

PLANNING RETIREMENT? FORGET THE WHITE KNIGHT!

Women must understand the issues that face them in saving for their retirement and recognise they'll need extra funds for themselves if they want dignity, choice and quality of life in retirement, says chair of Women in Super (WIS) Tracey Cross.

Despite the fact that women live longer than men (by the time they're 65 more than half of New Zealand women will be single or living alone) women are less likely to be saving for their retirement than men. Plus they face extra challenges in building a nest egg – they tend to be on lower incomes, take longer to pay off student loans, are more likely than men to work part-time and also more likely to have a broken work history because of time out in caring roles.

It may “come as a shock” for some that someone single and living alone gets \$245.30 in the hand a week (plus an accommodation supplement where eligible), while a couple receives \$377.33 between them, says Cross. That doesn't go far for someone paying rent or trying to keep up with the costs of home ownership.

“To be prepared women must explore ways of being financially independent and superannuation is one way they can achieve that. It's not a good idea to just leave such arrangements to their partner or wait for the ‘white knight’ to rescue them from their savings woes. It just won't happen.”

All of which is why WIS has welcomed the Government's recent Kiwisaver initiative which allows individuals to make contributions from their wages and salary (via Inland Revenue) to private fund providers to save for retirement. Employers may also contribute.

Cross is particularly encouraged to see the focus on building financial literacy through a funded education programme but says it's important this is available to all New Zealanders not just to those currently in the workforce.

There are six aspects of the proposed scheme that are of particular relevance and benefit to women, says Cross.

1. A savings scheme available to all permanent employees including part timers, of which women form a large percentage.
2. Self-employed people and beneficiaries can also opt into the scheme.
3. The ability to take a contribution holiday.
4. Automatic enrolment.
5. Deduction at source – the most efficient means of saving.
6. The \$1000 kick-start incentive.

WIS looks forward to working through the detail of the Kiwisaver scheme to ensure the specific needs of women are catered for and that the scheme does not adversely affect existing workplace super schemes.

Cross notes that workplace super schemes have steadily decreased over the past five years to the point where less than three percent of employers provide schemes covering around 14.6 percent of employees. She says WIS supports an obligation on employers to support savings schemes by offering access to financial advice in the workplace and a payroll deduction facility.

Launched in April 2001, WIS is a national network of women associated with the superannuation industry. As well as promoting specific issues relating to women in saving for their retirement, it also aims to increase the number of women in decision-making positions and to promote education and training.

Membership is voluntary and represents a wide range of disciplines including fund managers, administrators, trustees, lawyers, communication specialists and MPs. In the past 12 months Women in Super has been actively involved with the Periodic Report Group, the Financial Intermediaries Task Force, the Savings Product Working Group and the Stobo Tax Review.

For further information visit www.womeninsuper.org.nz. *MW*