engaged and successful investors are more likely to seek advice, while advice-seekers are more likely to build a stronger and broader asset base.

And the benefits are not simply financial. Our segment analysis and our qualitative research both confirm that advice helps to promote women's financial security and confidence, even when their goal is not to grow their wealth, or where they have lower levels of income and assets.

The impact of financial advice
Average household assets for men and women (excluding super)

$447,000
Unadvised men

$753,000
Advised men

$397,000
Unadvised women

$648,000
Advised women

Average household assets for women with and without partners (excluding super)

$275,000
Without partner Unadvised

$477,000
Without partner Advised

$495,000
With partner Unadvised

$716,000
With partner Advised

> "Get advice, get it independently and get it early! Challenge your advisers to get the best out of your investment. Don't become a number on a bit of paper!"
>
> **— 'Margaret', 53**

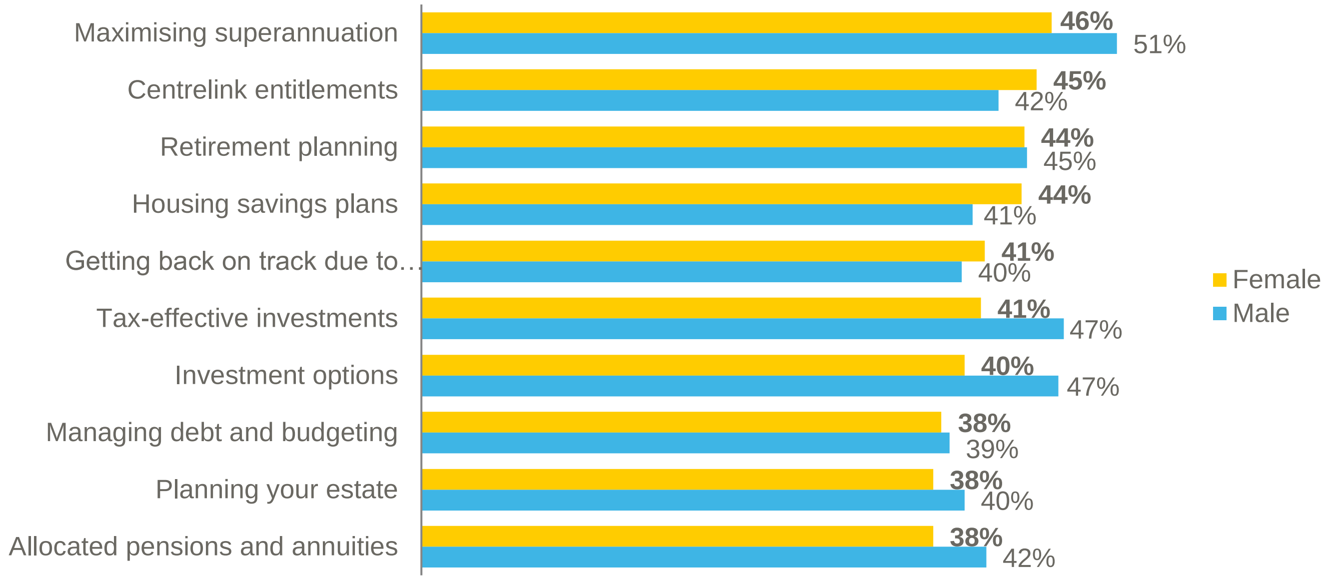
Areas of advice

Those who have consulted a financial adviser have typically sought advice over a wide range of areas, from managing debt to estate planning. Nonetheless, there was a noticeable tendency to focus on super and retirement, reflecting the greater likelihood for both men and women to seek advice as they age.

There were also some revealing differences between men and women in the type of advice they sought. Women were somewhat more likely than men to ask an adviser about Centrelink entitlements (45% compared to 42%) and housing savings plans (44% compared to 41%). But men were considerably more likely to ask about investment options (47% to 40%) and tax-effective investments (47% to 41%), a further reflection of their higher levels of income and investable assets.

Wide-ranging advice

Which of these areas has your financial adviser helped you with?



> "My husband and I have a very competent and reliable financial adviser. We receive constant updates and information [and] have meetings when needed to discuss things in more detail. Every year we make sure we meet to discuss the past financial year and make plans for the next."
>
> **Louise, Administrator, regional NSW**

Barriers to advice

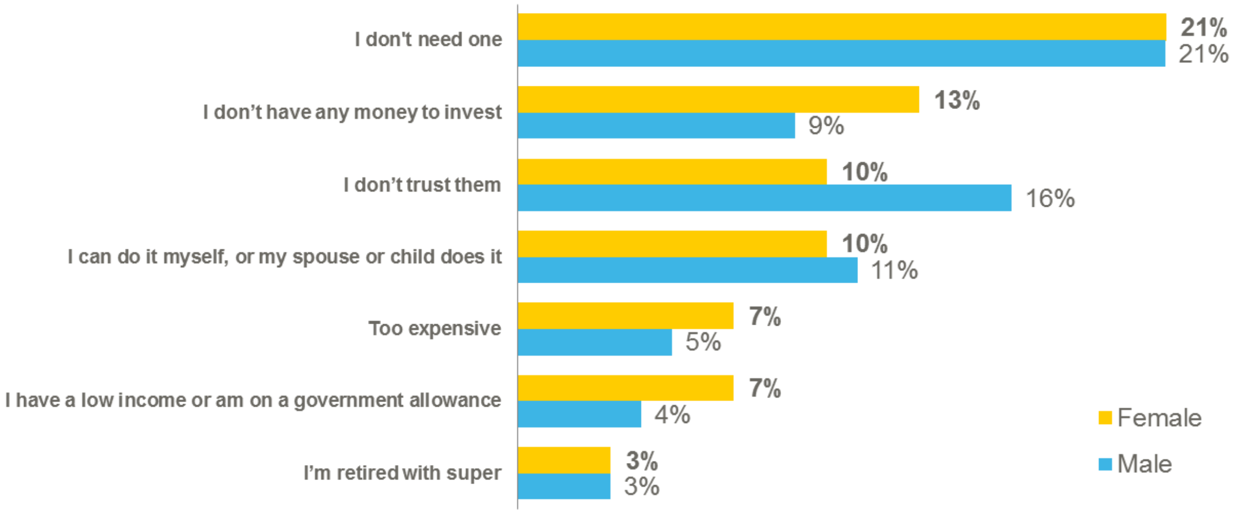
Women who have consulted a financial adviser are generally satisfied with the result, with around four out of five rating their satisfaction levels at more than 5 out of 10 and two in three saying they plan to return to the same adviser in future.

But while satisfaction levels may be high among those who have sought advice, there are nonetheless still significant barriers preventing women from seeking advice in the first place, including some common misconceptions (such as the view that advice will be too expensive or that they lack the financial resources to make it worthwhile).

Around half of all women in our survey said they have no need to seek advice because their assets (48%) or income (45%) don't justify it. Further questioned about their reasons for not seeing a financial adviser, women were most likely to say that they simply didn't need advice or that they lacked money to invest, while men were more likely to say that they didn't trust advisers.

Findings like these suggest that the advice industry needs to do more to debunk the myth that advice is only for the wealthy, informing women of the potential benefits of advice for everyone, including those with lower incomes and fewer assets. One promising development is the continuing evolution of newer, more affordable alternatives to traditional advice models.

Barriers to advice
Reasons for not using a financial adviser (among non-users)



48%
of women
Say they don't need financial advice because their **assets** are small

45%
of women
Say they don't need financial advice because their **income** is low

Case study: The importance of advice

Helen* was in her mid-50s when her marriage broke down, putting her in a difficult financial situation.

After selling the family home, paying off their mortgage and dividing the proceeds with her ex-husband, Helen realised she did not have enough to buy another house, since her limited income as a kindergarten assistant would make a new loan difficult to support. She also had relatively little super of her own, having taken a 10-year career break while her children were young before returning to work part time. However, she did receive a share of her husband’s retirement savings when the assets of their self-managed super fund (SMSF) were divided during the divorce settlement. Nonetheless, she knew she couldn’t retire on the amount she now had available.

Helen decided to consult Sarah, a Financial Adviser. Sarah helped Helen re-evaluate her personal and financial goals, then develop and implement a practical plan to start moving in the right direction. As well as investing the money from her divorce settlement, that included moving from her current part-time job to a new career as a courier, while taking advantage of government support during the transition from married employee to single sole trader.

“It was terrific,” says Helen. “Sarah explained it all to me and told me all the things I was entitled to that I didn’t know about. She made a lot of phone calls and downloaded forms for me. It made a huge difference knowing I didn’t have to struggle through it by myself.”

Three years later, Helen is on track to achieving her goal of retiring comfortable in her early 60s. As well as putting her on a sound financial footing, Sarah’s support has also made her feel more confident and secure.

“I feel relaxed and comfortable, knowing that it’s been well managed and well looked after.”

“Six months ago, we had a review and Sarah showed me how much I had earned [from my investments], and I said ‘That’s more than I ever earned in a year as a kindergarten assistant!’ I was pretty happy about that.”

Her advice to other women is to seek advice as soon as possible.

“Don’t think about it, just do it. It was the best thing I could have done. I wish I had done it months earlier. Don’t procrastinate.”

* Names and some identifying details have been changed for privacy reasons.

3

Social

Introduction

Overcoming structural challenges

Despite growing equality, women continue to face persistent economic gaps that can only be addressed by broad-scale social and policy change.

While individual action and engagement are necessary and important, they are not enough on their own. Women in Australia continue to face structural challenges stemming from a combination of social attitudes, employment practices and government policies. That results in persistent economic gaps that continue to impact women's wellbeing and our economic productivity as a nation.

The good news is that governments, institutions and employers are increasingly aware of the issues, with many taking action to redress the balance. And while progress to date has been slow, with some backtracking on key indicators, the potential benefits are significant.

Key findings

The gender wage gap • 2004: 14.9% • 2014: 19.9% • 2016: 17.7%	**The super gap** • Average male super balance, June 2014: $134,800 • Average female super balance, June 2014: $83,100	**The workforce participation gap** • Working aged men (20–74) in workforce: 78% • Working aged women (20–74) in workforce: 66% • Working aged men (20–74) working part time: 15.3% • Working aged women (20–74) working part time: 43.9%
Closing the wage gap would • Boost women's salaries by an average of $13,577 • Boost the economy by $79.9 bn a year	**Closing the super gap would** • Boost women's super by an average of $51,700 • Create a savings pool of $304 bn	**Closing the participation gap would** • Combined with closing the pay gap: boost the economy by $158.8 bn • Combine with closing the super gap: create a savings pool of $455.7 bn
Women in leadership • 57.4% of management jobs go to men • 16.3% of CEOs are women • 24.7% of board directors are women	**Balancing work and home** • Australian women do an average of 139 minutes more unpaid work a day than Australian men • 48% of organisations offer paid primary carer's leave	**The agenda for change** • 70.7% of employers have a gender equity strategy • 27% of employers have conducted a gender pay gap analysis • 12.7% of boards have a gender target

Sources: ABS Gender Indicators August 2016; WGEA, Gender Equality Scorecard, November 2016 and Gender Pay Gap Statistics, March 2016; Colonial First State Global Asset Management / University of Western Australia; Commonwealth Bank.

The challenge for women

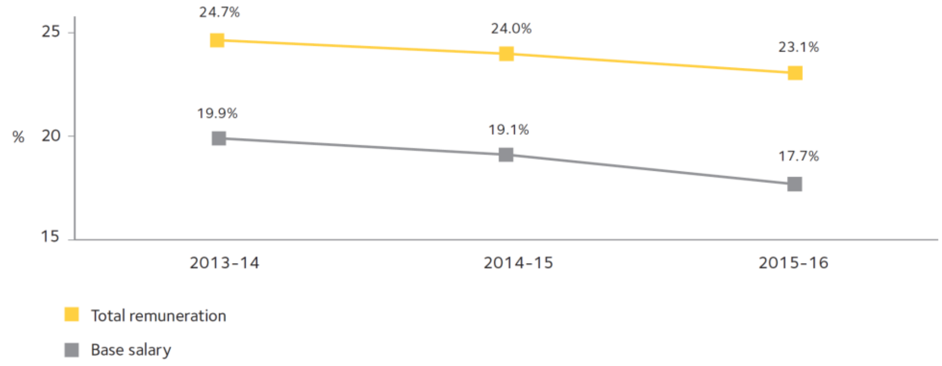
Three key financial gaps

Despite growing equality, women continue to suffer from persistent gaps in earnings, workforce participation and superannuation savings.

The wage gap

The most visible and persistent gap between men and women, both in Australia and internationally, is the gap between male and female wages. According to the Australian government's Workplace Gender Equality Agency, the gap in Australia during the 2016 financial year was 17.7% for base salaries and 23.1% for total remuneration — about 2% lower than two years earlier, but still significantly higher than the pre-mining boom low of 14.9% in 2004.[1] Similarly, the Australian Bureau of Statistics (ABS) reported in May 2016 that average weekly ordinary time earnings were $1,613.50 for men and $1,352.10 for women — a 19.3% gap.[2]

Slowly decreasing
Gender pay gaps in Australia, 2013–2016



Source: Workplace Gender Equality Agency, November 2016

OECD data shows a similar pattern across all 35 OECD countries, although the size of the gap varies considerably between nations. In Australia, as in the UK and the US, the gap in base salaries widens considerably with age, from around 5% to a peak of almost 20% among pre-retirees. While this in part reflects higher levels of education and changing work patterns among younger women — an encouraging sign for the future — it also indicates the cumulative impacts of structural gender inequality, with women's careers increasingly impacted over time by differences in hiring and promotion practices, together with an imbalance in caring responsibilities.

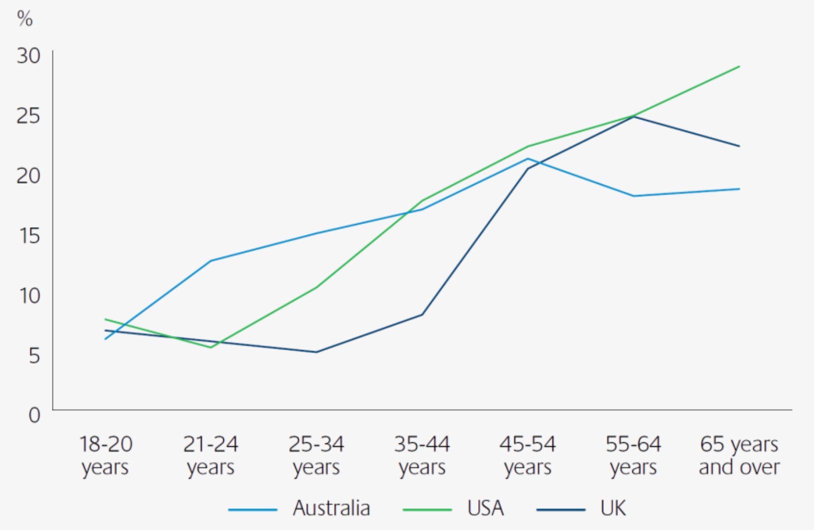
"Women have different working lives to men because of pregnancy and childcare, re-entry in the workforce, juggling parenting and family life with work. It is a fact that women earn less than men and spend less time working in their lives. They end up with less super and less potential to create financial wealth. Essentially, women are financially disadvantaged."

Leah, self-employed, Sydney

[1] Workplace Gender Equality Agency, *Australia's Gender Equality Scorecard*, November 2016; *Gender pay gap statistics*, August 2013.

[2] ABS, Average Weekly Earnings, Australia, May 2016, Release 6302.0.

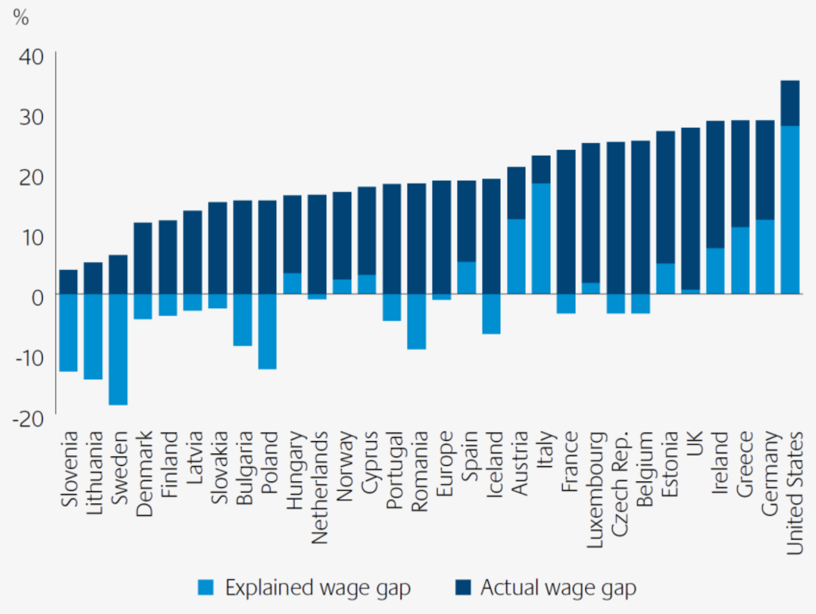
The wage gap widens with age
Gender gap in average weekly total cash earnings



Source: ABS, data to May 2014. BLS, data to June 2016. ONS, data to April 2015.

Importantly, these gaps cannot be explained away by other differences between male and female workers, such as education or experience. A 2015 analysis of 30 developed economies by the International Labour Organisation (ILO) found that, after controlling for differences in education, experience, industry, number of hours worked and skill level, there was still a persistent unexplained gap. In some countries, such as Sweden, Denmark and Norway, eliminating that unexplained gender gap would actually see women paid more than men.[1]

Gender is a key determinant of income
Unexplained wage gaps in OECD countries



Source: OECD.

[1] International Labor Organisation, 2015, *Global Wage Report 2014/15: Wages and Income Inequality*.

Similar studies involving Australia have had similar findings. The World Economic Forum's 2015 Executive Opinion Survey scored Australia at 0.66 for equal pay for similar work (where a score of 1 indicates that men and women are paid equally), compared to 0.66 for the UK, 0.64 for the US and 0.74 for New Zealand.[1] And an analysis by the Bankwest Curtin Economics Centre found that only 36.4% of the wage gap in Australia could be explained by differences in observable labour market characteristics.[2]

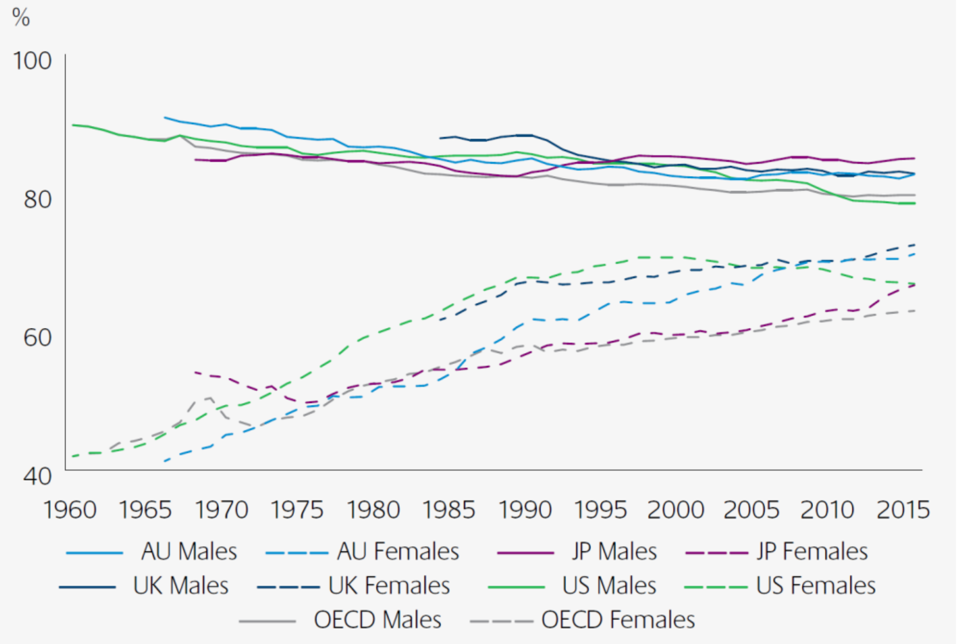
The workforce participation gap

As well as receiving lower wages, women suffer from a continuing gap in workforce participation, largely resulting from the greater role women play in caring for young children and, increasingly, aging parents. That means women are not only more likely to take time out of the paid workforce, they are also much more likely to work part time.

In our survey, only 22% of women were working 30 hours or more a week, with another 22% working part time. These findings reflect a continuing workforce participation gap, currently between 17% and 20% across most OECD countries, including Australia.

While participation rates

Despite progress, a significant gap remains



Source: OECD, data to 2015.

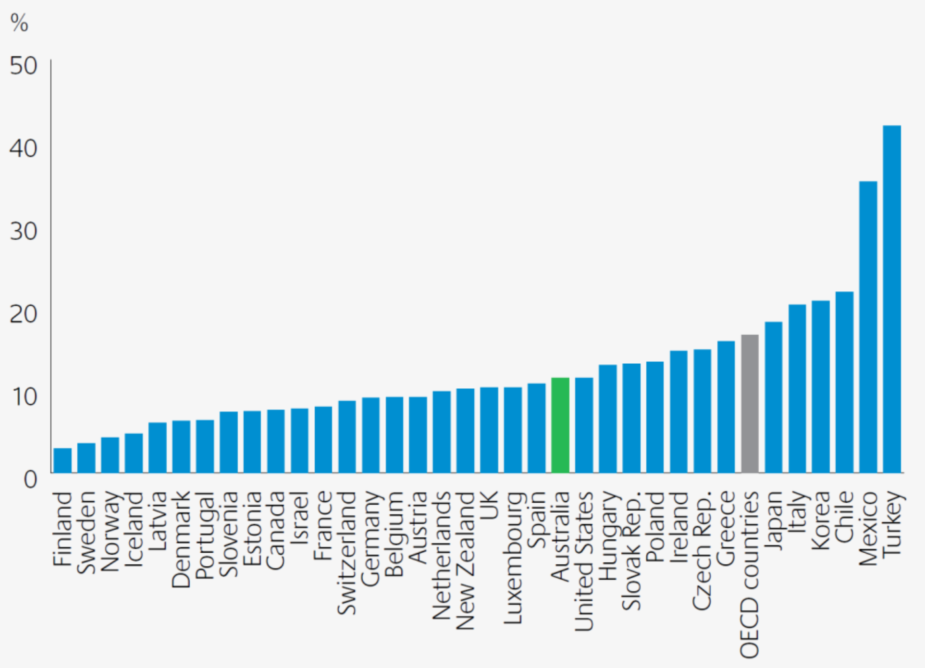
While it has improved markedly in recent decades, the gap in Australia is still significantly worse than in most of the developed countries with which we compare ourselves, including the UK, New Zealand, Canada and the EU nations. While many Australian women choose to leave the paid workforce while their children are young, this gap between Australian and other developed nations suggests that there are also other factors at play, including a lack of consistently affordable childcare support and limited opportunities for flexible work practices.

[1] World Economic Forum, *The Global Gender Gap Report 2015.*

[2] Bankwest Curtin Economics Centre, 2014, 'Workforce and Skills: Western Australian labour markets in transition'.

Meanwhile, Australia's aging population and a continuing trend towards later childbirth are likely to see the gap between caring for children and caring for parents shrink — further squeezing the time available for women to accumulate assets and build savings.

Lagging global best practice
Workforce participation gaps in OECD countries



Source: OECD, data to December 2015.

"Women in general spend less time in the paid workforce due to caring for children, parents and many other factors. It has a big impact on superannuation and your ability to invest and feel financially secure."

Debbie, Office Manager, Sydney

The super gap

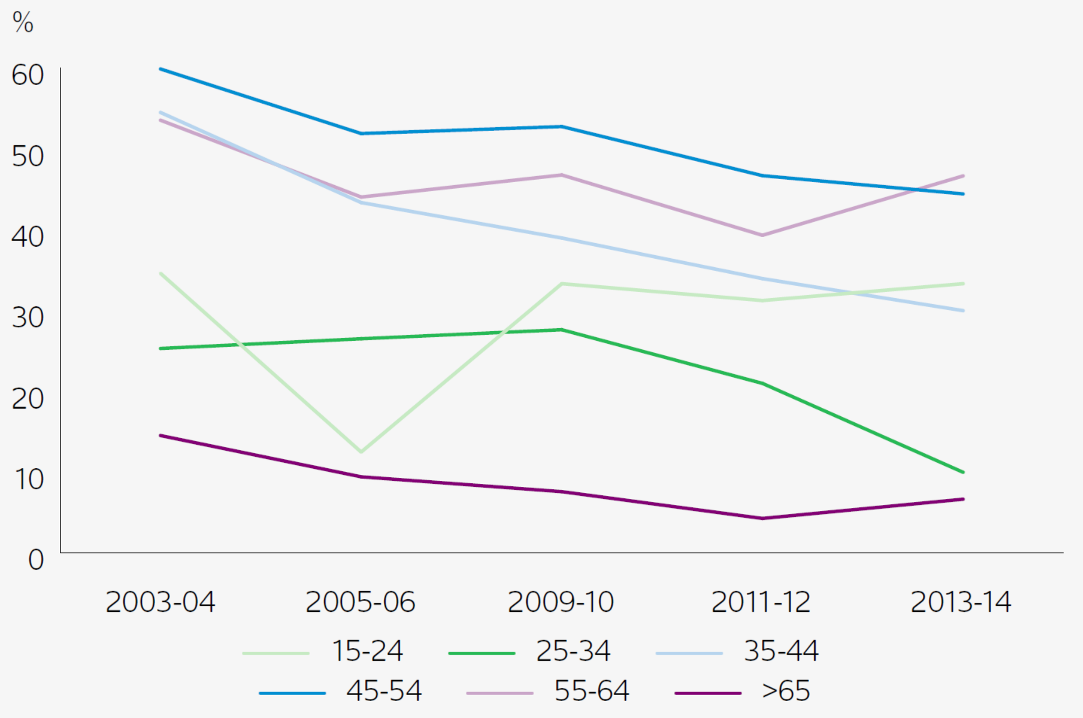
Lower average wages, career breaks and a heightened tendency to work part time all combine to create a gap between male and female super savings. Across all age groups, Australian women have a median super balance of just $30,000, compared to $46,000 for men, a super gap of $16,000 or 35%.[1] The difference in average balances is even higher, at $51,700. And it is at its largest among older women, whose need for super is greatest.

Among women aged 45–54, the median gap is $40,000, growing to $70,000 among 55–64 year olds. That is likely to be due, at least in part, to the fact that many women in these age groups have spent extended periods out of the workforce raising children. While some of may have received some form of paid maternity leave, these programs do not generally include superannuation, leaving women at a permanent disadvantage compared to male peers.

[1] Australian Bureau of Statistics, February 2016, *Gender Indicators* 4125.0.

One result of this gap is a higher level of dependence on the aged pension among women, as well as high levels of poverty, particularly in old age. A recent study by Global AgeWatch Index found that one-third of Australians over the age of 60 now live below the poverty line, with women particularly at risk.

Lower wages and less time in paid work create lower super balances
Median super gap by age



Source: ABS, data as at June 2014.

"It is extremely hard to contribute to your superannuation when you are on maternity leave and supporting a family on a single income, while trying to plan for the future."

Donna, HR Administrator, regional Victoria

Opportunities for change

Closing the gaps

Redressing gaps between the genders will not only lead to better financial outcomes for women, it will enhance the wellbeing of the entire Australian community.

While the scale and persistence of these economic gaps is a serious challenge, they also present a significant opportunity. By introducing policies to redress these gaps, we can create significantly better financial outcomes for Australian women, and enhance the wellbeing of the community as a whole.

Even partial progress could yield considerable benefits. For example, an analysis by Colonial First State Global Asset Management suggests that cutting the gender pay gap in half could generate an extra $39.9 bn in economic activity annually. Narrowing both the pay and participation gaps by 50% could boost the economy by around $79.4 bn a year, equivalent to the entire retail sector.

Entirely closing both of these gaps would have large and lasting benefits for the economy, estimated at $158.8 bn a year.

Similarly, reducing or eliminating the super gap would not only ensure the financial security of millions of Australian women, it would also create an additional savings pool of up to $455.7 bn, available for investment in infrastructure and economic development for years to come.

For our recommendations on initiatives to help close these and other gender gaps, see "Recommendations" on page 62.

4

Life choices

The seven segments: different attitudes, different behaviours

By analysing the behavioural differences between distinct groups of women, rather the typical homogenous life stage indicators, we can identify the attitudes and decision-making behaviours that lead to true financial security.

1. Starting Out	2. Under Pressure
Well-educated and hungry to learn about better financial management. • 59% aged 18–34 • Household incomes typically less than $40k pa • 32% in full-time employment • Financial security means being financially stable	**Struggling with the pressures of raising young children and balancing work, family and finances** • 50% aged 25–44 years • Household incomes typically between $40,000 and $100,000 • 34% in full-time employment • Financial security means being able to meet unexpected expenses
3. Looking for Control	**4. Making Ends Meet**
Whether because of a financial setback, or a lack of knowledge and confidence, these women are struggling to find direction • 41% aged 35–54 years • Household incomes typically between $20,000 and $80,000 • 16% in full-time employment • Financial security means being able to pay bills and necessities	**Under-confident and disengaged, these women are focused on getting by from day to day** • 67% aged over 45 • Household incomes typically between $20,000 and $80,000 • 15% in full-time employment • Financial security means being able to pay bills and necessities
5. Satisfied with Life	**6. Calm and in Control**
Self-reliant and in control, these women are content with life and skilled at making the most of what they've got • 66% aged over 55 • Household incomes typically under $60,000 • 10% in full-time employment • Financial security means being able to pay bills and necessities	**Family focused and confident they have their finances under control** • 54% aged between 35 and 64 • Household incomes typically over $60,000 • 18% in full-time employment • Financial security means being able to pay bills and necessities
7. Engaged and Comfortable	
Affluent, informed and engaged, with ambitious plans for the future • 57% aged over 54 • Household incomes typically over $80,000 • 22% in full-time employment • Financial security means enjoying a comfortable lifestyle	

Introduction

Introducing seven behavioural segments

By analysing the differences between distinct groups of women, we can identify the attitudes and decision-making behaviours that lead to true financial security.

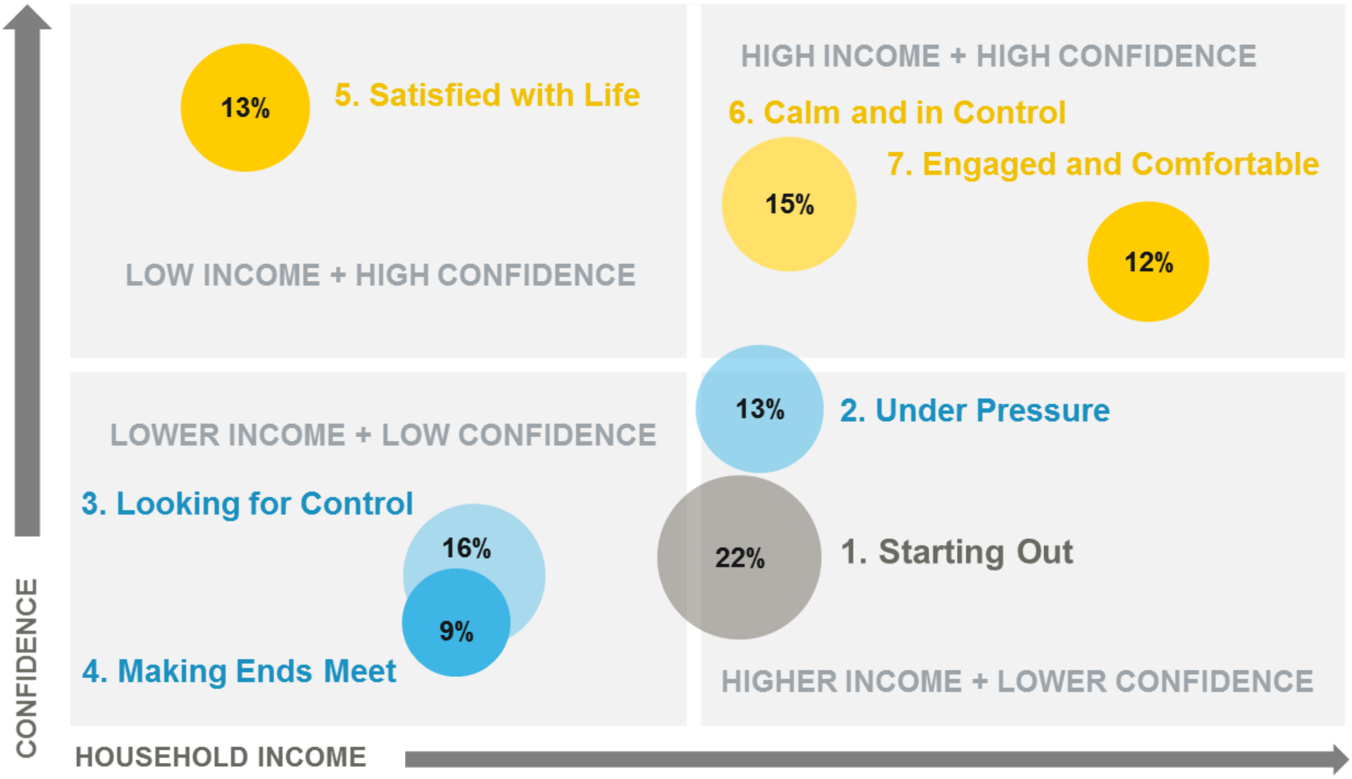
While Australian women face common financial challenges, different groups of women respond in very different ways. Far from being homogenous, woman vary enormously in their financial attitudes, aspirations and decision-making. These behavioural differences not only lead women in similar circumstances to make different life choices, they also influence their own perception of their own circumstances and the options available to them at each life stage.

To better understand those differences, we used Latent Class Analysis to identify seven key segments of Australian women, each with its own attitudes and behavioural drivers. The results are revealing — and sometimes surprising.

As you might expect, we found some degree of correlation between financial empowerment and affluence, with women in higher income households generally reporting higher levels of engagement and confidence. That reflects a virtuous cycle, in which higher education and engagement help to foster better financial decision-making, and higher income and asset levels encourage higher engagement. Yet the link between confidence and affluence is far from universal.

In fact, among the seven segments, women in the group we have called Satisfied with Life were most likely to say they were very confident about their ability to manage their finances, even though they were the segment with the lowest average income and modest asset levels. This suggests that, provided a household is not financially disadvantaged, security can be as much about financial literacy and informed decision-making as it is about wealth.

The seven segments
Segments by household wealth and confidence levels



Choosing a financial pathway

By comparing attitudes with financial outcomes at different life stages, this approach also makes it possible to trace the potential pathways women take in life and the critical decision points that determine whether they achieve financial security.

Young women generally begin their adult lives in the first and largest segment, Starting Out, with high levels of workforce participation and moderate but growing financial confidence.

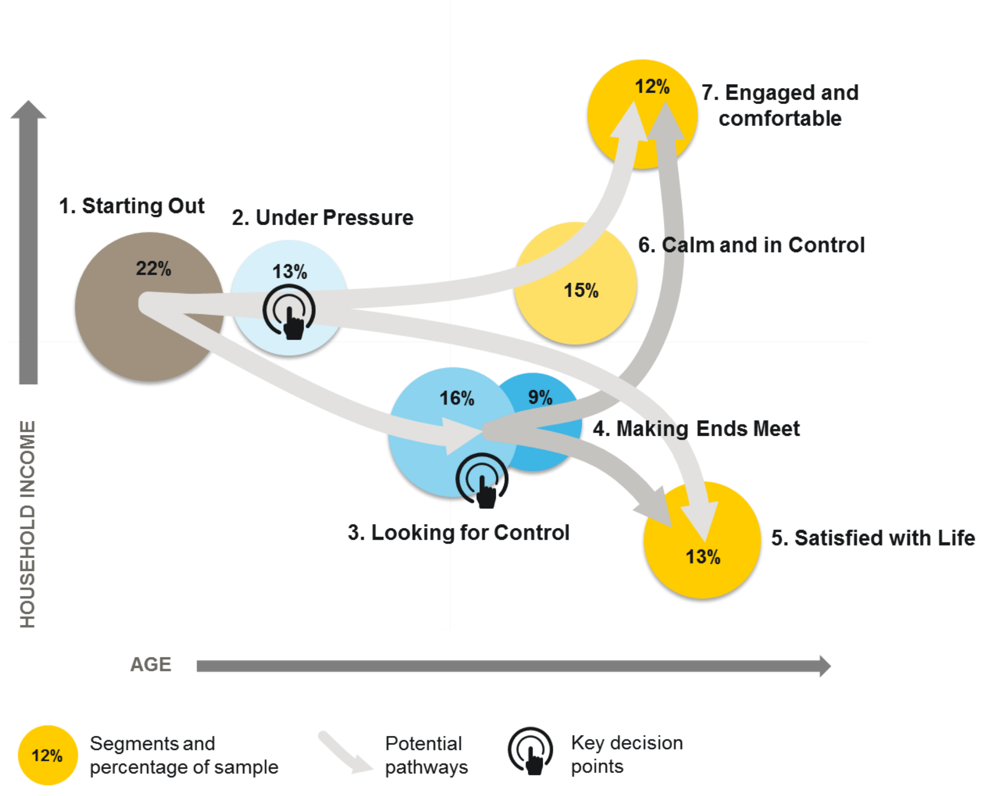
Then, as women move into their 30s and 40s, their behavioural profile begins to change, most often matching the segments we have called Under Pressure and (later and less positively) Looking for Control. Women in these groups are struggling with the pressures of raising young children, balancing work and family life, and often paying off mortgages. However, those in the Looking for Control group not only tend to be somewhat older and less affluent, they have also often suffered a financial setback that has left them under-confident and uncertain.

The choices women make at these stages can be critical in determining whether they continue on a path towards empowerment and financial security, or whether they become disengaged. Some will access the advice and information they need to grow in confidence and take control of their finances, moving into the segments we have called Calm and in Control (secure, confident and relaxed) or Engaged and Comfortable (the most empowered and affluent of the segments). Whether by choice or circumstance, others may move to the Satisfied with Life segment, characterised by a high degree of confidence and feelings of financial security, despite lower income and asset levels.

However, a small but significant proportion will remain under-confident, under-resourced and disengaged, either Looking for Control or simply Making Ends Meet from day to day.

This analysis underlines the importance of access to information and advice at critical life moments when the decisions women make can determine the directions their lives take.

Key decision points help to determine life paths
Segments by age and household wealth, with decision pathways



1. Starting Out

Well-educated and hungry to learn

For women under 35, life is rich with possibilities. Yet the financial decisions they make today are set to shape their future for years to come, making financial literacy and good advice essential.

They may be young and inexperienced, but women in this segment are hungry for life's challenges and often willing to take risks to get where they want to be. While most think taking control of their finances is important, many lack confidence in their own decision-making skills, making them eager to learn from friends, family and finance professionals.

Starting Out: segment profile

Age profile	
18–24	25%
25–34	34%
35–44	22%

Education	
Year 12 or equivalent	23%
TAFE certificate/diploma	29%
Undergraduate degree/diploma	26%
Postgraduate degree	10%

Home life	
Couple with children at home	37%
Couple with no children at home	22%
Living with parents	17%
Living alone or sharing	17%

Work life	
Working full time	32%
Working part time	25%
Home duties	20%
Unemployed	10%

Demographics

This is both the youngest and the largest of the seven behavioural segments. Most are under 35, with eight out of 10 aged 44 or younger. That means many are just starting out in life — finishing their educations, building careers, settling down and raising young families.

Women in the Starting Out segment are highly educated, with two in three having already completed degrees, diplomas or other post-school qualifications, and 8% still studying. They are both the most likely of all segments to be in the paid workforce, and most likely to have children at home, either as one of a couple (37%) or a single parent (7%). As a result, a quarter work part time, while one in five is dedicated exclusively to home duties.

This is the most multicultural of all the segments, with a quarter living in a home where a language other than English is spoken, reflecting Australia's growing diversity and multiculturalism. And while many aspire to buy their own home in the next five years (28%), only 35% have already done so, giving them the lowest level of home ownership across the segments.

Starting Out: financial profile

Personal income	
Under $20,000	28%
$20,000–$39,999	16%
$40,000–$59,999	17%
$60,000–$79,999	11%
$80,000 and over	13%

Household income	
Under $20,000	11%
$20,000–$39,999	10%
$40,000–$59,999	15%
$60,000–$79,999	14%
$80,000–$99,000	11%
$100,000–$119,999	8%
$120,000 and over	14%

Household assets (excluding super)	
Less than $250,000	40%
$250,000–$499,000	14%
$500,000– $999,000	9%
$1 million and over	5%

Investments	
Asset class	**Held by (% of segment)**
Cash	27%
Shares and ETFs	15%
Managed funds	14%
Investment property	13%
Other	6%
None	52%

Super	
Less than $50,000	49%
$50,000–$149,999	22%
$150,000–$299,999	9%
$300,000–$499,999	4%
$500,000 or more	1%
Don't know	15%

Attitude to super	
I have super but don't monitor it	42%
I have super and regularly monitor it	19%
I have self-managed super	8%
I receive an annuity or pension	3%
I don't have super	28%

Finances

Given that many are just starting out, it's perhaps unsurprising that more than half of the women in this segment do not have investments, although a quarter do have cash in the bank. Yet there is one area where they are relatively strongly engaged: their super.

While around half have less than $50,000 in super savings, women in the Starting Out segment are still more likely than most other groups to monitor their super regularly, as well as having the second highest level of self-managed super funds (SMSFs). They are also among the most likely to say their super arrangements are inadequate (37%), suggesting that many are already beginning to think seriously about the future — even if relatively few have yet to take action. Having always worked under the superannuation guarantee regime, and with low levels of home ownership (35%), these young women seem more likely than their older peers to count super as their biggest and most important asset — one worth taking care of.

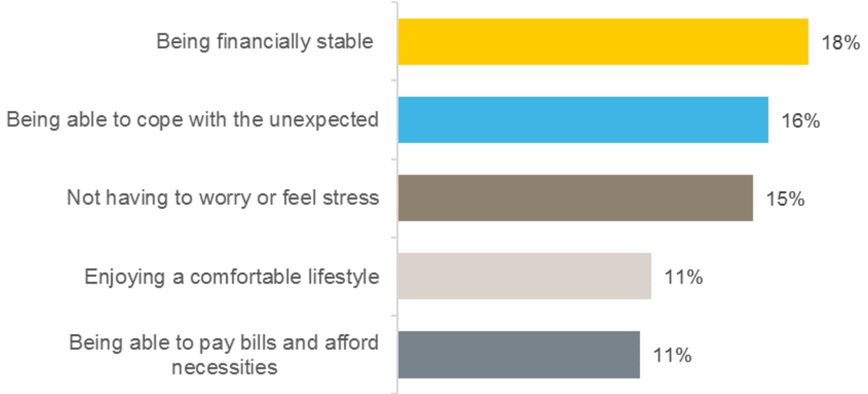
Attitudes and decision making

Asked what financial security means to them, women in this group were most likely to describe it as stability (18%) and the ability to live life without stress.

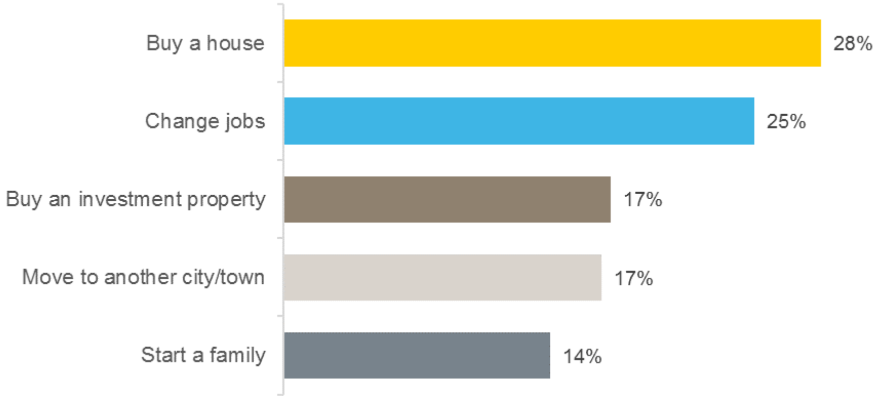
Despite high levels of education, many women in this segment lack confidence managing their finances, with only 37% saying they are confident in their abilities and 41% claiming to be very much in control. Thirty-eight per cent say they live for today and do not worry too much about the future. But others feel the need for financial guidance and support, with around one in three saying they have more debt than they are comfortable with (35%) or they would like someone to sort out their finances for them (34%).

Many women in the Starting Out segment certainly appear to be hungry to learn, although they prefer to speak to people they know, rather than seeking professional advice. They are among the most likely segments to consult their parents (31%), family (14%) and friends (20%). Yet they are as likely to have consulted social media for financial information as a financial adviser (both 11%), even though another 18% would consider doing so.

Starting Out: Searching for stability
What does financial security mean to you?



Starting Out: Brimming with aspirations
Are you planning on doing any of the following in the next five years?



Case study: Starting Out

Anika* was told from an early age that finances are a man's domain. Nonetheless, she also received a good grounding in money management early in life, thanks to a father who worked in financial services.

Since leaving home, Anika has built on that early foundation with a wealth of life experience: she has worked for governments in Europe and Thailand, completed a Masters' degree, travelled to over 25 countries, published a book on job motivation and lectured in leadership to university students.

Now 27 and living in Australia, she has set up her own consultancy offering business development advice to international education bodies.

"My business gives me the freedom to choose my lifestyle, including how and when I want to work. I earn more money than I would with a 9 to 5 job so I'm secure — mentally, emotionally and financially."

She still turns to her father for financial advice, but ultimately makes her own decisions.

"I have my point of view and I always do a lot of research, but I listen to what he has to say. At the end of the day, my Dad won't push me towards something, he'll say I have to decide what to do."

And Anika thanks her parents for teaching her to stay debt-free, by discouraging her from relying on loans and credit cards.

"Usually people my age are all on their own and they have to learn by making mistakes. They don't have a vision and they end up with credit card debt."

With her finances secure, Anika feels confident making plans for the future. "I don't just live in the present, I always plan five or 10 years ahead. I'm looking forward to building financially."

As part of her long-term plan, she is saving up to buy property in Australia, and potentially invest in real estate in Asia as well. She is also able to send money home to her parents in India. And she is determined to make sure she keeps her financial independence, even when starts a family.

"Right now I have targets and goals, but when you marry things change drastically and you have to focus more on your family. But I won't stop work completely when I have kids, just to have financial independence — I never want to let go of that freedom."

She believes passionately that educating women can help boost their financial literacy, empowering them to take control of their finances.

"Women need to recognise their situation, because their biggest enemy is denial. They need to realise that things can be better and that they have the power to make the right decisions. After denial is acceptance — that they can improve their situation."

* Names and some identifying details have been changed for privacy reasons.

2. Under Pressure

Balancing work, family and finances

For women raising young families and managing work commitments, life is a juggling act. So finding the time to sort out their finances can be a challenge.

As women move to the next stage of their adult lives, they are looking forward to tomorrow, but struggling with the pressures of today. Whether planning a family or raising young children, their lives are exciting and full of promise, but also financially challenging. While working hard to build a bright future for themselves and their families, they're in need of expert support to help get them there.

Under Pressure: segment profile

Age profile		Education	
18–24	16%	Year 12 or equivalent	17%
25–34	26%	TAFE certificate/diploma	39%
35–44	24%	Undergraduate degree/diploma	20%
		Postgraduate degree	9%

Home life		Work life	
Couple with children at home	30%	Working full time	34%
Couple with no children at home	29%	Working part time	22%
Young person living alone or sharing	12%	Home duties	16%
Single parent with children at home	9%	Unemployed	9%

Demographics

Mostly under 45, women in the Under Pressure segment are generally still establishing themselves. Many have settled down, working hard to build a secure and happy future for themselves and their families. Yet a significant proportion have also experienced life events that have negatively impacted on their overall financial stability: around one-third have experienced serious financial difficulty or lost a job, while a quarter have been through a divorce.

Despite the fact that 30% of women in this segment are raising children with a partner and 9% are single mothers, only a relatively low proportion are engaged in home duties (16%). In fact, they have some of the highest employment participation rates in our survey, with one in three working full time — a testament both to their desire to succeed and their high education levels.

Under Pressure: financial profile

Personal income	
Under $20,000	29%
$20,000–$39,999	23%
$40,000–$59,999	15%
$60,000–$79,999	14%
$80,000 and over	12%

Household income	
Under $20,000	10%
$20,000–$39,999	11%
$40,000–$59,999	16%
$60,000–$79,999	18%
$80,000–$99,000	13%
$100,000–$119,999	8%
$120,000 and over	15%

Household assets (excluding super)	
Less than $250,000	47%
$250,000–$499,000	17%
$500,000– $999,000	18%
$1 million and over	4%

Investments

Asset class	**Held by (% of segment)**
Cash	25%
Shares and ETFs	19%
Managed funds	7%
Investment property	16%
Other	6%
None	52%

Super	
Less than $50,000	53%
$50,000–$149,999	30%
$150,000–$299,999	7%
$300,000–$499,999	2%
$500,000 or more	1%
Don't know	8%

Attitude to super	
I have super but don't monitor it	57%
I have super and regularly monitor it	17%
I have self-managed super	4%
I receive an annuity or pension	7%
I don't have super	15%

Finances

Squeezed between their commitments at work and at home, life for women in this segment is at its busiest. They know they need to think about their finances, but have their hands full just keeping up with the day to day. As a result, around one in two have no investments (52%) and only one in four have cash in the bank. Similarly, while 85% of women in this group have super, more than half say they don't actively monitor or manage it.

Their most pressing priority is making the most of their available finances for the here and now — sometimes a challenge given that around half earn less than $40,000 per year (52%) and live in households with incomes less than $80,000 (55%). Sixty four per cent say they find it very hard to make ends meet, while 65% say they have more debt than they are comfortable with, in part a reflection of their high rates of home ownership — at 55%, a 20 percentage point jump from their younger peers.

Attitudes and decision making

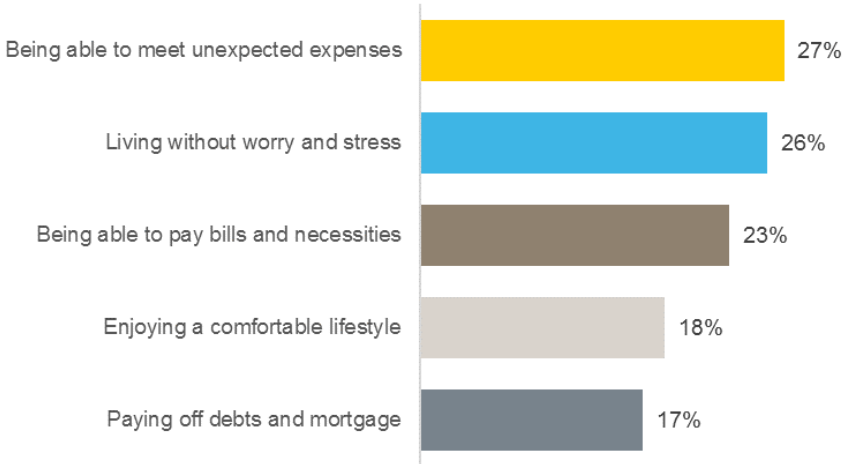
Women Under Pressure are most likely to equate financial security with the ability to deal with unexpected expenses (27%), although fewer than one in five are confident they have the resources to do so (19%). They overwhelmingly recognise the need for a clear financial plan, with 90% agreeing it's important to have clear goals in life and 88% saying clear financial goals are also important. Many also have ambitious plans for the near future, including changing jobs (37%), buying a house (29%) and moving cities (21%).

Of all segments, they are least likely to have been taught about investing at a young age, with only 16% having benefitted from early lessons in financial literacy. However, many are clearly eager to learn more now, drawing on a wide range of information sources, from parents (23%) and friends (25%), to television (19%) and business media (15%). They are also the segment most likely to seek out financial guidance through internet searches (32%) or via social media (13%) and online forums (10%).

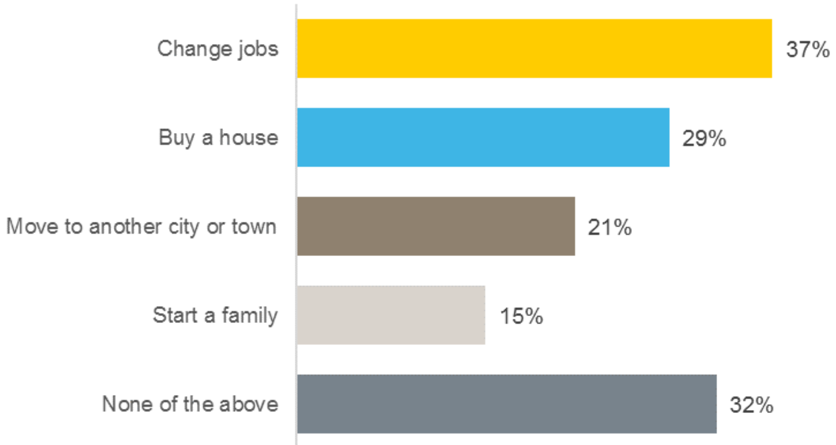
Yet, while 41% say they would like someone to sort their finances out for them, and just 15% say they are very satisfied with their current financial arrangements, still only 17% have consulted a financial adviser. Relatively unlikely to view their current levels of income or assets as a reason to avoid seeking advice (both 29%), the main barriers between them and the advice they need appear to be simply a lack of time and money. As a result, more than one in four (27%) say they would consider seeing an adviser in the future.

That suggests there is an important unrealised opportunity for advisers and educators to better support a group of women navigating a financial crunch point that could strongly affect their ability to achieve their long-term lifestyle aspirations.

Under Pressure: Preparing for the unexpected
What does financial security mean to you?



Under Pressure: Climbing the corporate ladder and settling down
Are you planning on doing any of the following in the next five years?



3. Looking for Control

Searching for a clear direction

Some have suffered a setback, others simply lack knowledge and confidence. Either way, these women are struggling to set a clear direction and avoid financial stress.

Whether they've suffered a personal upheaval or they're recovering from a difficult start, women in this segment are searching for a clear financial direction. But while many lack the confidence and knowledge they need to transform their situation, they are still highly motivated to get their finances under control.

Looking for Control: segment profile

Age profile		Education	
35–44	20%	Year 12 or equivalent	24%
45–54	21%	TAFE certificate/diploma	30%
55-64	15%	Undergraduate degree/diploma	19%
65+	19%	Postgraduate degree	7%
Home life		**Work life**	
Couple with children at home	28%	Working part time	23%
Couple with no children at home	28%	Home duties	21%
Older person living alone or sharing	22%	Working full time	16%
Single parent with children at home	8%	Retired	16%

Demographics

Although women of all ages can find themselves looking for control, many of the women in this segment tend to be well into their adult lives, with 41% aged between 35 and 54, and another third older than 55. Some are still raising families (36%), others are childless couples or empty nesters (28%). This segment has the highest proportion of stay-at-home mums (21%) and a high proportion of older women living alone (22%) — so many are in households trying to get by on a single income. Just 16% are working full time.

Women in this segment tend to have moderate levels of education. While 56% have post-school qualifications, most often a TAFE certificate or diploma (30%), they are also the group most likely to have finished their education at Year 12 (24%).

But perhaps their most striking characteristic is the high proportion who have suffered significant setbacks in life. More than a third say they have suffered a serious financial difficulty (36%), while 37% have been retrenched or lost a job suddenly, and 22% have been unable to work for a lengthy period due to illness or injury. For many, these are defining moments in their lives from which they are still struggling to recover.

Looking for Control: financial profile

Personal income	
Under $20,000	32%
$20,000–$39,999	33%
$40,000–$59,999	14%
$60,000–$79,999	7%
$80,000 and over	2%

Household income	
Under $20,000	9%
$20,000–$39,999	24%
$40,000–$59,999	19%
$60,000–$79,999	11%
$80,000–$99,000	9%
$100,000–$119,999	5%
$120,000 and over	10%

Household assets (excluding super)	
Less than $250,000	49%
$250,000–$499,000	17%
$500,000– $999,000	12%
$1 million and over	5%

Investments

Asset class	**Held by (% of segment)**
Cash	25%
Shares and ETFs	14%
Managed funds	5%
Investment property	7%
Other	4%
None	62%

Super	
Less than $50,000	56%
$50,000–$149,999	22%
$150,000–$299,999	10%
$300,000–$499,999	2%
Don't know	10%

Attitude to super	
I have super but don't monitor it	45%
I have super and regularly monitor it	10%
I have self-managed super	5%
I receive an annuity or pension	6%
I don't have super	35%

Finances

With relatively low levels of income (65% earn less than $40,000 a year) and a history of financial adversity, women in this segment have typically had limited opportunities to accumulate assets and build a solid financial foundation for the future. More than 60% have no investments of any kind, and half have total household assets of less than $250,000 (including their home and investments but excluding super). Even more disturbingly, given that more than half are aged over 45, 78% have less than $150,000 in super savings, with most having less than $50,000.

That may help to explain why this segment is the least engaged with their super, with 45% saying they don't actively monitor or manage it and 10% saying they don't know how much they have.

Attitudes and decision making

Women in this segment are very much aware that they need to take action, but lack the confidence and knowledge they need to find a way out. They are the segment least likely to say that they are in control of their financial position (38%) or that they are experienced in managing their finances (24%), and the most likely to say that they lack financial knowledge (43%) and that super is inadequate for their needs (49%). Perhaps most worryingly, just 35% are confident in their ability to manage their finances, while only 40% agree that being personally involved in decisions about their finances will lead to the best long-term outcomes.

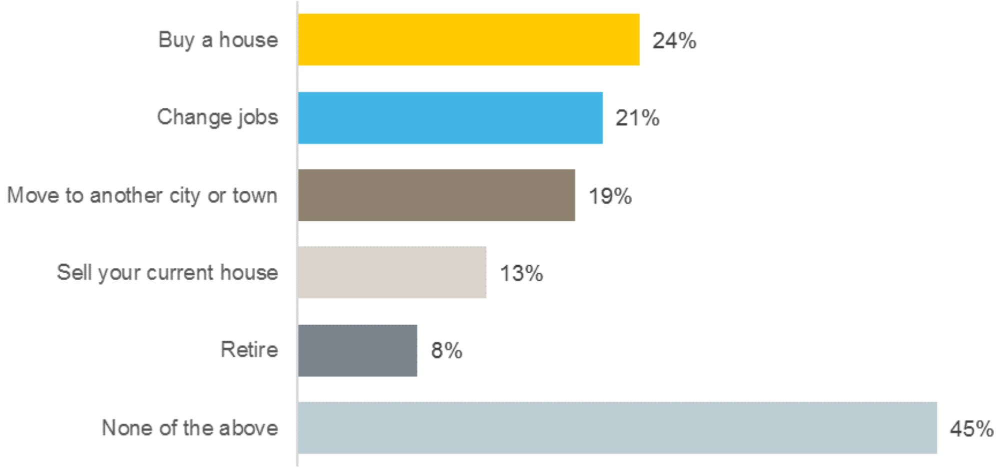
For these women, financial security most often means being able to pay bills (24%) or cope with unexpected expenses (21%). Yet they are the group least well equipped to do so, with only 11% saying they could withstand a financial shock. As a result, they are highly risk averse, with just 5% saying they would be willing to take financial risks to get ahead.

Although 89% of women in this segment believe it's important to set clear financial goals, they are relatively unlikely to seek professional advice, largely because they believe their assets and income are too low to make it worthwhile. While 30% have asked their bank for financial advice, only 18% have consulted a financial adviser, with another 26%

interested in doing so in the future. As a result, the overwhelmingly majority of women in this segment have yet to receive the guidance they need to set a clear financial direction for the future.

Looking for Control: Financial security is the ability to cope with adversity
What does financial security mean to you?

Looking for Control: Seeking stability
What are your aspirations for the next five years?



Case study: Looking for Control

For many years Amanda* and her husband believed they were unable to have children, so falling pregnant with her first child was a blessing. Then, five years later, as she was ready to go back to work, Amanda found out she was expecting again — this time with twins. While the couple were over the moon, they hadn't prepared financially for a growing family.

"We never considered we would be put in this position; we always thought we'd have time for planning. So suddenly we had three children to support, and my husband was the main breadwinner."

Amanda remained out of the workforce to raise her children. By the time they were in school, her industry had changed so much with the impact of new technology that she would have needed to re-train, and then maintain a high-pressure job with young children.

Instead, she decided to go into community work. While that made it easier to find work and gave her the flexibility she needed, it did mean accepting a lower salary. Her long career break also meant she had little in super, and the couple's money was locked up in the house with no other savings or assets.

"I always looked at finances as a joint thing with my husband. I'm not as confident so I tend to rely on him. A lot of the jargon washes over me and I don't always understand how things work. I wish we learned it in schools."

Life took another unexpected turn when her husband was made redundant after a major company restructuring. Without the stability of his income, and with both now facing a career change, they began actively looking for ways to take greater financial control.

"We think we should get financial advice. We went to the bank recently and discussed rejigging things, paying off the mortgage so it's not hanging over us as a financial burden and we got their advice on what we could do."

What's more, Amanda started to consider the importance of becoming less reliant on her husband, after witnessing first-hand the financial impact of widowhood on her mother.

"I'm aware that circumstances can affect women when they're older, so in recent years I've tried to manage my own finances and have a bit more set aside."

An inheritance from her parents' estate has been a valuable opportunity to become more self-sufficient.

"I took control and made sure the inheritance was going to be used for my benefit. I sold off goods that were part of the estate left to me, and I decided to keep this income as a fund for myself — that I could use for setting up a business or having something to fund me. I try to add to that when I can."

Currently that money is in a high interest account, with Amanda remaining reluctant to invest in growth assets that might earn higher returns, but at greater risk.

"I'm cautious about investing because I want to be safe — I don't have enough to lose anything. If I knew it was low-risk, I might do it."

But now that the kids are grown up and she is thinking about her retirement, Amanda is keen to seek the advice she needs to become truly financially independent.

* Names and some identifying details have been changed for privacy reasons.

4. Making Ends Meet

Focused on the day to day

When you're living from one paycheque to the next, it's easy to lose sight of the bigger financial picture. But for women Making Ends Meet, it's important to have a long-term vision and set clear goals.

With lower incomes and few assets, women in this segment tend to think of their money in terms of paying bills, rather than investing for the future or even saving for a rainy day. Under-confident and disengaged, they prefer not to spend time thinking about their finances, making it unlikely that will reach out for the support and education that could help transform their financial situation, unless prompted to do so.

Making Ends Meet: segment profile

Age profile	
35–44	18%
45–54	27%
55-64	19%
65+	21%

Education	
Year 10 or equivalent	23%
Year 12 or equivalent	20%
TAFE certificate/diploma	34%
Undergraduate degree/diploma	16%
Postgraduate degree	6%

Home life	
Older person living alone or sharing	31%
Couple with no children at home	25%
Couple with children at home	22%
Single parent with children at home	8%

Work life	
Retired	23%
Home duties	20%
Working part time	20%
Working full time	15%

Demographics

While this segment includes women at every life stage, most are relatively mature, with two thirds aged over 45. Twenty three per cent are already retired, with another 20% engaged in home duties and just 15% working full time. Women in this segment also tend to have the lowest levels of post-school education, with 23% finishing school in Year 10 and 20% in Year 12.

Many of these women have experienced major life changes, including divorce (29%), suddenly losing a job (30%) or being unable to work due to illness or injury (26%). For women unprepared to deal with these shocks, events like these can have a long-term financial impact, particularly for those entirely reliant on their own resources; this segment includes one of the highest proportions of older women living alone or sharing (31%).

Making Ends Meet: financial profile

Personal income	
Under $20,000	36%
$20,000–$39,999	31%
$40,000–$59,999	10%
$60,000–$79,999	6%
$80,000 and over	6%

Household income	
Under $20,000	7%
$20,000–$39,999	30%
$40,000–$59,999	14%
$60,000–$79,999	12%
$80,000–$99,000	8%
$100,000–$119,999	9%
$120,000 and over	7%

Household assets (excluding super)	
Less than $250,000	50%
$250,000–$499,000	18%
$500,000– $999,000	12%
$1 million and over	4%

Investments

Asset class	Held by (% of segment)
Cash	20%
Shares and ETFs	13%
Managed funds	2%
Investment property	7%
Other	3%
None	69%

Super	
Less than $50,000	54%
$50,000–$149,999	20%
$150,000–$299,999	10%
$300,000–$499,999	3%
$500,000 or more	1%
Don't know	12%

Attitude to super	
I have super but don't monitor it	44%
I have super and regularly monitor it	6%
I have self-managed super	3%
I receive an annuity or pension	6%
I don't have super	41%

Finances

Women Making Ends Meet typically have incomes well below average, with around one in three reporting personal earnings under $20,000 and a household income under $40,000. As a result, few have investments, even cash holdings. Almost seven in 10 say they have no investments of any kind, while half estimate the total value of their non-super assets at less than $250,000.

Naturally, low income levels also make it difficult to build super savings, as well as discouraging engagement. More than half have less than $50,000 in super, and only 6% regularly monitor their super savings. Even more worryingly, 41% have no super whatsoever.

Attitudes and decision making

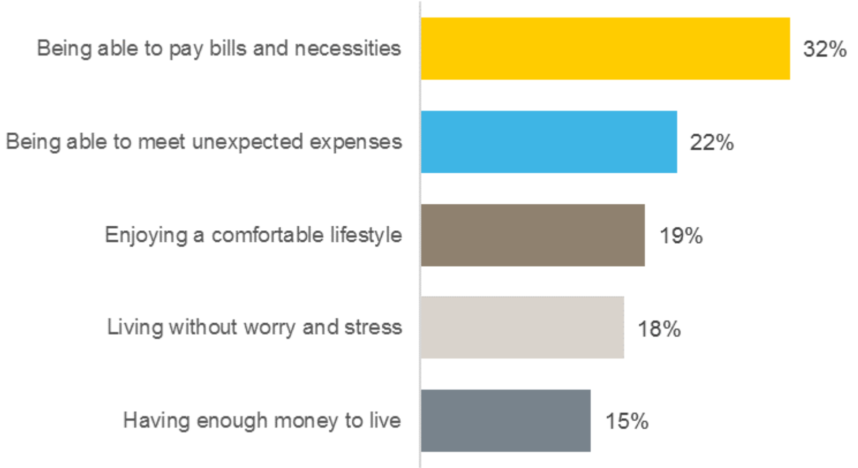
Women in the Making Ends Meet segment not only struggle to get by, they have become disconnected from the financial decision making process. They are the group least likely to have been taught about their finances (27%) or investing (7%) at a young age, and this lack of financial literacy has typically developed into a general disengagement with money management, as well as a disturbing lack of confidence in their ability to make a difference to their situation.

Sixty-three per cent say they don't spend much time thinking about their finances, while 46% find managing their finances "very boring" — the highest proportion of all segments. They are also the least likely to say they are confident in their ability to manage their finances (33%) or that they are expert in financial matters (just 5%).

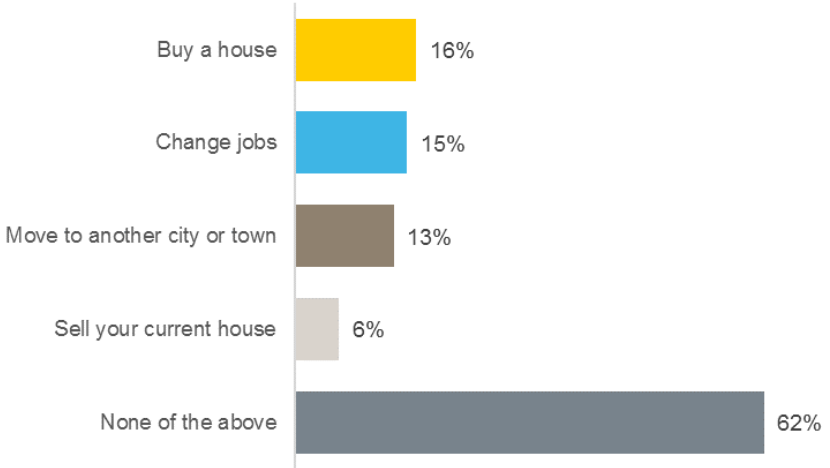
When it comes to money, their focus is very much on the day to day. Asked what financial security means to them, 32% say it means being able to pay for bills and necessities. Fewer than one in three think it is important to have clear life goals (30%) or financial goals (23%) and few have concrete aspirations for the next five years, such as buying a house (16%) or changing jobs (15%).

They are also among the least likely to seek financial advice from any source, with more than seven in 10 saying their assets and income are too low to justify it. But despite their reluctance to seek professional support, these women could benefit enormously from the guidance and education to make their most of the resources and build a more secure future.

Making Ends Meet: Financial security means taking care of the everyday
What does financial security mean to you?



Making Ends Meet: Focused on today
What are your aspirations for the next five years?



5: Satisfied with Life

Relaxed and comfortable

Living proof that you don't need to be wealthy to be financially secure, these women are self-reliant, confident and in control. Rather than chasing riches, they're content to enjoy a life rich in experience, knowing they are well-prepared to cope with whatever the future holds.

They may not have yachts or harbour-side mansions, but the women in this segment are content with life and skilled at making the most of what they've got. Experienced money managers from a young age, they're supremely confident of their ability to keep their finances under control, even though they typically have lower incomes and fewer assets than most.

Satisfied with Life: segment profile

Age profile		Education	
35–44	6%	Year 10 or equivalent	21%
45–54	17%	Year 12 or equivalent	16%
55-64	27%	TAFE certificate/diploma	38%
65+	39%	Undergraduate degree/diploma	16%
		Postgraduate degree	5%
Home life		**Work life**	
Older person living alone or sharing	44%	Retired	38%
Couple with no children at home	33%	Home duties	16%
Couple with children at home	11%	Working part time	16%
Younger person living alone, sharing or with parents	8%	Working full time	10%

Demographics

This is a segment of older women, many of whom are winding down their careers or already enjoying retirement. Two in three are aged over 55, with 42% already retired or semi-retired. While 61% have had children, most are now empty nesters living alone or sharing (44%) or in a couple with no children at home (33%). Just 10% are still in full-time work.

As you would expect, given this older demographic, women in the Satisfied with Life segment tend to have lower levels of education than some of their younger peers, although 59% have still completed a post-school qualification, typically a TAFE certificate or diploma (38%). But they have lived lives full of experiences, both positive and negative. They are the most likely segment to have moved cities (68%), lost a parent (70%), suddenly lost a job (37%), been through a divorce or separation (46%) or been put out of work by an injury or illness (30%). That makes it all the more remarkable that they have remained confident, resilient and in control.

Satisfied with Life: financial profile

Personal income	
Under $20,000	33%
$20,000–$39,999	40%
$40,000–$59,999	9%
$60,000–$79,999	4%
$80,000 and over	4%

Household income	
Under $20,000	12%
$20,000–$39,999	39%
$40,000–$59,999	17%
$60,000–$79,999	6%
$80,000–$99,000	6%
$100,000–$119,999	4%
$120,000 and over	5%

Household assets (excluding super)	
Less than $250,000	44%
$250,000–$499,000	18%
$500,000– $999,000	16%
$1 million and over	6%

Investments

Asset class	**Held by (% of segment)**
Cash	35%
Shares and ETFs	14%
Managed funds	7%
Investment property	7%
Other	5%
None	56%

Super	
Less than $50,000	46%
$50,000–$149,999	30%
$150,000–$299,999	13%
$300,000–$499,999	3%
$500,000 or more	1%
Don't know	8%

Attitude to super	
I have super but don't monitor it	25%
I have super and regularly monitor it	15%
I have self-managed super	2%
I receive an annuity or pension	9%
I don't have super	50%

Finances

With lower levels of education and workforce participation, these women are generally lower income earners. Almost three-quarters earn less than $40,000 a year and two-thirds have household incomes under $60,000.

As a result, they are largely asset-poor, particularly given their life stage. More than half don't hold any investments at all, and those who do have a notably conservative approach, preferring cash investments (35%) to shares (14%) and property (7%).

While their super savings are typically higher than the Making Ends Meet segment, they are still low, reflecting the fact that many started their working life in the years before the superannuation guarantee regime came into effect. Three in four have less than $150,000 in super, while half don't have a super account.

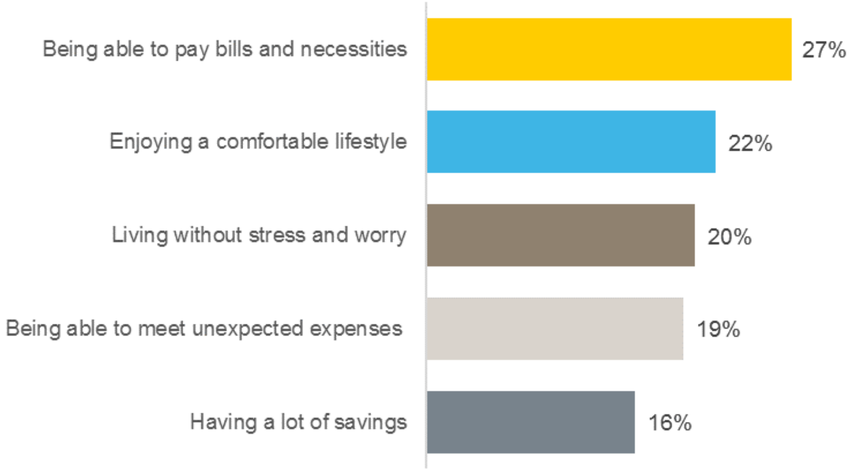
Attitudes and decision making

Despite a range of financial challenges, women in this segment are highly positive about their financial situation and their ability to manage it. Among all the segments, they are the most likely to say that they are very much in control of their financial position (86%), very confident about their ability to manage their finances (86%) and very experienced in managing money (87%). Taught about managing money at a young age (83%), they work hard to make the most of what they have, typically saving more than they spend (63%).

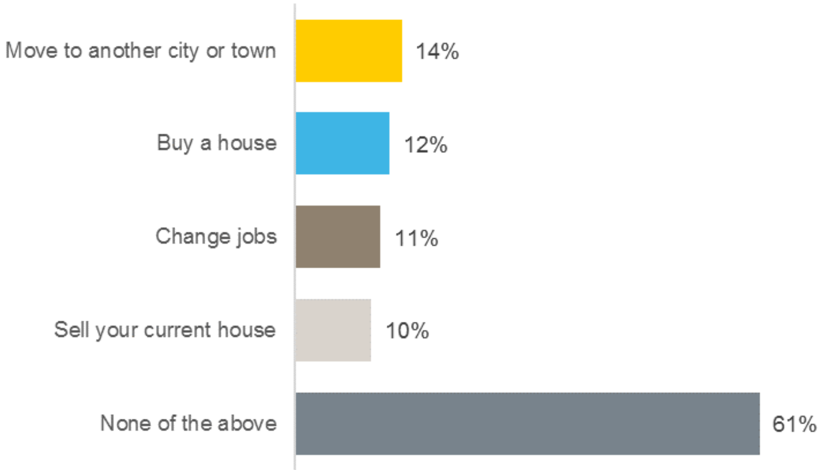
Only 2% say they lack knowledge managing their finances — the lowest proportion of all the segments. As a result, they are the least frequent users of financial advice, with only 7% having used a financial adviser and another 7% interested in doing so, although almost one in three (31%) seek financial information from their banks.

For these women, financial security most often means taking care of bills and necessities (27%), followed by enjoying a comfortable lifestyle (22%). And while most are satisfied with life as it currently is, 14% are looking forward to moving to a different city or town, most likely as a retirement sea-change or tree-change.

Satisfied with Life: bills before comforts
What does financial security mean to you?



Satisfied with Life: comfortably settled or dreaming of a sea-change
What are your financial aspirations for the next five years?



6. Calm and in Control

Quietly confident

Family focused, calm and considered, these women are confident they have the right plans in place to keep themselves and their loved ones happy, healthy and financially secure.

Family comes first: that could be the motto of this segment. Confident in their own money management skills and an increasingly comfortable financial position, they believe in planning for the future while still enjoying life today. If they don't always focus on their finances, it's only because they believe they already have plans in place to achieve their aspirations for themselves and their families.

Calm and in Control: segment profile

Age profile		Education	
25–34	12%	Year 10 or equivalent	22%
35–44	16%	Year 12 or equivalent	19%
45–54	19%	TAFE certificate/diploma	26%
55–64	19%	Undergraduate degree/diploma	23%
65+	29%	Postgraduate degree	8%
Home life		**Work life**	
Couple with no children at home	40%	Retired	29%
Couple with children at home	27%	Working part time	22%
Older person living alone or sharing	17%	Working full time	18%
Younger person living with parents	7%	Home duties	17%

Demographics

Most of the women in the segment are in midlife, with 54% aged between 35 and 64, although it also includes women from all age groups. And while two thirds have children (68%), only around one third still have children living at home, so most are already free from the financial pressures that young families can bring. With 67% living in a couple and 40% in the workforce, many also have the benefit of a double income — a major contributing factor to their overall financial stability.

For many, that stability is an opportunity to focus on their homes and families. Of the 40% who work, more than half work part time, while 17% are engaged in home duties and another 29% are retired. As a group, they are also among the least likely to have suffered a setback, such as a serious financial difficulty (17%), divorce or separation (23%), helping them keep their finances on track.

Calm and in Control: financial profile

Personal income	
Under $20,000	31%
$20,000–$39,999	25%
$40,000–$59,999	14%
$60,000–$79,999	8%
$80,000 and over	8%

Household income	
Under $20,000	8%
$20,000–$39,999	16%
$40,000–$59,999	16%
$60,000–$79,999	12%
$80,000–$99,000	12%
$100,000–$119,999	6%
$120,000 and over	16%

Household assets (excluding super)	
Less than $250,000	32%
$250,000–$499,000	16%
$500,000– $999,000	18%
$1 million and over	9%

Investments

Asset class	**Held by (% of segment)**
Cash	39%
Shares and ETFs	22%
Managed funds	14%
Investment property	13%
Other	6%
None	46%

Super	
Less than $50,000	40%
$50,000–$149,999	21%
$150,000–$299,999	11%
$300,000–$499,999	7%
$500,000 or more	5%
Don't know	15%

Attitude to super	
I have super but don't monitor it	39%
I have super and regularly monitor it	16%
I have self-managed super	5%
I receive an annuity or pension	10%
I don't have super	29%

Finances

With around one in two either retired or working part time, women in this segment typically have moderate personal incomes, generally between $20,000 and $60,000 a year. However, many are also in households with a second income, so that just over a third have household incomes over $80,000 a year. As a result, they have relatively high levels of investment compared to other segments, particularly cash (39%), shares (22%) and managed funds (14%). More than a quarter have total household assets (excluding super) worth more than $500,000.

Women in this segment are also relatively likely to have higher levels of super, with one in four having more than $150,000 in super savings. However, in keeping with their generally relaxed attitude towards their finances, only 16% monitor their super regularly.

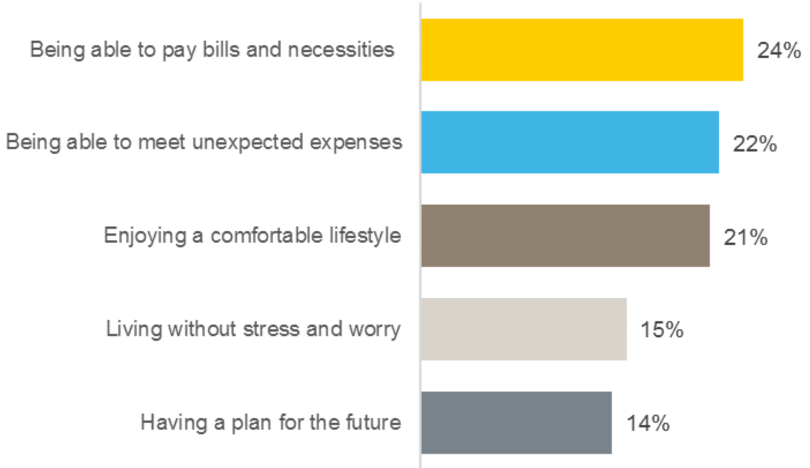
Attitudes and decision making

When it comes to financial decisions, women in this segment are strongly focused on their families, with two thirds saying that the financial security of their families is more important than their own. They also stand out for their calm, confident and relaxed attitude to decision making. Seventy-six per cent say they are confident in their own ability to manage their finances, and 69% are satisfied with their current financial arrangements. They are among the least likely to say they have trouble making ends meet (12%) or that they struggle with debt (9%), and the least likely to say their super is inadequate (9%). Yet 44% report that they spend little time thinking about their finances and only 27% describe themselves as experts.

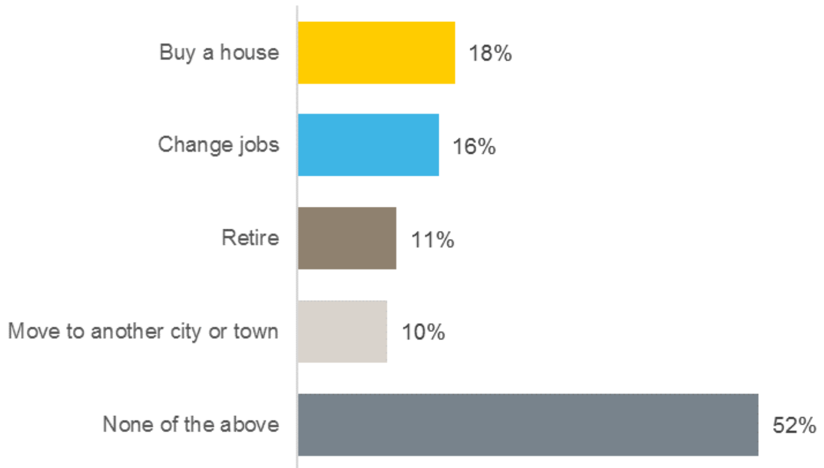
Perhaps one reason for their calm is their comparative willingness to seek expert support. Twenty-three per cent have consulted a financial adviser, the second-highest level of any segment, while another 19% have received advice from an accountant (also second highest). In total, 27% say they would be interested in talking to a financial adviser in the future.

For these women, financial security typically means many things, including both the ability to take care of bills (24%) and unexpected expenses (22%), and the freedom to enjoy a comfortable lifestyle (21%). And while some are planning to buy a house (18%), change jobs (16%) or retire (11%), life for most is serene, with many having already achieved their most significant financial goals.

Calm and in Control: balancing today and tomorrow
What does financial security mean to you?



Calm and in Control: planning for the future
What are your financial aspirations for the next five years?



Case study: Calm and in Control

For Julie* and her family, constant change is a familiar part of life. With a husband in the air force, she's used to moving house every two or three years. In the last decade, they've lived in Canberra, Newcastle and Adelaide, with more moves to come.

That has meant taking a creative approach to balancing the needs of her family and her career. For a long time Julie ran her own web design studio, with a network of clients in a variety of locations. Then, just over a year ago, she wound down the business to care for her new baby. Now she combines raising her daughter with part-time freelance work, giving her an ideal blend of flexibility and financial security.

"I think the Monday to Friday 9 to 5 concept is a bit rigid. As much as I love what I do, I also enjoy all the things outside of work."

That includes finding time to share her experiences with like-minded women, offering financial and business advice on her personal blog. While she prefers not to describe herself as financially savvy, Julie has a clear philosophy for good money management: save more than you spend. She also believes in the importance of financial independence for women.

"There seems to be an attitude among women that a husband and marriage will bring financial security. It's true in one sense, but to me it's more about a partnership than having someone to take care of you."

Having seen her mother struggle financially after a divorce, Julie is determined to make sure she and her daughter will stay secure, even if it were to happen that her husband was no longer there to help support them.

"Our generation is probably the first who saw our parents get divorced — and for our mothers going through the divorce process, it was difficult to get back into the workforce after having kids and, of course, they didn't have superannuation. So I want to make sure I'm set up to stand on my own two feet."

Having spent much of her life as a freelancer of business owner, Julie has little in the way of retirement savings. Only since becoming a mother has she started examining the bigger picture and putting together a longer-term financial strategy.

"We recently looked at where we were with our finances, including our assets, liabilities and cash flow. As I look after the day to day banking, it made me realise how much we need coming in financially for a comfortable standard of living."

The couple's immediate goal is to pay off the mortgage on their home. Once that's done, they plan to start investing seriously, buying an investment property and setting up an SMSF to drive their retirement strategy. And while they have so far relied on recommendations from friends, family and their accountant, they are now thinking about seeking professional advice.

"We don't feel we have enough money now to make it worth our while using a financial adviser. But it's something at the back of our minds, an awareness that we do need some extra input."

As Julie considers her daughter's future, she aims to provide her with the knowledge and confidence to be financially secure in a world where she believes education and housing are set to become more expensive.

"Financial literacy is crucial from a young age. It's fine for parents to set an example, but there also needs to be a basic level of education at schools, so young adults enter society with a clear understanding about the way things work."

* Names and some identifying details have been changed for privacy reasons.

7. Engaged and Comfortable

Living life to the full

Affluent, informed and engaged, these women take a strong personal interest in their finances, underpinning a comfortable lifestyle today and building an even more secure future.

The women in this segment are adept, resourceful and highly engaged — confident in their ability to make good financial decisions, and with a history of success to justify that confidence. Financially literate from an early age, they are strongly involved in managing their money today and planning for the future. But they also take advantage of professional support, seeking out information and specialist advice to help them achieve their goals.

Engaged and Comfortable: segment profile

Age profile		Education	
25–34	9%	Year 10 or equivalent	11%
35–44	14%	Year 12 or equivalent	15%
45–54	18%	TAFE certificate/diploma	26%
55–64	27%	Undergraduate degree/diploma	32%
65+	30%	Postgraduate degree	15%

Home life		Work life	
Couple with no children at home	45%	Retired	30%
Couple with children at home	26%	Working part time	25%
Older person living alone or sharing	21%	Working full time	22%
Younger person living with parents	3%	Home duties	13%
Younger person living alone or sharing	3%	Semi-retired	4%

Demographics

This is largely a mature segment, with 57% over 54 and three quarters aged 45 or older. As a result, one in three are retired or semi-retired. Yet they are also the segment least likely to be engaged in home duties, with 47% still in the workforce. They are also the group most likely to be living in a couple, giving many the benefit of a dual income — something reflected in their high rates of home ownership (82%) and household incomes. Only 3% are single parents.

This is also the most educated of all the segments, even more so than their younger peers. They are the group most likely to have completed an undergraduate degree (32%) or postgraduate study (15%). They are also among the most likely to have owned or helped run their own business (34%) and by far the most likely group to have invested in shares (60%, more than double the average of 27%).

Engaged and Comfortable: financial profile

Personal income	
Under $20,000	16%
$20,000–$39,999	23%
$40,000–$59,999	17%
$60,000–$79,999	10%
$80,000–$99,999	10%
$100,000 and over	9%

Household income	
Under $20,000	2%
$20,000–$39,999	13%
$40,000–$59,999	12%
$60,000–$79,999	11%
$80,000–$99,000	15%
$100,000–$119,999	9%
$120,000 and over	23%

Household assets (excluding super)	
Less than $250,000	9%
$250,000–$499,000	13%
$500,000– $999,000	36%
$1–2 million	17%
More than $2 million	4%

Investments

Asset class	**Held by (% of segment)**
Cash	62%
Shares and ETFs	50%
Managed funds	33%
Investment property	28%
Other	12%
None	14%

Super	
Less than $50,000	17%
$50,000–$149,999	30%
$150,000–$299,999	19%
$300,000–$499,999	11%
$500,000 or more	13%
Don't know	11%

Attitude to super	
I have super but don't monitor it	24%
I have super and regularly monitor it	34%
I have self-managed super	13%
I receive an annuity or pension	20%
I don't have super	9%

Finances

Even though one in three are retired or semi-retired, this is by far the most affluent of the seven segments. Forty-seven per cent have household incomes of $80,000 or more, including 23% with an income of at least $120,000.

That has allowed many to accumulate a substantial pool of assets. Eight-six per cent have investments, with a focus on cash (62%), shares (50%) and managed funds (33%). Women in this segment are also by far the most likely to have substantial super savings, with 91% having a super account, annuity or pension, and 43% having a balance of $150,000 or more. Almost half take an active role in managing their retirement savings, including 34% who say they monitor their super regularly, and another 13% who have self-managed super funds.

Attitudes and decision making

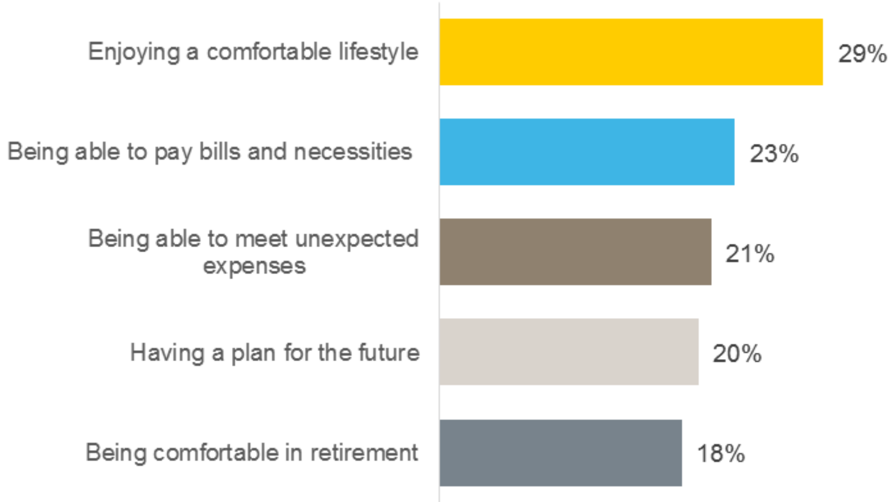
Women in this segment are both highly engaged in managing their own money and highly confident they have the skills to do so successfully. Eighty-four per cent say that they feel very much in control of their financial position, while 78% are satisfied with their current arrangements. Two in three are confident they could deal with a financial shock — the highest proportion of any segment.

This confidence is built on a strong foundation of early financial literacy and good money habits. They are by far the group most likely to have been taught about investing while young (54%), as well as the group most likely to habitually save more than they spend (81%). They are also strikingly goal-oriented, with 94% saying that having clear financial goals is important.

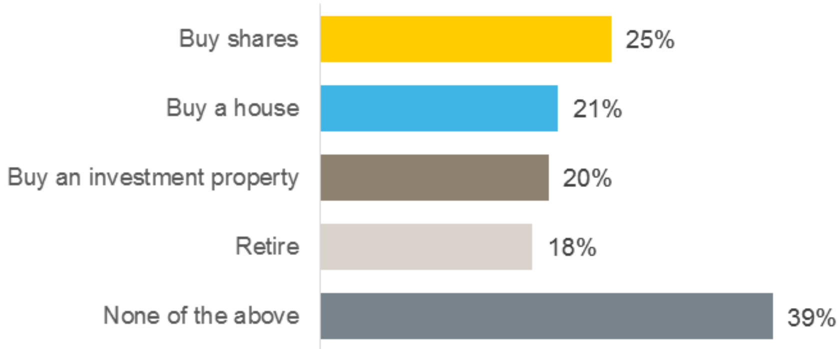
For this segment, financial security is largely about being able to lead a comfortable lifestyle (29%), although one in five also say it means having plans for the future. And many have significant plans for the next five years. They are the segment most likely to intend to buy shares (25%), buy a new home (21%) or buy an investment property (20%). Importantly, they are also the group most likely to enlist professional support to help them reach their goals. Fifty – nine per cent have consulted a financial adviser, and 60% are interested in doing so in the future. They also actively seek advice and information from accountants (57%), super funds (39%) and banks (38%), as well as watching finance shows (29%), reading business media (25%), and even attending finance seminars (22%).

The results speak for themselves. Motivated, engaged, well-informed and well supported by professional advice, Engaged and Comfortable women are successful, satisfied and ready to enjoy a prosperous future.

Engaged and Comfortable: enjoying life today, planning for the future
What does financial security mean to you?



Engaged and Comfortable: a focus on investments
What are your financial aspirations for the next five years?



Getting the right advice when it counts

In the Banking and Finance Industry for over 20 years and a financial planner since the year 2008, **Liz Trotter** is a partner in Adelaide's Triple A Financial Services and a strong advocate for the importance of financial literacy for women. She puts this philosophy into practice by committing 10% of her firm's advice to pro bono clients, working with the Salvation Army to provide practical and emotional support for women suffering financial hardship. She has also developed a networking hub for like-minded professional women to provide free services to victims of domestic violence.

In 2014, Liz was the National Winner of the Financial Wisdom Women and Financial Planning award, and more recently she has been a finalist in both the Money Management Women in Financial Services Awards and the Silver Stevie winner of the International Stevie Awards for Women Helping Women in Business.

We asked Liz to explain the potential impact of financial advice in helping women make better decisions at critical life moments.

Q: *What are the key differences between men and women when it comes to advice?*

A: For women, there's an emotional side — they need to know their whole family is going to benefit from advice. They're also more comfortable telling you what works and what doesn't, or asking you to go over things they don't understand.

Q: *How does that emotional side influence women's view of financial security?*

A: Women often have emotional ties and social responsibilities, like caring for children or elderly parents, that weigh more heavily on them. They often prefer to deal with one thing at a time, absorb it and see results, rather than taking a holistic approach. So I help them rate their priorities and their challenges to look at where we need to focus our energy. They're very good at defining what's stressing them, whether it's overspending or lack of knowledge in a specific area.

Q: *How can advice improve a woman's situation?*

A: A major outcome of advice is giving women confidence and empowering them to own their finances. I don't want to tell clients what to do, I aim to teach them how to make great decisions for themselves using the strategies and tools I've shown them. It's about understanding their limitations and setting their expectations for the future.

Q: *How can we enhance financial literacy for women from a young age?*

A: Financial education is the foundation of advice — and it should start in high schools. If you understand your money from the beginning and you have a great career, you'll make wise decisions to begin with. We're teaching women to embrace education but we're not actually teaching them how to spend their money, or to save and build a future that they're in control of. It's really important to have an entry-level to understanding finances.

Q: *What are the key moments in a woman's life when she can most benefit from advice?*

A: The first point is when they start earning money after they've gone through school or university. Women can become vulnerable — so they need to work out the next five or 10 years, to know what they want and have the freedom to do it. Then, women need nurturing when they come back from a breakdown or a traumatic event, whether it's loss of a partner or a lifestyle which may be changing jobs or transitioning to retirement. We don't focus enough on loss of a lifestyle, when someone has had dual income with a partner or a single income on a high-paying job. And if they're retiring or taking a sabbatical, they have less income but more time on their hands, which is a recipe for overspending.

So it's refocusing on what's important to you at those moments —that's when you need someone there to guide you through those big decisions.

4

Recommendations

Recommendations

Helping women achieve financial security

Through a combination of societal change and personal engagement, governments, employers and the financial advice industry can help women achieve true financial security and enhance the wellbeing of the Australian community as a whole.

8 recommendations for women

1. Become engaged and educated

Our research shows that when women take control of their finances, they feel more confident, secure and empowered. By taking steps now to actively shape your financial future, you can also safeguard yourself and your family against the unexpected — whether divorce, illness or financial shocks.

2. Budget to pay yourself first

While our survey shows that women are adept at managing everyday finances, it also suggests many focus on paying bills and caring for their families, rather than saving for the future. By putting your budgeting skills to work and setting aside a portion of every paycheque to pay down debts or build your savings, then automatically transferring that amount from your account before you take care of other expenses, you can make sure you become a little more financially secure with every year that passes.

3. Get advice and information at critical moments

By learning about investing and consulting an expert when your life situation changes, you can avoid potential pitfalls and build a solid foundation for your family's future financial security. The aim is to continue building super and investments for the long term, even during those busy times when your finances are under the greatest pressure.

Most importantly, remember that you don't need to be wealthy or have a high income to seek affordable advice.

4. Check your super

Our survey showed that 40% of women have super, but don't actively manage it. Your super is your money, so it's important to look after it. Here are three steps you can take to make the most of it:

- **Consolidate your super:** if you have more than one super account, bringing them together could help you save on fees and take control.
- **Check your investment option:** if, like many Australians, you've simply accepted your employer's default fund, your super may not be invested in the best option for you.
- **Consider whether you're being too risk averse:** our research shows that women tend to select less risky but lower growth options, leaving them with less money over the long term.

5. Act early

While many women seek advice and begin actively managing their investments as they approach retirement, our research suggests that many would benefit by acting sooner. Acting early gives you more time to build your super and investments, earning returns on your returns, so you can achieve the same result for less.

For example, a 35-year old woman earning $75,000 a year with $60,000 in super is likely to end up with a $78,000 super shortfall by the time she retires at 67. Yet by salary sacrificing just $35 a week, she can close the gap and save enough for a comfortable income in retirement. Whereas, if she waits until she is aged 50 to put more into super, she is likely to need to contribute more than $160 a week to achieve the same result.[1]

6. Protect yourself and your family

Australians generally are underinsured [2] — and as our research demonstrates, without adequate insurance, women can be vulnerable to financial shocks. By talking to an adviser about the right level of insurance for you and your partner, you can protect your family from the potentially devastating financial impact of illness, accident, unemployment or even death. Even if your partner is the primary income-earner, it's important to insure yourself as well, so you and your family will be looked after if you're unable to care for them.

7. Plan for career breaks

For a 35-year old woman earning $75,000 a year, a two year career break could mean around $33,000 less in super by the time she retires at 65.[1] That's why the Association of Superannuation Funds of Australia (ASFA) has recommended putting an extra 1% of your income into super for every two years you take off from work[3] (around $15 a week for the woman in our example). By planning ahead and taking action now, you can enjoy the flexibility you need to care for your family today, while remaining confident your future is protected. But don't forget to take super contribution caps into account — and seek advice if you need it.

8. Seek an adviser who understands your needs

The sooner you seek professional financial advice, the more informed and confident you're likely to be — but it's also important to find an adviser who is right for you. Don't be afraid to ask questions and shop around for someone you feel you can trust over the long term. After all, it's your financial wellbeing at stake.

6 recommendations for financial advisers and educators

1. Speak to women on their own terms

Our research shows that while many women are active money managers and eager to learn more, their focus is often on their families and the day to day, rather than on building wealth or creating a comfortable lifestyle. By talking to women in their own terms, advisers and educators can better engage and motivate them to act, particularly during high pressure life stages where an exclusive focus on the everyday can impact their long-term financial health.

2. Talk openly about the challenges women face

Both as advisers and educators, it's important to directly and openly address the structural financial challenges women face, so they can act early to put solutions in place.

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[1] Based on a 35-year old woman with $60,000 in super earning an investment return of 8.5% pa before fees and tax. A "comfortable income" is defined as $42,893 pa, in accordance with the ASFA Retirement Standard. This example is for illustrative purposes only and returns are not guaranteed in any way. For more information and further important assumptions about how this example has been calculated, please visit the Colonial First State super calculator at **planyoursuper.com.au**

[2] Lifewise / NATSEM, Understanding the social and economic cost of underinsurance, 2010

[3] ASFA, *How the super baby debt eats away at a woman's nest egg*, 2012.

3. Help younger women gain a grounding in good investment principles

Our research shows that, unlike men, less than one in three women are taught about investing at a young age, with lasting effects on their financial decision-making. Educators have a critical role to play in nurturing investment literacy, as well as financial literacy, among girls and young women.

4. Reach out to disengaged groups

Our research also suggests there are several segments of women who are more likely to be disengaged and uncertain about their financial direction, with significant potential impacts on their future financial wellbeing. By creating targeted programs to reach out to women in these segments and at critical life stages, advisers and educators can help them make better decisions and avoid falling into disadvantage.

5. Better communicate the impact of career breaks and part-time work

While women and their families are typically very much aware of the financial impacts of time out of the workforce, many still underestimate its long-term effect on their careers and their retirement savings. By helping women understand those issues ahead of time, advisers and educators can help them prepare financially and put plans in place to address them.

6. Better communicate the benefits of advice to women

Our research indicates that many women do not fully understand the potential benefits of financial advice, particularly those with lower income or asset levels. That suggests communications need to be specifically targeted to female investors, addressing their distinctive needs, concerns and attitudes.

7 recommendations for the financial advice industry

1. Partner with educators and counsellors to create better pathways to education and advice

Our research shows that well-targeted financial education and advice can have a genuinely transformative effect, but that significant numbers of women are failing to access them. By partnering with financial counsellors, schools and educators to create better pathways to financial information and advice, the advice industry can ensure that more Australian women have access to the information they need, with fewer falling through the gaps.

2. Put referral programs in place to ensure everyone can access appropriate support

Either because of cost or individual life circumstances, paid financial advice may not suit every woman. By putting referral programs in place and training staff to make effective referrals, advice providers can ensure that women receive appropriate support from financial educators or counsellors when fee-for-service advice is not the best option.

3. Invest in accessible, high quality educational content

Advice providers can also help support both women and education providers by continuing to invest in accessible educational content, including content that directly addresses the issues and challenges women face.

4. Actively address the needs of women investors

By targeting communications and educational material to women, superannuation funds, banks and advice businesses can help ensure they understand the challenges they may face and the potential solutions to those challenges.

5. Promote objective-based advice

Our research confirms that women tend to define financial security in terms of concrete objectives, rather than more abstract concepts such as a "comfortable lifestyle". Financial advisers can help women to understand and focus on their long-term objectives and the adequacy of their current investments through objectives-based advice, either as part of a comprehensive plan or through a scaled advice offering.

6. Create tailored advice options for different segments

By continuing to develop a variety of tailored advice options including affordable holistic advice, limited advice and technological solutions (sometimes called "robo-advice"), advice providers can support choice and make advice more accessible to a wider range of women.

7. Enable employees to automatically direct pay increases to super

At the 2014 Women's Super Summit, a proposal was put forward for employers to allow staff to direct a portion of each pay rise into super, in the form of higher employer contributions. This approach enables workers to increase their super savings without reducing their take home pay. Mercer modelling suggests that a 45-year old following this plan could increase their final retirement savings by 40% over 20 years. A pilot of a similar scheme in the US has seen as many as four in five employees sign up the plan.[1]

5 recommendations for employers

1. Conduct gender pay analysis

While 70.7% of employers have official gender equity policies, only 27% actively analyse the gender pay gap in their workplace.[2] By regularly measuring pay gaps, then creating strategies with clear and measurable targets, employers can pay a vital role in reducing the structural financial challenges women face.

2. Track manager-level appointments

Despite significant progress, 57.4% of manager-level appointments are still awarded to men, while only 28.5% of key management personnel are women.[2] Tracking manager-level appointments and creating policies to reinforce equal opportunity in hiring and promotions are essential steps towards creating more equal workplaces.

3. Use technology to support flexible working

Inflexible work practices and the challenges of balancing home and work responsibilities continue to be significant barriers to women seeking to remain in the paid workforce or return to work after having children. Employers can help to increase both participation and productivity by using cloud-based platforms and other flexible working technologies to provide more options to their staff, supported by policies designed to encourage and support flexible work arrangements.

4. Lead from the top

Initiatives like these are most successful when they receive repeated and explicit endorsement from senior managers and corporate leaders. Public initiatives like the Male Champions of Change can also be invaluable in demonstrating an organisation's commitment to gender equality.

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[1] Australian Institute of Superannuation Trustees, *Women's Super Summit Report*, 2014.

[2] Workplace Gender Equality Agency, *Australia's gender equality scorecard*, November 2016.

5. Consider offering financial advice as a workplace benefit

Non-salary workplace benefits can play an important role in attracting and retaining talented staff. By offering free or subsidised financial advice from qualified advisers as a workplace benefit, employers can demonstrate their concern for their employees' welfare and ensure their overall financial wellbeing, especially during critical life events like career breaks or the transition between full-time and part-time employment.

7 recommendations for governments and policy makers

We note that Australian governments and policy makers continue to focus on developing and implementing initiatives to foster workforce participation, remove barriers for parents returning to the workforce, and address the retirement savings gaps affecting women and low income earners. Among them are the recent reforms announced in the 2016 Federal Budget, including the new carry-forward rule for unused concessional contribution cap amounts, the introduction of the low income super tax offset (LISTO), and the extension of the spouse contribution tax offset.

Here are some additional recommendations designed to complement and extend recent policy initiatives and existing government programs already in train.

1. Provide additional flexibility in superannuation contribution caps

Many women spend significant periods outside the paid workforce or working part time or, giving them fewer opportunities to take advantage of superannuation contributions and tax concessions. By building on the new, five-year carry-forward rule to provide additional flexibility in the treatment of superannuation contribution caps, the government can help these women benefit from superannuation concessions over their working lives in a similar way to their male peers.

2. Consider removing the superannuation guarantee threshold

Currently employers are not required to make SG contributions for an employee who earns less than $450 (before tax) in a calendar month. This threshold potentially impacts individuals in a range of employment situations and industries, including those in part-time or casual work and those who have multiple casual or part-time shifts with different employers.

According to ASFA, 7% of female workers earn less than $5,400 a year (equivalent to $450 a month), and 45% of these women receive no super contributions from their employers. In particular, young females are the most likely to miss out on superannuation contributions.[1]

3. Extend the Paid Parental Leave scheme to include superannuation payments

Including superannuation guarantee payments in the Commonwealth Paid Parental Leave Scheme, as recommended by the Senate's Economic References Committee,[2] would help to reduce the long-term impact of time dedicated to family duties on women's retirement savings.

4. Continue to implement and extend the National Financial Literacy Strategy and ensure it addresses women's needs

The National Financial Literacy Strategy already plays a key role in promoting core money skills and sound financial decision-making — and our research reaffirms the transformative power of an early education in good financial

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[1] ASFA, *Equity and superannuation — the real issues*, 2012

[2] Australian Senate Economics References Committee, *'A husband is not a retirement plan': Achieving economic security for women in retirement*, April 2016, Recommendation 9.

practice. Accordingly, we recommend that governments continue to implement and extend the Strategy, with a focus on ensuring that a larger number of girls and young women receive the information they need in a timely and engaging way.

5. Ensure school curricula provide strong education in investing as well as everyday money management

The National Financial Literacy Strategy's 2014–17 action plan is to be applauded for its emphasis on educating the next generation through the formal education system. However, while the programs it promotes are designed to provide a strong grounding in essential money management skills, they could potentially be enhanced and expanded to include more targeted information on the benefits and principles of investing, especially for young women. Our research confirms the government's underlying insight: that many Australians lack the core skills they need to spend and save wisely, and even fewer know how to invest. It also suggests that investing for the future needs to be a foundation skill in both the Strategy, and in primary and secondary school curricula.

6. Introduce consistent tax deductibility for financial advice

As our research demonstrates, a simple and effective way to improve the financial wellbeing of women is to ensure they have affordable access to timely and high-quality professional advice. However, while ongoing advice fees are tax deductible, Australian taxpayers are currently unable to claim a deduction for the upfront fees involved in putting a long-term financial plan in place, which are typically the largest single cost of advice. This inconsistent treatment can serve to discourage women from seeking advice, including less affluent women who may benefit most from expert support.

7. Consider making child care tax deductible

In its 2014 report on Childcare and Early Childhood Learning, the Productivity Commission recognised that Early Childhood Education and Care (ECEC) services play a vital role in supporting both childhood development and workforce participation.[1] The Commission also found that current arrangements are complex, expensive to administer, and difficult for parents to navigate. As a result, the cost and availability of ECEC remains a key barrier to both workforce participation and career advancement for both male and female carers.

By improving access to high quality ECEC services for all families, including higher income earners, we can level the playing field between employees with and without children, and so help women both participate in paid employment and take up demanding leadership positions, secure in the knowledge that their children are receiving essential developmental support.

Accordingly, we endorse the Tax Institute's proposal to allow tax deductions for child care costs to all taxpayers. These deductions would be restricted to reducing taxable employment and business income, and thus targeted to enhance productivity and participation.

1 Productivity Commission Inquiry Report, *Childcare and Early Childhood Learning*, No 73, 31 October 2014.

ABOUT WOMEN AND ADVICE

CommBank's Women and Advice program advocates for the economic security and financial wellbeing of Australian women. In addition to sharing this research with industry as a way of creating better outcomes for women, we use this research to improve the competency of our financial advisers, both men and women, in understanding the key demographic factors and lifestyle differences that affect women's financial needs.

ABOUT COMMBANK

Commonwealth Bank (CommBank) is Australia's leading provider of integrated financial services, including retail, premium, business and institutional banking, funds management, superannuation, insurance, investment and share-broking products and services. The Group is one of the largest listed companies on the Australian Securities Exchange and is included in the Morgan Stanley Capital Global Index. CommBank aims to excel at securing and enhancing the financial well-being of people, businesses and communities.

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