

Bridging the gap

How the 2021-22 Federal Budget supports women

Supporting the safety and economic security of women was a prominent theme of the 2021-22 Federal Budget. While many of the announcements specifically address the safety and economic security of women, other measures seek to address the root causes of the gender pay and superannuation gap.

Women's Economic Security Package

The Government have announced several measures in the Budget to support women's economic security. The Childcare Subsidy percentage for families with multiple children aged 5 and under in childcare has been announced to commence from 11 July 2022. This measure, if passed, will see an increase in the subsidy percentage by 30% for the second and subsequent child/ren, but this will be capped at no more than 95%.

Other measures encourage gender equity across typically male dominated industries by offering scholarships to encourage women into science, technology, engineering and mathematics (STEM) careers as well as supporting women into leadership positions through the Women's Leadership and Development program.

Workforce participation was another common theme in the Federal Budget. Many of the announcements seek to remove the barriers that exist for women accessing non-traditional roles and re-entering the workforce after career breaks. The Government have announced their support to these projects to facilitate more career opportunities and supported career pathways for women.

Unfortunately, women experience far more significant drops in household disposable income than men after separation or divorce. To help support women's economic security, the Government proposes to streamline this process by providing lawyers to assist with mediation to distribute property of less than \$500,000 between parties and after separation following a relationship breakdown. The

Government have suggested this proposal will help women achieve financial security and control, recover financially from separation, and move on with their lives.

Women's safety

The Government have announced several initiatives to reduce the instances of, and support the victims of Family, Domestic and Sexual Violence (FDSV) against women and children. Various funding initiatives have been announced by the Treasurer for women and children who have been subjected to FDSV, support programs on consent and respectful relationships and support to assist vulnerable women and children to engage with the legal system.

Improving retirement outcomes

The Budget announced a number of measures to improve the retirement outcomes for women. On average, women will retire with lower superannuation balances and lower retirement incomes. Currently, the superannuation guarantee is payable once the \$450 per month threshold is reached. As highlighted by the retirement income review, 63% of people impacted by the \$450 per month threshold are women. The Government have announced they intend to remove this threshold from 1 July 2022 improving the coverage of superannuation for those impacted.

Perhaps one of the most significant announcements around superannuation for women was a 'non-announcement'. The Government made no comment on making changes to the rate of super guarantee that you can earn as an employee, meaning it will increase by 0.5% to a rate of

10.0% from 1 July 2021. It is currently legislated to then increase at 0.5% per annum until it reaches a rate of 12.0% from 1 July 2025.

The Government have also announced an extension of the minimum age requirement for the downsizer contribution from 65 to 60 from 1 July 2022. Downsizer contributions allow people to make a one-off, post-tax contribution to their superannuation of up to \$300,000 per person (\$600,000 per couple) from the proceeds of selling their home, outside the usual contribution caps.

Changes have also been announced to the work test for superannuation contributions. Currently, voluntary contributions to super from the age of 67 requires you to be working in the financial year you choose to contribute. The 'work test', as it's known, limits voluntary contributions to

those who either chose to, or, are able to continue to work in their late 60's. From 1 July 2022, individuals aged 67 to 74 will no longer be required to meet the work test when making, or receiving, non-concessional superannuation contributions (including non-concessional bring-forwards) or salary sacrificed contributions. Importantly, personal deductible contributions will still be subject to meeting the work test, and all other existing contribution caps continue to apply.

While many of the measures announced in the 2021-22 Federal Budget aim to create jobs, many measures support women's personal safety, economic prosperity and seek to bridge the gender pay and superannuation gap. It is important however to remember that what was announced in the Budget is just that, announcements.

For more information

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