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Women, Super & Wealth Summit

Thursday 27 April

Welcome everyone.

I would like to acknowledge and pay my respects to the traditional owners of the land on which we meet – the Gadigal people of the Eora Nation.

A special welcome to our speakers for attending to focus on the important issue of women, super and wealth.

Welcome and thanks to our sponsor, the Commonwealth Bank, and to Andrea Slattery and the SMSF Association, our partners in this important event.

The conundrum

Let me start by asking some simple questions.

Why is it that young girls consistently outperform their male counterparts in the classroom… yet go on to retire with nearly half as much in superannuation savings?

Why is it that in 2017, the difference between men and women’s average fulltime weekly earnings is 17.7 per cent?

And did you know the fastest growing group of homeless people in Australia is women over the age of 50?

The discussion at this Summit aims to address these unacceptable inequities, to pose solutions and to go some way to providing women with the tools to help themselves gain a more equal level of wealth and ultimately financial independence.

The women’s wealth gap conundrum is far from simple; criss-crossing a range of social and economic public policy areas. What makes finding solutions so hard is that the tides are constantly shifting.

On the one hand we have a growing pot of superannuation savings to better meet the nation’s retirement needs. But on the other, we have an ageing population, a lower workforce participation rate, a higher preservation age for the Age Pension and social factors we are only beginning to contemplate as part of the puzzle.

Women are getting married later, having children later, divorcing later, and living with unpredictable work patterns, particularly now in the new gig economy. Compounding the retirement problem is the struggle to lay down roots in a climate of increasing housing unaffordability.

Setting an example

As leaders in business and in the financial services sector, we have to ask, do we set a good example?

Currently only 31 per cent of women receive professional financial advice.

But research from ING DIRECT's 2015 Women & Finance Report clearly shows that women who do get financial advice are more likely to own their home, mortgage free.

Financial services companies have traditionally built products and services by men, for men.

How do we begin to engage girls in careers in financial services, let along having enough savings and super?

Fewer than 5 per cent of financial service CEOs are women… and only 24 per cent of women occupy senior management roles.

Why are there so few women running money? Why don't we see fund managers at school career days?

We must set a better example.

I want to talk to you today about #SavingGirls.

#SavingGirls means quite literally Girls Who Save, because girls who save – whether it be through a savings account, investing, or contributing more to their superannuation – become financially secure women.

#SavingGirls become independent women and investing women. They become *contributing* women.

And we see this the world over.

It actually makes economic sense to educate and invest in women..

At the most basic level, when just 10 per cent more girls go to school, a country's GDP increases on average by three per cent.

Girls who stay in school for seven years or more, marry four years later and have fewer children.

The UN has recognised that when women in third world countries are given loans, that money is used *responsibly* for the family. The wealth grows, and it's shared within the community. Sometimes, for example, they invest in buying more seeds for their farm, or materials for the crafts they make. That makes their output higher, they're able to sell more, and they *save* money. And sometimes they're able to start co-operatives of #SavingGirls within their communities, to give other women loans.

When we invest in girls, we – as a society – all win.

At the moment, young women are the most underutilised resource in the world – not just in Australia.

So how can we grow #SavingGirls? How can we ensure our young women grow into independent women – *contributing* women?

Each of us has a responsibility – as parents, as sisters, brothers, teachers – and as leaders of industry. Each of us must start playing a crucial role in creating #SavingGirls.

Yes, government has a role to play. Yes, industry has a role to play. But only individuals can truly take control of their wealth future. Parents, policy makers, product designers and financial advisers should be providing the fishing rods, not the fish, to paraphrase the Biblical quote.

At the most basic level, we should have a conversation with girls in our life about their superannuation from the first time they get paid for work.

Let's explain to them that this money is *theirs,* not their employers. These are *their* savings for *their* future.

Let's ask our young women some basic questions – do you have a super fund? Do you have more than one? How much is in there? Do you want to put more in? If they don't know, give them the knowledge and the tools.

Choice and competition

One way to boost women's wealth is by boosting #SavingGirls' engagement with their savings. Because as we all know, a man is not a financial plan.

What advice would you give your younger self? Impart that wisdom on the younger people around you.

I have been publicly honest about my own mistakes. I did not engage early enough with super. I don't have enough. The upside is that I'm now a warrior to ensure history doesn't repeat.

I have a band of millennial consultants that I regularly enlist via Facebook Messenger and we talk savings, wealth and super. I like to pose questions: do they know where their super is invested, how much do they pay in fees, how much insurance cover they have or whether they understand what their fund does with their money.

The replies are instant and curt: "How're we supposed to know this? Where are the apps?" they ask.

Therein lies the problem. We don't communicate with young people on their chosen platforms.

Many say that financial literacy should be taught in school, but we can't place more into the groaning curricula. Teachers have enough to do.

Financial education must start at home.

One of my millennial staff members told me recently that he and his sister – from the age of about seven – got paid their pocket money in two tranches: 75% paid in cash on the first of the month and the other 25% paid into a high interest savings account. The aim was to mimic the experience of earning and saving money in the real economy and to instil a mindset that prioritised putting something away for a rainy day. He tells me he and his sister continued to apply this habit when they got their first paper rounds and then their first Saturday jobs. Both of them saved enough by the time they were 18 to fund much of the cost of going to university.

Imagine the impact if we engage more people like this.

It can be as simple as reminding the young people in our lives to consider carefully which superannuation fund they want to belong to. We wouldn't allow our employers to choose our bank account, so why do we allow them to choose our super fund?

If my millennial consultants are anything to go by, freeing superannuation from the outdated industrial relations structure it's been in for 25 years to enable choice and competition would kick-start an innovation arms-race that would improve engagement hugely.

Opening super to choice and competition would force funds to actively compete for and chase new members and talk to them in a way that engages them, on the right platforms.

Our superannuation system today defaults to ambivalence.
Too many people in parts of the super system assume that young people, particularly young women, can't or won't make decisions about their long-term future, that they're chronically disengaged. That they need decisions made for them.

I do not believe for a minute this is true.

More importantly, this paternalistic attitude is not sustainable if we genuinely want the gender wealth gap closed.

We can no longer be ambivalent about wealth inequality.

The Super 2.0 system I advocate offers choice, is competitive, flexible and fit for purpose for young Australians entering the workforce today. By enabling and encouraging engagement, it will help close the gender wealth gap.

Policy interventions

What are other countries doing?

The UK has joined Austria, Belgium, Sweden, Denmark, Portugal, Finland and parts of Canada in creating laws which require companies of a certain size to publish pay data by gender.

The UK Government hopes that by shining a light on pay disparities, companies will be forced to take measures to eliminate gender pay gaps.

Iceland, in a world first, has introduced a bill requiring public and private businesses to *prove* they offer equal pay to employees.

Iceland led the World Economic Forum's Global Gender Gap Index even before this proposal was tabled. Close behind in the table are Norway, Finland and Sweden.

Australia is in 46th place in the Gender Gap Index – behind Laos, Cuba and Mozambique.

In Australia employers with 500 or more employees must have a formal policy or formal strategy in place that specifically supports gender equality.

The Workplace Gender Equality Agency must be able to continue its important work in this area.

Minister for Women Michaelia Cash said in her preface to the ANZ Women's Report: "Actions taken by governments are only part of the solution. The barriers to women's financial security are underpinned by deep-seated cultural norms which exist in our boardrooms and around our kitchen tables."

Raising the bar

Closing the gender wealth gap and growing #SavingGirls is not just a moral and social endeavour; it will result in tangible positive flow-throughs for the economy.

As business leaders, we need to *lead* on this issue.

We need to go beyond speeches and implement pro-active initiatives.

The FSC has taken steps to address the wealth gap caused in part by women taking time out to have children. Our policy means that we pay superannuation contributions for up to 12 months for women on parental leave.

Other FSC members have similar schemes. Some go even further, paying their female staff higher levels of the superannuation guarantee to reduce the gap.

From a public policy perspective, we have long advocated for an increase to the super guarantee from 9.5% to 12% to enable all Australians to achieve adequate savings by the time they retire.

We have also called for higher standards of governance that would lead to more women taking leadership positions on super fund boards.

We encourage all of our members, and indeed the wider financial services industry, to consider measures like this to help close the gender gap.

Today, you'll be hearing from some of the most respected leaders in the financial services industry, business and government –Minister for Revenue and Financial Services Kelly O'Dwyer, NSW Senator Jenny McAllister; APRA deputy chair Helen Rowell, Commonwealth Bank Group Executive, Wealth Management Annabel Spring; SMSF Association chief executive Andrea Slattery, leading NEDs Diane Smith-Gander, Craig Dunn and Sam Mostyn; Yarra Capital Chairman Mark Burgess; and Small Business Ombudsman Kate Carnell, to name just a few of the stellar line-up.

Improving the financial future for women won't happen in a day. But we hope, with your help, we can start the process today.

Share your advice for your younger self and get involved in the discussion using the hashtag #SavingGirls and enjoy the Summit.

Thank you.