Informing
WOMEN

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Golden girls: What women need to know about money

Worried about running out of money in old age? We talk to retirement expert and women's advocate Nicolette Rubinsztein about what women can do now to help their long term financial security.

Inform: Is financial literacy a women's issue?

Nicolette Rubinsztein: When looking at financial literacy, women often rank lower than men. We are often just as informed and capable, but are frequently less inclined to take the next step to apply that knowledge. And I think that comes back to confidence.

Studies have shown that women are often less confident than men. This is partly due to conditioning, in how we raise our daughters. We tend to encourage girls to be perfectionists – not to be brave. There are also some physical factors that can come into play, how our brains work and the influence of hormones on behaviour.

Together, these can undermine women's willingness to take action, and that includes when it comes to making financial decisions and taking control of their financial future.

Q: What are the key financial risks for women?

NR: I think that one of the biggest risks is running out of money in retirement. We need to think about our longevity risk – as we're probably going to live much longer than we think. As women, there is also a very good chance many of us will outlive our partners, which could mean we spend our final years on our own.

There are some great tools online that can help you estimate your life expectancy. When I did it, I had a number in my head – around 87, the age my grandmothers died. But the calculators estimated around 95 to 100 – much higher than I had thought.

When my husband did it, his estimate was 90 – which raised the real possibility of living 10 years by myself in retirement.

My numbers are probably pretty typical for many women. That means that we need to consider how much money we need to provide for those extra years – and also be across all the financial arrangements.

Q: How can women overcome the risk of running out of money in retirement?

NR: The most important thing they can do is calculate how much they'll need.

The Association of Super Funds Australia (ASFA) retirement standard is just under $60,000 per year for a comfortable retirement. For a single, it's $43,665. Another way to do it is to use a replacement rate: such as 70% of the income you were earning before you retired.

Once you have a figure in mind, you need to work out whether you're on track to achieve it. To do this, you can project your current savings to calculate what level of income this will give you. Online tools can help with this, but the best way to be sure is to see a financial adviser.

If you're not on track there are two main options: you can contribute more or work longer. Alternatively, you can reduce your expectations.

Q: When should women start planning for retirement?

NR: The biggest barrier to having enough money in retirement is simply not thinking about it early enough. People typically start thinking about retirement at around 50 or 55, or after certain life events – like paying off the mortgage or the kids' finishing school.

But ideally, you should start planning in your 40s, if not earlier. Many people may be relying on working longer to save more, and then find that they can't reach their retirement target because something happens.

About 20% of people have to stop work in their 60s due to ill health, while about half retire for reasons not of their own making, like sickness or redundancy. Some things will be out of your control, so that's another reason for planning and being more conservative early on.

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Q: What advice would you give your three daughters to become financially secure?

NR: One of the key things is ensuring they have a career that can support them financially.

As a career mum, I used to think I should try to influence them to choose jobs that can be done flexibly – like, running their own business. But I've decided they should just do what they're passionate about – there is no perfect solution for balancing work and family.

I try to raise them to be financially aware – one fun thing that they love doing is running a lemonade stand. We make them pay for the ingredients, so they learn about revenue and profit. Then they learn about marketing and promotion by selling the lemonade to passers-by.

But to ensure lifelong financial security, my advice for them is the same as for anyone else: get financial advice, start planning early – and don't leave it to your partner.

Get the right advice

Everyone's financial circumstances and retirement goals are unique, so it's best to speak with your financial adviser. They can talk you through your options and help you choose the right super strategy for your needs.

About Nicolette Rubinsztein

Nicolette Rubinsztein is a non-executive director at UniSuper, OnePath Insurance. Class Limited, SuperEd and the Actuaries Institute. She is also the author of *Not Guilty*, a practical guide for women juggling a family and corporate career on how to find a genuine work/life balance. Nicolette and her husband Jonathan Rubinsztein have three children.

Speak to us for more information

If you would like to know more, talk to your Count financial adviser. They can give you more detailed information on the best approach for your situation.

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