

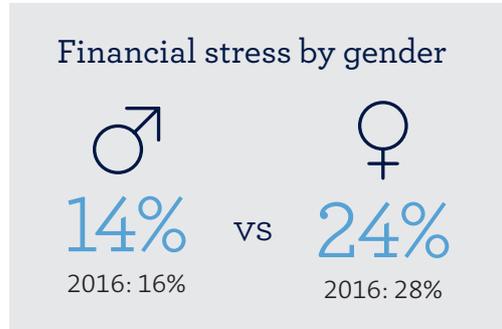


Women, parental leave
and financial stress

Employer's key to preventing financial stress for working women²

Our latest financial wellness research found that 24% of working women feel financially stressed, compared to 14% of working men. Expectant parents are also more likely to feel the brunt due to a lack of understanding around what's included in their employer's parental leave policies, which can have a flow-on effect for budgeting for the gap in income during the parental leave itself.

Many women earn less than their male counterparts which results in an income gap between the sexes.



Personal income

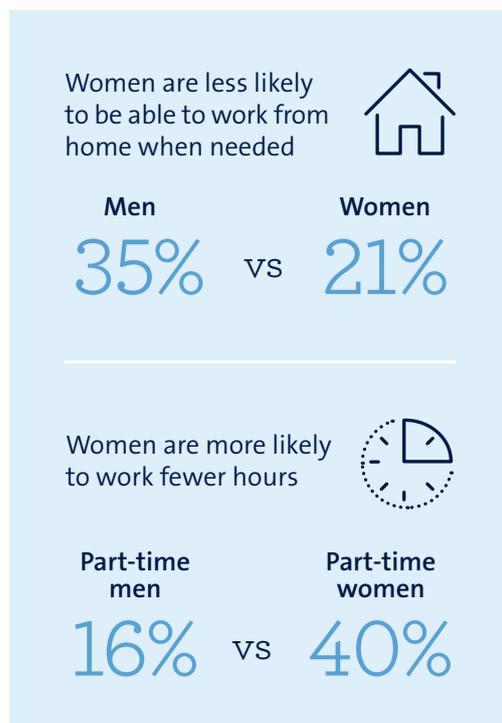
Income Bracket	Men	Women
\$25,000 – \$49,999	12%	29%
\$50,000 – \$74,999	20%	30%
\$75,000 – \$99,999	22%	15%
\$100,000+	41%	18%

As working women tend to dominate industries such as education and training, and healthcare and social assistance, they are also less likely to have flexibility in their roles. This is due to the rigid conditions of many jobs in these industries which may include rostered shifts, an inability to work from home (as a result of the function of their jobs), and not having the option to work flexible hours.

In addition to this, women returning to work after a career break are also more likely to job share or work part-time while continuing to be the primary caregiver. All of these factors contribute to financial stress levels and impact overall job satisfaction.

Financially stressed employees are less engaged at work, spend more time during office hours dealing with personal financial issues, and are more likely to underperform and take additional time off. This has a financial impact for Australian businesses to the tune of \$31.1 billion annually.

It's not just working women who are feeling the pressure. Single parent families getting by on one income while juggling childcare and work responsibilities continue to be most at risk, with one in three suffering from financial stress.



² The 2018 Report defines 'financial stress' employees as those who are severely or moderately financially stressed on the Financial Wellness Index.

Financial wellness for women

Women are more financially stressed than men; likely in part because they earn less, and work in situations that are less supportive of flexible work, such as short-term contracts or part-time work. Working fewer hours and in more unstable conditions means they're also less likely to be able to work from home when needed.

They are also more likely to check the overall state of their finances frequently and to create a budget to keep track of day-to-day income and expenditures. This 'mental availability' of their finances can compound financial pressures and stress as this information is always front of mind.

On top of this, women tend to be more worried about their ability to cope with unexpected expenses and rainy days compared to their male counterparts. Although they are more likely to create a budget and be on top of everyday expenses and short-term financial needs, they are less likely than men to focus on long-term goals which can negatively impact their perception about their future financial stability.

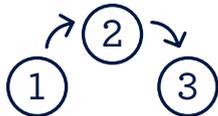
Our research found that women are significantly less confident about all financial topics, including superannuation, relative to men and are less likely to be planning for their financial future, and taking actions to get ahead.

Supporting female financial wellness



Target women for extra support

Women are more financially stressed, and are more likely to be in situations that are less supportive of financial wellness, than men. Give them the extra support they need.



Make it easier for them

Women have more things competing for their attention than men (they are more likely to be the primary caregiver, and still do their greater share of household duties) – so make taking control over their finances easy and help them take the first step.



Use the power of now to increase a sense of urgency to act and plan for the future

Encouraging financially stressed women to set goals for their finances with 'progress markers' has also been found to help initiate good financial behaviours. Successfully reaching each progress marker helps improve self-efficacy and can sustain good financial behaviours over the long term.



Increase self-efficacy

Women are less confident than men around their finances – help boost their self-belief to motivate them to take action and improve their performance.

Employers can take a number of steps to support women dealing with financial stress. This includes targeting them for extra support, re-framing communications to create a sense of urgency around dealing with financial matters, and breaking down the steps they need to take, to make it feel easier to take control.

Parental leave and financial stress

One million employed Australian families are expecting a child or have recently had a child, with almost all families taking some form of leave.

Planning for and expecting a child can be a very uncertain and stressful time. Our research found that expectant parents are more financially stressed, than parents who have just had a child, with 71% of those expecting a baby in the next 12 months experiencing financial stress compared to 45% of those who've recently had a child.

This is partly due to the uncertainty around what's included in government-funded parental leave policies and those of individual employers – which impact budgeting and financial planning for the gap in income during the parental leave itself. In fact, one in five primary caregivers takes employer-funded leave but don't know the specifics of their benefits, and 68% say super is the last thing on their mind when having a child.

This can be particularly stressful for single parent families as they are unable to rely on another income source during this time which compounds feelings of stress, which is why it's critical to have a financial plan in place for this period.

Our research indicates that employer-funded financial incentives could be more effective in alleviating this stress if information about this is focused prior, rather than post, childbirth. Employers should also communicate the impact of parental leave on superannuation, and prompt employees to pay more attention to what happens to their super during this time. This is particularly important as 89% of the respondents surveyed were unaware that even during periods of unpaid parental leave, some employers will still pay their superannuation.

Expectant parents tend to underestimate the level of support they will receive from employers, with the stress and uncertainty of their general situation creating a negative 'halo effect' that spills over into other areas of their life.

A majority of expectant parents were unaware that superannuation isn't paid while they are on parental leave

67%

were unaware super is **not included** in government parental leave schemes

71%

were unaware employers are **not required** to pay super for employees on unpaid parental leave

83%

were unaware employers are **not required** to pay super for employees on paid parental leave

Parental leave and superannuation

Superannuation is not top of mind for those impacted by parental leave, with half unaware of what happens to it when they go on leave.

Our research indicates that women understand the potential negative consequences of parental leave on their superannuation but feel that the responsibility for this lies with employers.

Employers can do more to support financial wellness for employees on parental leave. In particular, they could consider creating a fact sheet listing company benefits during parental leave, what government benefits they're entitled to and how to access them, and information on how taking time out of the workforce may impact an employee's super balance at retirement.

They could also look at including superannuation payments in paid parental leave or give employees factual information about options for reallocating some of their pay into super as well as other strategies for boosting their super balance, so they can make the most of compounding interest.

What expectant parents and those who have recently had a child say about superannuation



48%

believe that having a child has a long-term negative impact on superannuation



67%

feel that they shouldn't have to think about superannuation during parental leave



68%

when prompted, believe that being paid superannuation during parental leave will bring peace of mind

The AMP Women, Parental Leave and Financial Stress Report has been prepared by AMP Life Limited ABN 84 079 300 379 (AMP Life). The report is based on research that was conducted exclusively for AMP by The Behavioural Architects (TBA). Results were obtained in July 2018 and data was post weighted based on ABS statistics: gender, age, location, employment type and industry. This report cannot be distributed, reproduced, copied or published in any way without the express and written consent of AMP Life. Please consider your own circumstances, and when making a decision about any financial product you should consider the relevant Product Disclosure Statement available from AMP at amp.com.au or by calling 131 267, before deciding what's right for you. AMP Life is part of the AMP group and can be contacted on 131 267 or askamp@amp.com.au. If you decide to purchase or vary a financial product, AMP Life and/or other companies within the AMP group will receive fees and other benefits, which will be a dollar amount or a percentage of either the premium you pay or the value of your investments. You can ask us for more details.