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**View to the future:
mid-life women and retirement income planning**

A thesis presented in partial fulfilment of the requirements

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Abstract

The focus of this research is to explore the way six mid-life women are planning for their retirement income. The research explores their aspirations for retirement and identifies factors which shape their expectations of retirement. The place of mid-life economic situation is taken into account as are financial decisions made relating to retirement income. Their information and knowledge about issues related to retirement income planning are explored. Overall this research aims to expand the understanding of mid-life women's planning and preparations for their retirement years.

The study used a qualitative approach to enable women to express their own perspective so that personal thoughts and reflections could be explored; exposing individual responses and reasons for actions or inaction. This was underpinned with a feminist theoretical perspective shaping the literature review, the research methods and processes and the ultimate aim: to advance the place of women in retirement.

The main findings are that state retirement income continues to be critical for women and that, in spite of high income levels compared to women generally, the participants will not be able to achieve a retirement income plan that will replace dependency on the welfare state. The study showed that when women have sufficient financial resources they plan for their future and make financial arrangements with an aim of improving their retirement. Income levels are critical. The women in this research could not make their plans without income they have. Homeownership and superannuation were the most common aspects of these arrangements.

This research identifies issues for social policy development. Certainty of state retirement income provision is critical. The literature shows that levels of female income in New Zealand are inadequate for retirement income preparations to be anything other than a top up to state support. There is a need for further research with a quantitative basis across other groups of women so generalisations can be formed.

In conclusion social policy must address inequitable pay experienced by women and how, with limited incomes, women can make the most of their mid-life opportunities to create the best retirement possible. To achieve this state retirement income policy must be adequate for basic living costs and as certain as possible.

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Chapter one: Introduction

“mid-life [is] a transition stage, which offers the opportunity to make changes and branch out in new directions” [Coney 1996:iii]

Retirement is of particular importance to women because longer life expectancy means they will need more financial resources throughout their retirement years than men [Beaglehole 1993, Davey 1993, NZCTU 1997(a)]. This is compounded by the cumulation of women's pre-retirement life experiences where women continue to be responsible for unpaid work and a disproportionate share of caring responsibilities. Increased divorce rates, decreasing marriage rates, de facto relationships and sole parenting, mean many women are dependent on their own earning ability to provide for their daily needs and from which they must prepare for the future. However, participation in the labour force is characterised by disparity between women's and men's pay. The result of these experiences is that the vast majority of women will be reliant on state provision of retirement income.

The focus of this research is to explore how a group of mid-life women view retirement and how they prepare for it. The historical and policy context in which they live is described to provide a backdrop to their thoughts and actions. The research was triggered by the work of Hayes [1991 & 1993] and other researchers who identified characteristics of mid-life people and actions they took that could improve their retirement experiences. These were not all linked to financial motivations but retirement income from investments established in pre-retirement was central, as were income levels before retirement.

Why “mid-life”? In deciding to use the term mid-life I rejected stereotypical views of middle age. Having reached my forties I realised that “middle age” has negative connotations that do not tally with my feelings of being over forty and ageing. Ginn and Arber [1995] discuss three components of age: chronological, physiological and social. They describe social ageing as referenced in social attitudes and behaviour that is considered appropriate for a chronological age. Social age has strong links to gender because both are constructed on a view of what is appropriate for a specific age or sex. For the purposes of this research,

social age is useful because it identifies a stage of life rather than a specific time period and is not a static period of life. Social age is shaped by experiences and by personal attitudes and feelings. Mid-life has a broader and less negative feel, appearing to be fluid and allowing self identification of a stage in life. It is not a description of an individual in the way that being middle aged can be.

This thesis arose from my interest in retirement income policy and the implications for women. New Zealanders have been subject to regular political debate and social policy changes about the levels of state income support for the retired population, along with regular messages of the importance of saving for ones own future and not relying on the state. The specific focus of this research developed after I read that mid-life experiences could have positive implications for retirement:

women who do well in retirement share four characteristics, all developed during middle age. These include having financial security, a strong and independent identity, a healthy lifestyle and secondary employment skills acquired through an abundance of interest and avocation which can allow them to supplement their retirement income [Hayes 1991:72].

As a feminist, I was excited at the potential for information that reflected the lives of women and provided them with information and opportunity to make their retirement the best it can be. As a mid-life women I shared an impetus with many of my friends for preparing for the future. To find research that showed we could do something constructive now to improve future opportunities was empowering and reduced the sense of inevitability of poverty in old age.

As reflected in the Coney quote at the beginning of this chapter, for a number of us, our forties signalled a shift in emphasis and saw us increasingly interested in retirement. We look forward to retirement. In part this is a reflection on the pressures of working lives which leave little time for developing and exploring interests beyond the life of work and families. Our feelings were reflected in literature that identified retirement as a period of life when we had more time and

could choose how to fill it, largely because the need for full-time employment ended [Feuerbach & Erdwins 1994, Ginn & Arber 1995, Hayes 1991].

Central to this is the expectation that retirement will be a time of financial security which for the majority of women (and most men) means state provided retirement income. This is the rub. Women are aware that political ideologies change social policy and the predominant ideology of the 1990s has been to reduce state support and require increased individual responsibility. Yet, low pay and life circumstances mean that women continue to need the redistributive support of the state. Underpinning the political push for a shift from state provision to increased personal provision for retirement income is a message that pre-retirement people should save more and those that do not are irresponsible. My research wanted to find out if women prepared for their financial situation in retirement and if they did - what did they do? If they did not - why not? I wanted to find out if women were taking any personal responsibility for their retirement income or if they accepted reliance on the state.

There is an absence of empirical research about women's thoughts and actions in relation to retirement, although there is an increasing amount of literature analysing and discussing retirement income planning and the best way of providing for an increasingly ageing population. I hope to fill some of the gap with this research.

This study will be significant in that it shows how a group of women with regular and high incomes (for women) respond to public debates and personal realisation of how retirement may be for them. Although the experiences of one small group of women cannot be generalised to all women, their experiences and thoughts provide an insight and allow us to reflect on the wider implications for them and for women. For example, if women with incomes of over \$35,000 make financial arrangements in mid-life that should have positive implications for their retirement yet continue to emphasise their need for state support in retirement; what does this mean for women who earn only the average income of women or less, or for those who have no income at all? This is a key question arising from this research.

Specifically this study aims to locate women's experiences in relation to retirement income planning by:

- exploring women's aspirations for retirement
- identifying factors that shape women's expectations, plans and preparation for retirement
- gaining an understanding of women's economic situation in pre-retirement planning
- gaining an understanding of the role education about saving for retirement has in pre-retirement planning
- considering mid-life financial decisions that relate to retirement income
- developing an understanding of issues of retirement income from a women's perspective.

The study will reflect back to New Zealand social policy and historical literature related to retirement income, and general literature on women in mid-life and women and retirement income planning. Attention is given to the demographic context of New Zealand as it relates to women generally and retirement income specifically.

A qualitative approach in the form of face-to-face interview style discussions between the researcher and individual women has been used. This approach was used so the personal thoughts and reflections of the participants could be explored exposing individual responses and reasons for action (or failure to take action). The approach aimed to allow the women to explain for themselves why they did what they did. The strength of this qualitative approach was to provide a forum for women to express their innermost thoughts, in turn providing information that can inform policy makers on human responses to policies and policy development [Duelli Klein 1983, Jayaratne & Stewart 1991, Maynard 1994, Mies 1983, Patton 1990].

The method was chosen to avoid pre-determined analysis and to allow unexpected responses to emerge. For this reason the differences between the women are as important as the commonalities and the specific criteria for participation is exposed

to allow considered translation of the findings to other groups. By taking account of how the responses of this group may inform another, albeit with different group characteristics, the research data can give some insights and clues on the situation and experiences for other women. For example, women in this research identify employer superannuation as a significant impetus for beginning superannuation savings. Without that trigger others may not see superannuation as a viable retirement income savings option.

This study will be useful for women because it identifies how mid-life arrangements can improve the retirement experience. However it also suggests that state retirement income is essential for women and women must organise to ensure adequate state retirement income protection continues to be provided. Information in this study can be used by social policy analysts and adds to the expanding field of information about retirement income policy.

In summary, this thesis explores the views six women in their forties in full-time paid employment have about retirement income, the actions they take to improve their retirement experience, and the limitations of their retirement income plans caused by income levels and life shifts. The thesis shows that these women plan for their financial security because they have income levels that allow them to manage their current lives without detriment. The thesis also shows that the women are informed and aware of the public debate about retirement income policy.

Awareness of policy debates, income levels and advancing age, provide an environment in which the women make decisions on how to maximise the positive opportunities retirement can bring. Of essential importance is the finding at the core of this thesis that it is the income levels of these women which allows them to spend money on home purchasing and longer term financial arrangements (superannuation or insurance) - mid-life circumstances that are not shared by most New Zealand women.

The following two chapters explain social policy theories that inform current retirement income policy in New Zealand, and provide a historical overview of retirement income policy and how women have fared.

Chapter four provides a focus on the demographic debate that informs policy development on retirement income planning and then continues to outline key literature from New Zealand and overseas on mid-life and retirement life experiences of women.

Chapter five details the research perspective and methods, explaining the feminist underpinning of this thesis and describing the specific nature of the sample of participants and the process and procedures used in undertaking the research.

Chapter six presents an analysis of the data describing the six women individually and then collating the findings in themes.

Chapter seven provides analysis and discussion of the findings making links with the literature and identifying points of concurrence or divergence.

The thesis ends with chapter eight presenting final conclusions, recommendations and suggestions for further research.

Chapter two: Social policy theoretical perspectives and retirement income provision in New Zealand

2.1 Introduction

Theoretical analysis of social policy provides a foundation for viewing the development of retirement income policies in the New Zealand welfare state. This chapter provides an overview of theories relevant to retirement income policy, exploring aspects of liberalism, libertarianism, social democratic and feminist theories. This provides a framework for the consideration of retirement income policy in New Zealand. Links between social policy shifts in New Zealand and theoretical perspectives are included in following chapters on the history of retirement income policy in New Zealand and women and retirement income. The first part of this chapter outlines social policy theories. Then, feminist theory is discussed and the role of the Ministry of Women's Affairs in policy development is outlined.

2.1.1 Why consider social policy theory?

Social policy is formed and shaped in the context of relationships between the state, market, economy, political movements and people, all interacting in society. The ideologies that inform policy makers influence the decisions made in implementation and evaluation of social policy. Exploring theories can unlock the origins of the arguments and the perspectives in which policy was developed [Cheyne et al 1997].

In this research theories are used to inform analysis on the reasons why mid-life women have the aspirations for retirement they do, and make particular decisions and plans for their retirement. Theories are also used to explore policy making response to libertarian concerns about reliance on, and cost to the state of retirement income [Sharp & Broomhill 1988]. In New Zealand, policy responses to retirement income provision have been publicly visible and often hotly debated by groups such as Age Concern and Grey Power. The relationship between state and individual responsibility has been central to the debates and political decisions

on policies. In 1996, the Minister of Women's Affairs, Hon Jenny Shipley, summed up the government's position:

while it is in the first instance ... the responsibility of individuals; it is also the responsibility of public policy makers to work out what the answer is, if there is a gap, and how that gap will be filled in terms of public provision of support where for whatever good reason, women and indeed some men, will not accumulate sufficient savings for their future [Shipley 1996].

Welfare states have responded in a variety of ways to retirement income issues. New Zealand was a pioneer welfare state and was a leader (see subsequent paragraph) in universal state funded age pensions [Jesson c1989:1]. Other welfare states have other responses. The United States [US] and United Kingdom [UK] have earnings related benefits and the US has a higher age of eligibility but more favourable taxation for pensioners [St John 1992(b)]. Australia has compulsory employer contributions to individual superannuation arrangements and a lower state pension than New Zealand but provides a number of services or "perks" [St John 1994:72(b)] that New Zealand pensioners do not have.

In social policy analysis, the framework of facts must be defined; assumptions exposed and explored through theoretical analysis. Identification of any assumptions allows consequences to be explored; the intents and advantages or disadvantages of policy made transparent. Theory can provide a base from which critical reflection can occur and assessments be made.

The impact of the theoretical positions underpinning social policy decisions in New Zealand at any point in history has served to shape the welfare state. New Zealand was among the first nation states to introduce key welfare provisions. They included, an old age pension targeted to the "deserving poor" (see 3.3 -4) in the 1880s; universal suffrage in 1893 (the first country to do so); a family allowance in 1926 (the second country to do so); and in 1938 the Social Security Act was a world first providing a universal age related pension. Such social policy events shaped New Zealand as a welfare state. Later developments have shifted the emphasis in social assistance from universality to targeting, with increasing

individual responsibility rather than redistribution through taxation. Consequently New Zealand is no longer the welfare state it once was [Cheyne et al 1997, Jesson c1989, Pierson 1992, Spicker 1988].

2.2 Theoretical influences on retirement income policy in New Zealand

This chapter now addresses the liberal base of social policy theoretical perspectives in New Zealand which underpins shifts in retirement income policy from the 1880s to the present day.

2.2.1 Liberalism

Liberalism is defined “*for the sake of clarity*” [Cheyne et al 1997:73] as:

the theoretical tradition which promotes individual well-being through a reluctant acceptance of state intervention [ibid].

Beginning in eighteenth century Europe, liberal theory began as an “*intellectual, political and social force*” [ibid]. Developed since then by a number of theorists, liberals emphasise the rights of an individual to act autonomously. Individuals have the right to own property, trade, participate in the constitution, and have civil rights and rights of citizenship. Liberals accept democratic government because it provides for the individual to participate in constitutional and civil society.

Individuals are to be able to operate in the free market although some liberal movements acknowledge that “*a free market was not sufficient in itself to ensure individual well-being*” [Cheyne et al 1997:72]. As Cheyne et al explain, liberals accepted state participation in the market and economy to protect the rights of individuals, but this is a reluctant acceptance. The strand of liberalism that more readily supports state intervention for individual well-being has swung in emphasis with liberals who want a freemarket economy and minimal state participation in welfare, sufficient only to sustain well-being in the most needy with all others being self reliant. Within liberalism there is a “*strong sense of the need to balance state intervention with the protection of individual freedom*” [Cheyne et al 1997:78].

Two theoretical strands influencing retirement income policies in New Zealand have arisen from a liberal theoretical context: libertarianism and social democracy. Their differences reflect the theoretical perspective on the role of the state in social policy and the degree of state participation allowed [Cheyne et al 1997, Jesson c1989, Kelsey 1993]. Libertarianism is discussed next, then social democratic theory.

2.2.2 Libertarianism

Libertarians share a liberal perspective on individual and property rights, want to limit state intervention and enlarge the importance of market freedom. The rights of the individual are paramount. Beyond classical liberalism, Jesson explains libertarianism as a “modern movement” that while “[l]iberals were apprehensive about the extension of the power of the state,” libertarians have a “much more drastic task of dismantling an established welfare state” [Jesson c1989:1]. Noting the libertarian perspective has gone further than liberal theory links with social democracy, Jesson sees libertarian theory as a reflection of:

the changing structure of New Zealand society [that] brought ... to the fore ... highly individualistic, and concerned with individual rights and gratification, not with the collective ... it was a movement of liberalism rather than social democracy [Jesson c1989:11].

Libertarians are strongly opposed to state welfare and argue that it undermines freedom. For example, removal of choice by providing services (such as publicly provided health and education) that an individual uses with little opportunity for self determination. Recently, Hon Jenny Shipley, then Minister of State Services, provided an example of a libertarian position in relation to compulsory savings for retirement. She said:

I believe it is wrong that a government, and particularly a National Government, will by law require people to invest ... rather than allowing New Zealanders to use their own resources and judgment to make the most appropriate and practical decisions concerning their retirement savings requirements. Such a programme

interferes with people exercising personal responsibility
[Shipley 1997:5].

Cheyne et al explain libertarians are fundamentally opposed to collection of state revenue from taxation. They argue the loss of revenue to an individual prevents opportunities to fund their own needs and choices with their own resources.

The rise of libertarian theory has been evident in the reform of the New Zealand welfare state over the past ten to twenty years. The 1997 referendum on compulsory individual retirement income saving is the most recent policy example. The Coalition Government proposed compulsory savings for all employees to reduce the cost of age pensions to the state and increase individual assumption of personal responsibility. There was frustration that a voluntary saving approach was taking too long to achieve the first objective - reduction of state expenditure.

2.2.3 Social democracy

Social democracy also has liberal roots, but expands the liberal prescription of the state to be "*potentially a positive force*" [Cheyne et al 1997:80] to improve opportunities for groups within society. Recognising that inequalities can exist (through class, race, gender, for example), social democratic theorists expect the state to intervene in the interest of members of society.

Social democracy addresses the role of political and economic power. Where markets fail to deliver to individuals or groups of individuals, the social democrat looks for state intervention through organisation, protection and redistribution. Pierson describes this as "*political authority which exercises effective control over the economic seats of power*" [Pierson's emphasis 1991:25].

Recognising capitalism has negative consequences for some, social democratic theory provides a place for social organisation to be active in decision making. Organised labour, trade unions and political parties have a central role. Social democracy values democratic participation and a:

state which intervenes within the processes of economic production and exchange to redistribute life chances between individuals and classes [Pierson 1991:26].

Social democracy recognises structural social problems will arise that markets cannot or will not address. Non-market distribution and redistribution, costs and benefits of social policies will continue to impact on macro economic performance. A social democratic state would temper economic and political decision making with the needs of members of society. A social democratic response would recognise that women's inequity in the labour market precludes adequate private arrangements for retirement income making state retirement income support essential.

2.2.4 Political and theoretical shifts

The interface between libertarian theory and social democratic theory has shaped retirement income policy throughout New Zealand's history from the 1880s to the present day. The effect of these theories can be observed through, what St John describes as, "*welfare values shift*" [St John 1992:20(a)]. Value shifts in welfare policies illustrate how theories manifest in different emphases and different components of policy response. For example:

- social democratic concept of universality or the exclusivity (targeting) of benefits from the libertarian perspective
- increasing or decreasing value of benefits
- rigidity of eligibility criteria
- the unit of entitlement (for example, family, individual)
- level of responsibility of the state, family, community or individual.

The development of the welfare state since the impact of global economic crisis in the 1970s, and continuing impetus for change through the 1980s and into the 1990s, has been shaped by a shifting political emphasis (increasingly libertarian) on the role of the state and the market. As the next chapter explores in more detail, the development of retirement income policies from the 1970s has swung through theoretical perspectives and political imperatives.

Legislation in 1974 compelled contributions to a state pension fund but was shortlived. After a change to a Government with a more libertarian approach, the scheme was terminated (introducing a tax funded scheme in 1977) because of the level of state management required and the time it would take to come to fruition.

Affordability of social welfare policies was central to policy change. Balancing key economic aims, economic growth, low inflation, full employment and balance of trade became increasingly difficult through the 1980s and 1990s. For retirement income provision in New Zealand this situation focused attention on the level of the pension value and the increasing costs caused by an ageing population.

National Superannuation (introduced in 1977) was set at 80% of the average wage for a married couple and 60% of the married rate for single people [Beaglehole 1993:42]. There were no income test qualifications. The generosity of National Superannuation was seen by some as a political bribe by the then National Government Prime Minister Robert Muldoon. The motivation being political, rather than theoretical, pragmatism.

As an approach, the generosity that might have appealed to social democrats was constrained. In 1985, measures to reduce state expenditure included a surcharge based on additional income on the pension. Measures to raise the age of eligibility and reduction in the value followed in the later 1980s and early 1990s. Other areas of welfare spending were cut with benefits levels reducing and eligibility criteria tightened.

A recent example of a libertarian response to social democratic policy was the National Government's 1991 Budget attempt to:

transform National Superannuation, the state retirement pension, into a tightly targeted social welfare benefit to be applied for only by the poor ... [after a partial reprieve because of public pressure] it was announced that the income-testing provisions ... on superannuitant's other income would remain ... the rate of surcharge would increase and the level of income exempt from surcharge would sharply reduce [St John 1994:89].

The libertarian response did not end with changes to the existing arrangements. It was signalled:

those aged under forty-five ... had better start saving as the future of National Superannuation is bleak. The age of eligibility is to be raised ... [St John 1994:89].

The libertarian view was the welfare state should be reformed to reduce liability, to end dependency on the state, end universal entitlements and focus on safety net support for those with a demonstrated deserved need. The welfare state was identified as one of vast and unsustainable expenditure with reducing revenues.

A programme of containment and retrenchment of the New Zealand welfare state had begun. The introduction of change was not completely opposed by social democratic groups. Dissatisfaction from the social democratic perspective about the operation and delivery of the welfare state provided an environment where change was expected. The *“long hostility of working people to what is perceived as dependency on public provisions”* [Selbourne 1985:117] may well have provided a context for the reforms to the provision of welfare and social expenditure. People looked to the state to redistribute the wealth and income to all who needed it. The aim of individuals and groups, however, was not to need welfare support but to have the opportunity to work, to be paid and to provide for oneself and those for whom one had responsibility. The role of the state was to ensure that universal rights and public goods (health, education, justice) were provided for all from the revenues gained from fairly earned and paid taxes. Welfare support was a support for those in need and not dependency on the state. Retirement income provision was to be paid in recognition of life time contributions to society.

2.3 Feminist response to social policy theory

Within the context of this research, the relationship of feminist theory to social policy theories is explored as a framework for analysing how retirement income arrangements are experienced by women and to identify any gendered dynamic in the influence or outcome of retirement income policy.

Women have experienced social policy differently to men, although not all women have experienced social policy in the same way as other women and generalisations cannot be made to all women. It may be that some aspects of the welfare state are experienced similarly by women, regardless of class or ethnicity. Most women receiving the current state funded age pension experience a time of economic well-being greater than at other stages of their life [Ministry of Women's Affairs (MOWA) 1996(a), Statistics NZ 1997(a)]. This applies to Maori and pakeha women, and can mean that elderly Maori and pakeha women have something in common that they do not share with younger women of their own ethnicity.

In feminist research, theory has a responsibility to "*connect experience and understanding*" [Maynard 1994:24]. In a feminist social policy context, experiences are analysed to inform policy development, to allow for assessment of the policy and consider the impact on women. Maynard describes this as "*policy relevant*":

[f]eminist work needs to be rigorous if it is to be regarded as intellectually compelling, politically persuasive, policy relevant
[Maynard 1994:24].

Feminist responses to social policy have illuminated the impact of gender on the well-being of women and challenged assumptions about women and the roles ascribed to women in society.

Feminist theorists argue the state assumes a patriarchal¹ role to maintain gender differentiation in a way that capitalises on the unequal division of paid and unpaid labour by women and men [Cheyne et al 1997].

Gender "*insensibility, as well as inherent theoretical limitations*" [Williams 1989:120-123] obscure the experiences of women in the welfare state and inadequacies in traditional social policy theories are apparent. A feminist view of

¹ The Collins Dictionary of Sociology describes "patriarchy" as "any system whereby men achieve and maintain social, cultural and economic dominance over females" [Gary & Gary 1995:478] Within the context of this work, I would define patriarchy as the maintenance of unequal division of labour and resources between women and men, where men retain control and power over women and where social experiences, policies and theories are determined from a male view excluding or ignoring the experiences of women.

social policy theory inherent in the origins and development of the welfare state places women centrally as the majority of users of welfare provisions. In the critique of theoretical perspectives and analysing policies, feminists:

argue that women's experience in the public sphere cannot be considered in isolation from what happens to them in the private sphere of family/household [Cheyne et al 1997:105].

Williams identifies the role of the welfare state in the perpetuation of women as dependants of male income and patronage. Women are low paid with less access than men to full-time work and are vulnerable to state welfare targeted to the deserving [Williams 1989].

The second wave of feminism in the 1960s and 1970s challenged social policy theories that had prioritised class inequalities over other social divisions in capitalist society while largely overlooking or discounting the importance of gender and response of the welfare state.

Women's liberation demanded that women were to be equally treated and not viewed as a dependant daughter or wife. As Rudd explains:

some feminists view a State's social policies as maintaining a system of patriarchy ... which may coexist or intersect with a system of capitalism ... The women's liberation movement of the 1960s questioned the cult of domesticity and the idea of a social wage. As more and more women entered the full-time paid workforce...and the number of single-parent families grew, existing social welfare policies were increasingly at odds with reality [Rudd 1993:238-40].

As noted, New Zealand state retirement income provision for women does have aspects that are of specific value to women and involve equal treatment. St John asserts arrangements made at the time of the multi-party Accord (see 3.10.2) are "the best income support arrangements in the OECD for women" [St John 1996:9].

New Zealand women receiving the age pension receive equal treatment to men of the same age. But the cumulative effect of women's life experiences (lower pay than men, greater share of unpaid work) mean the experience of women in older age can be a perpetuation of disadvantage in a woman's life. Women are more likely to live alone and to a greater age. The inability of most women to make adequate private arrangements for retirement income means they will be reliant on state retirement income. While this is true for many men, the combination of factors relating to women's pre-sixty five and post-sixty five age mean that "*ensuring an adequate income of older women is a critical policy issue*" [MOWA 1996:53].

In New Zealand policy advice on the position of women is provided to Government by the Ministry of Women's Affairs. The Ministry has taken a central role in policy debates, both in policy advice and public discussion. The next section outlines the policy analysis of the Ministry on how women fare in retirement income policy in New Zealand, initiatives taken by the Ministry to advance retirement income policy debates by women.

2.3.1 Role of the Ministry of Women's Affairs in the policy debate

In June 1996 the Ministry sponsored a conference *Women and Retirement Income*. Judy Lawrence, Chief Executive, acknowledged the work of Ministry in policy analysis about the "*situation of women and retirement income*" and pledged to:

continue to work in this area to press for gender analysis to be undertaken when retirement income policy is under discussion

[Lawrence 1996:16].

The 1996 conference illustrated the ongoing commitment of Women's Affairs to informing the public about issues of retirement income for women. The 1996 conference was not the first public action the Ministry had taken over retirement income issues.

In 1989 the Ministry commissioned and published a small booklet *Income Security for Older Women* [Bywater 1989]. The booklet examined "*the implications for*

women of possible [retirement income policy] reform options” [Shields in Bywater 1989: Forward].

In September 1990, the Ministry commissioned Melville Hilder Limited to prepare a report on women and retirement income. The report was presented at a small briefing seminar in September 1990 for government departments and non-government organisations with an interest in women. Melville Hilder, a private superannuation company, considered the demography of an ageing and female dominant aged population; women’s income potential over their lifetime the cost of state provision for retirement income and the costs of individual saving to replace demand on state provision of retirement income. Melville Hilder concluded:

It would appear that we have in existence a system which is fair to everyone. It certainly provides the same benefit for everyone except for the surcharge. It does not distinguish between different races and the sexes, between different socio-economic groups and between those in the paid workforce and those who are not
[Melville Hilder 1990:2].

While concerned that the expected increase in the older population would increase the cost of providing state retirement income they calculated that “most women cannot meet the full targets set ...” [Melville Hilder 1990:19] for providing one’s own private retirement income.

The following month, in the October 1990 *Briefing to the incoming Government* the Ministry alerted the Government that:

As the age of entitlement for the universal, tax-funded Guaranteed Retirement Income is increased, and as the overall level of the benefit is likely to reduce in the longer term, there is the prospect of increasing poverty amongst older women. [MOWA 1990(a):20].

The briefing expanded on the place of women in society (low paid, breaks in full-time employment), and raised the issues of systemic sex discrimination in the superannuation industry “on the basis of actuarial or statistical data” [ibid:21].

The 1990 briefing located the two major issues for women as:

- (a) *women's ability to save for retirement, either privately or through an employer-funded contributory scheme, and*
- (b) *the importance of unpaid work being implicitly valued through a universal benefit* [MOWA 1990(b):62].

In a memo for a meeting between the Ministry and the NZCTU, senior policy analyst for the Ministry, Maire Dwyer wrote:

It is clear that there is an international movement to reduce the role of the public sector in providing income support for older, post-employment aged people. The likely negative impacts for women are clear when we examine our collective ability to provide for old age. Women as a group only receive one third of the wages and salaries paid in NZ. Longer average life expectancy, coupled with actuarially based gender discrimination in the insurance industry, mean that even where women have the same resources as men to purchase pensions, the weekly pension rate is lower. [MOWA 1991:1].

She went on to record the Ministry's argument against compulsory superannuation schemes "*on the grounds that they would not work for women*" [ibid]. The Ministry's submission to the Prime Minister's conference opposed tax incentives for private superannuation because "*private, employment based schemes have traditionally directly served the interests of career males*" [ibid]. The memo expanded on the problems for women of employment related superannuation:

women in employment are only half as likely as employed men to belong to a scheme, and more likely to drop out of schemes thereby losing the employer contribution. [The MOWA's] conclusion is that, no matter how hard we try to design schemes more suitable for women, low paid workers and workers with variable employment are still likely to be the majority of non-members and will therefore not benefit from tax incentives.....A feminist view could be that there should be no employer contribution on top of

basic remuneration packages which is only payable to members of the superannuation scheme because such a system is a hidden subsidy from low paid and predominantly female employees to high paid, predominantly male employees. For scheme members there are other inequities. The more you earn the more you get. If you drop out other scheme members benefit from the contribution your employer made on your behalf. To put it bluntly, it is another component of wage inequity [Dwyer 1991:2].

In 1992 the Ministry commissioned Auckland University senior lecturer in economics Susan St John to complete a comparative analysis of New Zealand policies for women in superannuation internationally. Her report placed the 1980s and 1990s debates on retirement income in New Zealand within an economic context and related to the work given to the Todd Taskforce to address private provision:

In New Zealand, as the recession of the late 1980s and the early 1990s has worsened, there has been a growing sense of disenchantment with the policy mix. The state pension has been viewed as too generous and unsustainable, while the hands off neutral tax regime for private provision is widely viewed as inappropriate and even penal [St John 1992(b):3].

Importantly, she identified that New Zealand and Australia had stood out amongst OECD countries in “*providing a flat-rate, individually-based state pension, based on residency criteria, not a contributions history*” [St John 1992(b):2]. She praised the simplicity of the New Zealand system that is based on the principle that women have a right to a pension regardless of tax contribution thereby providing a gender neutral state retirement income.

Many of the complexities surrounding the treatment of women that arise in other countries are avoided in this simple, egalitarian approach. For superannuitants with no other income, the level of pension in the past has been sufficient to sustain a modest to comfortable lifestyle except perhaps for those who rent or are in poor health. The scheme has proved robust in the face of social

change, such as increased divorce and separation, and the increased participation by women in the workforce
[St John 1992(b):4].

In 1993 the Ministry released an occasional paper on *Maori Women and Private Provision for Retirement*. Then in 1996, as discussed, a conference was sponsored on issues relating to women and retirement income policies.

Following the 1997 Coalition Agreement, the Minister of Women's Affairs, Hon Christine Fletcher, released principles on the retirement income needs of women. The principles were prepared by the Ministry to guide the development of the proposed compulsory retirement saving scheme [Fletcher 1997].

2.4 Conclusion

The purpose of this chapter has been to identify the theoretical perspectives shaping New Zealand's response to retirement income provision by the state. Libertarian and social democratic theories with their respective emphases on the individual and the state, have ebbed and flowed in prominence as explained in the next chapter where shifts in retirement income policy in New Zealand since the 1880s and the introduction of legislation for retirement income are outlined. Political expediency has tempered or reshaped some of the purist theories (for example Muldoon's scheme of the 1970s. See 3.8). However, in the late 1990s we continue to experience the libertarian push for increased individual responsibility and removal of the state from retirement income provision. In spite of the overwhelming defeat of the 1997 compulsory superannuation referendum the libertarian agenda continues using the threat of an old age demographic blow out to advance their ideological position for increased personal responsibility and reducing state participation in retirement income provision.

This thesis explores the historical context and theoretical influences on retirement income policies and how a group of women in their middle years are responding to the political environment in which they live and how it impacts on their views,

plans and expectations for their own retirement in twenty to twenty five years. The next chapter outlines the key historical features of retirement income policy in new Zealand and examines how women have fared.

Chapter three: Historical overview of retirement income policy in New Zealand

“Superannuation is one of the most fiddled - with but unresolved issues facing our society” [Roger Douglas 1994: E1]

3.1 Introduction

The history of retirement income policy in New Zealand illustrates the struggle between libertarian and social democratic theory. Libertarians expect individual self-reliance and accept minimal state support for only the genuine needy. The social democratic position supports collective responsibility of universal publicly funded retirement income protection. Shifts in, and revisiting of policy positions, means that decisions about retirement income made by the working aged, tax paying population are informed by policy change.

This chapter outlines key phases of policy development for retirement income in New Zealand's history. Opening with a discussion of the key policy debates, this chapter then explores history from the 1880s to 1997.

In recent times there have been intensive levels of political and public debate about the nature of retirement income policies and whether current policies should change. Private responsibility and public provision; universality versus targeting of public provisions are not new to social policy debates about retirement income in New Zealand. Most distinctly (at the time of interviewing for this research) in preparation for a citizens referendum in September 1997, New Zealanders were debating the proposition that wage earners should be compelled to save.

A level of gender equality does exist in the provision of state retirement income: women and men receive the same pension level. There have also been times when women have received the pension at an earlier age than men. However, inequality in women's pre-retirement experience, especially through lower income levels, mean women have a greater dependence and reliance on the state in their retirement years.

3.2 Personal or state provision?

Apportioning the level of responsibility for retirement income between state and individuals is a key social policy debate throughout the history of retirement income policies in New Zealand. Along with arguments over the impact of demographics, critical components in the debate are the degree to which entitlements should be targeted or universal, and the questions of fiscal affordability of state provision. The amount of pension, age of entitlement, who should get it and the mix of public and private responsibility have been constantly debated since the 1800s [Beaglehole 1993, Douglas 1994, Hanson 1980, Hyman 1992, Ministry of Women's Affairs (MOWA) 1991, NZ First 1993, Royal Commission on Social Policy (RCSP) 1988, St John & Ashton 1988, Todd 1991, 1992(a) & (b)]. The provision of additional personal retirement income through superannuation or long term savings and investment has been a particular focus within that debate. The predominant policy is been that private arrangements should supplement or top up any state pension [Foulkes 1993, Hyman 1992, St John 1991, Todd 1991, 1992(a), 1992(b)].

This position has been promoted, on the one hand, in response to the inability of women, low and unpaid people to save enough during the course of employment to provide an adequate retirement income and, on the other hand, because systems of collection (of compulsory saving) were too costly for the overall fiscal savings that could be made. The agenda for a switch in policy emphasis has been vociferously pursued and prompted constant reviews of policy [ACT 1996, Coalition Agreement 1996, NZ First 1993]. Recent examples are the 1992 rejection of a tax incentive and compulsory saving system [Todd 1997(a) & (b)], and further rejection of compulsory superannuation saving in the 1997 referendum.

The non-compulsory saving approach relying on tax revenue to pay pensions, reflecting social democratic principles, was introduced in 1898 and has remained, except for a brief period when in 1975, a compulsory saving scheme was introduced by the Labour Government. Then, in 1977 a tax funded pension was reintroduced after a change to a National Government which argued the 1975 scheme was unworkable and would not deliver full benefits for forty years [St John

& Ashton 1988:15] (see 3.8). Since then a tax payer funded regime has remained in place albeit with variations (see 3.9-10).

3.3 1880s: The cyclic pattern of policy debate begins

According to Beaglehole, in the 1880s there were many more elderly men than women. The men were less likely to be married and therefore lacked family support, and they were less likely to continue working than elderly women for whom some work opportunities remained in later life that were not available to men. But the situation was far from rosy for women. Beaglehole suggests that the depression before 1898 undermined the “*traditional view that poverty was caused solely by a person’s character*” [1993:36]. However, this did not change prevailing views that good character was important. Beaglehole quotes the 1972 Royal Commission of Inquiry on Social Security which opined that one would “*have to be a saint to qualify for a pension*” [RCSS 1972:43] and:

be without a criminal record, be of good moral character (no woman who had left her husband, for example, need apply...
[Beaglehole 1993:36-7].

There have been remarkably cyclic patterns in the alternation of libertarian and social democratic perspectives on social policy relating to retirement income provision. Policy debate has always included consideration of compulsory saving as an alternative¹ to the provision of a state funded pension and the age of entitlement has fluctuated (more for women than men). Criteria for receipt of pensions and the value of pensions has varied, rising and lowering. Eligibility has waxed and waned through targeting, taxation and surcharge arrangements. The changing ratios of working age adults to superannuitants and of elderly women to elderly men have caused concern and influenced the debates and policy development.

¹ Compulsory savings have been promoted in 1898, 1936, 1991 and 1996-7.

3.4 Charity, poverty and plans for compulsory saving before 1898

A libertarian view on self responsibility and reliance prevailed in late 1800s with the result that older people (along with others living in poverty) who could not provide for themselves relied largely on private charity and voluntary helping agencies (like guilds and trade unions with a social democratic ethic) with minimal public assistance. Public assistance available was paltry and along with charity only for the “*deserving*” poor [Ashton & St John 1988, Beaglehole 1993,² Hanson 1980]. Conservatives of the time considered any state old age pension to be an extension of poor relief. Liberals considered that pensions should be recognition for contributions made to New Zealand.

In 1883 the Colonial Treasurer, Sir Harry Atkinson, proposed compulsory national insurance “*against sickness, accident, old age, widowhood, and orphanhood*”. He argued that voluntary saving through “*private thrift [was] quite useless*” because of the time it took to save a sufficient amount individually. Atkinson’s preferred option was:

not private thrift or saving, but co-operative thrift or insurance, and that to be thoroughly successful ... must be national and compulsory [Hanson 1980:22].

The ruling Liberal Party did not pursue a national insurance scheme because of the complexities of establishing the scheme and the time it would take to build a fund of sufficient size³. Instead, wanting to remove the “*stigma of charity*” [Hanson 1980:23] they proposed a pension for all, as of right, for those over sixty-five years with twenty years of residency in New Zealand. The Old Age Pensions Act 1898 was subsequently introduced.

² Beaglehole records that Maori were largely excluded from charitable aid because they did not pay rates. Maori were excluded for the 1898 Act on the basis that they “*had less need of a pension, because of their customary rights in land, lower living standards and communal way of life*” [Beaglehole 1993:37].

³ Complexity of design and the time needed to establish funds sufficient to replace state pensions are a repeated feature of the defeat of private and compulsory saving policy proposals.

3.5 The Old Age Pensions Act 1898

The Old Age Pensions Act 1898 perpetuated a policy of self reliance. It identified deserving people as those who paid taxes and used their labour for the colony.

The Act also recognised that elderly people may have immigrated to New Zealand to work and settle and did not have family to rely on. Therefore, the pension was given in recognition of contributions made during "*their prime of life*" [Hanson 1980:16].

The 1898 pension scheme was not a system of universal entitlement. The Government considered it too expensive and the growing population added weight to concerns about affordability. The pension was for those who were morally deserving, over sixty-five years for women and men with limited income and property. It provided a small, stringent means tested, flat rate pension [St John & Ashton 1988, Hanson 1980]. The effect of the test was to continue the provision of public assistance only to those in dire need.

In 1911 the age of eligibility for women was lowered to sixty or fifty-five for women with dependant children.

3.6 Developing the replacement to the 1898 Act

In 1936 the Labour Government investigated proposals that the age level for men and women be lowered (to sixty and fifty-eight years respectively, later fifty-five for women) and for the level of the pension be lifted. Treasury costings indicated the proposals were expensive. Treasury estimated that if all the proposals for improvement were in place the total cost would be "*nearly two-and-a-half times the normal annual pensions bill.*" [Hanson 1980:45]. Treasury cautioned that increases to the pensions "*should not be authorised until it is known where the additional revenue is to be obtained*" [ibid]. Balancing the budget on one hand, and widening eligibility and increasing the pension value on the other continues to be debated into the 1990s.

In that Government, Walter Nash was minister in charge of a Cabinet Committee formed to meet two main aims of Government. The first was related to health, and the second goal was:

[t]hat everyone reaching a certain age who had lived in New Zealand for a certain number of years should receive an old age pension regardless of means [Hanson 1980:46].

The Committee identified problems with New Zealand's demography. The birthrate was falling and:

threatened to lead to an even worse financial position over the years ahead as the number of people receiving pensions steadily increased in proportion to the number contributing
[Hanson 1980:50].

A committee of interdepartmental officials modified Nash's proposals because of their cost. In an effort to deliver Government's policy, the committee suggested a minimum level of guaranteed income "*to make sure that every person who attains pension age will have at least enough to live on*" [ibid:52]. Only those people who did not have an income of thirty shillings would receive the pension. The committee also recommended that the age of entitlement be sixty-five for men and sixty for women. In making these recommendations the committee remarked:

Placing a man (sic) on superannuation means giving him (sic) a share of current production without his (sic) making any contribution towards that production. It follows that if there are too many claims for non-producers the standard of living of the whole community must be undermined. [cited in Hanson 1980:53].

The committee did not stop there. The report suggested a universal pension of ten shillings for all at age sixty-five "*provided they had paid in contributions for at last five years*" partly through an annual levy and partly through taxation [Hanson 1980:54]. This was a partial return to the social insurance proposals of Sir Harry Atkinson and the reform party. Hanson sums up:

[t]he ideal of universal pensions regardless of means was replaced - for reasons of cost - by the ideal of first ensuring a minimum

income to all who might come within [existing benefit] categories
[Hanson 1980:54].

The debate about universality was critical for women who then, as now, had insufficient levels of income to provide for a comfortable retirement income.

3.7 Setting the scene: The next fifty-five years

Nash continued to believe in a “*self-supporting superannuation scheme*” [Hanson 1980:71] and was:

convinced ... of the advantages that an insurance fund would provide as an extra source of government revenue ... [H]e had in mind [that] the fund was to help pay off the national debt
[Hanson 1980:71-2].

It was noted that a contributor scheme would see the eventual reduction of the number of people requiring a state funded pension.

The Labour caucus rejected Nash’s work on a contributory scheme and determined that the promises of the Labour Government social democratic policy:

could best be met by one comprehensive social security scheme ... the guiding principle [was] that contributions to such a scheme should be according to means while benefits from the scheme should be according to needs [Hanson 1980:78].

That work concluded with the introduction of the New Zealand Social Security Act⁴ in April 1938. The Act introduced an old age pension of thirty shillings per week, means tested from age sixty with additional income of up to twenty shillings allowed; and a universal entitlement at sixty-five years regardless of means. A tax of one shilling in the pound was introduced to fund the new social security measures to which the old age pension was a part.

⁴ Hanson [1980] explains the NZSS Act was unique because it was the world’s first social security legislation providing universal age pensions and a free national health service paid for from taxation revenue.

The 1939 social security tax of one shilling in the pound, later one shilling and sixpence (or 5% and 7.5% of the average wage) was paid into a Social Security Fund. It was not expected to fully fund the costs of social security and was, therefore, not a contributory social insurance scheme⁵.

In 1940, the Labour Government increased the value of the old age pension to 30% of the average wage, reduced the age of entitlement to sixty years and expanded the universal pension at age sixty-five to people who had lived in New Zealand for more than twenty years. The universal pension was treated as taxable income thereby enabling some targeting for need. Over time the universal pension, initially a very small amount, was increased to the level of the non-taxable pension for sixty year olds.

From 1940 until the 1970s the organisation of state pensions was stable although the level and coverage of the old age pension continued to expand [Ashton and St John 1993].

By the 1950 to 1960s women over fifty-five could access the age benefit instead of waiting to their sixtieth birthday if they could not find paid employment. Beaglehole writes that this reflected:

different expectations about the role of men and women and their place in the paid work-force. It was thought that women, unlike men, could not be expected, at the age of fifty-five, to continue to work for a living. The provision was withdrawn in 1976 [Beaglehole 1993:38].

Throughout this period falling birth rates with potential reduction in tax revenue caused anxiety in the 1930s as it is now in the 1990s when an increasingly ageing, European and female dominated population raised concerns about taxation revenue and fiscal demands. A establishment of a universal pension for all was an important outcome for women as was the recognition that employment may not be

⁵ In 1964 the Fund was abolished and by 1969 the social security tax was absorbed into income tax [Ashton & St John 1988].

available for ageing women by allowing unemployed women access the pension at fifty-five.

3.8 1970s: State versus individual responsibility

In the 1970s the role of state provision of retirement income again became a focus of political debate. The issues were, and continued to be, about the way in which retirement income should be provided. Should the state pay through redistribution of taxes, in accordance with social democratic theory, or should individual provision be made from personal income in accordance with libertarian principles? Central considerations for policy are the costs of state provision and ways to limit or reduce that cost. To date, reducing the value and altering the age of eligibility for the pension have been responses to the implications of demographic projections of an increasingly disproportionate number of superannuitants to working aged population while maintaining the social democratic model of state provision of retirement income.

The balance of power between libertarian and social democratic principles and changes between Labour and National Governments saw the mix and focus of policies shift, the overall impact of the retirement income policies has been to improve living conditions for the elderly. This had particular advantages for women:

for many women, [National Superannuation] was the first independent income they had ever received, and the first implicit acknowledgment of their contribution to society ... Since its introduction, women have been less likely to be poor in their old age than at any other stages in their life [Beaglehole 1993:39].

The Royal Commission of Inquiry on Social Security (RCSS) in New Zealand [1972] concluded that the two benefits, the universal retirement benefit at sixty-five years and the income tested pension at sixty years of age, should continue with parity of benefit values being maintained [RCSS 1972]. The Commission discussed private provision for retirement income noting that voluntary savings "*are not so much substitutes for, as supplements to, community financed*

protection" [RCSS 1972:203]. The same conclusion was reached later by the Task Force on Private Provision for Retirement (known as the Todd task force) in 1992. Following the Commission of Inquiry's report, pension values increased through concessions on Christmas bonuses and reached 65% of the average wage for a married couple. It should be noted this level was a subsistence level for many during a time of unexpectedly high inflation and, in some cases, because of lost savings in collapsed financial ventures [Ashton & St John 1993].

In 1974 the New Zealand Superannuation Act was passed by a Labour Government and the New Zealand Superannuation Scheme came into being (1 April 1975). The Act was controversial as it required employees (aged seventeen to sixty-five years) and employers to contribute 4% of their wages and salaries to the New Zealand Superannuation Fund or an approved scheme. The contributions and investment returns were to be paid out as an inflation adjusted annuity on retirement. [Beaglehole 1993, Hanson 1980]. The link to contribution based on earnings disadvantaged women who had time out of the workforce limiting what they would receive, although after the initial introduction of the scheme there was an adjustment made to "*recognise women's contribution in the home*" [Beaglehole 1993:39].

The incoming National Government abolished the scheme late in 1975. It criticised the scheme because it:

- would not pay full benefits for forty years
- gave a vast amount of economic power to corporations, and
- there were equity issues the scheme did not resolve (those not in the workforce, mainly women, were not part of the scheme).

Ashton and St John [1993] observe that the abolition of the superannuation scheme meant that, once again, private provision was seen to supplement the state pension, not replace it, for a time social democracy prevailed. This was a positive policy change for women who had been disadvantaged by the contributory scheme because of lower incomes and periods out of the workforce.

National Superannuation, introduced in 1977, was a universal age benefit for people aged sixty and over. The benefit was a flat rate of 80% of the gross average ordinary time wage for a married couple (a single person received 60% of the married rate), not means tested and funded from general taxation. The level of benefit was reduced to 80% of the net average ordinary time wage in 1979 and in 1985 a surcharge to reduce the benefit payout was introduced on income from other sources. [Ashton & St John 1988, Beaglehole 1993, Hanson 1980].

The surcharge is not a significant impediment for women. Few women have income that is likely to attract the surcharge. The Ministry of Women's Affairs observed, in a submission to the 1991 Prime Minister's Conference on Superannuation:

only the really well off, who are likely to be high income men, would gain from abolition of the tax surcharge. [MOWA 1991:19].

This view was reinforced by feminist economist Prue Hyman who stated:

From the point of view of women, the abatement issue has probably received more attention than it deserves ...

[Hyman 1992:100].

Changes to the age of eligibility, the nature and degree of targeting, the individual unit as the base of entitlement and value of the pension are likely to have a greater impact than any abatement on most women [Hyman 1992].

The turbulence of 1970s policy changes set the pattern for the next two decades.

3.9 1980s: The policy debate continues

During the 1980s the policy debate, coinciding with the rise of an economic liberal agenda, again reflected concerns about the affordability of the scheme and appropriateness of universal public provision of retirement income. The policy agenda of the fourth Labour Government elected in 1984 incorporated a series of measures to reduce public debt and government expenditure, including expenditure on retirement income. This was a period of economic recession and an increasing ratio of retired to working-age population.

3.9.1 Royal Commission on Social Policy

In 1988 the Royal Commission on Social Policy reported:

[t]here are still large gaps between men and women in terms of well-being which in some areas are widening [RCSP June 1988:18].

This is pertinent because women receiving publicly provided retirement income were likely to experience greater economic well-being compared to other stages in their life, as suggested, for example, by Beaglehole:

[i]n the 1980s and 1990s, women under 60, especially those with dependant children, have been experiencing poverty to a greater extent than older women [Beaglehole 1993:39].

However, the Royal Commission on Social Policy also noted that:

New Zealand's present depressed economic position combined with predictions of increases in the elderly population have made many people question whether the national superannuation scheme is still affordable [RCSP 1988(a):42].

The RCSP⁶ recommended that the initial age of eligibility be incrementally increased from sixty to sixty-five years, with a universal pension available from sixty-eight years and targeted supplementary payments for those with limited additional income. The RCSP added its voice to the assertion that state provided retirement income was a base on "*which individual's with the financial resources to do so could plan their own retirement provision.*" [RCSP 1988(a):767].

In commenting on the interface of economic and social policy the RCSP said:

[t]he greatest contribution that any government can make in [facilitating private provision of retirement income] is to provide a stable economic environment in which individuals are able and are encouraged to make their own provisions for retirement as far as possible [RCSP 1988(a):768].

⁶ Although not mentioning women specifically, the RCSP illustrated the section with a sketch of an elderly woman in an armchair reading to two small children [RCSP June 1988:42].

3.10 1990s: Current debates

Changes to retirement income policy gathered speed in the 1990s. Name changes were regular, reflecting adjustments to policies. National Superannuation became Guaranteed Retirement Income (GRI) in 1990. Introduced by a Labour Government, GRI was for all people over sixty. GRI was replaced in 1991 by the National Government's reintroduction of National Superannuation, later called New Zealand Superannuation after the signing of the 1993 Accord.

In October 1990 a briefing paper for the Minister for Senior Citizens was prepared. This was the first briefing provided to such a minister, and it identified some key policy issues facing the Government. The briefing paper suggested:

[i]f Government is to remain the main provider of guaranteed income support in older age, a number of policies could be adopted to reduce the strain imposed on the income support system by an ageing population [Department of Social Welfare 1990:42].

The paper went on, along with a Treasury briefing paper to the incoming Government [Treasury 1990], to suggest a number of ways to reduce state expenditure.

In 1991 Minister of Finance, Hon Ruth Richardson, presented a Budget aimed at strong and sustainable economic growth assisted by social policy aims that were affordable. To make retirement income affordable, the Budget proposed changing the surcharge to a direct, immediate and sharply abating regime. It proposed raising the age of eligibility within a very short time frame and freezing the level of the benefit until 1993 when it would be adjusted against movements on the Consumer Price Index.

Public response to the measures was fierce rejecting a harsh libertarian approach, resulting in the alteration of Budget night proposals. The level of benefit payment and proposal to increase the age of eligibility were frozen. All other proposals were dropped.

In the same Budget, Minister of Social Welfare, Hon Jenny Shipley, opened the Social Welfare Budget report *Welfare that Works* with the statement:

The Government's social and economic objective is to provide an environment where New Zealand families are able to take control of their own lives, freed from the dependence on state welfare that currently traps so many of our people [Shipley 1991].

This statement highlights the political link between social and economic policy, and illustrates the National Government's commitment to transferring state responsibility for providing care and financial support on to the family and individuals consistent with its neo-liberal agenda.

It is from this policy shift that this thesis arises, with the aim of exploring the potential for women to be self reliant and the likelihood of women being able to replace the need for state retirement income support as encouraged by *Welfare that Works*.

3.10.1 Taskforce on Private Provision for Retirement

At this time the Government appointed a task force to report on policy options to encourage greater self reliance of retired people [Todd 1991]. The Todd Taskforce, closely followed the 1991 Budget and was seen as part of a strategy to undermine state provision. Angela Foulkes, secretary of the New Zealand Council of Trade Unions said:

The 1991 Budget clearly aimed to marginalise [a robust, state funded, universal superannuation] scheme, leave it exposed to political erosion and to replace it with a compulsory contributory superannuation scheme - compulsion by financial threat if not by law [Foulkes 1993:14].

The objective of the task force was to make recommendations New Zealanders could agree were fair and sustainable both economically and politically while advancing the Government's policy of increased self reliance and reduced state support.

The Issues, the first Todd report, provided a focus and framework for community discussion. It outlined the need for change and provided economic analysis and discussion on what New Zealanders wanted and needed from retirement income policy. Three broad objectives were suggested as underpinning policy development in retirement income maintenance: preventing hardship for the elderly; providing sufficient income to allow for participation and belonging; allowing for continuance of economic status in retirement.

After consultation with the public and community groups, a second paper was released. *The Options* focused debate on three key options for increasing private saving for income in retirement: a voluntary option based on the tax regime; an incentive option proposing tax concessions for superannuation savings and a compulsory option requiring contributions from the employed and self employed during their income earning years.

The report to Government [1992(b)] called *The Way Forward* concluded state provision of retirement income continued to be affordable within clearly prescribed parameters [ibid]. The task force reported a mix of public provision with increased voluntary private provision "*has the greatest potential for public consensus*" [ibid:ll].

The recommendations were that Government and political parties should agree on a policy to deliver a framework for personal arrangements and that a state provided pension was essential had been widely endorsed. This led to a new political consensus.

3.10.2 The political response - an Accord

Hon Wyatt Creech, the Minister responsible for superannuation said the Government took positive view of the report. It provided a basis for settling the issues surrounding retirement income provision [Creech 1993]. The three major political parties of the time agreed that there must be a minimum safety net provision and people must begin to make voluntary provisions for their retirement. Michael Cullen, Labour Finance Spokesperson said:

The area of consensus is considerable. No significant political party is urging anything other than the continuance of public provision based on a flat rate pension, administered by the state, and funded on a pay as you go basis guaranteeing an adequate standard of living in retirement for all New Zealanders [Cullen 1993].

In August 1993, eight months after the final report, an accord on retirement income policies was reached between three political parties: Alliance, Labour and National. United later signed the Accord. New Zealand First declined to sign the agreement.

The Accord covered state retirement benefits and private saving issues. It was the result of public pressure for agreed policy about retirement income provision and the maintenance of state provided retirement income (a position later reinforced by the vote against compulsory saving in the 1997 referendum). The purpose of the Accord was to ensure that retirement income policies remain "*stable, certain and sustainable, so that people can plan properly for retirement.*" [ibid:1]

The Accord established that state provision, by then called New Zealand Superannuation, would be maintained at an after tax level of between 65% and 72.5% of the average after tax ordinary time weekly wage. The Accord contained agreements on the Todd recommendations and consequently the Retirement Income Act 1993 was enacted. The Act included provisions for the appointment of a savings ombudsman, retirement commissioner; requirements for savings schemes and financial advisers.

The Accord was welcomed by women because it provided a secure level of retirement income on which most women rely and was also welcomed by many others as an example of how to govern effectively and for the commitments it contained.

On the other hand financial markets were concerned because although increased certainty would assist individuals to determine savings needs and improved disclosures would improve investor confidence:

[m]any individuals will have no need to save in order to be able to maintain their standard of living in retirement

[JM & Hewitt Associates 1993:4].

In their estimation, the benefit was "*generous by world standards*" [JM & Hewitt 1993:4].

The Accord between the three political parties signalled a brief three year period of stability for retirement income policies.

3.10.3 1996 MMP election and the demise of the Accord

There were areas of difference in policies of Accord members in the 1996 general election but overall their policies supported the intent of the Accord. New Zealand First and ACT, who were not parties to the Accord, had policies that proposed compulsory retirement saving. The election gave neither Labour or National control and both entered into coalition negotiations with New Zealand First. The parties policies on retirement income were debated as part of their discussions.

3.10.4 The referendum on a compulsory retirement savings scheme

A Coalition Government was formed between National and New Zealand First on 29 November 1996. To reach agreement, differences between National and New Zealand First policies had been addressed. But the Coalition Agreement side stepped resolution of differences relating to retirement income policies. It proposed a public referendum:

Recognising the need to plan for an ageing population so intergenerational affordability problems are minimised, the Parties agree to place a proposal for a compulsory superannuation scheme before the New Zealand public to endorse or reject

[Coalition Agreement 1996].

The proposal for compulsory saving was a pure form of libertarian policy of self reliance and minimal state support. All wage earners would contribute 3%, rising to 8%, of primary income over \$96 per week and on all other income. The compulsory scheme, if accepted by voters, would be phased in over time. A mix of

state provision and compulsory saving would make up retirement income for those over twenty-five years and not receiving New Zealand Superannuation. A saving target was set at a level that would replace an individual demand for a state pension. The scheme would ultimately replace New Zealand Superannuation but not until 2038 [*You and your retirement savings. The proposed compulsory Retirement Savings Scheme.* 1997].

Recognising that not all workers, especially women, could achieve a level of saving to end their reliance on state support, the Coalition Government response provided a minimalist safety net. Savings at retirement would be topped up to a level sufficient to purchase an annuity. The level of the annuity was to be 33% of the average wage at the date of retirement. At that level, the annuity was significantly lower than the Accord agreement for retirement income pensions to go no lower than 65% of the average wage.

The proposed scheme recognised women would have difficulties in a compulsory scheme. Women and men would save the same percentage of salary and would have the same saving target. Most women would not reach the target⁷ and with longer life expectancies annuities for women would be more expensive, the Retirement Savings Scheme [RSS] proposed that all women receive a state top up:

amounting to the difference between the RSS savings target and the amount required for a woman to purchase a standard annuity
[ibid:54].

The RSS recognised that others may need a top up but women:

are more likely to require a top-up than men, because on average their lifetime earnings are lower [ibid:54].

The RSS was strongly attacked by trade unions; community groups; non-government women's organisations including the YWCA, National Council of Women and Maori Women's Welfare League, and the Minister of Women's Affairs, Hon Jenny Shipley. Some women MPs formed a coalition across parties

⁷ Jenny Shipley, Minister of State Services at the time said that "Ninety per cent of New Zealand women will not make [the target]" 1997:3.

to oppose the RSS, and while Mrs Shipley did not join the group of women MPs, she continued to speak strongly against the proposal on compulsory superannuation saving.

The Council of Trade Unions summed up opposition of women to the RSS:

women on low incomes are likely to contribute all their working life and 80% will fail to achieve the target....A life time of contributions will only entitle them to receive minimalist retirement income [CTU 1997(a):3].

A periodic review of retirement income policies due to be published in December 1997 was underway at the time the referendum was announced. Chaired by Todd, the periodic review released an interim report in July recommending the status quo as affordable and continuing support for a combination of public provision and voluntary saving [Todd 1997(a)].

The report noted the demography of women including their proportion of the ageing population, place in the labour market, the impact of divorce and the earning levels of women compared to men (see section 4.4.2). It addressed the implications of the way family resources can be managed and the impact on women's preparations for retirement:

In many households, money is not jointly controlled by both the husband and the wife. This can make it difficult for one spouse, often the woman, to make provisions for retirement or to determine the provision that is made on that spouse's behalf ... Lack of control of joint family resources prevents many women from saving for retirement [Todd 1997(a):20].

The voting on the RSS was held over a three week period in September 1997, and compulsory superannuation was resoundingly rejected by 92%. Once more New Zealanders had rejected a libertarian response to retirement income in favour of social democratic principles for state provision as the basis for retirement income.

3.10.5 Todd reports again

The completed periodic review of retirement income policies was released in December 1997. Todd urged political consensus and again recommended a “*balanced mix of voluntary private provisions and public provisions paid from tax revenues*” [Todd 1997(b):3] as the best arrangement. The report emphasised the importance of private provision for retirement for macro economic and fiscal reasons as well as individual benefits of a better retirement income than if one relied entirely on the state.

After signalling age of entitlement and value of the pension as possible policy changes in the July 1997 report, Todd observed in the December report that he did not consider these aspects of policy needed to be reviewed again before 2003.

Todd re-emphasised the important role of employers at the same time recognising there was a reducing number of employers participating in superannuation arrangements.

Todd remarked on the increased public awareness of retirement income issues provoked by the referendum. He urged the government to build on the interest.

Overall Todd concluded 1997 policy arrangements were sound and had “*the capacity to serve New Zealanders well into the future*” [ibid:63], but he added:

what is certain is that the issues will not go away ... as the New Zealand population ages we can expect a commensurate increase in attention to the arrangements affecting the provision of retirement income [ibid:63]

The debate on social policy components in retirement income provision is set to continue.

3.11 Conclusion

The historical context for this thesis is significant for the development of retirement income policy and the experience of women in retirement. Women rely on state retirement income as explained in the next chapter, and the current New Zealand

state provision of retirement income has advantages for women [FinSec 1997, Hyman 1997, MOWA, 1996, St John 1996]. It is universal and gender neutral and it is “*effective in lifting people above the poverty threshold*” [Waldegrave 1997]:

The current New Zealand Superannuation has several; positive features crucial to women. In particular:

- *it does not discriminate against women in that it has an individual unit of entitlement*
- *the level of entitlement is not linked to paid work through previous contributions from earnings* [MOWA 1996:53].

St John explains that the advantages include:

the principle that entitlement to a basic pension is a citizen's right, not one that has been earned by specific contributions to the paid workforce, or by contributions made by one's spouse ... [and] NZ super is gender neutral. Men and women have the same age for retirement and the same gross pension. Moreover the pension is an individually based one, so that married women's pensions is taxed in her name and not further reduced on account of her husband's income [St John 1996:10].

New Zealand women have an advantage not enjoyed by their sisters overseas. Australia and United Kingdom arrangements perpetuate the income gap of women to men [Arber & Ginn 1991, Sharp & Broomhill 1988], through income related pensions.

Changes to policies that reduce the benefits or shift responsibility to individuals would have harsh impact on women. This chapter on the history of retirement income policy in New Zealand and chapter two on the theories underpinning policy, combine to show how the tension between state and individual, public and private provisions has shaped policy. For women, the future setting of policy is significant. Changes to lower the balance of state support and lift individual support will be impossible for most women and would have an impact on women's well-being in retirement. Chapter four explores this and with chapters two and

three provides a spotlight on the cohesion of policy needed by women. Mid-life women, the focus of this thesis, live through the debates, they absorb the political and policy tensions of reductions to the role of the state. Too many ageing people find themselves uncertain about the form of retirement income policy that might exist when they retire.

Chapter four: The literature on women and retirement income

4:1 Introduction

Most women in New Zealand rely on publicly funded retirement income [Hyman 1994, Koopman-Boyden 1993, Public Trust Office 1993, Statistics NZ 1997(a)]¹. Women's reliance on state retirement income means that policies about retirement income and retirement social services must consider their needs. Policy should take account of empirical evidence that "*women will not have the same opportunity as men to save for their old age*" [Fleming 1997:126].

The purpose of this literature review is to centre this thesis in the context of New Zealand and international literature about women, especially mid-life women, and planning for retirement.

The significance of mid-life experience and attitudes is relevant to retirement experiences [Hayes 1991, Whittaker & Moses 1995]. Central to this exploration is the income of women and their ability to direct any of it to retirement income preparation. Literature on retirement income, without exception, notes the cumulative effect of low pay throughout women's lives [Arber & Ginn 1991, Coney 1996, Dickson et al 1997, FinSec 1997, Fleming 1997, Hayes 1991, Hyman 1995, MOWA 1996, Retirement Commissioner 1996 & 1997, St John 1996, Sharp & Broomhill 1988]. Statistical data in this chapter illustrates this graphically.

The chapter opens by detailing the demographic issues already signalled as central to the policy debates in previous chapters. It then expands on issues significant to women and retirement income planning. Beginning with retirement expectations, the chapter considers mid-life factors that can influence women's actions and

¹ Of women aged sixty five years and over, 90.3% rely on New Zealand Superannuation for 50% or more of their income. Over half (53.7%) of women rely on NZS for 90% or more of their income. [Statistics NZ 1997(a)] (see tables 4.1 & 4.2)

The international situation is similar. While fewer "elderly people" are in employment, men are more likely to have earnings in addition to state pensions than women. [Arber & Ginn 1991, Sharp & Broomhill 1988]

preparations. Retirement income planning is specifically explored in the context of examining whether women plan for retirement, how they plan and why they plan. Homeownership is a key component of retirement income plans. It is discussed along with other aspects of retirement preparation and specific attention is given to superannuation saving and finally information and education about retirement income planning is considered.

4.2 Demography

The proportion of the aged population who are women and women's dependency on state retirement income protection mean demographic projections and their consequential impact on policy are of critical significance to women. As life expectancy is greater for women than men (see table 4.1), the ratio of more women to men is likely to be maintained into the future.

Table 4.1: Ratio of older women to men in 1997

| | Women : men |
|---------------|-------------|
| over 65 years | 1.3 : 1 |
| over 75 years | 1.7 : 1 |
| over 85 years | 2.4 : 1 |

[Statistics NZ 1998(c)]

Tension between the costs and benefits of a welfare state and market economy has shifted in New Zealand. A preference for market mechanisms has not disposed of the welfare state nor has it developed solutions to replace all that the welfare state provides. In discussing the shift in policy emphasis, Pierson [1991] observes that demographic implications may cause the greatest pressure for change in the welfare state.

A key change facing New Zealand (and already experienced by other welfare states²) is the increase in the proportion of the retired population relative to the

² Len Cook Government Statistician explains: "By the year 2050 at least five ...countries will have significantly higher proportions aged 65 and over than New Zealand, with Japan, the UK, Australia and Sweden supporting figures in excess of 22% [New Zealand's projection is 20%]. It is also important to note that by 2010, Japan will already have a higher proportion of elderly population than New Zealand is expected to experience forty years later in 2050" [Cook 1997:16]

working age population. The increasing size of the aged population (predominantly women) in proportion to the total population, in particular the number working age (fifteen to fifty nine years) adults has raised a number of issues.

In addition to containing state expenditure, the potential growth in expenditure caused by increased demand alarms libertarians, and a fundamental question for social democrats must be the validity of the demographic argument.

4.2.1 International questions of demographic validity

John Vincent of the University of Exeter criticised the use of “*apocalyptic demography*” [1996:3] where demographics are in a selective context to promote the idea of overwhelming numbers of the aged. He identified factors of apocalyptic demography used to create an imperative for radical change; increasing proportion of the aged wanting pensions and a decreasing proportion of younger aged to fund taxes to meet that demand. The debate and quotes Vincent uses reflect similar arguments in New Zealand. In Britain, for example Vincent observed that:

The welfare system may not be able to bear the burden of an increasingly ageing population. Today's earners should plan alternatives ... Most people find it hard to look beyond next week or next year, let alone into the next century. We are, therefore, not too concerned about the 'demographic time bomb' ticking beneath our feet. But it is and we should be preparing for the inevitable explosion [Vincent 1996:5].

Vincent suggests, that in Britain, the “*driving problem*” [1996:6] behind the generation of fears about the age balance of the population and cost of pensions is motivated by a desire to increase privatisation. Vincent concludes that it is political economy and monetarist theory that is driving the issue, not numbers of ageing people. The difficulty of:

promot[ing] an individualist stance towards provision for old age, emphasising choice in a market for pensions, becomes a key theoretical and policy problem for the right ... in order to

successfully privatize pension provision it is necessary to undermine and undo social solidarity on which such schemes are based [Vincent 1996:14].

Promoters of private provision for retirement income in New Zealand have used similar tactics, as discussed in the following section.

4.2.2 New Zealand's apocalyptic demography

The ageing of New Zealand's population has had considerable publicity. Funding pressures for providing New Zealand Superannuation for growing numbers of people have been used by policy makers and politicians to explain the need for changing aged pensions. Very little, if any, public attention has been given to the accuracy of claims about the demography of the ageing population, or how the ageing population relates to the rest of the population and dependency needs of the total population. Pool [1997] argues that recently:

senior government spokespeople were making inaccurate arguments about the velocity of ageing in New Zealand. Indeed, the spectre of greying was used as a justification for the reduction or elimination of the welfare state, a theme picked up even by serious commentators in the media (James, 1991 ... discussion of ageing has focused on the issue of fiscal burden, and on family support and self reliance as means of reinforcing capacity of, or even supplanting, the state's role [Pool 1997:1-2].

Changes to New Zealand Superannuation have been promoted on the grounds of fiscal affordability and the need for individual responsibility:

In 1975 New Zealanders were taught they needn't worry about retirement. The state, under Sir Robert Muldoon's election winning scheme, would provide. Today it is widely accepted that long - term his superannuation system was an unsustainable mirage ... the remarkable generosity of [the] original scheme was whittled away. It was and is unaffordable, ... [unless] governments are prepared to siphon an ever - growing amount of taxpayer money toward supporting it. The harsh tidings have to be driven

home: everyone must try and save for their own retirement
[Hall 1992:18].

When presenting the 1997 Compulsory Retirement Savings Scheme, Prime Minister, Rt Hon Jim Bolger, and Deputy Prime Minister and Treasurer, Hon Winston Peters, wrote:

New Zealanders are living longer and having fewer children. As a greater percentage of the population retire, the ratio of workers to retired people will grow smaller and smaller. In the twenty - first century it will be harder to provide an adequate retirement income from taxation [You and your retirement savings 1997:7].

Not content with the demographic threat alone, advancing an agenda to remove state responsibility, they asserted (without any empirical evidence):

Since funds run by businesses are usually more efficient than funds run by the Government, private sector funds are likely to return better earnings. Your savings are likely to grow more quickly than they would in a Government scheme [ibid:13].

Finance sector companies reinforced the message:

It's your retirement. You can't rely on the Government to provide for you. ... The message is clear that Government Superannuation alone is unlikely to provide sufficient money to allow you to enjoy the financial comfort and lifestyle in retirement that you desire [Tower 1997:2].

And,

What can you expect from Government Superannuation in the future? This, of course, is an unknown quantity and one of the hottest debates around. But we do know that for at least 10 years now, successive Governments have made it clear that as a country we cannot afford to provide people over 65 with the same kind of financial support they currently get as of right. The Government is saying that there will just not be enough people working, to pay for our growing elderly population [Norwich Union 1997:5].

4.2.3 Validity of demographic pronouncements

The use of demographic material about the ageing population by politicians and policy makers has been strongly criticised by an academic demographer, Ian Pool; the Government Statistician, Len Cook; and a social commentator, Charles Waldegrave [1997]. They are critical of demographic analysis and social policy development that ignores youth demography and fails to place the ageing population in total population context.

Table 4.2 shows percentages of population in three age bands; youth (up to fourteen years), the elderly (over sixty-five years) and working aged population. This illustrates the dependency ratio of youth and the elderly to working aged adults. It is important to observe, that as the numbers of older people increase, the numbers of young decrease. Increasing numbers of old dependants is offset to a large degree by the reduction in the dependency of under fourteen year olds.

Table 4.2: Percentage of population in age bands

| | 0 - 14 years | 15 - 64 years | Over 65 years | Total dependents |
|------|--------------|---------------|---------------|------------------|
| 1996 | 22.8 | 65.6 | 11.6 | 34.4 |
| 2011 | 19.5 | 67.4 | 13.1 | 32.6 |
| 2031 | 17.2 | 61.7 | 21.1 | 38.3 |
| 2051 | 15.8 | 60.1 | 24.1 | 39.9 |

[Statistics NZ 1998(c)]

Note: The total percentage of dependency on working aged adults from 1996 to 2051 increases by 5.5 percentage points, considerably less than the 12.5 percentage point increase in the over sixty-five dependency ratio.

Pool has cautioned:

... because some competing demographic dependencies, which may compromise our capacity to respond to the challenges of ageing, have been largely ignored, the debate has been superficial and the full implications of population composition changes have not been built into social accounting systems. The net result may be seriously inadequate fiscal and social policy [Pool 1997:2].

Working populations are taxed to provide the resources for those with dependency needs - young and old [Pool 1997, Cook 1997]. Simplistic responses of state retrenchment fail to take adequate account of the complete economic picture:

Changing the reliance on the state for superannuation will do little to reduce the effects of the ageing of the New Zealand population on resource demands. Any changes in the nature of state or private provision needs to be looked at in the light of the joint capacity of the state, individuals, families and the community in retirement, and the wider role of the state in support of the family and community as well as individuals. ... Shifting from public to private provisions, or vice versa, is not a solution to the ultimate problem ... [Cook 1997:3].

A briefing paper prepared by the Senior Citizens Unit [SCU], Department of Social Welfare, contains an expenditure forecast [SCU 1996:6-5] showing a systematic increase in the cost of New Zealand Superannuation. The briefing paper does not locate other demographic issues that relate to ageing populations. This neglect by social policy advisers reflects the misinformation presented by those who wish to reduce state expenditure, as Waldegrave suggests:

the argument that there will be fewer workers to support many more elderly, is quite misleading as a statement about the burden on the workforce. It is true that the proportion of elderly to participants in the workforce, is growing significantly. It is also true that the number of dependant children is decreasing significantly. The overall dependency ratio is not increasing nearly as much as many of us have been led to believe [Waldegrave 1997:3].

In addition to the demographic implications of the New Zealand population of the future, policy development has failed, or ignored, the fiscal impact of changes already made to public retirement income. Since 1977 there have been changes to the values, targeting and eligibility criteria that have reduced state costs (see 4.2), and the Accord contained provisions that allow further reductions. It is argued by the Council of Trade Unions that:

When all adjustments have been phased in, the New Zealand Superannuation scheme will be 18% less costly than the present one ... [NZCTU 1997:2(c)].

4.2.4 Gross domestic product - international comparison

The proportion of state expenditure on retirement income can be considered as a proportion of GDP.

In 1997 retirement income policy cost New Zealand less than 6% gross³ of the GDP [Todd 1997(a)]. If the policy remains unchanged the cost will rise with the increasing numbers of retired people. GDP expenditure will almost double to 11%. In net amounts the cost of New Zealand Superannuation as a proportion of GDP is from 4% expecting to rise to 9% [ibid]. Expenditure of 10% of GDP on aged pensions is around the average for OECD countries⁴.

An important factor in this material is the reduction in expenditure that has already occurred. Policy change in recent years; lifting the age of eligibility, lowering the value and targeting of payments, mean the 1993 costs will not be reached again until 2020 [ibid].

Having identified issues about how demographic projections are used to influence policy direction, this next section explores the expectation of continuing paid work into, or delaying retirement. It then explores evidence that women look forward to retirement with largely positive expectations.

4.3 Retirement expectations

Research shows that women look forward to retirement when they are confident about financial security and have good health [Hayes 1991, Hayes & Deren 1990, Nussbaum 1992, Whittaker & Moses 1995]. For some women there are concerns about leaving paid employment (see 4.3.1-2). This is especially so for women

³ Gross GDP is used most often, but Todd [July 1997] observes that for cost associated with New Zealand Superannuation, the net figure gives a more indication of expenditure. This is because income tax and surcharge amounts are removed from the gross calculation.

⁴ As the world's population ages some countries are faced with greater proportions of cost than New Zealand (refer footnote 1). Germany, France and Italy are predicting costs of between 14% and 20% of GDP in the next few decades [Todd 1997(c)].

who have an interrupted employment life who may regret the lack of time to develop their employment experience [Feuerbach & Erdwins 1994].

Women today expect to work later in life than our mothers. An expectation reinforced by later eligibility for state retirement income. Women observe their unpaid work will continue, and for some will be a significant demand.

4.3.1 Paid employment

Mid-life women expect to participate in paid employment for longer than their mothers and into years traditionally thought to be retirement years [Arber & Ginn 1995, Burns 1996, Hawes 1997, Todd 1997(b)]. This expectation has a largely economic face. Mid-life women are less sure of state support and in New Zealand (and overseas) the age of eligibility for support has already risen. Debate about the level and extent of state participation in retirement income provision has been prominent within overall context of reducing state expenditure and an increasing aged population.

Table 4.3: Comparison of employment levels of women aged sixty to sixty-four

| | 1981 | 1996 |
|----------------|-------|-------|
| Part time | 7.2% | 13% |
| Full-time | 9.3% | 15.3% |
| Total employed | 16.5% | 28.3% |

[Cook 1997:14]

Women may leave their usual employment before reaching the age of eligibility for state support. The move is often into lower paid or less demanding or part time work. It may, for some, involve a shift into consultancies and a contract work [Burns 1996]. Early retirement, redundancy or a change in employment can occur because of the demands of the work usually undertaken, or for reasons of personal well-being.

4.3.2 Looking ahead to retirement

Literature from New Zealand and overseas on women's expectations for retirement contains conflicting information. Some report positive expectations [Arber & Ginn 1995]; others a mixed view [Feuerbach & Erdwins 1994, Hayes

1990, New Zealand Public Trust Office 1993]; and some expressed negative expectations [Burns 1996, Byrne 1997]. Byrne found that for some women it was difficult to see so far ahead [Byrne 1997]. Statistics from the New Zealand Household Labour Force Survey (January to March 1992) on levels of confidence about retirement income expectations divided equally into thirds: those who were confident, not confident or unsure. Fewer women than men (1/4 to 1/3) are confident about the adequacy of their provision for retirement. Women who have never married are less confident than those who have been or are still married. The situation for Maori is similar.

The positive expectations included were more time for activities excluded by busy working lives and options for choice about to do with one's time:

Where women expressed positive reactions [to retirement], these focused on the time and freedom to be enjoyed. Increased autonomy and reduced pressure were expected to combine to create a relaxed lifestyle which, many stressed, would nonetheless be an active period of life [Arber & Ginn 1995:65].

Those on high incomes expressed greater confidence than those with lower incomes. Those who had limited capacity to provide retirement income included those with no home ownership, no superannuation, no investments and no other assets [ibid].

Mixed positive and negative responses tended to share positive aspects already discussed adding concerns about "*inadequate financial security*" [Burns 1996:4] and having to continue paid work. Women also observed that the distinction between employment and retirement was narrow. Many women's unpaid work would continue to consume considerable amounts of time and energy [Burns 1996, Hyman 1994].

Anxiety about retirement in the Byrne study identified worries about skill levels, qualifications and employability. These factors were identified as reducing the potential for employment as the women aged. Concern about the level of the state pension was identified, with women observing they would find it hard to manage

on what was provided. The possibility of changing state provision added to the anxiety of the women in Byrne's study [1997].

Feuerbach and Erdwins found that feelings about terminating paid work were not only linked to financial position, although the ability to have accumulated sufficient resources for the retirement period was critical. Terminating employment raised concerns about enforced retirement, and being deprived of the enjoyment and relationships work provide.

Some adjustment to retirement was expected, most expecting to adjust well but some looked forward to the end of work with "dread". "Career" women (after an average of thirty years in paid employment by age fifty-five) tended to look more favourably towards the "free time" retirement would provide. "Re - entry women" (with an average of eleven years employment by age fifty-five) expected to work longer to make up for reduced time in employment before retirement [Feuerbach & Erdwins 1994].

Research by the Public Trust Office [1993] of women over sixty living alone found they had some concerns about financial security. Major concerns were reduction of state provided retirement income; expenses for care in retirement; increased health costs and rising consumer prices to be managed with a static level of pension. However, nine out of ten of the retired women felt financially secure. The research did not investigate the nature of financial security. (It may be that regular income from New Zealand Superannuation provided the sense of security and certainty.)

Nussbaum [1992] found that pre-retirement attitudes can shape satisfaction in retirement by assisting the shift into retirement and, in a circular effect, the more positive the approach, the more positive the experience. In addition to personal identification of income security and health as critical to indicators for positive or negative expectations, personal attitudes have a significant influence on retirement expectations [ibid]. Positive expectations were assisted by a hopeful outlook. These were shaped by relationships that were close and significant with a number of family and friends [ibid, Whittaker and Moses 1995]. Women who look forward to their retirement may feel more inclined to take action to ensure they

have the resources they need. This is supported by the observation that a “*prime obstacle*” [Neuhs 1990:133] in moving towards retirement is a lack of knowledge about changes ahead. Lack of understanding of the experience of, or options for, dealing with the changes can result without action being taken to reduce potential negatives (see 4.8).

Byrne [1997] found that of twelve lesbians (who had experienced poverty), three could not think ahead as far as retirement, most just hoped their financial situations would improve, while one reported confidence in her financial future because she considered that her secondary school aged daughter’s eventual reducing dependence would make her better off.

In this thesis, the women interviewed were selected because they had demonstrated a level of interest in retirement income planning. Analysis of the data will take account of that factor because Feuerbach and Erdwins [1994] found no difference in levels of interest in retirement between women close to retirement and those for whom it was some way off⁵. An interesting area for future research would be the level of interest, knowledge and action taken by women related to expectations for retirement. In New Zealand extensive public debate generated by the 1997 referendum on a proposed compulsory retirement savings scheme and political debate on state expenditure (see chapter three) may have created a greater awareness of issues about retirement. (See 4.7.1 about Feuerbach and Erdwins’ findings about the level of knowledge and action about retirement planning.)

As attitudes to retirement are shaped by mid-life experiences and expectations, the experiences of mid-life women have relevance to this study. The next section of this literature review addresses mid-life factors that shape women’s lives and views of the future.

4.4 Mid-life factors

My interest in mid-life women and retirement expectations and planning came about, not only because I am in my forties, but because I read that well-being in retirement was affected by mid-life factors. This signalled that women could be

⁵ Ninety-one percent of their study group had not thought about retirement.

given information that might assist them to have a better retirement than otherwise. Hayes [1991] reported that while women have been less likely than men to prepare for retirement, research on women who thrived in their retirement identified four characteristics: financial security, strong self identity, skills of employment after the major occupation ends and good health. Other researchers have found different characteristics important to retirement. Arber and Evandrou [1993] distinguished:

four inter-related spheres which promote independence; their absence or the provision of poor substitute support may result in dependence and adversely affect self esteem:

1 Financial resources

2 Housing and home

3 Physical health ...

4 Social, emotional and sexual interdependencies

[Arber & Evandrou 1993:20].

In New Zealand, Whittaker and Moses report on *Predictors of Successful Ageing* [1995:304] and gave three: “*sufficient financial resources*”; “*a history of good health*” (concurring with Hayes and Arber and Evandrou); and “*a network of friends*” [ibid:305]. They surmise:

if one has adequate income, health and a zest for living or a vital set of interests, retirement can hardly fail to be a success
[Whittaker & Moses 1995:323].

Again, the mix of mid-life attributes that influence retirement well-being all include financial resources. Money is the critical factor in standard of living along with levels of autonomy and independence [Arber & Evandrou 1993]. Money is vital in retirement, more so for women than men to the extent that women have lower incomes to provide for a longer time in retirement than men.

If women are unable, because of mitigating circumstances, to make adequate individual arrangements⁶ for their retirement income it is a significant matter for

⁶ Todd [1997] used maintenance of purchasing power and maintenance of a fair relationship with those in the paid labour force as principles of satisfactory living standards in retirement.

society to address. Avoiding a society where large numbers of old women live in poverty, poor health and in unsatisfactory situations could be assisted by providing mid-life women with the opportunity to prepare for their retirement. Central to this will be building on the factors in mid-life that promote well-being in retirement. Financial security is most essential, supported by personal attributes that increase the likelihood of well-being.

Section 4.4.1 discusses life stages and their significance to mid-life preparations and retirement; 4.4.2 explores incomes of mid-life women and 4.4.3 addresses literature on priorities for spending and saving by mid-life women.

4.4.1 Life stages

Mid-life and retirement life are two broad descriptions of phases within a lifetime. They are too broad to be used exclusively and attention must be given to the phases and experiences of women's lives. Within mid-life and retirement there are any number of potential changes and experiences. The complexities and experiences are rich and diverse. For policy about retirement of women, life stages and this life stage transition are significant:

Ignoring the major life transitions women face in their middle and later years results in a superficial one - dimensional approach to developing late - life security [Hayes and Deren 1990:1].

Coney says mid-life is a time when women reflect on their lives, it is “*a transition time and an opportunity to take stock*” [1997:14]. For some it will be the first time they begin to think or plan for retirement [Hayes & Deren 1990].

Each stage has an impact and policy makers must avoid assumptions about what each experience may mean. For example, cohabitation cannot be assumed to be a relationship in the nature of a marriage:

there are de facto relationships that are like a marriage, those that are a prelude to marriage, and those that are an alternative to a marriage [McPherson 1995:22].

As the sample for this research includes three lesbians, two in relationships, it must be acknowledged that the nature of their partnership relationships may, or

may not be like a marriage or a heterosexual de facto relationship. Equally “*never married*” does not mean never in an emotional, financially supportive relationship and the term can obscure de facto or other non marriage relationship partnerships [McPherson 1993].

Burns [1996] observes that the changing nature of relationships and life experiences has an impact on expectations for women in retirement. No longer can there be any expectation that savings and superannuation of a partner will provide financial support.

4.4.2 Mid-life incomes

Income in mid-life can have a marked influence on the retirement experience. Women’s income throughout life stages is affected by periods of unpaid work, part time work and low paid occupations. Each of these factors reduces the ability of women to divert money into savings for the longer term.

Seventy percent of women aged fifteen years and over, compared to 46% of men fifteen years and over, have incomes below \$20,000. Less than 6% of women have incomes over \$40,000, compared with 20% of men [Brown 1996]. There are fewer women than men at all levels of income above \$20,000 [ibid]. This is commonly expressed as a pay gap between women and men. In 1996, women earned 81% of the average male wage [ibid]⁷. The pay gap is entrenched in pay rates and has closed by only three percentage points since the introduction of the Equal Pay Act in 1972 [ibid]. Low lifetime earnings results in little opportunity to make adequate provision for financial support in their retirement. Fleming’s study [1997] on how women and men share income intra-partner relationships, found women postpone saving for retirement with the result:

they have less cover than their husband because they come into the scheme at an older age and with a smaller income to draw on
[1997:148].

As well as lower pay, through working life currently there is a decline in women’s incomes from age fifty-five compounding the impact of low pay with the result

⁷ Average ordinary time hourly earnings. The MOWA 1996 post-election briefing notes that women also earn less in overtime, bonuses and allowances than men [MOWA 1996].

that women are dependant on higher levels of government income support than men in every age group [MOWA 1996]. While employment patterns are changing for women in their forties and younger women, the continuing inequity between women and men's income levels, and over-representation of women in part-time and casualised work suggests this dependence on the state may well continue for women currently in their mid-life years.

More women today are in paid employment for a longer time than previous generations. Women's participation in the workforce is increasing and is dramatically different to the experience of men [Todd 1997, Dickson et al 1997]. Women aged twenty-four and over, in greater numbers, are spending more time in the workforce. Young women spend less time than their mothers for child rearing, often returning to part time work (which is on the increase) [Todd 1997(a)]. However, Byrne found that the lesbians she researched were not confident about continued employment, being uncertain they could expect to be employed in five years time [ibid].

Todd says that over time, income fluctuations throughout working life balance out and become "*self correcting*" [1997(a):20], and Hayes [1990] suggests an early start to planning and saving. However, there is extensive data to show that it is almost impossible for women to save while children are young, when income is low or nil, and when mortgages are being paid [Arber & Evandrou 1993, Arber & Ginn 1991, Fleming 1997, Todd 1997(a) & (b)].

Increased labour force participation may give women more opportunity to save and plan although there is no evidence to suggest that the gender pay gap will close and increase women's earnings, or that women's level of unpaid work or responsibilities for child rearing are to decrease. Therefore, it is possible that increased labour force participation will make little difference to retirement income planning by women.

Middle to high income women can plan to assist their retirement experience using some of the income during their working life. St John discusses the diversity of women's life experiences:

There is an increasing number of women with income well above the average, many of whom may also enjoy the security of accumulated or inherited assets, a stable relationship, stable employment and considerable financial know how. ... There are also large numbers of women who will have low lifetime earnings, insecure employment, instability in marital status, and who lack confidence in financial matters, or who have some combination of these disadvantages.

There are still really important issues for the first group, who are not ... spared a struggle with the prospect of preparing for their retirement. It is the latter group however for whom the task of saving, in any meaningful sense for the future, is a truly daunting one [St John 1996:2].

While not an option for lower paid or unpaid women, for middle - high income earners pre-retirement planning could ameliorate reduced incomes on retirement and total reliance on state provision [Perkins 1992].

This research examines the experiences of a sample women who earn between \$35,000 and \$65,000 with a median of \$50,000. Their level of income is significantly greater than the income of most women and men of their own age in New Zealand. Table 4.4, on the next page, compares the median incomes of the women in this research with other groups of people aged forty to forty-nine.

Table 4.4: Median income of people aged forty to forty-nine years in 1996

| Groups of people | Median income | Value of sample income above other groups |
|-------------------------|--------------------|---|
| The sample women | \$50,000 | |
| European women | \$17,892 to 19,140 | +30,860 to 32,108 |
| All women in age group | \$16,845 to 18,030 | +31,970 to 33,155 |
| European men | \$35,361 to 35,379 | +14,621 to 14,639 |
| All men in age group | \$32,773 to 32,982 | +17,018 to 17,227 |

[Statistics NZ 1997(a)]

This information should be viewed with some caution. It gives an inflated impression of the sample's position. It is important to consider how the sample

fits within the total picture of income across age groups. Although the sample earns a higher median than all other groups, it should be noted that men generally earn significantly more than women. When compared within their age and income bands, men of the same age and income as this research sample outstrip women in income by two to one. Table 4.5 shows the actual numbers of women and men in the sample range. It provides statistical evidence to show that only 32.8% of women compared with 67% of men in the age band earn \$30-70,000.

Table 4.5:
Numbers of people aged forty to forty-nine earning \$30-70,000 in 1996

| | Women (actual numbers) | Men (actual numbers) |
|----------------------|----------------------------------|--------------------------------|
| \$30,001 - 40,000 | 29,484 | 41,376 |
| \$40,001 - 50,000 | 12,891 | 31,494 |
| \$50,001 - 70,000 | 6,375 | 26,730 |
| Total numbers | 48,750 | 99,600 |
| Percentages | 32.86% | 67.14% |

[Statistics NZ 1998(b)]

The disparity of income level between women and men shown in table 4.5 is compounded for incomes over \$70,000.

4.4.3 Mid-life priorities for spending and saving

Women's access to and control of money varies widely [Fleming & Easting 1994, Fleming 1997] and can be influenced by amount of income and partnership relationship arrangements. Women's priorities for spending and saving are influenced by family needs, especially children's education that takes precedence over putting "*money aside for their retirement*" [Fleming 1997:89]. Dickson et al [1997] reported that generally women over twenty four years, without children have higher percentages of retirement savings than under twenty fours and women with children with higher levels of saving in later years (once mortgages are paid, children are no longer dependent).

MRL Research Group [1995] undertook research for the Retirement Commissioner on retirement savings awareness, attitudes and behaviour. Their research identified women; people under thirty years; those with personal income

less than \$30,000; and those with no savings habit; as less likely to save⁸. Motivations for saving were identified as:

- concern that state provision would be insufficient
- uncertain political and economic future of New Zealand
- ageing population
- desire for a comfortable retirement lifestyle
- having the opportunity to save - usually because of employer superannuation
- influenced by information from people and advertising and publicity

In New Zealand, homeownership and paying off a mortgage are common priorities for individual and family spending. Freehold home ownership makes a significant difference to well-being in retirement (see 4.6). I have not located literature about debt and saving levels but the Retirement Commissioner has published information about the importance of clearing debt. He suggests debt clearance should be a prelude to savings unless employer sponsorship is available for superannuation, when it may be worth investing in superannuation and taking longer to clear the debt [1995].

Mid-life experiences, attitudes, income and the way it is saved or invested all have an impact on retired life. For most women, their income in retirement will be determined by state provision as illustrated in the next section.

4.5 Income in retirement

The economic situation of women has a direct impact on their participation in society and women cannot participate fully in society or enjoy a sense of well-being without sufficient economic resources [MOWA 19965]. The disparity of incomes received by women and men during years of employment means state provided retirement income support is “*extremely important*” to older women. Income disparities level out and the gender pay gap closes, but does not equalise, with the receipt of National Superannuation (see table 4.6). National Superannuation can offer “*independent income, sometimes for the first time, [and*

⁸ Interestingly one out of four non-savers had previously saved for retirement.

is therefore] regarded as of great importance by many older women..." [Hyman 1992:101].

Positive attitudes about retirement arose from expectations of adequate income and good health, and were not influenced by the extent of participation in the work force [Feuerbach & Erdwins 1994]. This is a significant point for future policy development. The importance of women's well-being in retirement, inability to prepare for retirement because of lower incomes and reliance on state retirement income are sharply interwoven. It is generally accepted that for most of the population, and women especially, income will reduce on retirement although for women it reduces earlier than for men [Shipley 1997, MOWA 1996, Perkins 1992] (see table 4.6 on the next page). Table 4.6 gives median yearly incomes for Europeans over fifty. The table shows the drop in income experienced as one reaches sixty, then sixty-five, the common ages of retirement.

Table 4.6: Median yearly income for Europeans over fifty years in 1996

| Age | Women | Men |
|----------|----------|----------|
| 50 - 54 | \$16,980 | \$32,679 |
| 55 - 59 | \$12,342 | \$28,230 |
| 60 - 64 | \$10,677 | \$17,232 |
| 65 - 80+ | \$11,952 | \$12,526 |

[Statistics NZ 1997(a):51]

Note: Income from National Superannuation in January 1998 was:

- married person with spouse on NS \$9,855
- single person, shared accommodation \$12,049
- person living alone \$13,146

Table 4.7 gives the proportions of people over sixty-five in income bands. This table shows the disparity between income levels of women and men in retirement, particularly income over \$20,000, and illustrates that most women do not have retirement income beyond New Zealand Superannuation.

Table 4.7: Total yearly income for people aged sixty-five years and over

| Income | % Women | % Men |
|----------------------|---------|-------|
| \$0 to \$20,000 | 89.4 | 79.8 |
| \$20,000 to \$40,000 | 9.0 | 15.5 |
| over \$40,000 | 1.6 | 4.6 |

[Statistics NZ 1997(a):54]

The table highlights the lower incomes women have before and after they retire, illustrating the extent to which New Zealand superannuation makes up retirement income. Forty-percent of women aged sixty-five and over, compared to 31% of men, were identified in the 1996 Census with New Zealand Superannuation as their only source of income.

Fewer women than men will have income in addition to state provision, again emphasising the importance to women of state provision [St John 1996]. Any additional income women do have is considerably less than men's. Active participation in society by older women can be constrained by the "*disadvantage they face in providing for their retirement ...*", and "*[l]ow levels of income for many older people has a cumulative effect*" [MOWA 1996:29]. See figure 4.1.

Figure 4.1

It works like this -
you were poor when you worked -
so you're poor when you retire!



[Arber & Ginn 1991]

Retired people have an ongoing requirement for goods and services that must be bought, unless provided for by the state, family, friends or others. Some goods and services may already be owned on retirement (home, car, chattels) but many are perishable and will need to be replaced; others consumable and need to be replenished. This situation means the retired have an on going need for money to purchase the goods and services. St John explains the dilemma this creates:

Only in a minor way can retirees carry forward directly into retirement the goods and services that are required. Among these are the services of long - lived assets such as a fully owned home, a car and household chattels. For all the other goods and services we need, we must acquire paper claims through financial savings and entitlement to state payments. These claims must compete with the claims of the rest of the population for currently produced goods and services [1996:6].

Most women (in fact most men and women - refer to tables 4.3, 4.6 and 4.7) rely on New Zealand Superannuation to provide for their needs. The retired population are therefore dependant on Government policy and tax payers for their well-being [St John 1996, Todd 1997(a)].

The level of dependency can be reduced by the net worth, assets and resource base a person has on retirement. One's standard of living in retirement is markedly affected by one's net worth [Todd 1997(a)]. Net worth, "*the difference between what you own, and what you owe*" [Hawes 1997:15], is a resource base on top of which New Zealand Superannuation can be added. Net worth has been used to assess standards of living in retirement [Todd 1997(a)] and homeownership is a notable component of net worth for most New Zealanders.

4.6 Homeownership

New Zealanders consider it important to own one's own home. Regardless of age, income, political persuasion, or sex - there is strong concurrence about the importance of owning a home; in spite of debate about the economic value and investment return of home purchase because variability of return depends on time, place and financial arrangements for mortgages [Dupuis & Thorns 1995].

UMR Insight research found that people over sixty place the greatest importance on home ownership with 69% saying it was very important. Forty-five to forty-nine year olds felt it was less important with 48% considering it very important, while 49% of people earning over \$55,000 though it very important to own a

home. And, in all other categories more than 50% said homeownership was very important [UMR 1998].

Homeownership [Dupuis & Thorns 1995, Colonial 1997] is an important goal for New Zealanders and it is a significant component of saving. Homeownership intersects with retirement planning, either postponing retirement saving or as a component of saving [Hawes 1997, Todd 1997(a), Hyman 1994]. Seventy-three percent of people surveyed by Colonial that they were clearing their mortgage before beginning retirement savings [1997].

Homeownership emerges as a critical component for women's preparations and plans for entering retirement [Hawes 1997, Retirement Commissioner 1995, Todd 1997(a)]. Women engage in homeownership and view it as important for retirement standards and recognise "*owning a home is another means for women to take control of their own lives*" [Card 1980:215]. In 1993 Statistics New Zealand reported that 37% of women aged fifteen to fifty-nine lived in their own home and had superannuation or investments. Another 22% of women owned homes without superannuation. It must be noted that for an unspecified number, the home they lived in may well have been owned by more than one person, most commonly a husband and wife [Statistics NZ 1993].

Lifestyle arrangements have a marked impact on homeownership arrangements. New Zealand research shows that relationships with men increase the likelihood of women participating in homeownership arrangements, although relationship dissolution has a negative impact.

Married women were most likely to own homes and divorced women were less likely to:

following the breakdown of marriage, women may experiences special housing problems ... Although they have the same amount of equity available as their spouse, separated or divorced women may find it more difficult to purchase another home. Their incomes are generally lower ... [Statistics NZ 1993:123]

McPherson's analysis of age specific housing tenure by marital status shows that women who are divorced or separated are less likely than married or remarried

live in an owner occupier home, especially a freehold one, and “*this differential increases with age*” [McPherson 1995:37]. After reaching sixty, divorced and separated women are five times more likely to be in rental accommodation than others. Women most likely to live in a freehold home were those in their first marriage, followed by remarried women [ibid].

Writing of the experience of Australian and British women, Watson records their experiences (matching those of New Zealand women) of lower wages than men and greater participation in part time work. Lower income results in difficulties in raising mortgage finance, especially with unstable and potentially increasing interest rates. Watson emphasises that the sexual division of labour has a direct impact on women’s ability to purchase homes “*in their own right*” [Watson 1986:5]. Watson’s work shows that the British and Australian experience match the New Zealand experience where homeownership rates by women in retirement have a marked link to marital status.

In their study of twenty-three year old British women, Munro and Smith [1989] found that low income and having a partner⁹ were important factors in attaining homes. They found that women buying homes were a hundred times more likely to have a partner, while only ten times likely to have higher incomes. Their study found that there was no difference in homeownership rates for men because of relationship status. They found no difference in inheritance and gifts between women and men in influencing a person’s ability to buy a home [ibid]. The pattern established in their twenties is another component of financial experiences that cumulate in women’s financial vulnerability and dependence on state income in their retirement years.

The American experience of women’s homeownership is similar to British, Australian and New Zealand experiences [Card 1980]. Women’s participation and ability to own homes has been largely dependant on husbands and hampered by women’s lower pay.

⁹ The sex of partners was not identified in the Munro and Smith study, and is assumed to be male by this writer.

Gender inequalities in the labour market have a direct link to the difficulties women face in choosing their preferred housing arrangement. Low pay excludes most from the mortgage market and dependency on rental accommodation brings disadvantage and insecurities. While it is possible to own a home without having purchased it, or by relying on another (a husband) to provide the financial ability for purchase, most homeownership depends on the ability to raise mortgage finance which women's income levels make difficult. Low lifetime income for most women reduces their opportunities to buy houses or save for the future. The literature confirms that women with higher incomes have the opportunity to accumulate homes and assets and low paid women will have a greater reliance on the state because they do not have the same opportunity [Perkins 1992, St John 1996].

4.6.1 Retirement income related advantages of homeownership

Homeownership is an indicator of greater wealth and better health in retirement [Age Concern 1994, Todd 1997(a)], and is an indicator of greater assets and resources during a life time [Arber & Evandrou 1993:59]. Being able to afford a mortgage requires a level of income that is increasingly prohibitive for some New Zealanders. Arber and Evandrou describe homeownership as a "*legacy of working life*" [ibid:59], and the Council of Trade Unions [1996] wrote in its submission on the Housing Responsibilities Bill that experiencing deprivation in housing facilities was often an indicator of other kinds of deprivation including "*low income or ill-health*" [CTU 1996:4].

The advantages to retirement incomes of lower outgoings on a freehold property than paying rent is apparent in the amenities homeowners can afford. Investigating well-being of the retired population, Todd reported accommodation costs were the "*strongest influence on standards of living*" [1997:41(a)] and found 84% of home owners compared to 49% of retired renters had differences in availability of amenities (telephones, car, washing machines) and standards of living such as levels of health, well being and social participation, with the homeowners being in a more beneficial situation.

Age Concern notes that renters aged sixty years and over can be identified as being more likely to have lower incomes, to have poorer health, to live alone, and

to face financial difficulties than those who have a freehold home. In addition, renting elderly face insecurity of housing tenure and may not have suitable living spaces. Retired renters spend “noticeably” less on leisure, entertainment and social participation [ibid]. The conclusion reached was that rental costs use a large proportion of retired income with the result that retired renters have a lower average standard of living than other households. Retired people with accommodation costs below rental rates, had a standard of living that was “not significantly lower than the average” [ibid:38]. Freehold homeowners over sixty have more physical and emotional security and a greater degree of financial security.

However, homeownership is not a panacea. The benefits of homeownership are apparent but can result in a situation of being “asset rich and income poor” [Age Concern 1994:11]. This can mean there is insufficient cash income for daily needs, rates and house maintenance [Age Concern 1994], and there are few options available to assist although increasing attention is being given to the potential to convert a freehold home into alternative income for the retired.

4.6.2 Other advantages of homeownership in retirement

An advantage of freehold homeownership in retirement can be the options it can provide for alternative living arrangements. It is suggested that homeownership provides potential retirement income because a house can be traded down [Hawes 1997, Todd 1997(a)], and capitalised through the purchase of a smaller home, entry into retirement villages or used to create an income through home equity conversion arrangements [Davey undated, Hawes 1997, Retirement Commissioner 1995, Tinker 1997, Todd 1992(a)]. These options are not prevalent in New Zealand today with only one finance company offering home equity conversions [Hawes 1997] but opportunities may well increase as the population ages, life expectancy increases and the tensions for asset rich and income poor retired freehold homeownership continues. Todd [1992(a)] cautioned that home equity conversion was not a “total substitute for other forms of private retirement income” [ibid:317], but that there was:

... a large group of New Zealanders whose only sizeable asset is their home. It is often the case for these people that National

Superannuation is their only regular income. With the rate of National Superannuation, relative to wages, projected to fall over the next few years and the increased user charges beginning to take effect, we foresee increasing demand for [home equity conversion] products [ibid].

Davey [undated] recognised that “[o]nce they have retired, people have fewer opportunities to increase their incomes” [p7]. She linked high levels for homeownership and the problem of asset rich income poor elderly with opportunities of home equity conversion and, she too cautioned that it was one option. These solutions are not always ideal and more research is needed to determine the best arrangements for women in their retirement to capitalise on the value of their homes.

4.6.3 State support for homeownership

State support for home purchase has waned [de Bruin & Dupuis 1995, Ministry of Housing 1996]. de Bruin & Dupuis [1995] provide an historical perspective on housing policy in New Zealand, explaining that roots of homeownership arose during the nineteenth century with the European aim of private land ownership, mainly in the rural sector. At this time women’s needs in housing were overlooked as women were viewed either at the side of a husband, in the care of a father or, for abandoned women and young pregnant unmarried women as dependent on charitable aid.

By the twentieth century private ownership of property had spread into urban settings with state policy to assist with home purchase by worker families who had low or middle incomes [de Bruin & Dupuis 1995]. In 1935, women activists were advancing the requirements of women in housing, such as having all rooms and amenities under one roof and cooking facilities at a suitable height to avoid bending. This activism was interrupted by the depression. For single women working in urban areas in the twentieth century there were particular difficulties in availability of affordable appropriate accommodation, a situation exacerbated by their low pay [ibid].

The election of the 1935 Labour Government caused a significant increase in state support for homeownership, although still largely for men and their families. There was a two pronged approach in policy: state housing with cheap rent and housing purchase assistance with cheap state mortgage finance. Single women were overlooked in these policies until the 1950s when some progress was made with the availability of single working women's flats. However, low pay continued to undermine women's attempts to have their own homes and few women could "*bridge the deposit gap*" [ibid:6]. By the 1960s the policies assisting single working women were replaced with policies to house pensioners.

In the 1970s and 1980s state support continued but began to decline at the same time as housing, land and finance costs increased. In the 1970s the state was the major lender of mortgage finance ahead of banks and other finance institutions, with an average of 7% interest charged by the state. By the mid 1980s the Housing Corporation was no longer the major lender and the average mortgage interest rate had increased to 19.5% in 1987.

Mortgages became prohibitive for people on the average wage or in families with a median income. The cost of annual mortgage payments from gross income rose:

Table 4.8: Annual mortgage repayments from gross income

| | |
|------|-------------------------|
| 1981 | 40% |
| 1986 | 63% for existing houses |
| 1986 | 73% for new houses |

[Thorns undated]

The effect was that homeownership became beyond reach for low income people, including women.

In the 1990s privatisation was completed with the end of state finance for home purchase and the introduction of market rents for state housing. Previous policies were replaced with an accommodation supplement promoted as:

preferable [to previous state subsidies] for a number of reasons including effective targeting of assistance; greater transparency of costs; equity between state tenants , private sector tenants and home owners ... [Ministry of Housing 1996:39]

However, the supplement is generally only available to superannuitants and social welfare beneficiaries (who are 95% of the recipients) and provides a minimal assistance to homeowners in these groups with a maximum subsidy of 65% of housing costs in excess of 30% of net income [ibid].

State support for home purchase, in reality, no longer exists, and with the exception of the Retirement Commissioner [1996] little attention is given to encouraging home purchase:

It is left to the general macro-economic climate and the deregulated financial market regime to encourage or discourage home ownership. Whether or not the high level of home ownership that New Zealand has achieved continues in the future thus remains to be seen. What is clear however, is that women are less likely, given their lower labour market status, to be able to become home owner occupiers in their own right, in the absence of innovative initiatives [de Bruin & Dupuis 1995:11]

Unaffordability of homeownership for low paid and middle incomes earners may have far reaching effects on the ageing population of New Zealand. The social, health and economic value of homeownership for retired life suggests there is potential savings from the welfare costs of an elderly population without freehold accommodation.

The importance of homeownership in retirement and the fact that many New Zealanders consider mortgage servicing as a form of saving for retirement place home purchase as a significant component of retirement income planning. Women's ability to participate in home purchase is therefore an important matter for retirement income planning.

4.7 Retirement planning

The findings of studies on women and retirement planning (in general) and those on women's retirement income planning (specifically) conflict. Some studies suggest women do not plan, usually for valid reasons of inadequate incomes and household organisation; others suggest women do. Recent New Zealand research

identifies characteristics of retirement income savers (see 4.7.1). From that data I conclude that sex and saving behaviour are significantly influenced by other criteria, mainly income and family circumstances. Being female does not preclude retirement savings.

In Australia, Burns [1996] identified that many women have not planned ahead for later life and Byrne [1997] in New Zealand confirmed this was also the case in New Zealand. A scenario caused by reduced opportunity for women to save for retirement income provision, compounded by the cumulative impact of lower average pay, interrupted work patterns because of child rearing [Fleming 1997], mix of full-time and part time work, and (in some cases) increasing workloads [Burns 1996]. All of which is exacerbated by postponement of retirement savings to fund family expenses [Beaglehole 1993, Hyman 1992 &1994].

While, in their respective studies, Burns [1996] and Fleming [1997] specifically focused on women, however, many studies do not have such a focus. Women's retirement income planning can therefore be obscured. In MRL [1995] and Colonial [1997] research reports discussed in this chapter information about women can be extrapolated. It can be deduced that some women will be consciously planning and have arrangements for retirement income, just as some men will not. Factors likely to impact on retirement income planning included the significant matter of income. It is not possible, with the research information available to identify the degree to which income is more significant than sex, and the extent to which other motivators have an influence. For example, lack of certainty about state provision in the future.

Perkins identifies pre-retirement planning as a critical issue for women who plan ahead less than men and, goes on to suggest that:

Although [pre-retirement planning] may not help those who are destined to subsist on poverty or near-poverty incomes after retirement, it could be one step toward alleviating some of the economic and psychological shock that result from retirement. Thus, it is essential to convince women to participate in such planning when it is available [Perkins 1992:529-30].

Some view women's non-preparation for retirement as a failure to face future realities:

While today's women are thought to be more independent, many still fail to protect themselves against the uncertainties of tomorrow...women tend to overlook the need to prepare for a possibility of a change in their situation [Melendi 1991].

This view fails to account for the economic and social factors which critically impact on women's decisions and ability to participate in traditional retirement planning such as superannuation. The Chief Executive of the Ministry of Women's Affairs [MOWA 1996] argued that women were less well placed than men to make provision for their retirement for many reasons including:

- being in paid work for less time
 - earning less through the higher earning potential years
 - living longer than men by an average of almost six years
 - being more likely to live alone as well as be separated or divorced.
- [Lawrence 1996].

4.7.1 Do women plan?

Studies concluding that women do not save or plan as much as men are contrasted with those that show women do save, when they can.

A 1981 study by the Society for Research on Women [SROW] about financial management barely mentions superannuation, preparations or expectations for retirement. The report is prepared from national survey case studies of married couples and 'women alone' case studies. The report observes that superannuation and life insurance (then the domains of men) provide security for a woman should her husband die [SROW 1981].

Limitations of analysis about women and retirement income just over one decade ago illustrates how changing social and economic policies of New Zealand have brought retirement income to the fore.

This 1981 data contrasts with that in a 1997 report [Dickson et al 1997] that identifies (non-Maori) women as the key savers for themselves, regardless of

relationship status. Similarly for the age group of the sample in this present study:

- thirty-five to forty-four year old women were more than 40% likely to be instrumental in part or total for their own savings, and
- forty-five to forty-nine year old women were over 50% likely.

The conclusion of Dickson et al is "*only a minority [of non - Maori women] are reliant completely on someone else*" [Dickson et al 1997:4] for their own savings arrangements. Savings peak at mid-life between the ages of thirty to fifty-five for non-Maori women [Dickson et al 1997].

Although women do contribute to superannuation they do so in fewer numbers, and contribute less money¹⁰. Fleming [1997] and Burns [1996] observe that women's priority for family needs can undermine decisions about superannuation savings, which are seen as less important than the mortgage or money spent on the family. Additionally, women's responsibility for domestic care requiring breaks in employment can result in the decision for a male partner with full-time continuous employment to be the superannuation contributor for joint superannuation cover [Burns 1996, Fleming 1997, Ginn & Arber 1995]. There is some protection for women covered by the Matrimonial Property Act in the event of a marriage breakup as superannuation savings are part of matrimonial property.

The 1988/89 Household Expenditure and Income Survey found that 24% of women over fifteen years compared to 30% of men were saving in superannuation schemes. Women's contributions were considerably less than their male counterparts because superannuation contributions are usually a percentage of income and men have higher incomes than women. The result is that men were contributing an average of \$28 which was four times as much as the women's average [Hyman 1992]. However, for some men this will be superannuation cover on behalf of a partner as well as for themselves.

In the MRL research, 37% of the sample were thirty eight to forty-nine years of age and although some gender analysis is made the proportion of the sample who

¹⁰ This is not surprising as superannuation contributions tend to be an average of income, often matched by an employers contribution also a percentage of income. The disparity of female and male incomes is compounded. [Sharp & Broomhill 1988] (See 4.7.2).

were women is not indicated. Women are referred to in relation to partners, and the assumption is that the sample is completely heterosexual. In spite of these shortcomings the survey does provide some data that can be used as indicators for further research. Overall:

- 69% of the sample were making some provision for their retirement income
- 75% of those over thirty years making retirement savings.

Men are slightly more likely than women to be saving for retirement [73% of men compared to 64% women]. Those who identified themselves as a housewife or in domestic employment could not anticipate likely expenses in retirement. The report observed that:

clearly, not surprisingly, the more affluent groups in the community have greater expectations of areas of expense than the less affluent, as they are keen to maintain their lifestyle and standard of living [MRL 1992:19].

The women in this thesis may fit this description as they have been identified from women who have participated in seminars on retirement income matters and have full-time employment earning over \$35,000.

Lawrence [1996] cited research by the Retirement Commissioner in 1995 into attitudes and awareness of retirement savings found, when compared with men:

- *Fewer women had knowledge of retirement products*
- *Fewer women were already saving for retirement*
- *More women had life insurance*
- *Fewer women had made an estimate of income needs on retirement*
- *Fewer women indicated they were "very likely" to try to put more money into providing for retirement*
- *Fewer women, of those currently not saving, indicated that they would start*
- *Fewer women believed that their current level of retirement provision would give them a comfortable retirement.*

The main reasons given by women for not saving were:

- *other demands on money/income at the moment and*

- *income too small* [Lawrence 1996¹¹].

Byrne's study [1997] offers insight into the experience of women on lower incomes. Byrne found that the women could not save as they were focused on making ends meet, with nothing spare for long term savings. The women in Byrne's study recognised a need to plan, with three lesbians in their forties speaking of wanting to plan for their future:

When I do get back into full-time employment I'm going to have to work harder and really manage my money well for fifteen years. Cos that's all I'm gonna have .. I'll just try and plan a bit better
[Byrne 1997: unpublished]

Others spoke of the importance of planning and wanting to get some assets together, but financial constraints were difficult to overcome.

4.7.2 Employment and superannuation

Components of retirement income have been described as a "three legged stool" [Borzi 1995:46, St John 1996] with state provision, personal private savings and employer sponsored superannuation being the three legs of the stool [ibid, FinSec 1997]. The link between income levels and the ability to save for the longer term is evident and the source of that income, the employer, is well placed to support employees. At a practical level, money deducted at source directly credited into a personal account provides an automatic contribution to savings. People become used to the level of pay they receive in the hand¹². Of greater importance has been the sponsorship by employers to contributions to savings and payment of administration fees [Retirement Commissioner 1996 & 1997, FinSec 1997].

The value of employer sponsorship is that it leads to greater contributions for an individual and can provide the impetus to participate in superannuation:

¹¹ It is interesting that more men have superannuation arrangements while more women have life insurance. Given that women are more likely to live beyond their male partners with the consequential greater need for retirement income, the reliance on life insurance suggests there is an expectation that families need money to pay for the unpaid services provided by a woman when she dies [SROW].

¹² motivation for saving, including the opportunity to do so has usually involved employer or occupational schemes [MRL 1995].

continuous employment in pension - covered occupations and industries typically leads to the best retirement benefits

[Rix 1993:53].

Employer sponsorship of superannuation has added financial resource to individuals and provided motivation for retirement savings. Unfortunately the numbers of employer schemes are reducing¹³ [St John 1996, Todd 1997, Government Actuary 1997], halving between 1990 and 1997, with membership reducing from 21% of workers to 17% [ibid]. The level of contribution by employers who continue to provide superannuation sponsorship is reducing. This adds to individual difficulties for retirement income preparations at a time when increased personal savings are being encouraged [Ginn & Arber 1995, Rix 1993].

Non-sponsored employer schemes have lower participation rates than sponsored schemes [Todd 1997(a)]. Nevertheless, Todd suggests that employers can promote schemes to employees with success “*regardless of whether the scheme is subsidised*” [ibid:55]¹⁴. However, as a trustee for a state sector employees superannuation scheme, the Individual Retirement Plan [IRP], I observed the efforts of a large state sector employer, employing large numbers of women. Out of 7,000 workers 50% said they were interested in joining a superannuation scheme through their employer. The employer promoted the scheme widely with videos and literature. Training seminars were held. The take up rate was negligible (100 people began savings). The employer then provided a 1% contribution and the rate of joining more than doubled immediately and within one year had increased twelve fold to 18% of total staff.¹⁵

¹³ The GSF (Government Superannuation Fund) for state sector employees was closed in 1991 to remove Crown liability for superannuation pay outs. Some state sector employers have provided new superannuation arrangements however employer contributions tend to be at a lower level if any contribution is made. The GSF was a defined benefit scheme where pensions were determined on the basis of final income and inflation adjusted for the remainder of life. It also provided a spouse pension of 50% after the death of the employee. Employer schemes today are usually defined contribution - where the amount of contribution is explicit and the pay out dependant on investment success.

¹⁴ I am unable to locate literature to refute or support Todd's assertion but personal experience is at odds with this view.

¹⁵ A 1% employer contribution is minimal, especially when compared to the GSF employer contribution rate of approximately 11%. Some employees of the same state sector employer will be receiving the GSF rate because they were members when it closed, while others joining the new scheme receive 1%. There are several state sector employers who no longer offer superannuation sponsorship. This illustrates the reduction of employer sponsorship.

The IRP reported that the Plan had grown because of employer support:

The majority of new members have joined as a result of their employer offering to provide a contribution subsidy as well as meeting some or all of the administration costs [IRP 1997:3]

Women have experienced problems with employer superannuation schemes. A critical problem has been the perpetuation of income disparity [Middleton 1990, St John 1996]. Employers tend to match a percentage of salary for superannuation, thereby contributing a greater real amount to higher paid employees, who as has been identified are usually men [Hyman 1994]. Some occupational schemes have excluded low paid or part time workers or which have vesting scales that require years of continuous service. This has impacted on women who have either not joined or remained in employer superannuation schemes, or who have receive lower pensions than their male colleagues [Borzi 1995, FinSec 1997, Sharp 1995, Burns 1996, Sharp & Broomhill 1988, Arber & Ginn 1991].

One of the less obvious advantages of employer sponsored superannuation may be the availability of information about superannuation at the workplace. Access to information or educational opportunities for financial arrangements is essential if action is to be taken. As outlined in the next section, knowledge is an important aspect in prompting an active response to retirement income savings.

4.8 Information and knowledge

Well-being in retirement depends on pre-retirement preparation (as well as the maintenance of state provided support) [Hayes 1993]. One of the objectives of this thesis was to investigate the role information and education about saving for retirement has in pre-retirement planning. Feuerbach and Erdwins found that levels of knowledge on pre-retirement planning, retirement issues and ageing was not influenced by levels of education.

Higher levels of education did have an impact on:

*actual engagement in discussing retirement related concerns ...
with an accountant, lawyer, spouse, or other adviser*
[Feuerbach & Erdwins 1994:83].

This is supported by Dickson et al [1997], that generally, “*associate professional*” women were more likely to start savings earlier; “*scientific/professional*” women delayed savings because of study; and “*service and sales*” women had “*lower levels of saving for each age group*” [ibid:6]. Delayed savings by women undertaking study is likely to have a more marked effect on younger women than those in the sample who did not face the level of study fees charged today. Todd noted that income level may have an impact on participation in savings that may be borne out by Dickson et al’s observation that women in service and sales occupations saved least, they also earned least.

Coney, in her six point plan for a successful retirement, tells women (her first two points) to discuss financial planning with partners and to “*take control*”. Both points are to do with informing oneself and gaining knowledge:

*To protect yourself, you need to get involved...Being in control ...
means understanding some basic principles and making decisions*
[ibid 1996:177].

Without information and knowledge women will not be able to capitalise on what they have and their opportunities to make some difference will be thwarted. In 1992 and again in 1997 Todd expressed concern that unless people feel able to make informed choices they make fail to take action [Todd 1992(a) & 1997(a)]. The MOWA conference on retirement income and women had an objective to “*provide information to women on how to prepare adequately for retirement*” [MOWA 1996:3] emphasising the importance of women having the information and knowledge needed to make decisions to effectively manage their lives.

Information and education have implications for policy formation and a key legislative function of the Retirement Commissioner is to promote education and publish information about retirement income issues [Retirement Income Act 1993].

4.9 Conclusion

This literature review explores women's aspirations for retirement and identifies pre-retirement factors that shape retirement experiences. Women's economic situation is explored and identified as the core issue to well-being.

Studies of women's retirement planning conclude that income, access to money, homeownership, information and knowledge and planning ahead and financial security are the most significant factors of importance to women's well-being in retirement. The inadequacies of women's incomes and financial security during their pre-retirement compounds into retirement. Underpinning the literature is a strong message that for almost every woman in New Zealand state retirement income will be essential.

Attitudes towards retirement and health in pre-retirement are important for how retirement will be enjoyed but take a second place to economic factors.

A central core of well-being for New Zealand retired women is associated with homeownership. Owning a home means state income provision and personal arrangements can combine to provide a standard of living matching the working population. Paying accommodation costs out of state income or personal assets often means poverty.

The literature confirms that women with information and knowledge about the broader issues can take action during their mid-life to provide for the best retirement within the limitation of life time earnings.

The next chapter describes the research perspective and methods for investigating how a small group of mid-life women view retirement and are preparing for it. Then the data from the research is collated exploring issues identified from the interviews with six women. Chapter seven then provides analysis and discussion of that data and this literature.

Chapter five: Research perspective and methods

5.1 Introduction

Qualitative data from in depth interviews of six women in their forties, is used in this study to explore their thoughts, plans and decisions about retirement and retirement income. The qualitative interview data is supplemented with information about the participants financial situations collected through short self administered questionnaires.

New Zealand demographic information has been used to place the interviewed women within the context of women in New Zealand; how their income levels, work and life styles relate to the general population of New Zealand, and the population of women in particular. The demographic material facilitated some critique on the sample (who were mid-life, non-married, pakeha women with incomes over \$35,000) and assisted in identifying some of the limitations of this study.

The objectives of the research project were outlined in chapter one and formed the basis of the guiding questions [appendix one] for the interviews, collection of data and the exploration and analysis of the data.

This research has been designed using feminist research principles detailed in the following section. The appropriateness of qualitative method for feminist research and objectives of this study are discussed, and expanded with an explanation of quantitative material used to broaden the qualitative framework. The research sample is described and justified. Procedures in recruiting participants, addressing the practicalities of ethical matters, analysis and questions are then explained. Finally the chapter outlines the ethical considerations of this research project.

5.2 Feminist research theory

The nature of feminism is to seek change and improvement in women's experiences. This challenges feminist researchers to pursue research that has an immediate and sharply focused relevance to women's lives. This research on retirement income issues is centrally placed in current debate and policy development in New Zealand outlined in chapter two. It takes some account of an international context as outlined in chapters four; and is of critical importance to the lives of women.

In feminist research each component of the research process should adhere to feminist theory resulting in critical evaluation of traditional research methods and theories. Creative solutions have been found to research problems and new ways of researching have resulted in a fuller picture of social experiences.

The feminist framework of this study and the specific objectives of the project assist in methodological decisions being made. Important features of feminist research provide tests for methodology and design: what to ask and explore; the information to include or ignore; how and what might interconnect or shed light on how women prepare and view their retirement during their mid-life years. Table 5.1 explains six tests of feminist methodology and design collated from the work of several feminist researchers [cited in Smith & Noble-Spruell 1986]. The table identifies how this research project meets those tests.

The following section on feminist research covers the role and orientation of the researcher; issues to be taken into account when researching women; who was included or excluded from the study and why.

5.2.1 Role of the researcher

From a feminist theoretical perspective, it is important for the research process and the researcher to study women's individual and social history so some experiences of women can be critically considered within a feminist context. Mies [1983] challenges feminist researchers to value the collective experience of women.

Table 5.1: Six tests of feminist methodology and design

| Six tests of feminist methodology and design | How this research projects responds to the tests |
|--|--|
| <p>1 Feminist research is for women and aims to improve their daily lives. [Duelli Klein 1983, Stanley & Wise 1983].</p> | <p>The people interviewed, the supervisors and the researcher are all women. The research objectives aim to identify information that can be used to ensure retirement income social policy development addresses the needs of women. The women were given an opportunity to discuss their lives and to consider themselves and their responses, and the lives of women generally, as women. Each woman was asked if she thought there were any issues about retirement that might be experienced because she was a woman.</p> |
| <p>2 Research is based on feminist theory [Stanley & Wise, 1983]; and premised on the oppression of women, committed to changing it [Roberts 1981, Stanley & Wise 1983].</p> | <p>Little research or policy development in retirement income planning in New Zealand has taken adequate account of the disadvantage experienced by women, largely caused by low levels of pay compared to men, in preparing for their retirement. Selecting mid life women specifically aimed to address how those women (ten to twenty years before retirement) were thinking and feeling and making decisions now, which could affect their retirement. The purpose was to provide information and critical analysis that could assist individual women as well as policy makers about retirement income and retirement planning for women.</p> |

| | |
|---|---|
| <p>3 Feminist research emphasises a non exploitative relationship between researcher & the researched that is based on collaboration cooperation & mutual respect [Mies 1983, Oakley 1981, Reinharz 1983, Stanley & Wise 1983].</p> | <p>As researcher, I aimed to provide an opportunity for the interviewees to present their views and be respected and valued for them. The women interviewed each commented that the experience of the interview had been positive and provided them an opportunity for self reflection. They valued the time given to the issue and gave their time because of a commitment to research about women and saw the topic of the study as vital for women generally.</p> |
| <p>4 Feminist research recognises the open presence of the researcher as intrinsic to the process [Oakley 1981, Stanley & Wise 1983].</p> | <p>I accepted the influence of my presence. The women were selected from women who had all met me in the context of my work in presenting information about retirement income issues. All had some knowledge of who I am, the work that I do, my political views about retirement income and had some knowledge of my personal life. I hoped that this would make the experience of talking about personal matters easier and facilitate an openness in the interviews.</p> |

| | |
|---|--|
| <p>5 Feminist research questions the ownership of the research outcome [Spender, D 1981; Spender, L. 1983].</p> | <p>I explained to each participant that the final report would be a thesis and could result in other publications or be used in my work on women and retirement income. All appeared to see this as positive and were pleased to have a part in it. None wanted to check the transcripts of their interview; all saw that as unnecessary. One woman commented that her contribution was the interview; her time was limited and she trusted me to use the material for the benefit of women.</p> |
| <p>6 Feminist research attempts to develop a specific methodology congruent with feminist ideology [Stanley & Wise 1983].</p> | <p>The methodology aims to provide a secure environment for data collection, with strict procedures for confidentiality and opportunities for the participants to screen their responses (see ethical concerns later in this chapter).</p> |

She points out that this requires the researcher to be collective in approach, avoiding individualism and competitiveness.

Therefore, section 4.2 places the sample in a broad demographic context to expose the specific characteristics of the participant group and to relate this to women in New Zealand generally.

A feminist researcher must identify and place herself and her research within the context of social values and the theories that will inform her work. The acknowledgment of partiality, as a conscious act, allows her to position herself in a problem solving perspective. The acknowledgment of her view allows other views to be considered either informing or critiquing her view. The acceptance of partiality and positioning that partiality places values contained in the work before the reader allowing the reader to reflect on the context in which this work has been done.

However, the researcher's behaviour must be self aware and self reflective. Personal interests, beliefs and bias must be controlled in an effort to gather data that is not tainted by the researcher. "Talk a little, listen a lot" extols Wolcott [1994:348]. The researcher must provide the opportunity for people to talk and the researcher to have:

bias in favour of trying to capture the expressed thoughts of others rather than relying too singularly on what [is] observed and interpreted [Wolcott 1994:350].

A researcher should:

minimize the potential influence of some line of interpretation or analysis that might have [the researcher] remembering and recording too selectively or reinterpreting behaviours prior to recording it [Wolcott 1994:349].

Similarly the importance of active participation by women in feminism means that the work of feminist researchers must be purposeful; expanding a body of knowledge and experience to achieve the emancipation of women. My interest in exploring women's issues about retirement income emerges from working

experiences and personal interest and current debates on the importance of state provision and private responsibility for retirement income (explained in 5.2.2).

The process I have used to ensure accuracy involves verbatim transcription of audio tape interviews, then a collation exercise where all the material gained from the interviews was organised under headings that arose from the sorting of the data, so they reflect the experiences of the participants. Having collated data; the sorting, discarding, analysing and interpretation of the material can have traps. Data overload, researcher bias, processing and coding data, the adequacy of the sample, generalising findings in a credible valid way can impact on the ultimate usefulness of the work for social policy [Miles & Huberman 1994]. The basis of improving the lives of women must be uppermost in the researcher's mind throughout the qualitative process. My response to this aspect is covered in 5.3.

5.2.2 Theoretical orientations of the researcher

I am a feminist committed to understanding and analysing the experiences of women and being active in policy development and implementation to improve the experiences of women. Feminist views and beliefs shape my daily and working life. I use my experiences as a woman and knowledge of feminist theory to inform my view of the world: making sense of the world and events, especially those which impact on women, and to critically assess what takes place.

Social policy is a primary interest because of the work I do. Beginning my working life as a primary teacher; moving to work in a trade union as women's officer and then industrial negotiator; and now as policy co-ordinator for the New Zealand Council of Trade Unions, I observe the impact of social policies on peoples lives and respond to policy development and implementation in political and practical ways.

As a woman in full-time employment since leaving school, I have been aware of the importance of private superannuation. Until the last ten years I had not made any permanent arrangements for superannuation. I had moved in and out of two superannuation saving arrangements. I compulsorily joined the Government Superannuation Fund (GSF) as a teacher trainee. Having withdrawn from the GSF

on reaching the age of twenty-six (as was permitted for women or on marriage) to pay half of the accumulated savings as part of a matrimonial property settlement, I subsequently joined a private scheme, only to withdraw after seven years when I acquired my first mortgage. I then joined an employer sponsored scheme at my workplace in 1989, and have maintained superannuation savings since that time.

Alongside personal experience sits workplace responsibilities. As the past women's officer for the New Zealand Educational Institute: Te Riu Roa, I assumed responsibility for promoting the GSF on the announcement of its closure to new members (1990-91). This experience taught me (belatedly) the value of the GSF to state sector employees and that a very small percentage of women eligible for the GSF actually participated in it. It became apparent that retirement income planning for women was essential. This workplace experience led me to an understanding of the issues of retirement income generally, and for women specifically. Coinciding with my own advancing mid-life years and the need to prepare for my later years, my passion for the subject developed

My focus for this course of study was enhanced by reading research findings from the USA that identified characteristics developed in mid-life that had a beneficial impact for women in their retirement years (see chapter one). Knowing that mid-life women were thinking about their retirement, then finding research to suggest experiences in mid-life are important to retirement well-being sharpened the interest I had in conducting this research.

As a feminist unionist I believe in activism. I have a commitment to pass on my knowledge to inform other women and to be politically active. My overarching objective in this work is to influence policy development about retirement income and women. This research project arises from that commitment.

5.2.3 Researching women

This research has been done from a feminist theoretical perspective. It is marked by a commitment to provide information, understanding and explanations that could be used to facilitate improved experiences for women.

In the past social policy development about retirement income matters has overlooked and neglected specific issues facing women; their pre-retirement needs, aspirations, economic situation and understanding of the issues. This is not only in New Zealand, but internationally:

Past research on retirement has been mainly concerned with men, a legacy, it has been suggested, of the functionalist idea of segregated and complementary gender roles; whereas as men on retirement exchange a 'good provider role for a low status 'roleless role', women's retirement has been treated as unproblematic [Ginn & Arber 1995:74].

Lately New Zealand policy development has taken some account of the place and needs of women [Todd 1992(b)]. Analysis from a feminist perspective has been undertaken [Ashton & St John 1993, Beaglehole 1993, St John 1992(b), 1996]. See also section 2.3 of this thesis. The White Paper *You and Your Retirement Savings* 1997, proposing a compulsory retirement saving scheme and the 1997 Todd review present issues about the needs of women in retirement income policies (see chapter three).

This work is acknowledged, although research and analysis continues to be minimal. As retirement income policy is in a state of flux there needs to be continued work in this area. As women are the majority of those who will be the retired population, women's needs and issues must be to the fore in social policy theory, development and research.

An early driving force of feminism encouraged women to speak about themselves. Confronting limitations of expert and male knowledge: “[t]hus, the legitimacy of women's own understanding of their experiences is one of the hallmarks of

feminism” [Maynard 1994:23]. The researcher involved in interpretation is challenged to let women speak for themselves.

In the study presented in this thesis the particular qualitative method employed has allowed the women to speak for themselves, using their “*own words to express their own personal perspectives*” [Patton 1990:287]. What they said has been explored for common themes and explanations presenting a picture of how a described sample of women view their future in retirement and what they are doing about it in their mid-life. The justification is to inform our understandings of the opinions and thoughts of the women in relation to current policy debates and policy development. Thus the work meets an obligation:

to go beyond citing experience in order to make connections which may not be visible from the purely experiential level alone
[Maynard 1994:24].

Questions of validity arise:

Feminists have to accept that there is no technique of analysis or methodological logic that can neutralise the social nature of interpretation ... feminist researchers can only try to explain the grounds on which selective interpretations have been made by making explicit the process of decision making which procedures the interpretation ... recognising the possibility of silences and absences in their data [Maynard & Purvis 1994:1].

Research undertaken by Gluckman on women assemblers required her to go beyond the women’s accounts because they had “*only a fragmented and partial knowledge of the assembly line*” [Gluckman in Maynard & Purvis 1994:6]. Her research is complemented with material from other sources.

In this study I expand on the accounts from the women with information to support and enhance the research and place the analysis in a demographic, historical and social policy context.

5.3 Why qualitative methodology suits the feminist context and objectives of this study

I wanted to hear what women thought. I had found from facilitating seminars about retirement income issues for women, that most women over forty had thought about their retirement future. Those thoughts provided a wealth of information and potential for analysis.

Qualitative methods are used predominantly in this study because the conventional feminist research method of unstructured qualitative interviews is a format well suited to exploring the thoughts and decision processes of individuals. Qualitative research methods “*permit the [researcher] to study selected issues in depth and detail*” [Patton 1990:13]. Qualitative research allows an intensive focus on a small number of women talking about their thoughts, plans and concerns. The research was designed within feminist theoretical perspectives marked by a commitment to provide information, understanding and explanations to facilitate changed experiences for women. Thus the research provided a vehicle for some women to express themselves in their own words, and to talk about their own experience. The power of an individual’s words are critical in qualitative data:

Direct quotations are a basic source of raw data in qualitative inquiry, revealing respondents’ depth of emotion, the ways they have organized their world, their thoughts about what is happening, their experiences, and their basic perceptions. The task of the qualitative researcher is to provide a framework within which people can respond in a way that represents accurately and thoroughly their points of view about the world, or that part of the world about which they are talking ... [Patton 1990:24].

Miles and Huberman [1994] explain that qualitative data can be a source of:

well-grounded, rich descriptions and explanations of processes in identifiable local contexts. With qualitative data one can...see precisely which events led to which consequences, and derive fruitful explanations. Then, too, good qualitative data are more likely to lead to serendipitous findings and to new integrations;

they help researchers to get beyond initial conceptions and to generate or revise conceptual frameworks. Finally, the findings from qualitative studies have a quality of 'undeniability'. Words, especially organized into incidents or stories, have a concrete, vivid, meaningful flavour that often proves far more convincing to a reader - another researcher, a policy maker, a practitioner - than pages of summarized numbers [Miles & Huberman 1993:1].

I hoped this project would facilitate the discovery of motivations, reasons and thoughts of a group of women about a topic on which there is little information. I wanted to explore the influence of the current political environment for policy on retirement income on a group of mid-life women. In the final event, the research did provide a wealth of interesting information with fascinating diversity within a sample selected by specific criteria. The diversity of living arrangements, ideas on life in retirement and range of financial plans and arrangements was surprising. A concept of "lifeshifts" and their financial cost was identified by one of the participants and fitted with the experiences of others. This concept could provide a context for further study, it needs to be taken into account by policy makers (for further discussion see chapter seven).

The collation of the data collected in the interviews and self administered quantitative questionnaire is presented in chapter six. Preparing the collation I was faced with the tension of:

deciding what to leave in, what to highlight, what to report first and last, what to interconnect, and what main ideas are important, analytic choices are being made continuously

[Miles & Huberman 1993:8].

Unfortunately, I was unable to include all of the information and many great quotes have been omitted. The final selection of information has made has been closely based on the objectives of the research project. Quotes that are indicative of a common view or expose a unique or contradictory view have been selected and discussed.

5.4 Quantitative data used to supplement qualitative data

I use quantitative data to illuminate the qualitative data - to provide a context for the sample and identify the focus of this study, and to “locate” participants and analysis “*in relation to other people*” [Patton 1990:292].

Reliance on interviews is an essential component of feminist research. It has provoked a rejoinder that: “*the method adopted be that most appropriate to a specific set of research questions and overall research context*” [Maynard & Purvis 1994:3]. Maynard and Purvis go on to recommend that a range of methods can provide maximum data input for the research process. The “*quintessential feminist*” [Maynard & Purvis 1994:3] semi-structured interview can be enhanced by a broader framework of research practice that should underpin the study. The mix of methods and data collected in this study are designed to make the research and findings “*both adequate and legitimate*” [Maynard 1994:10]; and to place the qualitative analysis within a broader social context.

Researchers committed to influencing social policy have to provide information that can be recognised by policy makers. Research methods that are consistent with the theory [Smith & Noble-Spruell 1986] and political aim [Mies 1983] of feminist research have resulted in critical debate about the appropriateness of quantitative research. Jayaratne and Stewart [1991] have suggested that feminist researchers should consider using quantitative techniques to make generalised statements. I have endeavoured to take account of the quantitative nature of social policy analysis by including a section on the demographics of mid-life women and women in retirement then relating this to the analysis in this thesis. Using 1996 Census data, I have positioned the sample women in context with women in New Zealand.

5.5 The sample

In a study of this size there is a tension on how to identify a meaningful sample of the population of women that has validity in spite of the absence of groups of significant women. The sample had to be sufficient to identify themes and issues as

well as to allow in depth explanations and to identify how some women view retirement and plan for it. The sample and numbers had to be specific and small, respectively. The scope for research in a masters thesis was another critical consideration in making exclusions.

The precise sample criteria were used so comparisons could be made and the views and concerns of women in their forties, before their retirement years, could be considered within a demographic and social policy context. The criteria meant there were specific requirements for inclusion in the study. The women selected were:

- in their forties
- pakeha/European
- not currently married
- in paid employment
- willing to discuss personal information

Each of the criteria and the exclusions are discussed in more detail below.

5.5.1 Women in their forties

The decision to interview women over forty was one of personal interest. I am over forty. I had the feeling (supported by anecdotal observation not empirical research) that forty year old women think ahead with a long term view of their future, whereas younger women may not.

Women in their forties are part of the “*early baby boom*” who represent 13.7% of the population [Pool 1997:8]. The early boomers are leading the ageing bulge in population demographics. They follow wartime and late depression babies [ibid] and precede late boomers born c.1961. The women in this study:

- were born between the years of 1948-57, and
- will reach their sixty fifth birthdays in the decade 2013-23
- all are in full-time employment but not all are employed permanently
- they all have tertiary qualifications.

Women aged forty to forty nine make up 13.6% of the female population and 6.9% of the total population [Statistics New Zealand 1997(b):16]. Data on female life expectancy for women within this age range (those born in 1950-52) gives a life expectancy of 71.3 years of age. Those born in 1950-52, who reach the age of sixty five, have a further life expectancy of 14.8 years, possibly achieving the age of eighty-six [Statistics New Zealand 1997(a)].

Pakeha/European women are more likely than Maori or other non-European women to meet this life expectancy. As the sample are pakeha/European and born c1950-52 they are likely to meet the projected a life expectancy of between 71.3 and 79.8 years of age.

5.5.2 Pakeha/European

As a pakeha researcher I have chosen to limit the sample to women who share my ethnicity and cultural heritage. Maori women were a reluctant exclusion because the issues for Maori women's retirement income are at least as important as those for pakeha women. Factors which impact on women's general ability to save privately for retirement: lower pay than men, years of unpaid work and reduced opportunities for homeownership; compound to make the position of Maori women in retirement look bleak.

As a pakeha researcher and with little available research on retirement income issues and Maori women, I made the decision that I would focus on my own cultural and ethnic group. The potential for my pakeha/European perspective to intrude on any analysis and to misconstrue or misrepresent the views of Maori participants was greater than potential risk in analysing the words of women from my own cultural perspective.

This decision was taken in the full realisation that as tangata whenua, Maori women have a unique place in New Zealand, and that, as a person living in New Zealand I am bound by commitments and obligations contained in the Treaty of Waitangi. I acknowledge this by stating the exclusion, the reasons for it and will identify areas for future research that may have specific relevance to Maori women. The most obvious research need is for empirical data, both quantitative and

qualitative, on Maori women in retirement and their mid-life preparations, by Maori women.

The scope of a Masters thesis was also a factor in concentrating on only one group of women.

5.5.3 Not married

Married women were excluded because of the nature of their financial relationship to husbands. The Matrimonial Property Act 1976 has an impact on married women's retirement income potential. Superannuation and other savings by either or both members of a married couple are part of matrimonial property. The Act provides for property sharing between a wife and her husband; providing some security in the case of divorce.

This protection is inadequate to completely ensure the role of women in marriage is recognised in a matrimonial property settlement:

A major area of current policy debate is women's share of family property in situations of relationship dissolution (both matrimonial and de facto). The current legislation covers only legal marriage but even here there is concern that the provisions for division of property do not adequately recognise the value of women's labour (and their foregone paid employment prospects) where they have primary domestic and care giving responsibilities

[Cheyne et al 1997:112].

In spite of shortcomings of the legislation [MOWA 1996], married women have entitlement to matrimonial property in the event of dissolution of marriage. To this extent, a married woman (as do married men) has access to a partner's resources as of right.

This is not true for de facto relationships, whether heterosexual or same sex couples. In partnerships between unmarried people there is no legal guarantee of property rights between partners. Hence, the women included in this research project may be in a non-married partnered relationship without absolute rights to a

partner's assets or their own assets being subject to the claims of a partner. Within the context of a relationship partnership, cohabitation agreements and wills can identify the surviving partner as sole beneficiary - but such arrangements are not legally binding in the same way as the Matrimonial Property Act. Matrimonial income is shared, whether a married couple operate shared accounts or not. Any savings are part of matrimonial property if they divorce.

This did not mean that the women in the study operated completely individually or in isolation from others. Whether partnered or a mother or daughter, the women considered their decisions in relation to others. Nevertheless, without legislative protection (whether the parameters, rights and obligations of the Matrimonial Property Act are fully appreciated by married women or not) unmarried women must consider property ownership and financial arrangements within a different context. They cannot assume a relationship partner will provide a source of financial support. At the conclusion of a relationship there are no automatic rights for the division of assets built up by one or other, or both of the partners in the duration of the relationship. Regardless of living in partnership or living singly, unmarried women are responsible for their own financial arrangements.

5.5.4 Paid employment

Women in paid employment were selected because they were more likely to be in a position to make retirement income arrangements than unpaid women. I limited the sample to provide an opportunity to explore how women with regular incomes made decisions on how to use their earnings and what decisions they made.

5.5.5 Personal information

This requirement may be obvious. It is essential that participants are willing to talk of intimate aspects of themselves and life arrangements when gathering honest and open data. This also required my behaviour and the research design to encourage openness and guarantee privacy and confidentiality.

5.5.6 Lesbian and heterosexual women

Silences are as important to acknowledge as inclusions and exclusions. The criteria for participation in this study makes no reference to sexual orientation. Indeed the matter of sexuality may not have arisen in the context of the data collected. However, sexuality (along with race, class, ethnicity and disability) has a bearing on

... the structure of all our lives, no matter how invisible they might be in experiential terms. (Author's emphasis) [Maynard 1994:24].

It is important to me, as a lesbian, that lesbians are not invisible in a study of women, just as class and race and ethnicity should not be ignored or overlooked. That factor acknowledged, I decided not to specifically question about sexuality or the nature of any relationship partnership (other than to exclude married women). I decided that in the context of an interview, the participants should be free to identify factors they consider significant to their thoughts and decisions.

Given the objectives of the project, the size of the sample and the constraints of a Master's thesis, I decided that justice could not be done to an indepth exploration of how sexuality or the nature of relationship partnerships impacted on retirement income decisions and feelings about retirement.

The methodology was designed so participants could speak freely about themselves. Patton says:

[t]he personal nature of qualitative inquiry derives from its openness [and] the evaluator's close contact with the program [Patton 1990:124].

In this case, I was aware that some of the participants were lesbian and all participants would know of my own sexuality. I trusted this would provide an interview context in which the women could be open about their sexuality, if they considered it relevant to the questions and issues being explored.

As chapters six and seven show, the issue of sexuality was explored in the interviews and provided some data for analysis. The sample with 50% self identified lesbians is not typical of the wider population. While has not been

possible to get any statistical data about the proportion of women who are lesbian the 1996 Census recorded a total of 1,815 female same sex couples (out of a total of 3,255 same sex couples and in comparison to 777,897 opposite sex couples) [Statistics NZ 1998(a)].

5.6 Specific research procedures

5.6.1 Procedures for recruiting participants and informed consent

Since 1990 I have facilitated union education workshops and coordinated information dissemination about retirement income issues for women who are union members. I approached a number of women who had been at seminars, were known to me and had indicated they had thought about the issues and their personal retirement income needs. The purpose of selecting women who had indicated their interest in the issues of retirement was to facilitate information gathering and avoid "*haven't thought about it*" responses to questions.

An information sheet [appendix two] explained the study and requirements on the participants. Confidentiality procedures were explained, as were the rights to withdraw at any time.

The information sheet cautioned that participation in this project could have some risks. Discussion about retirement income preparation could raise anxieties about how each woman was preparing for her retirement. Assistance to find appropriate help and resource material was offered.

After reading the information sheet and having an opportunity to ask for clarification, each participant signed a consent form [appendix three] before their participation in the project began.

5.6.2 Procedure for research

The participants were involved in a one hour qualitative semi-structured interview. Open ended guiding questions were used to focus the interviews [appendix one]. The questions were developed to cover the objectives of the study, serving as a

starter for data gathering and ensuring the material covered all aspects of the objectives [Patton 1990].

The material gathered in the interviews was supported by a more structured questionnaire that gathered individual quantified information about income, expenditure and savings behaviour [appendix four].

Second interviews were held to clarify information from the initial interview; pursue themes from the initial data and explore further thoughts the women may have after the first interview:

each new interview builds on those already done, expanding information that was picked up previously, moving in new directions, and seeking elucidations and elaborations ...

[Patton 1990:281-2].

The following questions were asked in the second interviews because of gaps identified in the data about each woman's assessment of how confident she was and how successful her plans would be.

1. How positively do you view retirement?
2. Can you assess your ability to respond to expected or unexpected life shifts?
3. If your current arrangements continue, do you expect to be financially secure in your old age?
4. How confident are you that you will have the retirement income you want?
5. What impact does your age have on the decisions you make and what you do?

Question five was asked because the guiding questions did not adequately expose data on attitudes to ageing and if age had any particular significance to the women and retirement income planning.

The final follow up question was "*What thoughts or changes have occurred since the first interview?*" This was asked because one woman had volunteered at the end of her first interview that the experience had been positive and made her reflect on the decisions she had made and consider what she should do next. The question aimed to find out if any of the others had found the intervention of the interview useful or not.

Information collated into tables was confirmed and specific age was asked for (the questionnaire had broad banded ages), to confirm the data.

The second interview was not taped, instead field notes were taken.

The interviews were all conducted face to face and audio taped. The intention to return the transcripts of the interviews to the women for their appraisal, to allow them an opportunity to delete or amend the transcriptions, was unnecessary. None of the women took up this offer.

A brief report on the outcome of this study is being prepared for distribution to the participants and others who have indicated their interest (the Retirement Commissioner and Westpac Trust who provided some research information for this study).

5.6.3 The analysis

The analysis of data resulted in case studies on participants and organised the interview material under the guiding questions. Themes that emerged from the topology of the interviews were identified. Insights emerged as I worked with the data as indicated by Patton [1990]. A singleminded focus on the guiding questions would have overlooked the voices of the women and been closed to the rich potential of qualitative research described by Huberman and Miles. Patton describes the analytical process as:

captur[ing] the actual words; ... [d]ata interpretation and analysis involve[s] making sense out of what people have said, looking for patterns, putting together what I'd said in one place with what is said in another place, and integrating what different people have said [Patton 1990:347].

The initial analysis of the women's responses used the guiding questions to make links, identify similarities and differences in responses and to explore common themes. This raised further questions and shaped the focus for the second interviews.

5.7 Ethical Concerns

Massey University requires the research study to be significant and to avoid negative impacts on the participants, the university and university staff involved in my work or for myself. The “*heightened awareness*” [Miles & Huberman 1994:297] created by a commitment to ethical research focused the development of the methods for research data gathering and analysis. Careful consideration of the practical arrangements was required to ensure that the procedures were appropriate and that the participants could give informed consent from a basis of full and accurate knowledge of what would occur.

Miles and Huberman [1994:288] suggested that qualitative researchers should consider: “*Is my project really worth doing?*”. This particular question plagued me throughout the work: when considering the focus of the study; when shaping the objectives and guiding questions; when considering the sample criteria. Once the interviews were completed, I was concerned at the relevance of a sample that represented only a small segment of New Zealand women’s income levels (13.6%). However, I felt reassured about the worth of my project when actually engaged in the interviews - which the women indicated felt vital and meaningful and of relevance to them. In the analysis of the data the information about how these women thought and planned was clearly important, precisely because their level of income allowed different decisions and actions from either lower paid or higher paid women. This indicates ideas for further comparative research and an opportunity to identify the concerns, fears and life decisions which impact on women who have more financial resources than others (mainly women) and less than others (mainly men).

Preparing my application to the Massey University Human Ethics Committee gave ethical considerations and preparations a sharp and welcomed focus. The project received approval. Informed consent was obtained from each participant before the data gathering began as explained in 5.6.1.

5.7.1 Procedures for handling information and material produced in the course of the research

The consent forms and audio tapes were kept in a secure place at all times. The consent forms are the only material that have the real names of the participants recorded. All names or references that could be used to identify the individuals were replaced by pseudonyms and individuals are not identifiable in the final thesis or in any published material.

5.7.2 Anonymity and confidentiality

As researcher, I am the only person who can connect the pseudonyms to the women who participated in the research. Confidentiality has been maintained throughout the project although some of the women have told others of their participation in the research.

The audio tapes were identified by a number. All but one were transcribed by a professional transcriber who signed a confidentiality statement. I transcribed one tape on the request of the interviewee.

Elizabeth told a number of people she was in the study but asked that I personally transcribe her tape. She was known to the professional transcriber and did not want her voice identified. This request suggested to me that there was an expectation of disguise in the final work. Elizabeth could have hidden her participation from others, but did not. However, having told of her involvement she sought privacy for the details of what she said.

5.7.3 Potential harm to the participants

Discussing retirement income matters could make people feel anxious about their situation. Equally, the interview process can have implications for the participants:

Interviews are interventions. They affect people. A good interview lays open thoughts, feelings, knowledge and experience not only to the interviewer but also the interviewee. The process of being taken through a directed, reflective process affects the person being interviewed and leaves them knowing things about

themselves that they didn't know - or at least were not aware of - before the interview. Two hours or more of thoughtfully reflecting on an experiences, a program or one's life can be change-inducing
[Patton 1990:353-4]

The follow up interviews in this project give credence to Patton's remarks. Some of the women commented the interview process had left them thinking. It had made them think the issues through and, in some cases, the changes made to their arrangements between interviews had been enhanced by the interview. All commented the experience had been positive.

I avoided giving advice and did not answer questions about what should be done to prepare for retirement. I maintained strict personal scrutiny to neither affirm or criticise any of the information the women gave. This was particularly important when the women outlined plans or confidence about their planning and preparations that I did not share.

Patton goes on to identify the responsibility of the researcher to be sharply focussed on data gathering as well as "*responsive*" to the human impact of one's work. He gives an example of providing a "*packet of information about resources*" [Patton 1990:354].

The name of a randomly selected¹ financial adviser with free initial consultations was available to give any participants who wanted to discuss their financial situation. None of the participants sought such assistance.

Copies of the Retirement Commissioner's latest series of pamphlets [1997(a)-(f)] and booklet *Welcome to Your Retirement* [1995] were available. All of the participants took this information.

5.7.4 Potential harm to the researcher

No potential harm to the researcher, or to Massey University, was identified. There is no potential gain from knowing the personal and financial details of the

women involved and the participants were free to refuse to respond to any part of the interview or questionnaire.

My work involves facilitating workshops on retirement income issues for women and in social policy commentary on retirement income policy. This work assisted in finding women to participate in the study. The findings of the research could be used to inform future workshops and social policy commentary. As the research project could inform my work there is a possible conflict of interest. To avoid this I ensured that none of the women were coerced into participation and that information gleaned from the research will continue to be subject to rigorous confidentiality.

5.7.5 Legal concerns: Legislation

(i) Copyright Act 1994

All printed information is sourced in this text with the Harvard system of referencing. Any publication or use of the material emerging from this research project will be appropriately referenced.

The copyright of the thesis and all published material belongs to the author. Any publication that emerges from this work will belong to the writers responsible and/or the publisher.

(ii) Human Rights Act 1993

The Human Rights Act allows for discrimination to ensure equality. In undertaking research that focuses specifically on women, this project is designed in good faith to advance social policy development relating to the retirement income needs of women. This is permitted under section 73 of the Act.

(iii) Privacy Act 1993

The privacy of the participants continues to be assured by the measures already described and the use of pseudonyms. The names of the participants will not be disclosed and the information gathered has been disguised by pseudonyms.

1 The name of a financial adviser was randomly selected from the Dominion newspaper by cutting out the information of the first well known firm of financial advisers advertised on a particular day.

(iv) *Investment Product and Adviser (Disclosure) Act*

Introduced in 1997, the Act requires disclosure of personal details and financial qualifications of individuals giving investment advice. As a researcher I did not give any advice to the participants about their financial situation or preparations for their retirement.

5.8 Conclusion

This chapter and the appendices to this thesis explain the methodological parameters of this project. Social policy research about women is, arguably, most appropriately situated in feminist theory and practice. The methods must be suited to the purpose and be ethical. The selection and protection of participants are paramount. This chapter has explained the practicalities for undertaking the research. The data gathered through this process is described in the next chapter, chapter six, and analysed in chapter seven in relation to theoretical perspectives, policy debates and the literature on retirement income policy.

Chapter six: What the women said

6.1 Introduction

This chapter presents the views of the women interviewed for this study. It explores their expectations and aspirations for retirement and the plans they are making for it. Pseudonyms are used throughout this chapter and the following chapters, for the women interviewed and any others they mention.

A biographical case study of each woman is provided at the beginning of this chapter. The case studies explore the personal situation of each woman and the context from which each looks ahead to retirement.

The information gathered in the study and themes that emerge are then explored. The information is initially categorised using the objectives of the research project (see chapter one). The section on aspirations for retirement is followed by identification of the factors that shape expectations, plans and preparations (see 6.4). Several additional themes emerged from the interviews including: living arrangements; changes to personal situation (described as lifeshifts and involving changes in relationships and financial arrangements); how to balance future arrangements with living today; ageing and lifestyle expectations for retirement and the significance of state retirement income.

The economic situation of each woman is discussed in section 6.5. Each woman identifies the importance of maintaining income until she retires, in some cases beyond traditional retirement age. Superannuation savings were common to all of the women, although one superannuation scheme was in the first month of contributions and two had suspended contributions. None had other savings.

The low level of women's income generally was identified by all participants as a difficult issue for women's retirement planning (see 6.5.1). As their own income levels are higher than the average levels of women's income, they are not confident of the level of state provision that will be available to them.

Mid-life characteristics that are indicators of well-being in retirement and levels of information and knowledge about retirement planning and retirement income conclude this chapter.

The six women interviewed were between forty and forty nine years of age and are pakeha/European. Their incomes ranged between \$35,000 and \$65,000. All were in full-time employment, although only three had permanent positions. Three of the women identified as lesbian, two currently living with partners. The other three women spoke of male partners (past or present) although they were not living with any partners at the time of the interviews.

All of the women talked about owning homes. Mortgages were a common feature with all but one woman paying a mortgage. At the time of the first interview (June 1997) four of the six had mortgages. By the follow up interviews (November 1997) one had bought a property and another a second property with her partner as an investment. The only woman without a mortgage aims to buy a home before she reaches retirement age.

Despite this preparation, each expressed uncertainty about the adequacy of her arrangements for the future. A tension emerged for each of the women between living a full life now as well as adequately preparing for the future.

6.2 Case studies

6.2.1 Sue

Sue is consciously developing interests and skills that will provide her with activities and intellectual challenges when she is older. When her busy life allows she spends time attending watercolour classes and painting, activities she wants to pursue more fully when she retires.

Sue is forty-one years of age and lives with her younger partner, Karen. Together they are paying a mortgage. Sue is in the highest income bracket of the women interviewed, \$55-65,000. Her employment is temporary and she has arranged income protection insurance to tide her over should she experience a period of

unemployment. She is capitalising on her period of high income by doubling her superannuation contributions, paying off a modern car and reducing her credit card debt. Sue has health insurance.

Sue has a retirement income plan, begun in her mid-thirties. She describes it as “*conventional*”; freeholding her house, superannuation savings and health insurance. Sue is concerned to balance long term savings with living a full life now. She expects to receive (and to need) state retirement income and services when she retires in addition to her own provision.

Sue’s arrangements have been helped by a “*wealth of information*” from union organised seminars, union resources, the Retirement Commissioner’s television advertisements and booklets, and from knowledgeable friends.

Sue places her future earning potential in the context of women’s pay. She has experience of lower levels of pay in her previous employment, and recognises the cumulative effect of lower earnings on her ability to build financial resources during her years of employment. She doubts men of her age in her area of employment would expect to have reached their wage peak in their forties. She identifies female socialisation as responsible for her “*disinclination*” to pursue some avenues of employment (private sector consultancy) and remaining in the service sector.

“*Being different*”, a lesbian, Sue says she is prepared that there may be a negative impact on her employability in the future.

6.2.2 Sylvia

At the time of the interview, Sylvia, aged forty-seven, was in a new relationship having been divorced for two and a half years. Because of the new relationship, Sylvia is uncertain of decisions she needs to make until her future plans are clearer. Sylvia lives in a flat with two other adults (but not her partner), an arrangement undertaken to reduce her living costs. She would prefer to live alone or with a partner.

Sylvia earns \$45-55,000, an income level she hopes to maintain but which may reduce if she moves to live in her partner's home town.

Sylvia would like to continue in paid employment for as long as possible, choosing the amount and type of paid work she does. She has a number of employment skills she considers will enable her to continue to be employable including computer knowledge and information technology. She is confident about her ability to learn new skills.

Sylvia describes her retirement income plan as "*unformed and incomplete*". She relies on friends for information but feels she has little information that is useful. She wants to stop "*making it up as I go along*".

In thirteen years she will be sixty. In the intervening years she aims to buy a house. She does not have a savings plan, has a suspended superannuation saving scheme and is focused on reducing her debt.

Sylvia discussed the likelihood of women being alone in retirement through divorce, as in her own case, with widowhood and not marrying being other reasons. Sylvia cited the example of her grandmother, a widow for over twenty years and her mother, recently widowed and in good health who expects to live for many more years.

6.2.3 Nat

Nat expects "*bliss*" in retirement and to savour her way through the wine cellar she is building at the moment. Nat is forty-three and lives with Yvonne, her partner.

Until reaching her mid-forties, Nat has taken her income and employer sponsored superannuation for granted. She has not specifically planned with the long term future in mind. Buying a house with her partner is part of her present day plans. Between the first and second interviews they purchased second property as part of long term investment planning.

Earning \$45-55,000, Nat hopes to maintain that level of income but has no confidence that her employment is secure. As a woman, Nat considers she has had

less opportunity of higher paying work because the expectations and opportunities for her education and employment have been affected by social expectations and limitations on women.

She and Yvonne share all costs, superannuation being their only separate arrangements but viewed as part of their combined retirement plan. Nat would like to be confident on the return of their superannuation investments; her gut feeling is that it will be sufficient but that continued employment and regular contributions are needed until they reach retirement.

Like the other women, Nat is keen to ensure her life is well lived. She finds that her forties are characterised by stressful work, long hours, not being fit and being too tired to socialise.

In retirement years, Nat expects state income support topped up by superannuation and supported by personal health insurance. She does not want to do any paid work.

6.2.4 Elizabeth

Elizabeth's experience tells her that "*as you get older you don't have very much*". Her mother lives on the basic state pension and manages well. At forty-nine, Elizabeth is not confident she will cope as well when she retires.

Elizabeth lives alone in an almost freehold house. She recently bought a cheaper low maintenance house to advance her mortgage clearance. She has no dependants but gives financial support to her daughter, sister and mother, a self identified obligation of her "*high achiever*" attitude and her level of income.

Her income of \$35-45,000 is the highest income she has earned. She resents that this is perceived as a good income for a woman, pointing out that living alone she faces the same mortgage repayments, rates and electricity charges as those in shared arrangements.

Elizabeth has recently joined a superannuation scheme because her employer contributes to her saving. She feels she has begun late and that:

[it's] a drop in the ocean, it's not very significant at my age - it might be different if I was thirty.

Elizabeth expects to work until her mid-sixties providing she maintains good health. She has employable skills which she considers will allow her to maintain her income level. She expects state support in her retirement but that it will be minimal.

Elizabeth believes in the welfare state and is concerned that her generation of tax payers is paying for those who are retired now, saving for their own retirement and increasingly supporting the younger generation. She is alarmed that younger generations are becoming more right wing and have a narrower concept of community, being focused on individual rather than collective responsibility. Elizabeth believes this shift is because of New Zealand's political climate of the past fifteen years and that it could reduce public support for state provided pensions in the future.

Speaking of retirement issues for women, Elizabeth said:

retirement experiences for a woman are affected by the disadvantage of low earnings through your life, a cumulative loss and women usually have less capital, [it's] harder to get a freehold home on your own.

Elizabeth is a walker and birdwatcher, activities she wants to increase when she retires. In her retirement, Elizabeth intends to keep up with technological developments and will use the internet to “*open the horizons [and] access information and ideas from all over the world*”.

6.2.5 Adrienne

Adrienne, now forty, is worried about having to work until she is sixty-five. She wants to retire well before that, at least reducing to part-time work. Adrienne's priority is to have a freehold house so she can live without mortgage repayments. That achieved she will have choices about how to live. She has just sold a house (a

shared mortgage with a previous partner) and, between the first and follow up interview, bought an investment property to rent out while she continues to flat.

Believing in communal living, Adrienne currently shares a flat with three women. She has always lived in shared accommodation, sometimes with a partner. Her commitment and pleasure in sharing accommodation will, she believes, stand her in good stead in her older years. She and friends are discussing shared arrangements for their retirement; a big house or a block of flats where they can live close by each other and provide care and support.

Adrienne earns \$35-45,000 and is good at budgeting and largely avoids debt. She could live comfortably on less money than she now earns, providing she has secure shelter, hence her priority for homeownership.

Adrienne considers that, as a woman, she cannot have the same economic security as men. She thinks it will be harder to be employed as an older woman and the cumulation of her years in women's work ("*low paid primary teaching*" and "*public relations journalism*") have impacted on her earnings potential and consequently on her ability to save.

Adrienne expects state support for her retirement income but doubts much will be available for someone who has had her level of income and has her assets, the freehold home.

6.2.6 Teresa

With sole financial responsibility for two children, having lost a home and income at the end of her marriage, Teresa (forty-five) says:

in the end the only person who will actually put a roof over my head is myself, you never know what's going to happen to a relationship and you never know what's going to happen to your family ... [you can't] count on any relationship or inheritance.

Her income of \$55-65,000 is the highest she has had and from it she pays a mortgage, insurances to cover the mortgage and medical insurance for herself. In

1997 she began a modest level of contribution (\$25 a month) to superannuation. She has no debts but is considering borrowing to replace her old car and she dreams of a brand new 'fridge'.

In the last four years, Teresa has moved her location from Auckland to Dunedin, back to Auckland and has now settled in Wellington. The shifts have all been to build savings through promotion opportunities and to advance her aim of buying a home. Returning to Auckland and recognising that Auckland property prices were too high for her level of income, Teresa looked for promotion out of Auckland to where property values would be within her reach. Teresa has been a principal in a large school in Wellington since the beginning of 1997.

Her experiences have made her feel powerful and in control of her destiny. She set goals and has worked systematically towards them - every step "*has been a step in the right direction*". Looking for increasing responsibility, and consequential increase in income, in her work, Teresa saved a deposit and cleared debt. She learnt to live "*totally within my means*".

Teresa feels confident about her retirement. She is positioning herself to have a freehold home and expects to continue in at her level of income for some years. Teresa has identified the level of retirement income on which she could manage. She is the only woman interviewed who had done so.

Twenty thousand dollars a year (at 1997 value) in addition to the state pension along with her home, would give Teresa comfort and meet her basic needs in retirement. She reached this figure after considering her poorest years when first divorced with sole responsibility for her children. She said:

I'm quite happy with the equivalent of \$20,000, I don't need to travel overseas - I've travelled a lot. I get a lot of joy out of walking and gardening. I can live quite simply.

Table 6.1 on the next page provides an overview of the characteristics and details of the six women participants.

Table 6.1: Overview of case studies

| | Sue | Sylvia | Nat | Elizabeth | Adrienne | Teresa |
|---------------------------------|---|---|--|--|---|--|
| Age | 41 | 46 | 43 | 49 | 40 | 45 |
| Living arrangements | lives with a partner | Flats with two others | lives with a partner and child | lives alone | flats with three other women | lives with her two children and a boarder |
| Income & employment | \$55 - 65,000 <ul style="list-style-type: none"> • full time • fixed term of one more year • expects decrease in income • prepared for period of unemployment | \$45 - 55,000 <ul style="list-style-type: none"> • full time • expects decrease in level | \$45 - 55,000 <ul style="list-style-type: none"> • full time • insecure • expects to maintain current level | \$35 - 45,000 <ul style="list-style-type: none"> • full time • income insecure • expects to maintain level • pressure of single status | \$35 - 45,000 <ul style="list-style-type: none"> • full time • expects to maintain level of income | \$55 – 65,000 <ul style="list-style-type: none"> • full time • permanent |
| Employment in retirement | <ul style="list-style-type: none"> • prefer unpaid work • teaching skills • organisation and management skills • technological ability • artist | <ul style="list-style-type: none"> • continue paid work • wants choice of type and hours • computer skills • technology skills • will develop new skills | <ul style="list-style-type: none"> • prefer not to work • general skills | <ul style="list-style-type: none"> • unpaid work • technology skills • writing and design abilities | <ul style="list-style-type: none"> • prefer not to work • expects to upskill herself | <ul style="list-style-type: none"> • teaching skills |
| Homeownership | <ul style="list-style-type: none"> • mortgage with a partner | <ul style="list-style-type: none"> • clearing debt then saving for a home | <ul style="list-style-type: none"> • mortgage with a partner on a home • an investment property | <ul style="list-style-type: none"> • mortgage on her own | <ul style="list-style-type: none"> • mortgage on her own investment property • lives in rental property | <ul style="list-style-type: none"> • mortgage on her own |

6.3 Aspirations for retirement

Looking ahead to retirement was an exercise that combined and contrasted expectancy and uncertainty. The expectancy was for increased time and new opportunities. The uncertainty was characterised by tentative language from each woman; “not sure”, “don’t know”, “would like”, “contemplate”, “hope”, “anxiety”, “worried”. Elizabeth summed up:

mixed feelings [about retiring] - looking forward to more leisure but not sure about financially, some apprehension about money and health - apprehension.

Overall, the women were not negative about retirement. Rather, in envisioning so far ahead they did not assume all would be well, considered how to prepare and also looked forward to a time of a positive change in their life.

Nat, Elizabeth and Sue were looking forward to retirement as an opportunity to “do all the things that I can’t do now” and “retiring in comfort with a secure income” [Nat].

Sue has begun to prepare for the intellectual stimulation she feels will be necessary in retirement:

I’m building up interest and activities that will provide me with intellectual challenges ... to do when I’m older - it’s to do with art”.

Elizabeth looks forward to “more time” for current passions (bird watching and walking). She, like Sue aims to develop new interests.

Each woman looks forward to opportunities for more choice about what they do. Even Sylvia, who does not want to retire in the traditional sense (not wanting to stop paid employment), would like to choose what work she does, when she does it and how much time she spends working.

The women explained the timing of their retirement mainly in terms of their participation in employment and their wish to end or reduce paid work. Income

was the central component of employment participation and the timing of retirement:

if I can't work I'd be stuffed - need an income - could do contract work to phase in to retirement but also expect to work mainly for structure to the retired day but, depending on the need, could be for income [Elizabeth].

Adrienne was specific, identifying sixty-five (if not fifty-five) as the time her participation in paid work would end depending on her financial situation expecting to shift from full-time to part-time work. Teresa and Nat would prefer not to work once they end full-time employment.

Sue observed that her younger partner could allow her to phase out of full-time paid employment sooner than if she does not have the advantage of shared income.

Sylvia, the exception because she aims to continue paid work, while Elizabeth spoke of part-time work as a possibility if her financial situation required her to work for pay. As Sylvia is the only member of the group who is not currently purchasing a property and has no savings or superannuation arrangements, she may well expect her financial situation will require continued work although this was not explicit in her responses.

6.4 Factors that shape expectations, plans and preparations for retirement

The women identified a number of factors impacting on their expectations, plans and preparations for retirement. This section explores these factors in turn, briefly summarised in this introduction then in more detail from 6.4.1 to 6.4.6.

Living arrangements and changes to them were central features. Relationship changes, divorce and starting new relationships featured in the nature of the plans and decisions the women made.

Age had an impact. Reaching their forties, the women all had thought specifically, although to different degrees, about their current life and their life in the future.

Levels of income, ongoing earning capacity and security of employment were equally important.

It was also important to the women that decision making, spending and planning life in the present be balanced with any arrangements for the future. Retirement expectations were tempered by an understanding that income would reduce. They recognised increased time in retirement sat alongside the likelihood that their incomes would be limited. Each of the six attempted to balance living for today with plans for the future. Most expressed some tension about how to achieve the correct balance.

Every one of the six expect state retirement income support to be available and say they will depend on it. All felt that the level of state provision is not guaranteed. They were concerned that it will not be sufficient for their needs or that they may not qualify - mainly because of income during working life and homeownership.

6.4.1 Living arrangements

Sylvia, Elizabeth, Teresa and Adrienne do not live in partnerships. Sylvia and Adrienne live with other people as flatmates. Teresa lives with her children and a boarder. Elizabeth lives alone. Sue and Nat live with partners and are planning their futures with them.

The tension between income and living costs can be exacerbated by living arrangements. Living alone means an individual faces all domestic costs herself. Living with others, the costs are shared. The women in this sample who live in relationship partnerships share costs as well as sharing resources and combining plans. The partnered women (Sue and Nat) recognise this gives a financial advantage and adds an emotional component of security and enhancement. Elizabeth describes living alone with the associated costs of domestic and social activities. In contrast; Sylvia, Adrienne and Teresa share accommodation to assist their financial arrangements. Teresa gives a graphic explanation of the challenge of making important financial decisions by oneself. Then partnered relationships are considered.

(i) *Singleness*

As a single woman, Elizabeth feels it was very important to have a good income. She feels the burden of living costs and appreciates that her income, while good for a woman, was in reality not so good because she faced the same costs as a couple on her own income:

I'm a single woman on an income that is quite good, I mix with people who are also on incomes that are quite good. A lot of them are couples so that's a very very very different situation. I am living to the same standard as them because socially it's expected of me and yet actually I don't really have the income that I am living up to. It is a problem for single people, even little things you know. A silly example but it will highlight the problem. I go to social functions and take a bottle of wine, so will the other single people, the couples will take a bottle. The couples who are double the income will take the equivalent of half a bottle ... [The single people are] actually living almost as if we're a couple, living as if we had the income of a couple because of social expectations.

Sylvia, like Elizabeth, remarked on the additional expense of being single. Sylvia does not live alone, sharing with flatmates. Shared domestic costs are the motivation for Sylvia who would prefer to live alone but:

being single has increased my expenditure, there's no question about that. I spend more.

Teresa has sole financial responsibility for two children. She spoke of the nature of her unpartnered state and its pressures, especially making major financial decisions alone:

Normally when you buy a house you take someone with you. I'm new to Wellington, and I had nobody here with me. And [deciding on the house] was probably the biggest decision I've made. I was on the phone to people. I didn't know who to talk to. I really wanted someone to come and confirm I was doing the right thing. [The] night [I was deciding about the house I've bought] was the

worst night of my life. It was even harder than making the decision to leave the marriage. Because I knew I was committing myself totally to a major investment. Because whenever I've bought anything before it was always two of us. Or it was a group of us. But here is me, making the decision with no one to help me, but that was really powerful - to actually make that decision on my own.

Adrienne has always shared her living arrangements, sometimes with partners, always with flatmates. She identified reducing her personal living costs as an important aspect of living with others although the central reason was her sense of community and commitment to communal living.

Adrienne envisages a period of living on her own in the future but hopes not to live alone after the age of fifty five. She and her friends discuss communal living in their retirement. This would have multiple purposes: to reduce living costs, to provide support and avoid isolation in old age. Adrienne considers this vision may be common within her lesbian community, however, she observed single heterosexual women friends had been part of the discussions.

At the time of the interviews, Sylvia was embarking on a new relationship and was considering the possibility of future re-marriage. She saw her retirement in terms of living with a partner. The new relationship has raised a number of issues for Sylvia. Forming a partnership would involve her moving towns and possibly lower paid work. She faces a dilemma of how to manage her financial contribution in the relationship:

[The] whole thing that comes through is about actually keeping the relationship finances, not exactly separate but keeping something that is mine. Because he has kids there will be outgoings for that and I'm very much aware that I don't want to end up contributing more than I'm prepared to contribute. I have a feeling that I would be prepared to contribute something. I wouldn't be asking him to meet all of that himself, but I'd want to actually be clear about how much I was contributing. I wouldn't want mine just to go in to what family support took out. That sort of thing.

(ii) *Partnerships*

For Nat, looking ahead to retirement with her partner broadened decision making and her pleasure in looking ahead to retirement; “*we’ll do it together and have a really good time, and drink our wine*”. Nat’s partner Yvonne contributed to a superannuation scheme and Nat identified their joint mortgage, investment property and individual superannuation arrangements as the basis of their retirement plan.

Nat remarked (in a point of consistency with the single women) that two people planning together and living together made the financial situation easier when both partners were in paid employment. Sue, like Nat, spoke of the value of partnership:

being in a partnership means that your financial situation is always easier ... [it] adds to your decision making, you have support.

Sue’s partner is some years younger than her. This factor assists their combined plans, it could enable a joint phased approach into retirement and out of paid employment:

by the time I formally retire, or am compelled to retire - Karen will still be working. In terms of household arrangements it’s not going to be a sudden leap. We talk about the phasing and how Karen sees her future and us, we take into account the time lag.

As has been explored, living arrangements are a factor that influences economic circumstances. However, it is not only decisions on how to organise those arrangements that can impact economically. Changes to current arrangements often have negative economic implications. The next section explores the costs of living arrangements alterations whether through relationship dissolution or the beginning of new relationships.

6.4.2 Lifeshifts

Current and previous relationships, living in shared arrangements with or without children, with partners or living singly, emerged as factors for each of the women.

Changes to living arrangements along with changes in employment and income and financial plans all impacted on women's financial situation.

Sue coined the phrase "*life shifts*" to express the impact relationship changes, changing living arrangements and employment and income changes made to one's plans and the ability to plan.

Employment changes could lead to uncertain futures. Levels of wage income could change and employment arrangements could have negative consequences. This was especially mentioned in relation to employer sponsorship of superannuation, discussed later in this chapter.

Government policies were seen to impact and there was a level of concern about future changes to retirement income policies that could undermine the women's expectations of state support in retirement.

(i) *Relationship changes and divorce*

Ending relationships carries a cost. Increased daily and accommodation expenses can impact on expendable income levels. For Sue, Teresa and Sylvia (both divorced) changed relationship arrangements have reduced their assets and savings. Sue has cashed up superannuation savings to meet the costs of a relationship breakup and Sylvia and Teresa both lost jointly owned homes.

Going on past experience I don't think I can afford to have too many relationships. ... I couldn't probably afford to go into another, in quite the same way ... because of shocks in my life I've had to draw on [superannuation] [Sue].

Sylvia spoke at length about the impact a divorce had had on her situation and reflected on the implications of entering a new relationship:

Well my marriage break up definitely cost me. And it actually cost me in two ways, two specific ways. One was that in terms of capital I got half of what was in the relationship which was rather less than what I had contributed, the other way, the asset side, the other way in terms of income was that because in the last two years of the

relationship my husband was actually earning more than I was for the first time, so in the last two years of the relationship my [real level of] income was actually more than my [individual] income. So my income reduced - my actual net income reduced when I separated. And at the same time my outgoings increased because I was paying more for rent. So the break up of my marriage definitely made a difference in that sense, as I say in terms of my assets and in terms of my income and disposable income.

Teresa found that life after a divorce has been hard but she has felt increasingly powerful and strong as she confronts the demands of sole income and sole motherhood. The life she has now was not as she had planned:

life shifts have happened. I always thought - you marry a lawyer and one day I wouldn't be working. I'd be able to do whatever I wanted to do - esoteric things - choose - and now I know I have to always have a permanent job. I have to do this for my future. It's made me realise that I cannot ever rely on any one else. People can help me ... but in the end I'm the only person who can control my destiny. And it's my control because no one else will control what's going to happen. There are times in life when I've had people knocking on the door and not knowing what was going to happen because of [the trouble her husband had caused]. It will never happen to me again because [I won't get in that position], I think too many women believe in their man, and actually men aren't as strong as women. I have to say to my kids, we cannot afford to buy a loaf of bread today, so we eat what's in the cupboard until Wednesday. ... I know that as a woman I control what's going to happen to me now. I'm very definite about that.

Teresa's marriage ended without any assets. She moved from owning a joint family home to being a tenant, an experience she did not enjoy.

(ii) *New relationships*

New relationships impact as well. Sylvia is considering a new relationship:

The thing for me is my views of retirement have changed very dramatically in the last two months. The fact that I'm on the verge of a new relationship. Having been separated for two and a half years and having been very happy about being single, certainly not looking for a new relationship at all - the prospect for me now is that in 12 to 18 months - I'm looking to a different sort of life.

Moving town (because of the new relationship) is interconnected with my earning capacity basically. ... Moving town is what will have an immediate impact - is likely to have an impact on my ability to earn and save. My initial feeling is that it could well be negative.

Sylvia and Teresa have considered how to avoid negative impact on financial security because of relationships. The impact of Sylvia's previous relationship ending with divorce affects decisions for her longer term planning:

I suppose one of the things I'm really aware of already, because of having been in, because of the way my finances were organised in my marriage, is that in fact in going into a new relationship I would do things quite differently in terms of finances. And one of the reasons for that is that I would be very much aware of needing to allow for the possibility of being single again, even though it's not something I'd anticipate. But I didn't anticipate being single again when I got married.

Sue concluded her earlier observation about the impact of lifeshifts noting that in spite of financial consequences she entered relationships without consideration of financial reasons:

Based on experience of shifts in my own personal life, anyway realising that things like relationships, what happens to people in their lifetime when they move in and out of relationships and ... it's not the issue of money it's what I do with my life.

Shifts in relationships can put you back rather than forward. That's a risk. It's true - we're talking about I suppose financial arrangements and stuff. I don't go in and consider the financial implications of what I'm doing, either in entering a relationship or [shopping on a] Sunday morning or a sunny day, or a wet day you've been in town and going oh, look at that ...

Life style choices and beginning and ending relationships can have a negative cost. Financial impact of daily demands and planning for the future required each woman to make decisions about her priorities. They all spoke of wanting to find an appropriate balance for today and their future.

6.4.3 Balance between living now and preparing for the future

Balancing life now with longer term savings was an issue that the women responded to differently. Nat thought she may be saving too much but continued to build an investment base with the purchase of a second property. Planning was important for Sue as she aimed to “*strike the balance between having a life now, of whatever income, and planning ahead*”. Sylvia focuses more on today. She referred to Martin Hawes* books and his recommendation that people should not ignore their daily life in favour of the future and the importance of living today:

[retirement's] going to happen. There's a lot of things I haven't done for financial security but, like Martin Hawes says, you can look to the future but must live today. I don't have an expectation of being retired ...

It's partly to do with how I see myself. I think that's what important. I see myself as someone who is active, who enjoys people and enjoys doing things, and I suppose, it's epitomised by the fact that the birthday card that I liked most on my forty sixth birthday was from Sheryl which was the one about being a raver ... that's important to me. I like being seen. That's about other people's

* Martin Hawes is quoted in this thesis. He writes books about financial planning including his latest “Your Money Life-line”. Adrienne mentioned having seen the book in bookshops and wondering if it would be useful.

perceptions as well as my own. I like being seen as someone who goes out and enjoys life.

Sue, not familiar with the suggestion that sound financial planning allowed for daily life and future planning discussed the pressure to save and give up things today:

There's also striking the balance between having a life now of whatever income ... I've noticed the retirement advertisements seem to push a message that says, first you save, even if it means a sort of social deprivation - don't go to the pub on Friday night if you can't afford it because spending at the pub could be money that's going to retirement and you'll need it then.

For most of the women, daily demands and quality of life were as important as preparing for the future. Although Sylvia was more focused on today she did have a sense of debt clearance and homeownership being important for her future. Adrienne too wants to balance living now and the future but in contrast to Sylvia:

[I] tend to deny myself to save for old age - have had a head shift into fixed spending now ... didn't used to worry about social spending but with the [buying of an investment property] I limit going out and [buying] clothes to balance the budget.

For most of the women, the emphasis on preparation for the future had been sharpened by their age and reaching their forties as the next section explains.

6.4.4 Ageing

Sylvia and Teresa were the only two of the six who did not directly link their age and ageing with increased awareness about impending retirement and saving for the future or planning ahead. Sylvia recognised that the years between now and retirement were important for buying a house, otherwise her age has:

no impact at all, age making a difference is difficult for me to comprehend. The notion of age inhibiting me is impossible to grasp. Forty-seven - life begins and has done so several times over, with stages and life changes, if you are aware and open to it.

Teresa spoke of the major lifeshift from marriage to divorce and the consequential realisation she had to look after herself as the major reason for her planning ahead rather than her age.

The remaining four women felt strongly that mid-life age had prompted planning for their futures.

Sue identified her mid-thirties as having been a significant time when she became aware of the need to plan. Her planning grew out of her realisation that changes in her life had longer term consequences, especially moving in and out of relationships and income levels. For Sue awareness of the issues and having a longer view were key factors to her planning at all.

Elizabeth observed:

the older you get the narrower and fewer options there are, trouble is you don't realise it when you're younger, if only you did you have much longer,

and Adrienne found birthdays were significant to her view of ageing:

absolutely turning forty focused my thoughts ahead, and friends turning fifty, I've only twenty - twenty-five years, hope fifteen actually, ahead and I need to do something progressive that's why [I'm] buying an investment property, leaving money in super' and thinking about a home for myself.

Nat, like Adrienne found her fortieth birthday a significant point when she found herself:

want[ing] to be more pro-active with money and more involved, with more understanding and more control. Linked to getting older and income increase.

Reaching mid-life provided impetus for long term financial preparations for retirement years. The women had considered retirement hopefully but with some anxiety.

6.4.5 Lifestyle expectations for retirement and homeownership

While the age for shifting from full-time work to retirement was hazy, plans for life in retirement were expectant, although a key feature for the six women was an assumption that retirement meant reduced resources.

Homeownership and superannuation arrangements were specific arrangements put in place as a means of preparing now to provide for retirement. The women recognised that accommodation costs were significant in retirement, if they could be reduced through freehold homeownership there was more likelihood of financial security.

The women were expecting reduced incomes in retirement and that there would be a direct impact on lifestyle:

well not reduced lifestyle but reduced income. I accept that the pattern might be for me to shift into poverty [Sue].

I suppose some years ago I thought I'd have a manageable retirement, not wealthy not luxurious but manageable, comfortable. But now I don't assume that [Elizabeth].

Elizabeth feels that her retired life will be a struggle to manage on less income than she would like. As previously noted, Teresa has identified the income she needs in her retirement, the only participant to have done so in exact dollars (see 6.2.6). She feels she can live cheaply and that her interests are free (walking).

Adrienne, having expressed concerns about dependency on income levels (see 6.3 Aspirations for retirement) was confident she could “*cut her cloth*” as she can live simply, but only if she has achieved a freehold home.

Expectations of reduced financial circumstances arose from uncertainty of income from any personal arrangements of superannuation, savings or paid employment might provide and the knowledge that the state pension provided a minimal income and may not be available to the participants because of the assets they expected to have in retirement.

6.4.6 Retirement income and the state

All of the women expect to need state retirement income support but that this provision would be less than the current pension. All expressed concern that they would not have full entitlements to state provision because of their assets (homes and superannuation) or because of their incomes during years of employment.

They each assumed any provisions would be targeted to those with most need, that is the lower paid, and they excluded themselves from that criteria because of their current levels of income. In determining likely eligibility they took no account of their life time income even those who had spoken of periods of low pay. They measured their expectation of support on the fact that they were now earning \$35,000 to \$65,000, a high income level for women, and that the state expected people to make their own arrangements.

Sue linked her expectation of a reduced retirement lifestyle to changes in Government policy:

I understand some of the debates and, on a broad level, believe it's true about heading into poverty [in retirement]. And the likelihood of that, again, given the shifts, the political in the sense of policy shifts that have gone on, and the pulling back of the state - that's when I talked earlier about expectation of a reduced lifestyle.

The women all remarked on changing policies and uncertainty about what state provision would be available and their likelihood of eligibility. All had some experience of superannuation and mortgages and saw this as unremarkable.

So in terms of a mix it's a combination of what I can build up through the superannuation scheme and a lowering, being realistic about my expectations. So it will involve a lifestyle shift. And I have to say I'm still expecting to have some assistance from the state. And whether that's direct assistance in the sense of some sort of pension, or through subsidised health or living costs. I've realised I've probably started too late, given the shifts that have happened in terms of social policy in New Zealand [Sue].

Elizabeth expressed concern at the “*enormous pressures on people in retirement*” and her observation that income levels reduce on state retirement income with poverty only avoided by those who can make additional arrangements. She finds it alarming that for her it is too late to make much difference:

[my] generation is stuck between the two. We're contributing to the older, previous generation and we're contributing to the next generation but there doesn't seem to be anyone contributing to our retirement ... I am expecting to get something but I think it will be minimal. If the pension stays as it is now - pretty poor and basic - then I think retirement will be difficult.

“As a tax payer”, Nat expects state provided retirement income:

my view, not only on a personal level, but on a political level is that the state should provide. I imagine it will be less than it is now. No idea what it is now. I don't think there will be any other state support either.

Sylvia expected that her level of income would impact on her in retirement:

I started above the average wage fresh out of university so I've always had income which is above the average and I've lived up to it, naturally. I wouldn't think that state provision [of retirement income] would be enough for me to be able to make choices ... it would reduce my income

and assumes:

there will be some provision by the state. I don't assume it will be enough for me to live on. I wouldn't think that the state provision would be enough for me to be able to make my own choices. I'm sure there'll be something there. I guess I'm not entirely sure that I will end up qualifying for it. Without having had a particularly well formulated plan about my income in retirement, if the government provision is income tested then I'm likely not get all of it.

The assessment made by the six women was that they would be unable to make sufficient provision to remove their reliance on state retirement income. This was mostly because of their income levels and in part because their age gave insufficient time to save the amounts needed for adequate income.

6.5 The place of economic situation in pre-retirement planning

Income levels and maintaining a satisfactory standard of living in retirement was the crux of each woman's decisions and expectations. Each identified that their current arrangements were only possible because of current income. They had addressed how to prepare for the future and to capitalise on regular income. The common elements were mortgages and superannuation although there were a variety of arrangements and investments, and Sylvia without any.

6.5.1 Reliance on income

Sue, Nat and Sylvia were either expecting their income level to reduce, or not confident that they could maintain the level. Teresa expected her income to remain at its current level for some time. Elizabeth and Adrienne felt they would maintain their level for some time provided that unexpected ill health or redundancy did not occur. Uncertainty about income was reflected in decisions made for the present day, immediate future and longer term.

Sue was consciously planning and preparing for a time when her income would be less. She had purchased income protection insurance to provide her with sufficient income to cover her mortgage, other debts and basic living needs for six to twelve months in case of a period of unemployment. She is also "doubling up" contributions to superannuation to capitalise on her high income knowing that one day she will either contribute less or nothing at all.

Sue and Teresa both had health insurance because they identified a concern to keep the best possible health and maintain their earning ability (see table 6.3 Retirement income plans).

Although Sylvia is dependent on earnings she identified options available to her if lifeshifts impact unexpectedly and she needed to reduce costs. Cheaper accommodation arrangements and spending less on social activities were cost cutting possibilities. Medical insurance was in place for unexpected ill health.

Nat and Elizabeth each had levels of anxiety about their reliance on their income:

I have anxieties about a future career change and my income - we could live off one income and the mortgage will be clear in 2000 but I'm not confident - I hope [lower pay] doesn't happen [Nat].

Employment and income impacted in other ways as well. Nat said:

I don't think it's rare - facing unemployment. Being past forty and being a woman. I'm not sure - I feel like I may have peaked in my earning potential. May not have but I don't assume that this is only just a point on a continual upward scale.

Nat continued to voice her concern that:

I could be unemployed tomorrow! ... when I look out at the job market I don't see a lot there that would pay me [at my current level] or continue my superannuation.

There was a strong link between income and planning and each identified that the extent or limits of their arrangements depended on the level of income and had been affected by changes in circumstances.

6.5.2 Superannuation

All of the women have experience of superannuation. Their arrangements have changed over time and all, except Sylvia, continue to maintain some superannuation at the present time. In five cases they began superannuation with an employer contribution.

(i) Employer superannuation

Employer superannuation was an important incentive prompting the women to save because of the advantage of employer contributions in addition to their salary.

Sue, Elizabeth and Nat are the only three who continue to receive an employer contribution to their superannuation savings.

Sylvia's employment has changed and she now receives a total remuneration package where superannuation contributions would be from the package. In theory, the employer subsidy has been built into the package. In reality, maintaining contributions at the previous level of her own plus employer contributions would cost more than the package allowed. Adrienne had an employer subsidy until changing employer at the beginning of 1997, and Teresa does not have employer sponsorship.

(ii) Changes to superannuation arrangements

Sue, Sylvia and Adrienne have all changed their superannuation arrangements. Sue to fund a relationship breakup, Sylvia because of a change in employment arrangements and Adrienne to divert her money to mortgage repayments.

With a temporary higher salary, Sue has resumed contributions, at a double rate to catch up lost ground. Sylvia and Adrienne have suspended contributions, Adrienne has left her accumulated savings in her scheme. Both hope to resume contributions at some stage.

Sylvia identified her decision to stop contributing to superannuation as the most significant negative impact on her plans for the future.

In fact the most significant, when I think back, the most significant change in my life in terms of retirement income was actually going to a new employer and having to stop contributing to Government Super. It wasn't those life changing events [like divorce] - when I look at it and think about it, it wasn't those life events in terms of debt. We decided, and it was certainly something we decided together, it was because of the important situation where the costs were going to double, my unchanged salary, because of the total remuneration concept. In hindsight I would not have done that [withdrawn from superannuation]. That was a very silly thing to do.

The costs were too great and would have markedly reduced Sylvia's expendable income, she says it:

was duress in terms of the employer. I didn't want to take the job, I didn't want to go and work [at the new place]. There were all sorts of things about it that I didn't want, but I didn't feel I had a choice and it had consequences. I made changes which I regret.

Adrienne's decision to leave her investment in place diverting her contributions to mortgage payments was influenced by previous experience and her aim to have extra (to the state) income in retirement:

One of the things I do regret doing - when I finished my three years [teaching] bond I cashed in my government super that I'd had for six years, and I remember it was quite a lot of money because I went travelling for three years on it - well I didn't travel all that time I worked as well, but it got me out of the country. And you know, you weigh these things up and it was a fantastic experience and all the rest of it, but I kind of regret it now- it would be nice to have that.

Elizabeth regrets she did not begin superannuation payments sooner:

I have been paying into for only three years, I am paying 7% of my income and the employer is contributing 7%, so that's 14%. The problem is of course that I only have that as long as I stay in the job [if I don't stay in this job] I think I'd keep on paying the 7% but there's a difference between 14% and 7%. One's a drop in the ocean, it's not very significant at my age, it might be different if I was thirty.

Nat would not have superannuation had it not been for employer sponsorship that attracted her. Now superannuation is very important and a significant component of her long term plan. She says she will continue to pay into superannuation as long as she has paid employment.

Superannuation has been a tangible preparation for retirement by the women. The fact that not all are currently saving is because of changes to life and financial

arrangements (see 6.4.2 Life shifts). Superannuation along with mortgages are a common thread between long term financial arrangements by the women in this study.

6.5.3 Savings and debt

In making current financial arrangements and for retirement income planning, the women grappled with not only the balance between now and future financial arrangements but with balancing savings and debt. Debt and lack of saving were common characteristics of all the women. They were focused on building assets through homeownership and superannuation. Homeownership requires significant borrowing and the level of debt incurred and consequential restrictions to other saving caused some anxiety for the women. None of the women identified savings as a retirement plan although after discussion those with superannuation recognised it as savings.

Among the women in this study debt levels varied. Table 6.2 shows the debt and savings of the six women. Mortgage debt and superannuation savings are separated from other debts and other savings because they were viewed differently. Nat, Adrienne and Teresa had no debts apart from mortgage debt and none of the women had savings other than superannuation investments.

Table 6.2: Savings and debt

| | Debt | | Saving | |
|-----------|----------|------------|----------------|--------------|
| | Mortgage | Other debt | Superannuation | Other saving |
| Sue | ✓ | ✓ | ✓ | x |
| Sylvia | x | ✓ | x | x |
| Nat | ✓ x2 | x | ✓ | x |
| Elizabeth | ✓ | ✓ | ✓ | x |
| Adrienne | ✓ | x | ✓* | x |
| Teresa | ✓ | x | ✓ | x |

Note: Adrienne is not contributing to superannuation but has an investment in a superannuation scheme.

Teresa said she had no debt apart from a mortgage because she had worked so hard to clear debts after her marriage ended and then focused on saving for a house deposit. Now she had a mortgage she had no savings. She was considering

a loan to buy a car but only because it would be a necessity. Her dream of a new 'fridge was dismissed until she could save up rather than add to her debt level.

Adrienne avoided debt and only significant reasons would compel her to borrow money:

I'm very cautious and very sensible and then every so often I get frustrated by that approach to life - like last year when I thought I'm just going to borrow the money and go overseas for four months. That was kind of out of character for me, but I felt like I really had to do something to stop being this very controlled person who would never get into debt and therefore couldn't buy lots of things when I wanted them. So, every so often I break out, but I don't want to be breaking out too close to retirement. Maybe it's good I've done it now. I know ways I can scrimp and save and have things I want, big things I want ... I generally live pretty debt free - I just don't like having debts very much.

Adrienne concentrated on clearing her debt on return from holiday and prepared to buy a house. Sue and Elizabeth had debts in addition to their mortgages and both wanted to clear the debt and control it in the future.

Sue had a car purchasing loan, something she had done while she had a high income and something that she saw as preparing for a future on lower income when she would have a reliable car which in turn would save money. She had several credit cards (with her partner). She spoke of the "cycle of credit cards" and her desire to reduce reliance on credit:

I'm earning basically \$20000 more than I was ... and yes, I'm able to do more things, or take on more debt, but if I don't maintain that level I'm probably going to find, if I have to lose, if I lose that capacity for example to continue to feed into superannuation, or to continue to find ways of saving - paying off cars etc, so it's a pressure, and in some ways it's a nice pressure because I do appreciate - I like my lifestyle. [However] we have instigated a plan to progressively reduce the number that we have to one and to

reduce the limit on the one that's left but we haven't yet got in our plan to the commitment to get rid of the one that's left.

Sylvia is noteworthy because she has debts without mortgage debt. She is the only woman not buying a house and has no savings having removed her superannuation to assist with debt clearance. Sylvia was “*desperately trying to get rid of debt. That's my first thing.*”. Confronting significant debt on the break up of her marriage, Sylvia felt she “*could not move ahead*” with the amount of debt so:

I withdrew from Government Super in order to make large inroads into the debt that I brought out of my marriage. The thing was, with [contributions to super'] I couldn't afford to reduce my debt, that's what it boiled down to. It was the only way I was actually going to be able to get on top of the debt. And that's why I did it.

Savings were seen as desirable but unaffordable. The women's plans covered building assets (homeownership and superannuation) and reducing liabilities (mortgage and other debt). Those that identified possibilities for diverting income further from daily living were Sue and Teresa who had insurance arrangements and had, or were considering car purchasing loans.

6.5.4 A woman's perspective

The gap between women and men's pay was mentioned by all the women as a factor that impacts on women's preparations for retirement. Sue and Adrienne spoke of experiencing lower pay because of traditional female work - teaching. Nat feels her education and choice of work may have been different and more lucrative had she been male.

Sue and Elizabeth expressed concerns for women who did not match their levels of income and noted difficulties they may face because of social policy shifts. Both felt they had to make personal provision because state support could be inadequate in their older years. For women with lower incomes they felt the situation would be grim:

I think about people who don't earn my amount of money. Political shifts [have] set up an environment that is probably going to make it progressively more difficult to prepare for their retirement. My own preparation around this is for the first time - and I've resisted [until now] because I thought [personal additional superannuation and retirement savings] would contribute to the undoing of the infrastructure that provided some sort of safety net. But, I've had to [Sue].

Along with pay, ongoing employability was identified as an issue. Adrienne identified "women's work" as lower paid and with ageing as a discriminatory factor:

I don't think that I'll ever have the kind of economic security that a lot of men in a similar position will have. I don't think I'll be employable as long. Because I'm a woman. I've done work that's low paid because it's women's work, like primary teaching. Journalism's not quite in that category but I haven't ever done straight journalism I've done more PR kind of work and that's predominantly women - I don't know but the areas I've worked in have been low pay [Adrienne].

Nat and Sue noted that ageing women may find it more difficult to find employment than younger people or men.

I don't think it's rare - is to be facing unemployment and being - going past forty and being a woman. I'm not sure - I feel like I may have peaked in my earning potential. May not have but I don't assume that this is only just a point on a continual upward. There are those issues of earning capacity over the working life [Sue].

Elizabeth is not "entirely confident" of her financial situation in retirement. Neither are the other women except Sylvia. Sylvia feels "something will work out - it always has", after clearing her debts she aims to buy a house in the thirteen years before she is sixty and expects state support. She and all the others expressed their

reliance on state retirement income support recognising it was critical for women. They all recognised their incomes gave them some options which other women did not have:

lots of others rate worse off than me and there are not many options of saving for them and the state is eroding their security. Nowadays the state does not provide a social wage and increasingly New Zealand's low wage economy makes people miss out in both ways [not being able to save or buy a house and failing to provide a decent retirement income].

Other issues identified for women included health but this was not as powerfully expressed as the concerns about income and employment. Elizabeth and Sue spoke of concerns about ill health, the impact unexpected ill health could have and the importance of maintaining good health. Sue added uncertainty about health care and services that might be available for her when she retires and felt that along with less state retirement income there may be a reduction in health care. Elizabeth summed up the issues for women looking ahead to retirement. She said:

Retirement experiences for a woman are affected by the disadvantage of low earnings through your life, a cumulative loss and women usually have less capital, harder to get a freehold home on your own. We live longer and any super we can save has to stretch further - I expect to have ill health and might not be able to stay in my own home. A healthy lifestyle is important [Elizabeth].

The women recognised their income advantages over other women. However, they observed that their efforts would be insufficient to guarantee security in retirement and that as this was a concern for them, for women with lower incomes it was more serious. The seriousness is reflected in their planning for retirement that each has done although there are some similarities and some stark differences as explained in the next section.

6.6 Retirement income plans

Mortgages, superannuation savings and debt clearance plans emerged as priorities over other expenditure for retirement income planning. Key aspects of each woman's plans are noted in table 6.3.

Table 6.3: Retirement income plans

| | Sue | Sylvia | Nat | Elizabeth | Adrienne | Teresa |
|----------------------|------------------|-----------------|---------------|------------------|-----------------------------------|------------------|
| Mortgage | ✓ | X | ✓ x2 | ✓ | ✓ | ✓ |
| Super' | ✓ | X | ✓ | ✓ | * | ✓ |
| Insurance | ✓✓ | X | X | X | X | ✓ |
| Debt clearance | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Expect state support | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Other | • part time work | • continue work | • inheritance | • part time work | • part time work • inheritance | • part time work |

Notes:

- * Adrienne has suspended contributions with her investment remaining in the scheme to accrue interest
- 1 Insurances in this context mean insurance like income protection and health, not home, contents or car insurances which are part of current day protection
- 2 Debt: a tick means either there is a plan for reducing and clearing debt or that there is no debt other than mortgage debt (Nat and Adrienne)

Five of the six women have mortgages and five of the six have superannuation. Three women had debt in addition to their mortgages and two women spent money on insurances. Two other women noted inheritance as an option, but both were cautious not assuming any gain because their parents may need the resource in their remaining life times.

Each woman identified priorities for saving and spending (shown in table 6.4 on the next page). Their priorities reflect their longer term plans for retirement income and day to day demands. The priority lists reflect pressures between daily costs and spending balanced against preparations for the future as talked about by all the women.

Table 6.4: Priorities for saving and spending

| Sue | Sylvia | Nat | Elizabeth | Adrienne | Teresa |
|--|--|---|---|--|---|
| Priorities for spending | | | | | |
| <ol style="list-style-type: none"> 1. mortgage 2. superannuation 3. car loan 4. food 5. bills 6. study 7. social* | <ol style="list-style-type: none"> 1. fixed costs eg rent 2. food 3. debt 4. entertainment | <ol style="list-style-type: none"> 1. superannuation 2. mortgage 3. bills 4. food 5. entertainment** | <ol style="list-style-type: none"> 1. mortgage 2. superannuation 3. bills 4. family & friends 5. wine & cigarettes 6. books | <ol style="list-style-type: none"> 1. food 2. mortgage, rent & bills 3. entertainment 4. health & quality of life 5. holidays & gifts | <ol style="list-style-type: none"> 1. mortgage 2. medical insurance & superannuation 3. power 4. telephone 5. food 6. clothes & family 7. entertainment & holidays |
| Priorities for saving | | | | | |
| <ol style="list-style-type: none"> 1. superannuation 2. major purchases: building, gardening 3. debt clearance | <ol style="list-style-type: none"> 1. holidays 2. house saving 3. restart super' | <ol style="list-style-type: none"> 1. superannuation 2. holidays | <ol style="list-style-type: none"> 1. superannuation | debt clearance*** <ol style="list-style-type: none"> 1. superannuation 2. holidays & treats | <ol style="list-style-type: none"> 8. superannuation 9. holidays 10. new 'fridge |
| Personal superannuation and employer sponsorship | | | | | |
| <ul style="list-style-type: none"> • contributing with employer sponsorship | <ul style="list-style-type: none"> • Suspended personal superannuation, • employer sponsorship in the past | <ul style="list-style-type: none"> • contributing with employer sponsorship | <ul style="list-style-type: none"> • contributing with employer sponsorship | <ul style="list-style-type: none"> • paying personal super' • employer sponsorship in the past | <ul style="list-style-type: none"> • contributing without employer sponsorship |

Notes:

- 1 The priorities are ranked from the first priority numbered one in ranked order to the lowest priority.
- 2 Priorities for spending
- * Sue's social costs were linked to food costs. She said better food and entertaining at home meant less going out to cafes.
- ** Nat's entertainment and food costs would reduce if her income reduced.
- 3 Priorities for saving
- *** Adrienne seldom incurs debt. Her current debt, she emphasises, is from a three month overseas holiday (a treat).

6.7 Characteristics of mid-life that impact positively in retirement

During the interviews I read a quotation from Hayes [1991] to each woman. As explained in the introduction to this thesis, the Hayes quote provided a clue to future well-being in retirement by identifying four characteristics of mid-life that can have positive impacts in retirement: financial security, a strong and independent identity, a healthy lifestyle and employment skills that could enable them to supplement their retirement income. The women each responded on how they saw themselves in relation to these criteria. An overview of their responses is shown in table 6.5.

Table 6.5: Mid-life characteristics for a positive retirement

| | Financial security | Independent identity | Healthy lifestyle | Employment skills |
|-----------|--------------------|----------------------|-------------------|-------------------|
| Sue | ✓ | ✓ | x | ✓ |
| Sylvia | ✓ | ✓ | ✓ | ✓ |
| Nat | ✓ | ✓ | ✓ | x |
| Elizabeth | x | ✓ | x | ✓ |
| Adrienne | ✓ | ✓ | ✓ | ✓ |
| Teresa | increasingly | ✓ | ✓ | ✓ |

Note: x = some reservation about the attribute

Elizabeth felt her financial security would “depend” on her financial situation remaining at least as good as it is now, this is probably true for the others as well although they spoke more confidently when responding to the quote.

A strong independent personality was common to all of the women interviewed. The remaining criteria are discussed in the next three paragraphs.

6.7.1 Financial security

As has been evident in the data, financial security in mid-life was the most critical area and one of least certainty. Although table 6.5 shows four women saying “yes” to financial security and Teresa gaining in confidence about her potential financial security, discussions with each woman noted that they felt more secure than they expected other women to be (because of their incomes) but were not confident that their retirement income arrangements would be sufficient to achieve the level of financial potential they would like. This is most strongly reflected in their

unanimous expectation of need and reliance on state provided retirement income.

Aspects of concern arose from:

- uncertainty that employment and income could be maintained
- not knowing whether the arrangements in place were sufficient
- uncertainty about value and eligibility to state retirement income.

6.7.2 Employment skills

Employment status was important to feeling secure. All the women identified secondary employment skills that could be used in employment in retirement except Nat, who was reluctant to work and had some initial difficulty in thinking what she might do. Teresa had been involved in secondary work to supplement her income after her divorce. She spoke of the frustration of low pay for hard work when she added house cleaning to her teaching load and resented it. She then began private teaching tuition as it was more lucrative. Having had this experience, she said she would prefer not to have to work when retired but would if necessary.

Sue and Elizabeth were confident about their employability in retirement but both wanted to be free to undertake unpaid work and not need paid employment. Sylvia, as has been discussed wants to continue in paid work.

6.7.3 Healthy lifestyle

Only three of the women spoke of health issues with concern. Sue and Elizabeth had reservations about their mid-life health situation and neither were confident of avoiding ill health in the future. Nat and Sue both recognised that accidents could impact on their pre-retirement health status.

Adrienne has increasingly changed her lifestyle, mainly through dietary adaptation and exercise, to a healthier state. Sylvia had no comment on the healthiness of her life style, neither did Teresa.

Overall, the women felt their life styles were "*more or less*" [Nat] healthy with stress and workload being major areas of concern.

6.7.4 Mid-life criteria

The women found the criteria useful for identifying key components for planning and to check how they were doing. Adrienne's response to the quote was typical:

That's me. I've always thought [teaching is] there if I ever need it. And as I've got older I have got a stronger identity and I feel much more secure in myself. I don't feel really as economically secure as I'd like to be but I know compared to heaps of people, I am, actually. I mean I'm planning for the future in a way that lots of people can't even afford to consider. And I am increasingly living a healthy lifestyle.

Personal attributes and plans can only succeed if there is action. The interviews explored levels of information and knowledge to determine how much the women knew and from where they gleaned their information. This is addressed in the next section.

6.8 Information and knowledge

The extent of knowledge and accessible information varied as did the confidence it gave the women. "Knowledge" was measured as the understanding the women said they had about financial matters and their confidence in what they knew. "Information" was used to describe resource material or access to a knowledgeable person who could give answers or advice. Some felt they had little information (that is, no books or printed material and a lack of access to financial advice) but that they had gathered a range of knowledge.

Sylvia quoted from a book of financial advice (see 6.4.3), and Nat had explained her retirement income plans of superannuation, no debt other than two mortgages one being an investment property. Each woman had gleaned information about saving for retirement although they could not always explain where it had come from. Their arrangements were often based on anecdotal information from friends and, as with house purchase, was "*just what everyone did*" and it "*makes sense*".

Or, as illustrated by employer sponsorship of superannuation (see 6.5.2), they grasped an opportunity to save or invest when it was presented to them.

Sylvia who said she was “*not particularly well informed*” relied on friends and had made decisions with her (now divorced) husband. She knows there is a Retirement Commissioner and has absorbed the message “*we’ve got to save for retirement*”.

Sue has a copy of the Retirement Commissioner’s publication “*Welcome to Your Retirement*”, and she has seen the television advertisements. She has grasped the Retirement Commissioner’s messages of the importance of debt reduction and superannuation savings. She has attended Council of Trade Unions’ and other union organised seminars on retirement income issues. She said she has a “*wealth of technical detail*” and:

friends who are much more systematic [than me] they’ve quite a different approach [and] do the proper financial thing - looking ahead and arguing the case about the need to start now.

Elizabeth also knows there is a Retirement Commissioner and information is available but has not sought any because:

I’m too busy dealing with daily demands. I’ve got the superannuation scheme going and I’ve been paying off the mortgage and I keep increasing [the payments]. I don’t have any more income that is discretionary.

Adrienne was the fourth woman who spoke of the Retirement Commissioner and knew of resource material but has not:

seriously sat down and thought about it. Obviously it’s something that’s in the back of your mind and there has been a lot of publicity so that stimulates you. I talk to people a lot about it.

Adrienne felt paralysed by messages of what to do and uncertainty about how to do it:

when people start talking, kind of complicated equations - I just switch off. Like some people like [a friend] get into all that

investigation about superannuation and I mean it took me a year to get into our scheme - at work - because I didn't know anything about it - I didn't do anything about finding out about it. I didn't ring up any other superannuation schemes to get a comparison and then finally I thought this is ridiculous - I'll just join. Which is actually the best decision I could have made. Should have done it a bit sooner. So I kind of got a bit immobilised by thinking it was too difficult for me.

Some of the women found the interview process was a form of information and education exercise, that talking about plans and expectations was valuable.

6.8.1 The interview process raises awareness

Adrienne, Sylvia and Sue said the interview process has been useful in focussing their thoughts. Adrienne said at her second interview:

It's been a really interesting discussion because it's got me going. I have got quite a few more plans for the future than I thought. Sometimes you can't afford to dwell on it too much because it would just immobilise you.

Adrienne had taken action between interviews, as did Sue. Adrienne had purchased an investment property while Sue increased her debt reduction strategy. This, she said, increased her confidence about her financial planning ability. Sylvia explained the interview had been:

really helpful about doing this is it's actually about focusing thinking and it's interesting when watching the ads on TV I just sort of go, well OK, I guess I should. This focuses it much more for me, however I guess interviewing everyone is a bit of a problem.

Sylvia now contemplates speaking with a professional adviser at some stage.

6.9 Conclusion

This chapter has presented the data collected from the interviews with six women who participated in this research. The selection criteria meant there would be some cohesiveness within the sample making it a focused study. The selected women have strong similarities, they also have distinct differences.

The six women are not representative of the majority of women in New Zealand, mainly because of their levels of income, high for women. The sexuality of the sample also sets this study apart from the majority of women. Three of the women, half of the sample, are lesbian. There are no statistics identifying the proportion of women who identify as lesbian in the population, however, the proportion is considerably less than 50%. Nor do they represent the ethnic and cultural mix of New Zealand's population.

The strongest messages are the link between a level of income that allows women to make mortgage repayments for home purchase, employer sponsored superannuation being recognised as important for beginning long term savings for retirement income and expectations for state provided retirement income. These factors emerged as interlinked and interdependent.

For the women in this research the three came together with the result that the women were cautiously confident of their financial security and overall well-being for their retirement because they could afford mortgages, had superannuation and thought state provided retirement income would be available to them in some form.

Caution arose because the women recognised their income levels were not guaranteed and they were uncertain about what state retirement income would be available for them.

Other factors of their mid-life financial situation emerged as significant: living arrangements, life stages and changes were the most prominent. Each of the women had financial costs associated with life style, current living arrangement and changes to relationships. The two divorced women, and one of the lesbian women had been significantly financially disadvantaged through relationship breakups.

This affected the current arrangements made by each of them. They were working to regain lost ground in their financial arrangements and had clear thoughts on how to prevent such costs in the future.

Superannuation savings were a strong feature of retirement income plans for the future with debt clearance identified as important but debt accepted as feature of current financial arrangements. Employer sponsored superannuation had been significant in most cases for initiating superannuation savings.

Age and the climate of debate about state provision for retirement income had influenced the women to consider their futures and take financial action. Although age was not an influence for Sylvia, the political debates had influenced her towards debt clearance, and the need for financial independence was a stronger motivator than age for Teresa.

The women responded positively to information that mid-life arrangements and attitudes had a direct and positive impact on retirement. They felt empowered by the information, and along with other information they had, felt they could do something constructive in their forties, fifties and sixties that would make their retirement the best it could be. However, this confidence circled back to mid-life income levels that would allow their financial arrangements to continue, especially home purchase and the critical component of state provided retirement income. The women recognised that their income levels may offset any state provision they may be entitled to but none felt it likely they could manage without some state support.

Analysis and discussion of this data and its relationship to the literature follows in the next chapter.

Chapter seven: Analysis and discussion

7.1 Introduction

Mid-life has been shown to have an impact on well-being in retirement [Hayes 1991 & 1993, Nussbaum 1992, Whittaker & Moses 1995]. All of the women in this study look forward to retirement and attention is given to how their expectations and positive outlook influence their mid-life actions. The factors that make a difference and how the women respond to them are explored.

This chapter summarises and discusses the findings of this research project in relation to the literature, relevant policy debates and theoretical perspectives informing them. Areas of concurrence and convergence between the research findings and the literature are identified, highlighting significant findings and contradictions.

The chapter begins by exploring contradictions within the data. The chapter goes on to address expectations for retirement, considers the findings in relation to social policy and the relationship between private provision and state support for retirement income. As retirement is some years off for the women studied, timing of retirement is explored to expose what factors influence the decision to retire.

The chapter concludes by reporting on the information and knowledge the women identified as important to their planning and decision making.

7.2 Contradictions in the data

The sample of six women contained its own contradiction. Five of the six were remarkably similar in their response to being in their forties and the financial arrangements they were making. One of the six, Sylvia stood apart because she did not have a mortgage or freehold home or superannuation savings but she reflected the experience of the other women who had experienced financial setbacks because of relationship dissolution. She had some concern that she was leaving arrangements such as buying a home too late and for the moment had

“rein[ed] in [her] expenditure” to clear debt. Her plan involved debt clearance as preparation for homeownership and returning to superannuation saving in the future but as yet she was not directing income to them. Sylvia was the only woman in the sample who intended to continue paid work in her retirement. The others said they would only undertake paid work if their financial situation required it.

Sylvia was one of the two women for whom ageing had not created an imperative to prepare for the future¹. She rejected ageing as an influence on the way she lives and felt shocked at the concept of middle age. Whereas the other women gave ageing as a consideration in their decision making, Sylvia did not. Sylvia expected to be financially secure in retirement saying “*things always turn out okay for me*”.

In spite of these differences, Sylvia shared many things with the other five. She had experienced life shifts that had undermined previous longer term arrangements. She had had a mortgage when married and had superannuation until her employment arrangements altered. She, like the other women expected state support but doubted its level or her eligibility once she reached retirement age.

Sylvia looked forward to retirement as did the others.

7.2.1 Validity of each experience

The example of Sylvia in this research reinforces feminist theory that every woman’s experience is valid and that, in research, generalisations cannot be made about all individuals or groups of individuals. The findings in this research are not generalisable, even to women who match the sample criteria. These findings indicate a general pattern for consideration by policy analysts and suggest need for further research to put these findings in context for policy making of the extent to which this pattern is typical and what other patterns apply and to what groups of women.

¹ Teresa had been motivated to strengthen her financial security in mid - life and to prepare for retirement by a significant life shift - divorce.

7.3 Social policy theory and the findings

The women in this study have first hand experience of the continual and cyclic nature of proposed changes to retirement income policy and they face fifteen to twenty five years of potential changes before they retire. They are uncertain about what future policies may hold for them.

Two central themes emerge from social policy research literature and are confirmed by this study about the expectations of retirement held by mid-life women. The first is the likelihood of working in paid employment for longer than previous generations of women. Except for Sylvia who wanted full-time paid work in her later years, the others did not want to continue in full-time paid. The second is an expectation of reduced incomes in retirement and an expectation that state support would be inadequate coupled with the expectation that state retirement income would be needed.

The women were familiar with the policy shift towards targeting of state provisions and identified that they have incomes that are likely to affect any entitlements they may have. The uncertainty about state provisions as well as their income level resulted in the women making personal arrangements for the future. They also supported welfare policy through taxation for retirement income because of the need most women would have after a life time of lower pay and family responsibilities. They also observed that in spite of their own opportunities they too would need additional assistance.

This section discusses those views and provides links to the literature that largely confirms the assumptions and expectations of the women.

7.3.1 Personal versus state retirement income

The women in this research have moved into mid-life in a political environment where state retirement income provision is regularly reviewed and debated. Theoretical influences in social policy in New Zealand history have been at the core of changes in policy perspectives and solutions. The issues have been about balancing public and private support, eligibility criteria, the pension value and the

degree of compulsion for individual saving [St John 1992(a), Cheyne et al 1997, Jesson c1989, Shipley 1997, Pierson 1991] (see 2.2).

Three of the women spoke of strong beliefs in the welfare state and expected to contribute to state retirement income for the good of all as well as for their own benefit. Sue spoke of policy changes that could reduce state support for the elderly, both for retirement income and welfare services, particularly health care. Elizabeth spoke of the tension between saving for herself now while paying tax to support others and she too was concerned that the state would not provide adequately for her needs. Nat had an expectation that paying taxes should guarantee state support for her retirement but she is expecting the value of it to be lower than it is in the 1990s (see 6.4.6). Sylvia does not expect state retirement income to be adequate for her needs.

As noted, all the women expected state retirement income would be available and that they would need it. None were confident of the value it might have, or its sufficiency for their needs or of their qualification for it. They were uncertain that current arrangements would continue and thought their level of employment life income and personal economic situation (mostly homeownership and superannuation savings) could preclude them from full receipt of state support. They all expected they would be required to have a degree of self reliance and five out of the six had arrangements to provide for this (see 6.4.6).

Their uncertainty about future policies for state provision of retirement income is strongly confirmed by historical evidence. The value of state provision of retirement income has fluctuated, climbing as high as 80% of the average wage in 1977 (see 3.8) and now tagged to go no lower than 65% of the average wage [Accord 1993]. Women in particular have experienced fluctuations in policy. The age of entitlement for women has ranged from no universal entitlement in the 1880s, to fifty five and sixty years of age, to the current policy of sixty five years (for men as well). In 1997, age and value were again signalled as open to change [Shipley 1997, Todd 1997(a) & (b)].

There have been regular debates about the level of individual preparation that should be made. In the 1990s as the participants were entering their forties they have observed benefit reductions (see 3.10) including debate about the level, entitlement and eligibility of New Zealand Superannuation. In 1997 they participated in the citizens referendum that rejected compulsory superannuation savings. They all spoke of the Retirement Commissioner's messages about self reliance and promotion of personal savings. The prominence of the debates means that few New Zealand adults will be unaware of contemporary political preferences to reduce state expenditure on retirement income.

7.3.2 Reliance on the state

None of the women in this research took state support for granted but all said it was essential for themselves and for women generally, to ensure financial security and well-being in retirement. The interviewees recognised (although their incomes were higher than most other women) they were facing reduced incomes in retirement and would need state support. They expressed concern that most women earned less than they did and would have a greater dependence on state income protection in retirement. Their observations are confirmed. Table 4.6 *Median yearly income for Europeans over fifty years* and table 4.4 *Total yearly income for people aged sixty five years and over* illustrate that women's income already low in their fifties, reduces further in their sixties, seventies and beyond. Most retired women have income provided by the state pension and although large numbers of men also rely on the state, women are significantly less likely to have additional income. Those that do, have very small private incomes compared to the size of private income of any men.

The Public Trust Office [1993] found when researching women over sixty that most felt financially secure. I have surmised this was because of the guarantee of a basic living standard provided by New Zealand Superannuation. This thesis does not explore what the participants knew of current retirement income. As already noted, it is widely argued that current New Zealand Superannuation is the best form of state support for women in OECD countries [MOWA 1996, St John 1996] (see 2.3). The gender neutrality of the pension provides women similar levels of

income in retirement to men, usually for the first time in their lives and maintains their living conditions above the poverty level [FinSec 1997, Hyman 1997, Waldegrave 1997] (see 4.9).

7.4 Entry to retirement

This study confirms research findings that the timing for beginning retirement and continuing paid employment in retirement is dependant on financial situation.

Lower income households defer retirement compared to higher income households [Arber & Ginn 1995]. However, Arber and Ginn [ibid] found that women's timing of retirement was influenced by the age of a husband. An older husband could influence a wife to retire at an earlier age when he retired. None of the women in this study had an older partner and Sue was the only participant who linked the timing of her retirement to her relationship arrangements. She spoke of the possibility of phasing into retirement assisted by her younger partner's pre-retirement income.

Timing of retirement could also be influenced by the caring needs of others although this was not exposed in the data gathered in this research. The women spoke only of retiring when they could depend on the financial resources they had to replace reliance on employment income.

7.4.1 Homeownership in retirement

Although income during working life was significant, homeownership was a specific factor identified by the women influencing their decision on when to retire. Homeownership was a strong indicator of feelings of financial security in retirement. The availability of amenities for the retired population confirms this. Members of the retired population who have freehold homes are more likely to have telephones, cars and washing machine and tend to have more social interaction (see 4.6).

The sample saw homeownership as an investment for their future. They spoke of the importance of providing a home for themselves and five were paying mortgages to achieve this.

7.4.2 Income in retirement from paid employment

Although employment levels decline as people age, employment after age sixty is increasing especially for women in the last fifteen years (see chapter four). The women in this study recognise their financial situation may require them to continue in paid employment, although they would either prefer not to or to limit the time in employment to part-time work. However, in spite of increasing employment for over sixty year olds their income their income is still minimal (see tables 4.3 and 4.7). The rate of part-time employment for women over sixty has doubled from 1981 to 1996 but only to a level of 13% and full-time employment for women over sixty reached 15% in 1996. The 1996 census shows that 28% of over sixty year old women were actually in paid employment.

7.5 Mid-life: prelude to retirement

Having agreed with literature that aspects of mid-life have an impact on retirement, this thesis considers aspects of mid-life that are a prelude to retirement. Factors include personality attributes, expectations for the future, financial resources and actions taken in mid-life to promote security in later years [Arber & Evandrou 1993, Hayes 1991, Hayes & Deren 1990, Nuehs 1990, Nussbaum 1992, Whittaker & Moses 1995].

The central factor is money (see 4.4) and women's low income has a cumulative negative effect on retirement resources and amenities. Living arrangements and life stages also impact, with ageing creating an impetus for action and relationship changes incurring costs and reducing previously shared assets. Costs of living or employment changes can undermine opportunities women have to prepare for their future well-being.

The following sections discuss mid-life factors that could influence retirement experience: income levels and the impact of low income; ageing; lifestyle arrangements; retirement income plans and the information and knowledge the women had.

7.5.1 Looking forward to retirement

The women looked forward to retirement, largely for the extra time and opportunities to do activities precluded from their mid-lives because of employment demands (see 6.3 and 6.4.5). Central to their arrangements was the expectation that by owning their own homes and having superannuation investments they would be able to manage better than women who had total reliance on state income protection.

The literature identifies that women who look positively towards retirement do so because of an expectation of financial security [Arber & Ginn 1995, Feuerbach & Erdwins 1994, Hayes 1990]. This is largely confirmed by this research. Five of the six women were actively preparing to make themselves as financially secure as possible by purchasing homes. Most had superannuation and all saw state support as a vital ingredient to complete the picture. Their levels of income, high for women, provide them with an opportunity to accrue resources in mid-life that can carry forward in to retirement [Arber & Ginn 1995].

The sample fit the description of Feuerbach and Erdwins career women [1994]. Career women looked forward to retirement as a different life stage (see 4.3.2). This is confirmed by the findings as illustrated by Sue and Elizabeth who specifically identified interests they aimed to pursue when they had more time because of retiring: painting, bird watching and surfing the internet. The sample women are likely to be more financially secure than women with less paid employment history and more years of lower pay. The sample are all in full-time work and have worked for most of their adult lives (Teresa with children has had some periods out of paid employment).

Research on retirement expectations has suggested that women in marriages feel more confident of retirement security than those who are not [Feuerbach &

Erdwins 1994]. However, although none of the women in the sample were married at the time of the interviews they all felt a degree of confidence about their financial future. Some had been married and two were living in partnership relationships. Their confidence was based on an expectation of state support, homeownership and superannuation savings and not on relationship status. The women did reflect other studies that identify the nature of relationships as having an impact on well-being especially for costs sharing and emotional support in decision-making. But, it must be noted that relationship endings have a cost impact (as will be discussed in 7.5.2).

A positive view of retirement assists in preparing for it and the level of satisfaction they may achieve. Other research suggests looking forward positively resulted in active preparation and the participants support this finding [Nussbaum 1992, Neuhs 1990, Feuerbach and Erdwins 1994, Whittaker and Moses 1995].

When told about mid-life factors shown to enhance retirement [Hayes 1991 & 1993, Nussbaum 1992, Whittaker & Moses 1995], the women all responded positively and felt affirmed by the information. They found it helpful that events in their current life which they could have positive consequences for their future.

Three components of mid-life combine; planning, preparation and income must be noted. The women in this research have much higher incomes than most New Zealand women. An important finding is that when women have the resources (because of access to money) they make decisions and plans for their future thereby increasing positive feelings about the future. The interrelationships of these components is important as they are mutually inclusive, each affecting and enhancing the other.

The relationship between personal characteristics and planning in this research does not highlight healthy lifestyle and strong personal identity aspects of Hayes' criteria. The women all felt their personalities were strong and while some mentioned their lifestyle was not as healthy as it could be, this was not feature of great attention in their plans. Health insurance was important for some and Sue expressed concern that the state may fail to cater for her health needs when she

retired. Nat thought, failing accidents, that she may be healthier in retirement because the stress of her working life would reduce.

The active response of the women confirms the literature; positiveness results in action. However, the literature and the data from this research also note that low income women have less opportunity to plan, to buy houses and to save superannuation [Hyman 1994, Lawrence 1996, St John 1996]. This is a central point for retirement income policy. The “*interrelated spheres*” [Arber and Evandrou 1993] of finances, accommodation, physical health and social and emotional health must be addressed by policy if retired women are to experience well-being.

Being in their forties, having a positive outlook for retirement and making financial arrangements that can enhance retirement were features of the mid-life experience of the women researched.

7.5.2 Women do plan - when they can!

Some studies have suggested that women are less likely than men to plan for retirement. However, it is clear that gender cannot be considered in isolation from other factors in determining who will or will not save. A mix of attributes, of which gender is only one, provide an identikit of who saves. The attributes include people who:

- have concern about state policy
- are ageing
- aim for a comfortable retirement and have made an assessment of their potential needs and aspirations
- presented with encouragement to save, especially through employer sponsorship of superannuation
- have information and feel knowledgeable about financial planning (even at a basic level)
- have income that affords saving, with \$30,000 being a benchmark
- are in full-time employment
- do not have dependants under five years of age

- are in stable relationships
- have a level of awareness of their life expectancy, and
- people who consider and make choices about savings products (superannuation or life insurance)²

[Beaglehole 1993, Hyman 1994, Lawrence 1996, MRL 1995, NZCTU 1997(a) & (c)]

The women participating in this research share a number of those characteristics and I would add another factor. The women had a determination to be responsible and to make the best of the opportunities their employment and income provided. They did not take their incomes for granted and were aware of the degree to which they had more opportunities than most women to plan ahead.

Fleming [1997] found that women often deferred their savings for retirement because of family demands. Several researchers emphasised that low earnings over a lifetime impacted harshly on women's ability to make adequate individual provision for retirement. Generally the low incomes of women, dependence of family, interruptions to paid employment and a reliance on husbands income may preclude or defer saving by an individual woman [Beaglehole 1993, Burns 1996, Colonial 1997, Fleming 1997, Hyman 1992, MRL 1995, Perkins 1992].

The sample is at odds with women generally because of their income levels, lack of dependants (only Teresa has full-time responsibility for children) and the exclusion of women with husbands. However, they show that women do plan ahead when they have access to financial resources and partnerships that do not involve subservience of one partner to that of a higher paid male partner. McPherson's findings support the experiences of the women in this research that allocation of financial resources within households could be such that:

some women may be better off on their own, with a lower income which they control, than in a marriage with a high male income

² See chapter four footnote eleven on women's tendency to hold life insurance policies. It is also noteworthy that the sample women had experience of superannuation and some were adding insurances (health and income protection) to protect their own situation. The women with responsibility for children did not disclose life insurance if they had it.

which they do not have equal access or control over
[McPherson 1995:34].

In Teresa's case paying for superannuation was deferred to allow for costs associated with her children's needs. She had just begun superannuation saving because with a new higher paying job and a mortgage finally in place she was able to allocate a small sum so "*I have something extra when I'm older*".

The women who lived singly (Adrienne, Teresa and Sylvia) and Elizabeth who lived alone all found the costs of single living a strain. However, their situation meant that they had consciously addressed self reliance in retirement. They all saw homeownership as important and their actions identified that homeownership was more important than superannuation although superannuation was a top priority.

7.5.3 Income

The findings of this study show that the extent of plans and preparations made by the women were dependant on the level of income they earned. This agrees with the literature that standards of living in mid-life and retirement are directly linked to access to money [Arber and Evandrou 1993].

In this research the women all spoke of being at their highest level of income. Some expected to maintain the level, all felt it was their income peak. Sue identified her commitment to increased superannuation savings, income protection insurance, buying a good car and clearing debt as activities she engaged in to capitalise on her current high income while she could - specifically because she did not expect her income level to last.

7.5.4 Wage peak

The women in this research all considered they had reached their wage peak. Statistical evidence agrees with them. Men also reached their wage peak between forty and forty nine (although the women in this research did not recognise this) [Statistics New Zealand 1997(a)]. However, because of unequal pay between women and men, the male peak is at a significantly higher level than for women.

Statistics on income in New Zealand confirm that women in their forties have reached the peak of women's incomes [Statistics New Zealand 1997(a)]. Twenty five to twenty nine year old women and forty five to forty nine year old women reach the highest median incomes of women. The level falls away after their twenty ninth and forty ninth birthdays. In the case of twenty nine years olds it reduces then climbs again to reach almost the same level at forty five to forty nine. After forty nine income falls away and continues to reduce [Statistics New Zealand 1997(a)].

The sample are atypical because their peak income levels are significantly higher than for most women and they will have had more years of high income than many women. This may mean that although peaked, they will continue to have higher earnings for longer but there is no statistical evidence to confirm this.

7.5.5 Lifestyle costs

Analysis of the data identifies relationship arrangements, after income, as the most significant factor influencing women's financial opportunities. Singleness was identified as a cost with partnerships providing for cost sharing and emotional support in financial arrangements. Relationship changes have a cost.

Although de facto relationships are on the increase, divorce, separation and never marrying may reduce the numbers of people living in a partnership relationship in retirement [Cook 1997].

The two divorced women in this research had both experienced economic disadvantage because of their divorces. Teresa has sole financial responsibility for her children and, with Sylvia, they both had reduced household incomes and missed the potential benefit of husbands increasing incomes. This is supported by McPherson [1995] who cites evidence that women are worse off than men economically after divorce. A situation exacerbated by low incomes, interrupted work patterns and responsibility for children. McPherson observes that divorced women are less likely to live in their own home or to have it freeholded. This explains the situation of Sylvia and Teresa, both having previously had mortgages

with husbands and now Sylvia without a mortgage and Teresa a few months into her home purchasing.

The unmarried women had also experienced negative costs through relationship breakups and the division of shared assets and property. Sue identified financial and emotional demands of “*starting again*” after a long term relationship. Research confirms that partnership arrangements strongly influence women’s access and control of financial resources and their priorities for spending and saving [Fleming & Easting 1994, Fleming 1997, McPherson 1995].

7.5.6 Ageing

Non-savers have been identified as under twenty five years of age [MRL 1995] and increased age matches increased savings. Seventy five percent of people over thirty are maintaining some savings arrangements. This supports my finding that four of the women specifically identified advancing age as an impetus to prepare for the future. Five of them had superannuation savings in their arrangements including Teresa who had just begun superannuation because she wanted to prepare for her future. At forty five (an age factor), she felt she could not wait any longer. However, her overall motivation prompted by the negative lifeshift of divorce.

Dickson et al [1997] also confirm this having identified that thirty five to forty nine year old women share savings or make individual savings. Those that share are active in the process and do not abdicate responsibility to a partner. MRL reinforce this with the finding that 64% of women were involved in some form of savings [1995].

Preparation and age was a strong link for four of the women but less so for Teresa and not all for Sylvia. She did not feel age as an impetus to prepare for retirement. She identified this herself:

It's interesting how much of this is to do with perception of what age is. You see that whole thing about [the Hays's quote] includes 'developed in middle age', and I'm sort of going - for God's sake I'm not middle aged, I'm only forty six. So that's something which

I would certainly see as a change. A generational change. That, in our forties and fifties we don't see ourselves as middle aged, yet that's what we are.

As the range of responses to mid-life indicates, the complexity of ageing and an individual responses to ageing, influences to a greater or lesser degree a future view and the likelihood of retirement income planning. Although Sylvia identified divorce as the critical factor for her lack of mortgage and superannuation it is interesting that Sylvia has the least regard for age and was the only one of the six who had neither a mortgage nor superannuation.

7.5.7 Retirement income planning

In agreement with the literature about who saves, the women in this research were engaged in activities that can be described as retirement income planning. This research reinforces the literature that women can be prevented from planning ahead because of low incomes [Burns 1996, Byrne 1997, Fleming 1997, Lawrence 1996]. The women in this research identified their income levels as central to activating and maintaining their plans.

Table 6.3 *Retirement income plans* illustrates the components of the plans identified by this research and table 6.4 *Priorities for saving and spending* illustrates the importance placed on long term preparations. All but Sylvia (who does want to buy a home) have mortgages with Nat having two. All have some experience of superannuation and all identify debt reduction as important. Their priorities confirm their plans. Mortgages and superannuation were the first two priorities for all; except Sylvia who has rent in first place until she has a mortgage.

The sample in this research linked homeownership with state retirement income. Both items were seen by the women as critical to achieving financial and personal well-being in their retirement. This matches other research findings that accommodation costs are inextricably linked to levels of well-being. The higher the accommodation costs the lower spending in all other aspects of life (see 4.6).

(i) *Superannuation*

An important finding of this research is that employer sponsorship of superannuation is a positive feature for those who can access it and the loss of that option has negative results.

Research for the Retirement Commissioner [MRL 1992] supports this finding identifying motivations for saving were full-time employment, employer sponsorship of superannuation and income levels above \$30,000.

The women in this study all said their current superannuation arrangements were dependant on their incomes being maintained and that they could only continue contributing to superannuation if they had full-time employment. This affirms MRL findings that low income, non-full-time employees were non-savers. The sample in this research indicated they would stop saving in superannuation if their income reduced and in Adrienne's case beginning a mortgage had meant superannuation contributions ceased.

(ii) *Savings and debt*

None of the women said they had savings although homeownership was seen as a form of saving. Superannuation was not described as savings by those that had it. Apart from mortgages, which are a debt as well as a form of saving, some of the sample had significant debt (the levels of which were not quantified in this research).

The women had absorbed messages about debt. Those that had it spoke of wanting to reduce it, Sue and Sylvia had debt clearance plans. Nat, Teresa and Adrienne had no debts apart from mortgages and Elizabeth (as did Adrienne whenever she incurred a debt) aimed to keep it minimal.

The mix of homeownership, superannuation, savings and debt levels and living today require a balance to be reached. The balance point was unclear for each of the women in the research, but they all spent time considering what levels of financial commitment they could make to each factor in order to live in the best way today and in preparing for their retirement.

7.5.8 Balancing it all

Balancing today with longer term arrangements created some tensions for the women. Uncertainty about state policies and the potential success of their financial arrangements for retirement (still some way off) sat uneasily against the cost of day-to-day living and the value placed on their lifestyles.

They recognised retirement would be different. Their recognition that incomes would reduce provoked responses that included financial decisions about how they lived now, preparation for the future and attitudes to what retirement may hold for them. The financial decisions meant compromise between lifestyle and financial expectations.

It is possible that homeownership assumed the importance it did because it formed the basis for current living and for future arrangements (see 4.6). Literature confirms that people view homeownership as preparation for retirement and a priority ahead of other retirement preparations [Colonial 1997, Hawes 1997, Todd 1997(a)].

Tensions for the women arose from uncertainty about how to achieve a balance that did not place unnecessary stress on today and took account of the longer life expectancy of women, the lower pay of women, that their income levels had probably peaked, uncertainty of employment in the future and uncertainty the state would provide adequate support.

7.5.9 Information and knowledge

The selection criteria for this research meant that all of the participants had demonstrated an interest in retirement income planning by attending union sponsored women's seminars. They knew of the television promotions by the Retirement Commissioner and some had copies of his material. Furthermore the data was gathered during the time the government was spending over \$15 million to promote the Retirement Savings Scheme for the referendum on compulsory superannuation savings (see 3.10.4). Adrienne spoke of her increasing confidence as she *"build[s] resources and learn[s] more about how they work"*.

This scenario may explain why the sample avoided the “*prime obstacle*” Neuhs [1990] espoused that lack of knowledge prevented women from taking affirmative action to prepare for their retirement years. Other research adds further insight [Dickson et al 1997, Feuerbach & Erdwins 1994, Hayes 1993]. Higher levels of education was found to have an impact on taking action although levels of knowledge and information were not found to be influenced by qualification levels. The sample women all have tertiary qualifications, supporting the literature.

A positive spin off from the data gathering exercise was identified by the women, half of who referred to the value of talking about their situations and thoughts when being interviewed. Adrienne summed up the views of the others:

the interview has raised awareness and prompted more discussion with friends, not so isolated now, plans more formed and likely to happen ... [I've] bought an investment property, planning significantly for security in retirement ... and I have frozen super payments to concentrate on the house but left money in [superannuation as an investment] - may not have before the interview, thought differently now ... I realised the need to prepare and save and shift what was clearing the short term debt to savings now the debt is paid.

It is interesting, although possibly coincidental, that between the initial interview and the follow up interviews four of the women had advanced their retirement income plans. Nat had acquired a second property, Adrienne her first. Sue and her partner had instigated a credit card clearance strategy. Sylvia had a “*little more awareness*” after the first interview and decided she would talk to an adviser.

Teresa took action between the telephone call asking her to be interviewed and the interview. In the telephone call I had explained the aims of the project (as described on the information sheet, appendix 2) and when I arrived to interview her she had begun superannuation savings - something she explained immediately on my arrival.

The reported positive response from some of the women in being part of this study can be viewed as an example of how this research meets a test of feminist methodology and research. The opportunity to be part of this research project provided its own impetus for Teresa to action her intention to start superannuation. The opportunity to explore their ideas and actions provided time for considered reflection and revaluation and appeared to give added confidence to enact plans and preparations to improve their own situations.

7.6 Conclusion

This analysis and discussion of the data from this research project and the international and New Zealand based literature shows that the findings of this project are generally in agreement with the literature about the importance of state retirement income provisions; mid-life financial situation and living arrangements influence the ability to set plans in place for positive retirement outcomes, a positive outlook, access to information and knowledge all have positive impact on retirement income planning; there is a tension for women in determining how and at what point do they achieve a balance between now and planning for the future.

Income levels of the women in this research mean the women are able to take some action in pre retirement planning. While Arber and Ginn found that marriage made a positive difference in confidence in financial arrangements, this present research challenges findings which suggest that marital status makes the difference. Instead it demonstrates individual income levels may make the difference between confidence and positive expectations, as evidenced by this study and that of Byrne [1997].

The next chapter analyses the discussion in this chapter and presents conclusions and recommendations for further research and social policy.

Chapter eight: Conclusions and recommendations

8.1 Introduction

This final chapter relates the findings of this research project to its objectives. The initial questions for this research arose from the objectives and they have formed a framework in which to analyse the data and consider the literature.

Then the chapter considers overall conclusions that arise from this study and gives attention to the limitations of the study. Implications for social policy and recommendations for further research are identified throughout the chapter.

8.2 Research objectives

The six research objectives aimed to canvass a spectrum of women's mid-life experiences, their hopes, dreams and plans for their retirement years.

8.2.1 Exploring women's aspirations for retirement

An expectant thrill that retirement will provide time to pursue interests neglected because of full-time paid employment was tinged with anxiety and uncertainty. Looking ahead to retirement the women felt their mid-life actions and preparations should provide financial security for them. However, caution arose because they could not be certain of achieving their goals. They doubted their income levels would be stable or improve in the years ahead, and were doubtful that state retirement income support would be sufficient when they retired.

The aspirations of the women were firmly grounded in their mid-life experience and the factors that allowed them to plan and prepare in mid-life. They wanted to own houses and to live life well. They wanted retirement to be positive, less stressful and a time of choice about how they filled their time. None wanted to be compelled to work because of inadequate retirement income, but most expected to.

These women had the advantage of mid-life income levels that allowed them to buy houses and save in superannuation schemes. From the ability to make these

financial preparations came a confidence and positiveness that the literature suggests is not common to all women. This positive view to the future encouraged the women to prepare for retirement with an expectation they could do something constructive in the years before retirement to improve their retirement experience.

Most often this was linked to home purchase which served a multifaceted purpose providing accommodation, capitalising on income, engaging in sound financial arrangements and planning for retirement. Other arrangements also reflected preparation for the future, markedly in this research was a commitment to superannuation.

8.2.2 The factors that shape women's expectations, plans and preparation for their retirement

Income and a positive view ahead were underpinned by levels of information and knowledge. These factors provided a base from which the women made financial decisions and preparations for the years ahead. Ageing, that is, entering their fourth decade of life, had been a strong incentive to plan and prepare.

Positive responses to retirement income planning were constrained by life shifts. The most striking of these identified in this research was divorce or relationship break up which for three of the women had caused significant financial set backs to their current situation and to their plans. In addition to the constraints caused by unplanned life shifts, were costs associated with life style and living arrangements.

The women in partnerships had the advantage of combined financial resources and emotional support for financial decision making and long term preparations. The partnered women in this research lived with partners who were also earning so they had double incomes. The situation may not be the same for partnered relationships where there is one shared income.

The women living singly confronted domestic and social costs on their own. This often resulted in decisions to share accommodation costs with others to minimise the costs of living singly.

8.2.3 Understanding women's economic situation in pre-retirement planning

The ability to make arrangements for retirement income were completely dependant on income. Income levels in the sample group were central to their ability to have choices about their financial arrangements in contrast to women who experienced poverty (as in Byrne's study) or low income. This research shows the advantages of income levels that allow money to be diverted beyond daily living costs and into longer term arrangements with positive consequences.

This research shows that women want to, and do plan for their retirement. However, the extent to which they can make preparations flows from their levels of income.

The inequality between the pay of women and men has a profound effect on women's abilities to plan for their retirement. The cumulative effect of lower pay, described by the Ministry of Women's Affairs [1996], is strikingly apparent in this research. The women in this research earn high incomes for women and they use their incomes to provide the best financial security for their current life and for their futures. That these women are able to make such arrangements while at the same time recognising they could still face poverty in retirement, will rely on state retirement income and throughout their life will be vulnerable to loss of employment or reduced incomes is shocking when they also recognise they have significant advantage over most other women in New Zealand. The case for equal pay to be genuinely advanced is apparent. If women are to have healthy, happy secure retirements they need the financial base with which to prepare.

Homeownership and superannuation savings were common elements of mid-life financial arrangements that linked to retirement income planning. Each woman had experience of homeownership and superannuation although at the time of the interview one had neither, another had suspended superannuation contributions to buy a house, and another just begun them. The loss of previous superannuation or homeownership was caused by lifeshifts - relationship breakups and employment changes.

Other arrangements were less prevalent. Debt clearance, personal insurance arrangements, maintaining income levels were all factors mentioned by the women but were not common across the sample.

In spite of constraints and difficulties the women acted with financial acumen to make the most of their income levels and to prepare ahead. From this position a tension arose about how to balance their current life styles (ones they all enjoyed) with adequate preparation for their retirement. It was in this context that uncertainty about state provision for retirement income was felt most sharply, exacerbated by feelings of limited knowledge and understanding about how their mid-life financial arrangements would shape up in fifteen to twenty years time. Homeownership provided the surest investment because the women recognised the advantage freehold homeownership would provide when on a reduced income in retirement. Superannuation was important to top up income but the women had no sense that superannuation would provide a sufficient standard of living on its own.

Superannuation emerged as a way of longer term saving and the significance of employer sponsorship was profound. This study shows that the opportunity provided by employer sponsorship has a facilitative effect for starting and maintaining superannuation savings. Employer sponsorship also advances the growth of investment assets. When employer sponsorship was removed the impetus changed. In Adrienne's case her contributions were diverted into mortgage repayments. A financial response to clearing interest bearing debt that reflected the Retirement Commissioner's advice that, without employer sponsorship to bolster personal saving, debt clearance should have priority. Sylvia had stopped superannuation savings and withdrawn her investment after her employment arrangements for superannuation changed. She too followed advice to clear debt but now regrets her lack of superannuation asset.

8.2.4 The role of information and education about retirement saving and pre-retirement planning

As discussed the women were selected because they had demonstrated an interest in retirement income for women by attending a seminar. This research identified

that the women continued to have an interest in learning about financial arrangements and retirement income planning. They all had some knowledge of the issues. The research did not adequately explore the education or information sources that had been most useful or influential, a point for further research.

However, an important finding in this study was the impact of one-on-one discussion about each woman's plans and arrangements, and about mid-life indicators for retirement well-being. Some women reported that the interview process had been valuable for provoking some further action and for affirming actions already taken. The empowerment of information relating to their stage of life was useful as a tool to assess their progress and to use when planning ahead. The interview experience enhanced a sense of hopefulness and encouraged them to take action that they expect will have positive repercussions in their later years.

As income was such a significant tool in the preparation made, the potential for most mid-life women may not be as great. Further work could be undertaken to identify mid-life indicators for well-being in retirement that were not dependant on income levels.

This research also shows that the Retirement Commissioner's information campaign has had an impact. The central messages conveyed to the women from the Commissioner's work was that individual arrangements were important and debt clearance is a key to improving financial security in your retirement.

The women did not all welcome his television campaign. Sue, who valued the booklets of information from the Commissioner, criticised the pejorative and patronising nature of his message about reducing current costs for savings purposes. She considered it inappropriate for the Commissioner to suggest reducing social activities in favour of saving.

8.2.5 Understanding the issues of retirement income from a women's perspective

Again, this research emphasises income is central to understanding a women's perspective on retirement income. This research sharply demonstrates how women's income levels allow financial arrangements that go beyond daily living

expenses towards the future. This research confirms that when women have sufficient income to meet the costs of accommodation, living expenses and social life, they do make arrangements to provide for their future.

This research perhaps most strongly identifies that state retirement income provision is critical for women. Inadequate financial resources through their adult pre-retirement years precludes financial arrangements that will be advantageous in retirement. The women in this research are very likely to enter retirement with freehold homes and some savings, but it is most likely that the income generated from their savings will not completely meet their needs. This research did not investigate the amount of savings the women had or project the size of the investment for their retirement. However, each woman recognised their incomes would reduce when they ended full-time paid employment and each was concerned that without a state pension she would be poor. On the other hand, they identified that the state pension was likely to be inadequate for their needs and they wanted to save to top it up.

Employment changes that had reduced income and entitlements to employer superannuation had had an impact for some. The women all expressed some vulnerability to employment and income changes over which they had no control. They clearly identified that their ability to continue their current arrangements were directly dependant on at least maintaining their income levels.

The women reflected on the position of women generally. Each participant woman emphasised that state support was even more important for other women with lower levels of income.

In addition to income, women's life experiences have a profound impact. The outcome of divorce and relationship break up was damagingly dramatic in this research with the women starting again, after leaving marriages or relationships with few assets and significant debt. This meant that arrangements such as mortgages were restarted in mid-life. Or, as in the case of Sylvia who has thirteen years to retirement, were plans for future years before retirement.

8.3 Strengths and limitations of the research

8.3.1 Contributions of the study

The level of income of the women in this study provided a context to research retirement income planning by mid-life women. Rather than focus on the impossibility for retirement income planning for most women, this thesis explores what can be done when you have the resources; that is sufficient income. This research allows an analysis of what shapes women's decisions and what is needed to maximise their mid-life potential for retirement income preparation.

This research found that superannuation investments were not regarded as permanent investments. Some of the women had cashed them in, although regretted that decision. Sue was now doubling her superannuation contributions to regain lost ground. Adrienne, with the benefit of specific planning knowledge, had decided to leave her investment in superannuation and only freeze her contributions. Something she may not have done before she thought through the importance of superannuation and retirement planning. This information could be useful in the preparation of information for distribution about the benefits of superannuation and the best way to capitalise in the investment once savings have begun.

Another strength of this research was the qualitative nature of the process and method. The data gathering through one on one interview proved to be a beneficial and constructive experience for the women. An unexpected aspect of the method was the response of the women to information they received during the interviews about mid-life indicators of retirement well-being. The women reported that between interviews they reflected on their arrangements and in some cases decided to do more. Further research could interview the women after a longer period to assess the impact of such information in the longer term.

In addition to these contributions, a number of limitations arise from the specific nature of the sample determined for this research and they are explored next, then other limitations are considered. Finally suggestions for further research are identified.

8.3.2 Limitations caused by the sample criteria

(i) Age

Women under forty and over sixty (perhaps already retired) could benefit from research about retirement income needs and planning.

Younger women have a longer time to prepare and may have a greater awareness at an earlier age than those now over forty of the advantages of private arrangements. They have more time and could make different arrangements. Although they may have other considerations, for example, student debt, that could influence their current and future financial planning. Knowledge about personal criteria and types of financial arrangements that are beneficial could allow younger women to plan more effectively. It could influence how they respond to financial and property arrangements when entering or leaving relationships.

An anecdotal example also arose during the course of this work. A woman in her twenty's read a draft copy of this thesis. She reported that as a result of what she read, she and a woman friend had a long conversation about the research findings and the implications for them in their respective relationship arrangements and how they organised their personal finances.

The significance of the four criteria identified by Hayes as critical to wellness in retirement could be explored with younger and older women. Younger women could benefit from knowing in advance that financial security, strong and independent identity, health and employment skills in middle age were important for their life long well-being.

Women older than those in the sample are experiencing retirement at a time when state provision has changed. Specific New Zealand based research on retired women and the factors they identify as important to doing well in retirement would be helpful for policy development and women's retirement income planning.

(ii) Ethnicity

The focus on pakeha women has been acknowledged and research work for the future has been identified. The decisions, issues and plans being made by Maori women in New Zealand is important. Demographic projections show that the

population of New Zealand is not only ageing but will have an expanding proportion of the population who are Maori, Pacific Island or other non-European communities. As a higher proportion of these women are in low income groups there is a need for research into the potential for women on low incomes, and cultural and ethnic components of retirement income planning.

(iii) Marital status

Without legislation to specifically prescribe the impact of financial arrangements and property in relationships each woman must address her own needs, whether in relation to others or for herself alone. There is potential for further research to assess the impact of any relationship dissolution on retirement income and what can be done to minimise the negative effects.

Retirement income issues for married women are as important. This thesis has incorporated experiences of two women who did not fare well in divorce settlements, something that was impacting on their ability to prepare for retirement. However, women who remain in marriages should be considered in further research. How do they or can they prepare in mid-life for retirement income? What issues do married women have in relation to planning for themselves and planning with their husbands? Future research could focus on the specific needs of married women for planning retirement income. For example, joint superannuation arrangements, preparing for a longer life expectancy than a male partner.

Equally, the experiences of women in de facto heterosexual relationships, living alone, living in other forms of relationships (lesbian partnerships, shared households etc) can be based on social and emotional grounds and fail to take account of financial and property implications of relationship changes.

Attention could be given to women's life stages and changes and how they may shape preparations for, and the experience of retirement.

(iv) Sexuality

I could not do justice to an indepth exploration of how sexuality or the nature of relationship partnerships impacted on retirement income planning because of the

objectives of this project, the size of the sample, the lack of statistical information about women's sexuality and the constraints of a master's thesis.

Comparative research could be undertaken to compare how various relationship partnerships impact on mid-life arrangements and on retirement income planning. Fleming's studies [1997] on how heterosexual couples share their financial arrangements could be used as a basis to further explore the compare the ways in which same sex partnerships manage money and retirement income arrangements. Attention could also be given to the ways in which women and men plan and look ahead with their male or female partners.

(v) *Employment*

The women in the sample all work full-time and have incomes above the average wage. This meant they had opportunities to consider mortgages, insurances and savings. Low paid, unpaid, beneficiary women have less opportunity to make private provisions for their retirement and a consequential greater dependence on the state. Their ability to plan for the future, the aspirations they have for retirement and their experiences in retirement are essential areas for future research.

8.3.3 Other limitations

(i) *Merit of the retirement income plans*

This research has not attempted to critique the soundness of the participant women's plans and decisions. This would be a valuable area for analysis. It could expand information on how women plan and explore the likely impact of those plans. Are there alternatives to homeownership and superannuation for women to consider? What can be achieved with the income level of most women? And, how do they know they are doing enough? These were questions arising from the data and provide indications for further work. For example, do women invest in low risk, safer investments with lower returns than men? How can women make the best investments for the best returns?

(ii) *Information and knowledge*

The research did not adequately explore education or information sources that had been most useful or influential for the women in the study. Various sources of information were identified and, as there appeared to be a positive spin off from the first interview, it would be useful to research what information the women found most useful and how it influenced their decisions. Some had reflected on and developed new plans. It could be significant to identify what information spurs action.

8.3.4 Further research

References for further research have been made throughout this chapter and this section now collates them.

A number of areas for further investigation arise from the nature of relationships and how changes to relationships impact on current financial arrangements and retirement income planning and retirement expectations. Life shifts have costs, usually negative for women. Divorce is prominent among negative lifeshifts but all relationship changes that disrupt home purchase appear to have disadvantages. Consideration needs to be given to how women can organise their financial well-being in relationships to minimise negative financial implications of ending relationships.

Income level is critical and work needs to be undertaken to identify the potential for low paid or unpaid women to make preparations that will enhance their retirement. This could be linked to investigation into mid-life indicators for well-being in retirement, especially any that have no or limited financial costs. Does a strong and healthy identity need a high income? Can low paid women benefit from improving self esteem? What other financial planning is possible if home purchase is unaffordable - debt clearance, other investments?

Accessibility of information and levels of knowledge provide a site for further research. Where do women get their information from? How do they use it and the knowledge they have for retirement income planning? There is potential for

feminist research that provides a source of understanding about how to increase women's knowledge and confidence in retirement income planning.

It should be noted that none of the women in this study had an identified male partner. The extent to which this resulted in a positive attitude to retirement income planning was not explored and this suggests another area for further research. To what extent do women plan for themselves or work with partners (female or male) to ensure adequate retirement income preparations are made for their own needs in retirement?

Finally, this research has focused only on women in their forties. Implications for younger women and their retirement planning is an area for potential research. What difference in attitudes and expectations do younger women have? Are they more or less likely to consider retirement income plans? What information and knowledge do they have or could they use?

A longitudinal study that follows a group of women from their mid-life into retirement could be useful for comparison between mid-life expectations and plans and the extent to which they are achieved or modified in retirement.

Overall, there is a need for more social policy research (quantitative and qualitative) on the retirement of women to capitalise on the potential for pre-retirement preparations that provide the best retirement experiences possible.

8.4 Applications for social policy

Mid-life women's retirement income planning is underpinned by their levels of income. The failure of the Equal Pay Act to achieve equal pay and the lack of policy or political commitment to achieve pay equity means that women continue to be disadvantaged in income, in turn compounding women's reliance on the state. The flow on effect of the low pay of women filters through all the findings and analysis of this research. Until women's earnings match those of men, women will continue to not only experience poverty in daily life but this will continue into retirement.

Age and life stage information assists in the formation and activation of retirement income plans. Policy development needs to take account of these factors when considering how women can make any private provisions for retirement and what can assist retirement well-being.

This research finds three things interact in mid-life retirement income plans - homeownership, superannuation (most often employer sponsored) and state provided retirement income. These three factors form the legs of the 1990s "*three legged stool*" (see 4.7.2). Previously the "*legs*" were state provision, personal private savings and employer sponsored superannuation. The reduction of employer participation in superannuation has meant that, for the women in this study, superannuation arrangements are more narrowly focused. Social policy development needs to address how each of the 1990s legs of the retirement income stool can be promoted.

Homeownership and superannuation were only possible for the women in this study because of their "high" income level. Women's pay is a critical area for policy work. Policy attention needs to be given to how women can afford houses on their income level.

Mid-life is a time for preparation. Social policy development needs to take account of the life stages and changes experienced by women. How they can assist adequate arrangements for the future. The results of this research suggest that relationship endings cost women too much. Policy advice to minimise the negative effective of relationship dissolution is critical for all women whether married, in de facto or same sex relationships. The example of the divorced women suggests that critical reflection policies and legislation about property rights are needed.

The place of information and knowledge is critical and this research identifies a number of aspects of information that could be useful. Policy initiatives could provide information on mid-life links to retirement, financial information on what is needed and how can limited resources achieve something positive. For example, young women maintaining superannuation investments in the event of life shifts.

The interconnection between positive attitudes and active preparation for retirement income has been shown. The provision of information on mid-life attributes could provide a context against which to consider mid-life experiences and preparations for retirement income. The mid-life attributes identified in the literature show it is not income alone that makes for well-being in retirement, even although it is the most significant factor.

8.5 Conclusion: state retirement income provision is essential

Age, income, lifestyle arrangements, life style choices and knowledge come together to create a mid-life situation where women want to prepare for the future. While income has been identified as the central factor in the ability to plan the literature and this research show that the best mix for women's well-being in retirement is:

- mid-life financial arrangements with long term spin offs, usually homeownership and superannuation
- state retirement income as a base line
- positive mid-life attitudes towards retirement.

These three aspects combine and mutually reinforce each other. Positive attitudes arise from being able to make arrangements now, knowing the state will be an active provider of support. Making arrangements now is reinforced by a feeling of hopefulness for retirement and wanting to make it the best it can be. The confidence to make a difference is reinforced by confidence that state provision will be available and adequate to support modest private arrangements.

With the exception of state provided retirement income, these positive influences do not exist for most New Zealand women. This is of major concern. It is apparent that the benefits of state retirement income are tempered, and actually reduced if the recipients are unable to provide a freehold home and top up their state funded retirement income, either through the return from superannuation or through continuing in paid employment, as a result, the retirement future looks bleak for most women in New Zealand.

Increased understanding about financial arrangements could be beneficial and is an indication for further work. The women were familiar with mortgages, superannuation, insurances and issues about debt clearance. They were uncertain about the levels of saving they needed or of how to assess if what they were doing was financially sound or sufficient for retirement security.

Alongside financial information and knowledge, information about personal characteristics can be beneficial for retirement experience.

The analysis in this research confirms that the state has a most important place in retirement income provision for women.. Unequal pay levels with men and low pay rates generally mean women cannot replace their reliance on the state from their own incomes. The state has a critical role in addressing income levels of women so that they have financial resources to provide for their longer term well-being. In turn, the state stands to benefit as women could have less reliance on the state in retirement if improved incomes increase homeownership and investment in long term saving for retirement years.

Uncertainty about retirement income policies creates a tension that undermines confidence As positive attitudes and expectations have been shown to have a beneficial impact on personal mid-life arrangements this uncertainty has the potential to reduce private arrangements, especially for most women (and significant numbers of men) who do not have the income of the women in this study.

Potentially the lack of certainty or understanding about state support for mid-life people when they retire could instil a sense that it is too difficult to make a difference and retirement will be poor. This could result in people avoiding thinking about retirement income preparations.

A more active approach in confirming state policy has the potential to advance private arrangements or at least to shape financial decisions within a framework of the future.

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You and your retirement savings. The proposed compulsory Retirement Savings Scheme 1997 Falcon Print Wellington

Guiding questions for audio tape interviews

- 1 What ideas do you have when you think ahead to retirement?
 What would you like to be doing in your retirement years?
 What age are you planning to retire?

- 2 What factors impact on the plans you have for your retirement?
 How many people are you planning for - yourself, with a partner, etc?

- 3 How does your financial situation affect the plans you have?
 Are you doing anything now to prepare financially for your retirement years?
 What? Why? Why not?
 What financial decisions have you made that you consider will affect your retirement?
 What? How?
 Do you save in a superannuation scheme? Why? Why not? How much? Since when?
 If you are in a partnership, how does that impact on your plans and the outcome you expect?

- 4 What information do you have about retirement and retirement income? Are you aware of other information about retirement income issues? What? What do you think about it? Has the information helped you make plans for your retirement?

- 5 What sources of income do you expect to have when you retire?
 What state support are you expecting when you retire?

- 6 What skills do you have now that may be useful during your retirement? Do you think you have employment related skills that could be used to supplement your income when you are retired?

- 7 Are there issues about your retirement that you experience, or might experience, because you are a woman?
 Are there aspects of your current living arrangements that you think might impact on your retirement?

- 8 What is your response to the research findings that *“women who do well in retirement share four characteristics, all developed during middle age. These include having financial security, a strong and independent identity, a healthy lifestyle and secondary employment skills acquired through an abundance of interest and avocation which can allow them to supplement their retirement income”*

- 9 What is your response to the Consumer Institute advice that you should start retirement with no debts, all household maintenance up to date, new chattels and some additional savings?

A view to the future: mid - life women and retirement income preparation

Information Sheet

Researcher:

My name is Lynn Middleton and I am working on a research project to complete a Master of Arts in Social Policy through Massey University. I am interested in the decisions women in their forties and fifties make about financial preparations for their years in retirement. I am employed by the New Zealand Council of Trade Unions. My work telephone number is [REDACTED] and the postal address is [REDACTED]

Supervisors:

Mervyl McPherson and Wendy Parker are lecturers in social policy at Massey University. They are supervising my research project and the written thesis. They can be contacted at Massey University Department of Social Policy and Social Work. Tel: 06 356 9099; fax: 06 350 5681

What is the study about?

The research project aims to investigate the attitudes and understanding of women in their forties and fifties about retirement income issues. The investigation will explore how their economic situation, understanding and attitudes to retirement income issues influence the actions they may take in preparing for their own retirement. The research will:

- explore women's aspirations for retirement
- identify the factors which shape women's expectations, plans and preparation for their retirement
- gain an understanding of the place of women's economic situation in pre-retirement planning
- gain an understanding of the role education about saving for retirement has in pre-retirement planning
- consider financial decisions made during mid-life that relate to retirement income
- develop an understanding of the issues of retirement income from a women's perspective

The women involved in the research must be responsible for their own income and well-being with an expectation that this will continue for the duration of their lives. I am excluding women in married relationships because of the impact of matrimonial property legislation on their financial situation.

What your participation involves

Your participation would involve completing a questionnaire and being interviewed.

The questionnaire will take approximately one hour and inquires about personal details including your age, nature of your living arrangements and your general financial situation. This information will be used to describe the women involved in the project. It will make links between financial situations and decisions made about retirement income. The questionnaire can be completed separately from the interview.

You will be interviewed and these will be taped if you agree. The interview will take approximately one and half hours and will be transcribed. You will be given a copy of the

transcript and will be able to change it as you wish. A short second interview may be necessary to clarify information from the questionnaire or first interview.

To provide confidentiality a pseudonym will be used for the interview and the questionnaire. A pseudonym will be used in the final report. Names and personal details that could be used to identify you will be changed. The edited transcript will be used for analysis and to draw some conclusions.

If you agree to be part of this research project you have the right to:

- ask further questions at any time
- withdraw from the study at any time during the interview
- decline to answer any particular questions
- ask for the audio tape to be turned off at any time during the interview, or refuse permission to tape the interview.

On withdrawal from the project your data can be removed from the research and your material destroyed.

Once the thesis has been completed the tapes, transcripts and questionnaires will be destroyed, except for your own copy of your interview transcript should you wish one.

The thesis will be available from university libraries.

Selection for participation in the study.

The women in this study have been selected by me because they have been involved in discussions about retirement income issues.

The participants must:

- be women
- pakeha
- over forty years of age and under sixty
- not currently married
- be in paid employment
- be willing to discuss personal information

Participation in this project may have some risks for you. You may find the discussion about retirement income preparation raises anxieties about how to prepare for your retirement. I will be able to provide you with names of counsellors and registered financial advisers. I will give you a copy of the Retirement Commissioner's booklet "Welcome to your Retirement" which contains advice and information about retirement income planning.

The end result

The completed thesis will be available to any of the participants as will a summary of the findings. I may use the findings of the research project in subsequent work. The agreements of confidentiality and anonymity made here will continue to apply.

The final written thesis will belong to me and be lodged in Massey University library. It will acknowledge the assistance given by the participants without naming them.

A view to the future: mid - life women and retirement income preparation

Consent form

I have read the information sheet and have had details of the study explained to me. My questions have been answered to my satisfaction, and I understand that I may ask further questions at any time.

I understand I have the right to withdraw from the study at any time and to decline to answer any particular questions.

I agree to provide information to the researcher on the understanding that my name will not be used without my permission. The information will be used only for this research project and publications or work arising from this research project.

I agree/do not agree to the interview being audio taped.

I understand that I have the right to ask for the audio tape to be turned off at any time during the interview and I am able to refuse to answer any question.

I agree/ do not agree to participate in this study under the conditions set out in the information sheets.

Signed: _____

First Name: _____

Date: _____

Financial Questionnaire**A view to the future: mid-life women and retirement income.****Pseudonym:** _____

Please indicate your answer by ticking the appropriate box or writing in the information required.

1 Age:

- 40-50
- 50-60

2 Which of these people live in the same household as you?

- a partner
- a flat mate
- dependants [eg: child, elderly relative]
- any other
- I live alone

3 If living with dependants, are they:

- 0 - 20
- 20 - 65
- over 65

4a If living with others, do you share costs?

- yes - go to question 4b
- no - go to question 5

4b Please list the costs you share**4c What separate or individual costs do you have?**

5 Where does your income come from:

- wages,
- other sources, please list:

6 Please indicate your gross (before tax) annual income, including all sources (wages, benefits, interest, rents etc):

- less than 5,000
- 5,001 - 15,000
- 15,001 - 25,000
- 25,001 - 35,000
- 35,001 - 45,000
- 45,001 - 55,000
- 55,001 - 65,000
- 65,001 - 75,000
- over 75,001

7 Taking an average month, please work out the difference between your income and out goings per month.

8 Rank your priorities for spending, eg: rent, power, food, entertainment:

9 Rank your priorities for saving, eg holidays, superannuation, major purchases: