



PAYMENT OF SUPERANNUATION WHILE ON PARENTAL LEAVE

A Guide for Women's Reps, Bargaining Teams and Advocates

For TEU members wishing to have these claims considered as part of your branch claims please discuss these with your branch president initially so they claim can be part of the normal claims development process at your branch which members will vote on prior to negotiations.

INTRODUCTION TO CLAIM

The claim provides that an employer will continue to pay the employer superannuation/KiwiSaver contribution while an employee is on parental leave.

BACKGROUND INFORMATION TO CLAIM

This claim has been developed as a result of an initiative from ANZ Bank in 2015.

ANZ commissioned a report and found that women's savings for retirement were less than men's by up to \$60,000.00. ANZ therefore decided to continue to pay the KiwiSaver contributions while an employee is on parental leave.

The initiative recognises the gender gap in retirement savings and was seen as a step to redress this imbalance at the same time as promoting retention of high quality staff for the organisation.

APPLICABILITY

This provision would typically apply to both women and men, although as more women take parental leave, it will benefit women more than men. Thus it is a good contribution to gender equity.

It is recommended to be negotiated as a member-only benefit.

WORDING OF CLAIM

Payment of Superannuation/KiwiSaver Contributions while on Parental Leave

The employer agrees to continue to pay the employer contribution to the employee's current superannuation/KiwiSaver scheme, at the current rate of employer contribution, while the employee is on parental leave.

POINTS FOR NEGOTIATION

- This is a very positive step for an employer to take.
- It will particularly support women who take the majority of parental leave and thus be a positive step towards gender equity.
- The Retirement Commissioner has spoken out in support of this initiative and encouraged employers to implement this provision and noted:
- *"It also sends a strong signal that time out to have children is a workable and positive part of an employment relationship"*
- It is a significant recruitment and retention incentive for women and men of child-bearing ages.

BENEFITS TO EMPLOYERS

- Retention of staff
- Promotion as an 'employer of choice'
- Being seen to be making a contribution to gender equity and society as an employer

ISSUES TO BE CONSIDERED

Although the ANZ initiative refers to Kiwisaver payments, in the tertiary sector it is important to think about the range of superannuation schemes that apply.

BACKGROUND INFORMATION

ANZ Report: <http://www.women.anz.com/the-conversation/anz-womens-report>

The 2015 ANZ Women's Report, Barriers to Achieving Financial Gender Equity reveals the inequalities women face at different stages of their lives and that instead of accumulating wealth over their lifetime, too many women fall behind and retire in poverty.

The report draws on a number of sources from the public sector, academia, non-profit and international organisations to examine some of the fundamental causes of financial inequality in Australia today.

It does this by comparing data and metrics for men and women across education, employment choices, income, the impact of unpaid work, career breaks, salary levels and pay gaps, as well as Australia's superannuation system.

ANZ Media Release *See Appendix One*

ANZ Media Release *See Appendix two*

FEEDBACK

Whenever this Claim is submitted for negotiation, we would appreciate feedback – whether it was able to be achieved, any modifications which may have been negotiated, any additional information and/or arguments which could usefully be added to the document. Thank you.

ANZ Media Release

29 July 2015

Close that gap

ANZ to top up KiwiSaver for staff on parental leave

In a New Zealand first, ANZ today announced that it would top up KiwiSaver contributions for staff on parental leave, and called on other New Zealand employers to do the same.

ANZ general manager human resources Felicity Evans said ANZ's move was part of a wider campaign to help close a looming gender gap in retirement savings.

ANZ recently raised concerns about a looming gender gap in retirement savings, projecting that New Zealand women, on average, would retire with \$60,000 less than men.

"One factor is that many women take time out of work to raise families and stop contributing to KiwiSaver during this time," Ms Evans said.

"To help close this gap, we have decided to pay KiwiSaver employer contributions for staff taking parental leave. This applies to male and female staff.

"We have done this because we do not want our staff to be penalised for taking time out to raise families.

"This is a first for New Zealand and we hope it encourages other companies to also consider how they can support their employees in saving for their retirement."

ANZ is one of New Zealand's largest employers, with more than 9000 staff. Around 200 ANZ staff take parental leave at any given time.

ANZ already provides 16 weeks a year of parental leave on full pay and has confirmed it will increase this to 18 weeks from next year.

The new KiwiSaver top-up benefit will apply to any ANZ staff taking parental leave from October this year.

ANZ's move was welcomed by the Retirement Commissioner, Diane Maxwell, who said: "This is the kind of innovation that shows what a key role employers can play. It will raise balances as well as attracting and retaining staff. It also sends a strong signal that time out to have children is a workable and positive part of an employment relationship.

"ANZ's move says we have come a long way in how we think about combining family and work, and as mum to a teenage daughter I think it's a significant shift," Ms Maxwell said.

ANZ announced the move at an event for women leaders and influencers in Auckland today, where it presented latest research on women's progress in education, the workplace and retirement. ANZ also launched a new online hub for women to access tips on money and investing as well as a series of seminars to help women close the gender gap in retirement savings.

ANZ General Manager Wealth Products and Marketing Ana-Marie Lockyer said eight years into KiwiSaver, average balances for women members of the ANZ KiwiSaver Scheme were almost 28% lower than men (at \$8,918 and \$11,396, respectively).

"Disappointingly, this savings gap between men and women is widening. A year ago the gap between men and women's balances was 26.5%.

"There is little to suggest that women will close this gap – in fact, it could widen over time as women take career breaks to raise a family.

"We estimate that women on average are likely to retire with \$144,000, compared to \$203,000 for men – that's significantly less money, particularly when you consider it potentially needs to last longer.*

*Base assumptions:

- Based on 25-year-olds, earning the average wage of \$44,000 for men and \$33,000 for women, each contributing 3% of their salaries, with their employers also contributing 3%.
- The woman takes a two-year break from contributing to KiwiSaver at the age of 30, while the man does not.
- The woman retires two years earlier at age 65 while the man retires at 67.

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APPENDIX TWO

ANZ Media Release

29 July 2015

State of the nation: NZ women

New Zealand has one of the narrowest gender pay gaps in the OECD but, on average, kiwi women still earn \$608,000 less than men over their entire lifetime, according to a report released by ANZ today.

ANZ's Wise Women campaign aims to raise awareness of the looming gender gap in retirement savings, with women forecast to retire with \$60,000 less than men. ANZ General Manager Human Resources Felicity Evans said New Zealand women had made great progress on the educational front and more women were working than ever before.

"New Zealand women have really made great strides on the educational front, working hard to get the qualifications to prepare them for higher paid careers.

"More New Zealand working age women now have a bachelor degree than men, we have more women in the workforce and one of the smallest pay gaps between men and women in the OECD."

OECD research (2012) shows that New Zealand's gender pay gap of 6.2% is well ahead of the OECD average of 16%.

Nevertheless, Statistics New Zealand has calculated that New Zealand women earned \$300 less per week than men on average in 2014.

"On this basis, New Zealand women would earn \$608,400 less, on average, than men over their entire lifetime," said Ms Evans.

"Clearly, this has implications on the amount of money women can save for their future retirements."

Women's retirement

- On average, New Zealand women are retired for 20 years, while men are retired for 14 years – so their savings need to last longer.
- Eight years into KiwiSaver, average balances for women members of the ANZ KiwiSaver Scheme were almost 28% lower than men.
- The savings gap is widening – a year ago, the gap between men and women's savings was 26.5%.
- ANZ estimates that, on average, women are likely to retire with \$60,000 less than men (\$144,000 for women, and \$203,000 for men).

Women's work

- Women are four times more likely than men to be employed in clerical jobs and twice as likely as men to be employed as community or personal service workers.
- Women are 1.2 times more likely than men to be employed in professional roles but 50% less likely to be employed as managers.

Women in the workforce

- 63% of New Zealand women are working or actively looking for work - up from 54% in 1994. The male employment rate (75%) has not changed over this period.
- Over the past 20 years, there has been a 23% increase in the number of single mothers working and an 8% increase in the number of partnered mothers working. (This compares with an increase of just 2% for women without dependent children.)

Education

- The number of New Zealand women with a tertiary (post high school) qualification has increased by 131% over the past 30 years and now exceeds men.
- New Zealand now has one of the highest proportion of women with a tertiary qualification, second only to Canada.
- Women now have more formal qualifications than men – 19% of women under 40 have a bachelor degree, compared to 14% of men.

#EqualFuture

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