# Indigenous Women and Super

## Taking Control

Indigenous Women's financial wellness

First Nations FOUNDATION

## ABOUT FIRST NATIONS FOUNDATION

First Nations Foundation is a national Indigenous financial wellbeing foundation led by an Indigenous majority board since 2006. It has a strong trust reputation with both financial and Indigenous community sectors, a powerful track record of results, agility and innovation.

The Foundation works to empower individuals and communities through 4 key areas of focus: financial education, superannuation outreach, community advocacy/leadership and research.

This resource has been developed by First Nations Foundation through it's Indigenous Women's Financial Wellness strategy.
To learn more visit www.firstnationsfoundation.org.au

**Indigenous women have much less in super than Indigenous men and non-Indigenous men. There are a number of reasons for this gap and opportunities for change to reduce the number of women who are retiring in poverty.**

## KEY FACTS

Women have an average of **52.8% less** superannuation at retirement than men.

Fewer than **one in five Indigenous** women (18.5%) were working full time in 2015, which means less opportunity to build up a larger retirement balance.

Indigenous women have a **disproportionately large role** in caring for household members with health issues, which contributes to super disparity.

Sources: ABS National Aboriginal and Torres Strait Islander Social Survey, 2014-15; womenandmoney.org.au; First Nations Foundation.

## CURRENT BARRIERS FACING INDIGENOUS WOMEN

It's well known that women retire with less money in their super accounts than men. In fact, current figures show women retire with an average of $85,000 less than men.

Unfortunately, the outcomes for First Nations women are even worse for a number of reasons. We know Indigenous women are more likely to be a sole parent, more likely to care for a family member who is sick and more likely to work in lower paid jobs than their male and female counterparts. Therefore, having the opportunity to build superannuation is a considerable challenge for many.

Up until recently, attempts to engage Indigenous women in the super system in a culturally sensitive way have been lacking. Past historical factors and mistrust of government have meant Indigenous women often have a lack of confidence about financial services. As a result, we know many Indigenous women don't feel comfortable talking to their super fund about their retirement balance. In the past, we've been told there have been very limited conversations by super funds to talk to First Nations super fund members. Thankfully, the First Nations Foundation has seen a growing willingness to engage Indigenous women and address their unique challenges.

However, more targeted education for Indigenous women is still needed. Super funds still don't ask members questions about whether they identify as Aboriginal or Torres Strait Islander. This means engaging with the cohort – and providing the right advice - is challenging. Future advice needs to consider the cultural, political, language and historical factors to understand the starting place and aspirations of First Nations women.

Unfortunately, as a result of the challenges Indigenous women face, they are more at risk of retirement poverty and therefore need urgent help to improve their financial position in retirement.

*Indigenous women are far more likely to take on a caring role for family members.*

## TIME OUT OF THE WORKFORCE AND ITS EFFECT ON RETIREMENT

**One consequence of taking time out of the workforce to raise children or care for family members is a lower super balance at retirement.**

Figures from the Australian Bureau of Statistics tell us Indigenous women are far more likely to take on a caring role for family members. When this happens, women miss out on compulsory superannuation guarantee (SG) contributions from their employer. In effect, this reduces the amount of money they end up with at retirement.

When an Indigenous woman re-enters the workforce, they can also find difficulties in climbing the career ladder. Essentially, like non-Indigenous women, they have to play catch up against others who have not taken a career break. Again, this can have consequences for their retirement balance and contribute to retirement poverty.

## WAYS INDIGENOUS WOMEN CAN GROW THEIR SUPER

Despite the barriers we've mentioned, there are a number of things Indigenous women can do to try and build their balance and secure a more comfortable retirement.

**Consolidate your funds** – Many Australians have several super accounts, which means several sets of fees. By logging into MyGov, you can find out if you have more than one super account. If you do, consider consolidating funds to save on fees. Make sure you won't miss out on any insurance benefits though when you do. If you're unsure how to check this we recommend contacting your super fund/s or speaking to a Financial Counsellor.

**See how your fund is performing** – Different super funds have different levels of performance and fees, which can affect your retirement balance. The ATO's YourSuper comparison tool can give you an indication of how your fund stacks up. Keep in mind that how a fund performed in the past doesn't always tell us how they will perform in future.

**Salary sacrifice** – When you're an employee, you can opt to take some of your money out of your pay to put into super. This can build your super balance and also have tax benefits. Speak to your super fund about how salary sacrifice works.

**Make the most of government contributions** – The government has a Low Income Super Contribution for people earning less than $37,000. To get this, you have to provide your Tax File Number to your super fund. Speak to your super fund about other contributions you may be eligible for.

## TYPES OF SUPER CONTRIBUTIONS

### Employer contributions

As an employee, your employer is legally required to pay you 10 per cent of your salary in super. You are entitled to be paid superannuation whether you're full- time, part-time or casual and over the age of 18 years, as long as you earn at least $450 a month.

Your employer should put your super contributions on your payslip, but sometimes they pay your super less frequently than your salary. You can also check your MyGov account for your super balance or speak to your fund.

### Employee contributions

As an employee, you can either salary sacrifice before tax or make voluntary contributions from your take home pay. However, for any after tax, you will have to pay 15 per cent tax on your super contribution when you pay to the super fund.

### Partner contributions

If your partner is working and you're at home looking after the household and kids, your partner can add to your super from their before or after-tax income.

There's an added bonus for people who top up their partner's super too: they may get an offset of up to $540. To be eligible for the full offset, the partner who is receiving the contribution must have an income below $37,000 and the contribution must be at least $3000. There is other eligibility criteria to be aware of, so be sure to check the Australian Tax Office (ATO) website (Google 'spouse contributions ATO').

## HOW TO COMPARE SUPER FUNDS

**As we've mentioned, not all super funds perform equally. Similarly, some funds charge more in fees than others, which can reduce members' retirement savings over time.**

For these reasons, it's important to check on how your super fund is performing and compare that performance to other super funds. You can easily do this by using the ATO's Your Super Fund tool by following these steps.

1. Go to ATO.gov.au/ YourSuper-Comparison-Tool/
2. Type your super fund into the search bar
3. Look at its Investment Performance and Annual fee.
4. Add up to four other super funds – you can find a list by Googling 'APRA super funds '– and compare.

Once you make the comparison, you'll see if your super fund has a better or worse performance than the funds you've chosen to compare. You'll also see how the fees compare. Having this information can help to make an informed choice about whether you're in the right fund.

It's worth keeping in mind that changing super funds can affect your insurance, so make sure you know what benefits you could stand to lose before making the switch.

Remember, you can always receive independent advice or speak to a financial counsellor if you're unsure about how making changes will affect your super.