



EMPLOYEE BENEFITS – FOCUS ON WOMEN

"If you don't like something, change it. If you can't change it, change your attitude." — Maya Angelou

There are a number of employee benefits issues which specifically relate to the female members of retirement funds. Trustees and Management Committees are urged to consider these issues as part of the fund's overall communication strategy. Members are encouraged to discuss issues relevant to their own personal circumstances with their financial planner.

Longevity

Various factors contribute to an individual's life expectancy including: gender, genetics, access to health care, hygiene, diet and nutrition, exercise, lifestyle, and crime rates. In most developed countries, people are living longer. The global life expectancy is:

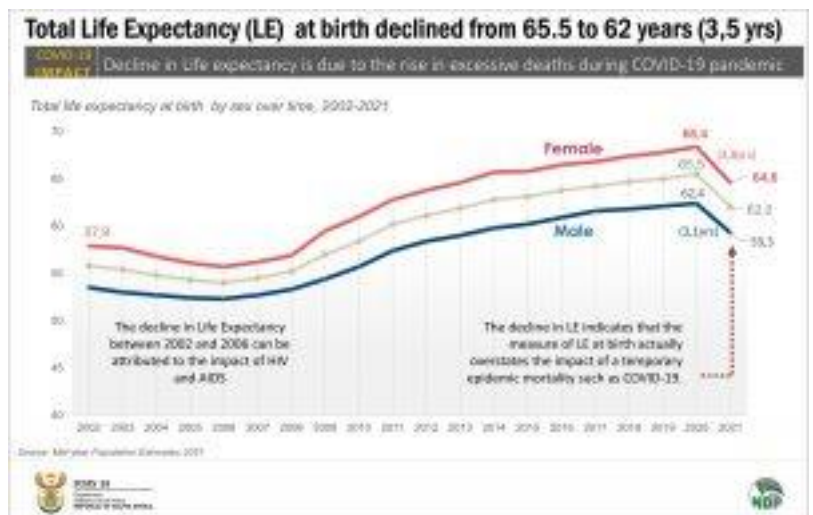
More Developed countries: 79 years, Less Developed Countries: 72 years and Least Developed Countries: 66 years

The bottom line is that longer lives must be planned for. The following quote from Ban Ki-Moon (secretary General of the United Nations 2007 – 2016) highlights this issue:

"Rapid population ageing and a steady increase in human longevity worldwide represent one of the greatest social, economic and political transformations of our time. These demographic changes will affect every community, family and person. They demand that we rethink how individuals live, work, plan and learn throughout their lifetimes, and that we re-invent how societies manage themselves."

In South Africa the average life expectancy for men is age 59.3 and for women aged 64.6. It is however true that the socio-economic conditions of South Africans differ vastly. It is therefore likely that sections of the population are expected to live longer in line with the international trend. **Women are typically expected to live longer than men.**

This means that women need to budget for a longer period in retirement. From a different perspective (taking the South African statistics into account), there is a very real likelihood that their spouse will pass away before they do. Both aspects could bring about associated financial hardships.



Women should therefore seriously consider making additional savings for their retirement. In addition, they should ensure that they have sufficient life cover or other savings in place to avoid financial difficulties in the event of death, disability, illness or the loss of a partner.

Divorce or Separation

Divorce brings a measure of emotional and financial trauma. From a financial perspective, divorce generally hits women harder than men. Studies show that in the first year after divorce, the wife's standard of living may drop almost 27% whilst the husband's generally increases by as much as 10%.

There are various factors which contribute to this including:

- child support may not be adequate to cover the true costs of child care;
- the wife may have lost many important years of career growth and the associated retirement savings;
- money previously used to support one household must now stretch to support two;
- women often ignore some important financial aspects in order to obtain a swift divorce.



Women should take professional advice when getting a divorce considering the above-mentioned factors. Make sure that the divorce settlement is fair. From an ongoing perspective, the ex-spouse should be expected to assist with the ongoing maintenance of children.

There are many women who are in permanent relationships with another person (whether of the same or opposite sex) who live together 'as married persons', without ever getting married. There is currently more legal protection for partners in such relationships, than there was in the past. Each partner should however ensure that, where the relationship breaks down or ends as a result of death, no one has to face dire consequences due to the fact that there was no prior agreement with regard to assets, maintenance and the like. Importantly, women may need to focus their financial planning e.g. planning for their own retirement or eventuality of their death.

Maternity breaks



Pregnancy and the arrival of a new baby is an exciting time in the life of woman. It is however also an expensive time. Women generally take a 'break in service' to have their babies or even resign in order to be stay-at-home mothers. Women who choose to return work after their maternity leave typically take a 'break' in retirement-funding contributions during their maternity leave. Those who resign from service typically take their withdrawal benefits in cash. There are 'future' financial implications related to career growth for those mothers who choose not to return to work immediately. Maternity breaks are typically unpaid. Employers are not compelled to pay workers during their maternity leave. Unemployment Insurance Act (UIF), will typically pay out a benefit up to a maximum of 66% of salary, depending on earnings for a period of time. The spouse (or other family members) may need to assist with the finances during this period.

Where possible, women should plan adequately for this exciting time e.g. save as much as they can; settle debt; speak to a financial planner regarding their changing financial needs; speak to their employer regarding employee benefits; find out whether their medical aid and group life cover remain in place; ensure that the new baby is added as a dependant (where applicable); keep up to date with career-related news.

Difference in Salaries (Men vs Women)

Women are typically paid less than their male counterparts. This is still true internationally due to various factors including differences in qualifications, discrimination and overall remuneration structure. The Sanlam Survey states that 'the gender gap in South Africa' is currently 35%. Women therefore not only live longer than their male counterparts but also typically earn less. This is a further reason why financial planning is so vital to women.

Being Single

As mentioned above, women are already at a disadvantage when it comes to saving for retirement. They tend to earn less money, have responsibilities to care for family members, and live longer than men etc. For single women this is compounded i.e. there is no spouse's income; they are responsible for all of their housing costs and other expenses both while they're working and in retirement. And they may have fewer people they can count on to help them out in their old age. Approximately 44% of single women (51% of those who are widowed or divorced) are behind on their retirement planning.

"I've been single for a while and I have to say, it's going very well. Like.... its working out. I think I'm THE ONE" – Emily Heller

Checkpoint

There is no time like the present. Use this time as a checkpoint i.e. speak to your financial planner, try to settle as much debt as possible, save an additional amount every month.

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