

## Quitt: "Clichés stop short of the piggy bank – the part time trap doesn't"

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part time work: retirement provision suffers due to income gap  
in three quarters of partnerships, male partner is the main earner  
finance minister in their own home: 2 of 5 women administer the household budget

**Three quarters of all Austrians live in a partnership. Money is thereby at times a delicate topic. Parental leave and part time work are responsible for many financial penalties suffered by women. Erste Bank presents a representative IMAS study on the topic.**

### From Part Time Trap to Gap in Retirement Provision

The income gap between the genders continues to be large: According to Statistics Austria, women on average earn 40% less than men, which can be ascribed to widespread part time employment. While nearly every other employed woman in Austria is working part time, only every tenth man is. This is also reflected in provisions for retirement: on average, Mrs. Austria is able to put aside 158 euro per month. Mr. Austria is able to put 205 euro per month into the piggy bank. In the course of a year, that is a difference of more than 560 euro, which is clearly a result of the difference in incomes. Women and men alike are moreover putting aside 40% of their total savings for the family: for their own piggy bank men are thus left with a net amount of 127 euro, while women have to make do with a much slimmer 100 euro. Such minimal retirement provisions are making themselves felt upon reaching old age at the latest, of this Austrians are convinced: whether part time employment means large financial penalties in terms of providing for one's old age is answered in the affirmative by 9 out of 10 Austrians.



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### Parental Leave Shrinks Financial Cushions

A similar picture is painted by parental leave. 8 out of 10 respondents state that being away from work for more than two years affects one's career prospects negatively and accordingly also one's wages. Two thirds of both men and women consider this a cause for shrinking financial provisions. "See to it that your finances are regularly examined, it is the only way in which you can adapt to every circumstance and make provisions in a timely manner", admonishes Birte Quitt, head of sales at Erste Bank. It is positive that the recognition that one needs to provide for parental leave is already on the minds of Austrians. According to current survey results, 8 out of 10 people regard it as important. Among women, who are affected the most, even 9 out of 10 think so. "Women especially should start early with their retirement provision. Ideally already with their first wage payment", Quitt advises, as even those who can initially put only small amounts aside are able to increase them more effectively by benefiting from compound interest rate effects. Someone who for instance begins by putting aside 50 euro per month at the age of 20, will have saved 6,473 euro at an average annual interest rate of 2% upon turning 30.

### **In 3 out of 4 Partnerships the Male Partner is the Main Earner**

59% of Austrians living in partnerships keep their accounts strictly separated. Every fifth couple administers its shared costs via a joint account and keeps separate accounts in addition. Just as many have only a joint account. "What is most important is that one discusses possible expenses and puts all the cards openly on the table", Quitt explains. "This is definitely necessary if there is one main earner". This concerns women most of all: three quarters of Austrian women living in a partnership state that they are not the main earner. In addition, 81% state that they cannot maintain their current living standard without their partner. Quitt: "Nasty surprises can therefore happen in the worst case, if one isn't informed about all the financial details pertaining to one's family".

### **"Friendship is Friendship, but Accounts Must be Kept"...**

...as the proverb says. However, who has actually the overview over the accounts? In 2 out of 5 partnerships, women bear responsibility for the household finances, and administer joint income and expenses. The same number share the responsibility with their partner. "Only in every tenth case the joint finances are left to the male partner to administer. That is quite a good average. Everybody should know how much money is spent every month and how much has actually been kept aside for emergencies", Quitt is convinced. When decisions are made about joint expenditures, Austrians in most cases discuss them with their partner: nearly two thirds make such decisions together with their partner. 15% of women also make independent decisions about joint financial matters and at least 6% leave the decisions entirely to their partner. "Women are in many respects independent, whether in terms of their career or their family. It has to be this way with financial matters as well", says Quitt. And how do women view the cliché that financial matters are a male preserve? Only every fifth Austrian woman considers the topic of money to be within the male area of competence. Almost twice as many (39%) are of the opinion that financial matters are a women's business. 45% say neither nor. "Clichés stop short of the piggy bank – the part time trap however doesn't", Quitt warns.

### **Saving for Children is a Women's Domain**

9 out of 10 Austrians save for themselves. Women are more frequently putting money aside for children (61%) and grandchildren or godchildren (26%). Men are more frequently making provisions for their partner (49%). "This is a good thing. If your husband is the sole breadwinner in your household, call on him to fill up your piggy bank as well", Quitt advises. The number one motive for saving for women is provision for the future (36%). The acquisition or maintenance of living space is in second place (28%), followed by funds for a rainy day (26%). Saving for their children is close to the top three motives for saving for women (23%). There is no significant difference in the sequence of motives for saving among men. However, saving for a car is in fourth place at 15%. Children are only in fifth place with 11%.

### **Mr. and Mrs. Austria are Safety-Conscious Investors**

Austrian citizens are traditionally banking on safety with their investments. About 8 out 10 women and men have a savings account, 69% of each have a building savings account. More men than women are banking on life insurance policies, real estate or Gold. Stocks, bonds and investment funds are held by 28% of women and 31% of men. The bank advisor is the most popular contact person regarding money and financial matters for three quarters of women. 6 out of 10 Austrian women ask their partners for advice, every other woman asks other family members. 3 out of 4 men also regard their bank advisor as the primary contact point, every other man his partner, and 46% ask other family members for information.

#### **Tips for a Financial Cushion for Women**

- the earlier, the more return: according to the survey, women are not able to put as much money aside as men. It therefore makes sense to benefit from compound interest effects and save money as early as possible – even if the amounts are only small in the beginning. Over the years, a substantial cushion can be accumulated in this manner.
- Provision for the future should be based on three foundations: short, medium and long term. Around three monthly salaries should be available for emergencies. Medium term investments, such as e.g. a building savings account are useful for purchases planned for later, such as a car or an apartment. To be independent in one's old age, a private pension plan is suitable.
- Financial independence is not inconsistent with a good partnership, and has nothing to do with distrust. Partners should be independent from each other in their daily financial lives as well as with respect to old age provision.
- Providing properly for the future also means that one must be informed about the financial situation.

Especially in cases in which financial matters are shared with one's partner it is necessary to put one's cards on the table and openly discuss all income and expenditures.

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