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# **Women's Retirement Income**

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## **A Comparative Analysis of Four Women's Stories**

**Prepared for  
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## Introduction

This report summarises the findings from interviews with four women in their mid-fifties. The key purpose of the interviews was to find out about the women's experiences of factors in the workplace that impact on their ability to accumulate assets for retirement.

The women were based in the wider Wellington region. Two worked in retail (Anna and Mata), one in teaching (Judith) and the other was an IT consultant (Hera)<sup>1</sup>. Two were pākehā New Zealanders, one was Māori and one was Pasifika. Three of the four women had been in full-time work for most of their paid working lives<sup>2</sup>.

This purposeful sampling approach was taken as there were only four interviewees and it was desirable that the women be as similar to each other as possible in terms of age and stage in their lives. The second reason was that women in this age group have completed enough of their working lives to have the need for retirement income firmly in their sights, but enough of their working lives left to be able to change their behaviour around asset accumulation in the future.

Face-to-face interviews were conducted in March 2012. The women were asked about their paid working lives, working conditions and pay, and their retirement savings decisions. The interview questions were derived from themes in the literature about women's retirement savings. The interviews were recorded and analysed to identify recurring themes, patterns or categories. The findings were then referenced back to the literature in order to check how typical or atypical the responses were.

This is a small qualitative study and as such the findings describe the women's experiences and are only illustrative of women in this age group. However some interpretive conclusions are drawn based on the women's experiences and the literature.

## The paid working lives of the women

Like more than 80% of New Zealand women aged 50-54, three of the four women who were interviewed were in full-time work, while the fourth was semi-retired and worked on a part-time basis. The history of the paid working lives of these women varied with participation rates similar to many New Zealand women who have periods of part-time work around family commitments.

Anna and Mata who worked in retail had quite similar patterns of work. Anna had worked in a number of part and full time jobs in the service and retail sectors from the time she left school, including as an apprentice hairdresser, in cafés, laundries, a shoe shop, a book store, a department store, and a supermarket. She has had breaks in her paid working life to raise children and when she has had to move

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<sup>1</sup> Not their real names.

<sup>2</sup> This differs from the experience of most New Zealand women, where part time work during the course of their working lives is common.

around New Zealand because of her husband's job. While Anna felt she had had choice in her working life as there were plenty of jobs available she had at times left jobs because of the way she was treated, in keeping with the literature that says women are more likely to leave jobs because of difficult bosses.

Mata started her paid working life when she came to New Zealand 32 years ago and she has worked full time in the service and retail sectors, including in a café, in fastfood outlets, as a cleaner and in a supermarket. Mata works six days a week full time (48 hours) and also cleans houses five mornings a week.

Both Anna and Mata had been working in their current jobs in supermarkets for over 15 years. Both had been offered promotions to checkout team leader which they declined citing the pressure and stress of the role. This stress came from aspects of the job such as dealing with abusive customers and the paper work involved with the role.

Judith has worked full time in teaching, in different schools, all her working life, apart from two breaks to have children. Hera had worked in a variety of jobs including stints as a courier driver, in the office at a gym and as a personal trainer, a care worker in residential care homes, and agricultural telephone sales before starting in IT over 20 years ago. Since then she has worked for three different companies.

None of the women felt that they had had any trouble getting jobs.

## Working conditions and pay

Judith was the only woman with a formal tertiary qualification<sup>3</sup>. The fact that she was not as highly qualified as other teachers has impacted on her base pay scale but she boosted this salary by taking on higher duties in the schools in which she worked. The other women felt that their lack of qualifications did not impact on what they were paid to do or the jobs they were in. However, Hera thought that getting an IT role 20 years ago was possible without qualifications, but that might not be the case these days.

The four women all had a view on the reality of pay inequities in the New Zealand labour market. Anna thought that retail was not that well paid overall and that this was possibly caused by the fact that it is a female-dominated sector and that women tend to accept the wage that is offered to them rather than ask for more. Hera thought that in the IT sector men were possibly paid more than women as there were more of them. Mata thought that overall the pay rates in the jobs she had been in were not fair and cited the low pay she had received in her first job in 1980. *“I didn't get that much. I'm sure that I earned \$130 or something [a week]. I was quite happy with the money as I can't normally get that at home [my home country].”* However she believes that her current job has good pay rates and that this has happened

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<sup>3</sup> In the 1970s women generally left school earlier than men and with fewer qualifications. Department of Labour (n.d.). *Workinsight6: Pathways for women* <http://www.dol.govt.nz/PDFs/work-insight-issue-6-ch4.pdf>

because of union negotiations. Apart from Judith, who knew because of teachers' pay scales that men were not paid more than women, the others were unsure whether or not men were paid more than them for similar roles, but suspected that this might be the case.

In terms of the flexibility of the hours they have been able to work, Anna thought that employers were not that flexible and "*always get what they want*". While Hera had a similar view, she believed that she had been able to make choices and there were opportunities made available by her current company. For example, she said that she had no desire to do shift work and "*had made a choice not to be away from home*". This latter decision has meant that she has not been available for project work and as a result has limited herself in terms of promotion. Mata has made a deliberate choice to work evening shifts which gives her time to pick up extra cleaning jobs during the day.

Apart from Judith, the women felt that they had had limited training opportunities. Anna described the training in her company as "*flash in the pan*", although she had been given three to four days full-time training when she took on a new role. Mata too had received little training in her current role, apart from first aid and Health and Safety, but had received training to get her liquor licence so that she could take on a duty manager role if she was required too. Hera thought it was her own responsibility to source training and development.

Overall, the four women all appear to have made some choices about the paid work in their lives although some have also experienced the boundaries that curtail or expand those choices.

## Retirement decisions

The women had differing expectations around transitioning into retirement<sup>4</sup>. Mata thought that she would probably work after the age of 65 and doesn't mind working full time up until then. Anna also thought that she would work full time until she was 65. Hera had hoped by this stage of her working life (aged 55) to have transitioned to a four-day working week, but a new investment in a rental property means that it will be another 12 months before she can do this. Judith can be described as partially retired. The superannuation policy that she took out at the start of her teaching career has enabled her to give up full time work. She currently works part time and sees herself doing this until she is 65. Judith believes that she is a "*bit young to do nothing*" and she needs the money from her work to help pay her mortgage.

## Retirement savings

The four women were in different stages of preparedness for retirement. While all the women had made some preparation for retirement, this has come about in different ways. Anna had not thought about what she would need and said that "*any amount is probably not enough*". She expects that the government will look after her when she

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<sup>4</sup> Older wage and salary earners i.e. people over 55, are more likely to be male and the majority are married or partnered with an employed spouse or partner. Boyd, S. & Dixon, S. (2009). *The working patterns of older workers*. Wellington. Department of Labour.

is older. She is also reliant on her husband's retirement savings. Anna does however make weekly contributions to a superannuation scheme that she was encouraged to join by the union just over 10 years ago, "*It seemed a good idea. I was getting older and had no other investments*". She is entitled to a lump sum payment when she is 60 and thinks she might spend this on travel for her and her husband. She could not recall being offered any other retirement savings schemes in her workplaces.

Mata has given some thought to what she might need in retirement and contributes to the same superannuation scheme as Anna and was also encouraged to do so by the union. She joined this scheme "*as someone from the union came to work to talk about it ... [and] quite a few people joined*". She thought she might use the money to put a deposit on a house for her grandchildren. Mata has "*a little bit of savings*", but these are often used to help the wider family, "*Last week my sister and me had to send \$3000 home; it was Mum's birthday and Mum is trying to renew the house. It is what we do as Pacific Island people.*" Mata also has debts that she paying off that prevent her from making additional contributions to retirement savings.

Hera and Judith have both prepared for retirement. Judith said that she has some idea of what her income needs are and has done a "*bit of thinking*". She had started thinking about retirement early in her working life and had made active decisions about savings schemes and investments as she wanted to retire early. These "*bits and pieces*", as Judith described them, include two insurance policies, one that matured when she was 50 and enabled her to pay off some of the mortgage and another that is due to mature when she is 60. In addition to her superannuation policy through teaching she also has a super policy through an insurance company that has been paid out over the last five years<sup>5</sup>. She also has shares, most of which she has not actively purchased, but has taken when companies were listed on the stock market.

While Hera hasn't seriously worked out what she will need to retire on, she has viewed retirement from the point of view that she will need to be totally self-funded as she does not think that National Superannuation (the pension) is sufficient to live on, "*that's not living to me*". She has made active decisions throughout her working life to join superannuation schemes that have been offered in the large companies she has worked in. She also has savings and has invested in two rental properties. Hera sees property as less of a risk than shares, and as an asset that can be realised to finance part of her retirement.

## Kiwisaver

Statistics from 2010 said that more women than men were members of the Kiwisaver scheme. Hera and Judith were members while Anna and Mata who worked in the lower paid jobs, were not. Anna and Mata felt that they were already contributing to a super scheme. Both were given information about Kiwisaver when it started. Anna felt that she was being fobbed off and it "*seemed too hard, but I can't remember why*" and Mata said she just did not want to join.

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<sup>5</sup> This pay out occurred earlier than anticipated as a result of her relationship breakup.

Hera joined Kiwisaver as she was told it was “safe”. She felt well informed about it and the main selling point was that each year the company’s contribution would increase. She feels let down because this has not been the case and also because contributions are now going to be taxed. Hera had a choice of providers and went with the one that her company banks with. She has selected a balanced fund to contribute to.

Judith felt well informed about Kiwisaver and got all the information about it through her work, from newspapers and from booklets. She did not make an active choice about her provider and went for a default fund. While she is happy with this she said she continues to look at it and may change in the future.

## Factors that influence retirement savings

Anna hadn’t thought much about retirement savings and thinks that her husband’s earnings might have subconsciously influenced this. She is not sure what it would have taken to get her to do more about saving for retirement or what would have helped her. She knows that she would not actively seek information and thinks it is pointless to do anything about it now as she is too old. However, Anna has started to save, something she hasn’t been able to do in the past as “*Saving is a luxury*”. She feels she is now in a position to be able to do this as she has “*a decent job, works full time, has good wages and security ... this is what it’s about*”.

Mata believes that she has had no choices about how to save or spend her money. “*Too many things get in the way ... If I didn’t have so much to pay I would have chosen not to touch the savings*”. She thought that if she had a wage increase and was able to pay off her loan she might be able to think about saving.

Judith has been influenced by a range of factors starting with her own personal desire to retire early, her father’s advice not to withdraw from her work superannuation scheme, earning a reasonable salary and the research she has done, including using the [www.sorted.org.nz](http://www.sorted.org.nz) website. She also has a genuine interest in financial matters. Judith realised that she couldn’t rely on national superannuation and that if she wanted quality of life in retirement she had to do something about it. Judith feels good about the decisions she has made, “*given the amount of income I’ve had and my personal circumstances ... [it’s] not too bad*”.

Hera’s retirement savings decisions have been influenced by her belief that she had to look after herself. She said that she has been sold so many insurance policies over the years that she saw as part of a retirement package and this has not turned out to be the case. However, she has been able to cash these up and re-invest the money. Hera has also worked in large companies that have offered superannuation policies as part of the remuneration package and she believes this has been one of her best ways of saving for retirement. Hera is reasonably happy with the decisions she has made about her retirement savings and feels comfortable about her property and savings, but less so with Kiwisaver because of the changes that have been made to it. Overall, she thinks there needs to be more objective advice available, “*You like to feel that when you make a decision you can talk to people you can rely on to give constructive and reliable guidance and this has not always been possible*”.

## Conclusion

This study drew on four women's stories of their paid working lives, and the impact that their earnings and workplaces have on their ability to save for retirement. In their stories, Hera, Anna, Judith and Mata have illustrated that the workplace factors that impacted on their ability to save for retirement include:

- having sufficient earnings that enable them to save
- working in organisations where there is access to superannuation schemes. This has been in larger organisations and/or those where union schemes operate
- having access to information or advice that they can clearly understand and trust, from both inside and outside work.

However, while not the specific focus of the interviews, the women's stories show that factors beyond the workplace have a significant influence on their approach to saving for retirement. These include:

- their own attitudes and perceptions about what they will need to retire on and what will be available to support them in their retirement
- their ability or will to source information about retirement savings
- their personal circumstances such as relationships, family and culture
- feeling they have real choices about how they spend their income.

Anna probably best summed it up when she said, *"Saving is a luxury"*. She is in a position to save for retirement now because she has a *"decent job, works full time, has good wages and security ... this is what it's about"*.